

Thanachart Bank Public Company Limited
and its subsidiaries
Report and interim financial statements
30 September 2011

Review report of Independent Auditor

To the Shareholders of Thanachart Bank Public Company Limited

I have reviewed the accompanying consolidated statement of financial position of Thanachart Bank Public Company Limited and its subsidiaries as at 30 September 2011, the related consolidated statements of comprehensive income for the three-month and nine-month periods ended 30 September 2011, the related consolidated statements of changes in equity and cash flows for the nine-month period then ended, and the separate financial statements of Thanachart Bank Public Company Limited for the same periods. These financial statements are the responsibility of the management of the Bank as to their correctness and the completeness of the presentation. My responsibility is to issue a report on these financial statements based on my review.

I conducted my review in accordance with auditing standard applicable to review engagements. This standard requires that I plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of the Bank personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. I have not performed an audit and, accordingly, I do not express an audit opinion.

Based on my review, nothing has come to my attention that causes me to believe that the accompanying financial statements are not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

The consolidated financial statements of Thanachart Bank Public Company Limited and its subsidiaries and the separate financial statements of Thanachart Bank Public Company Limited for the year ended 31 December 2010 were audited in accordance with generally accepted auditing standards by another auditor of our firm who expressed an unqualified opinion on those statements, under her report dated 24 February 2011. The consolidated and separate statements of financial position as at 31 December 2010, as presented herein for comparative purposes, formed an integral part of the financial statements which that auditor audited and reported on, and after restating the consolidated financial statements regarding the allocation cost of business combination from the purchase of investment in a subsidiary company within the period for measurement allowed by the related accounting standard as describe in Note 1.2.3 to the financial statements. I have audited the adjustment and believed that it is correctly and appropriately recorded.

The consolidated statements of comprehensive income for the three-month and nine-month periods ended 30 September 2010, the related consolidated statements of changes in equity and cash flows for the nine-month period then ended of Thanachart Bank Public Company Limited and its subsidiaries and the separate financial statements of Thanachart Bank Public Company Limited for the same periods, as presented herein for comparative purposes, formed an integral part of the interim financial statements which were reviewed by the aforementioned auditor who reported, under her report dated 10 November 2010, that nothing had come to her attention that caused her to believe that those financial statements were not presented fairly, in all material respects, in accordance with generally accepted accounting principles.

As described in Note 2.4 to the financial statements, during the current period, the Bank and its subsidiaries adopted the revised and new accounting standards issued by the Federation of Accounting Professions, and applied them in their preparation and presentation of the interim financial statements.

Phuphun Charoensuk
Certified Public Accountant (Thailand) No. 4950

Ernst & Young Office Limited
Bangkok: 10 November 2011

Thanachart Bank Public Company Limited and its subsidiaries

Statements of financial position

As at 30 September 2011 and 31 December 2010

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
Note	2011	2010	2011	2010
	(Unaudited but reviewed)	(Restated and audited)	(Unaudited but reviewed)	(Audited)
Assets				
Cash	15,194,923	15,298,105	4,313,789	3,733,489
Interbank and money market items - net	59,881,201	85,060,091	19,545,568	28,427,950
Derivatives assets	4 1,169,937	1,539,984	778,321	108,552
Investments - net	5 143,872,142	139,932,676	63,078,793	49,669,732
Investments in subsidiaries and associates - net	6 1,969,432	2,177,314	73,999,367	73,121,367
Loans to customers and accrued interest receivables	7			
Loans to customers	672,724,325	639,320,239	412,962,960	358,727,116
Accrued interest receivables	888,485	923,792	221,203	272,080
Total loans to customers and accrued interest receivables	673,612,810	640,244,031	413,184,163	358,999,196
Less: Deferred revenue	(37,078,859)	(32,469,290)	(36,900,918)	(32,178,121)
Allowance for doubtful accounts	8 (26,290,464)	(25,789,301)	(7,910,425)	(7,431,429)
Revaluation allowance for debt restructuring	9 (384,331)	(459,963)	(15,399)	(37,741)
Net loans to customers and accrued interest receivables	609,859,156	581,525,477	368,357,421	319,351,905
Customers' liability under acceptances	71,550	72,156	-	-
Property foreclosed - net	11 6,799,917	7,850,667	647,795	639,782
Land, premises and equipment - net	8,791,884	8,986,185	1,576,621	1,690,163
Goodwill	1.2.3 15,749,643	15,749,643	-	-
Intangible assets - net	4,639,489	4,804,990	742,559	485,475
Receivables from purchase and sale securities and derivatives	3,123,062	2,870,279	1,705,213	1,732,965
Receivables - Siam City Bank	14 -	-	2,475,778	-
Other assets - net	12 6,685,180	6,788,035	3,628,567	3,012,958
Total assets	877,807,516	872,655,602	540,849,792	481,974,338

The accompanying notes are an integral part of the financial statements.

Thanachart Bank Public Company Limited and its subsidiaries

Statements of financial position (continued)

As at 30 September 2011 and 31 December 2010

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
Note	2011	2010	2011	2010
	(Unaudited but reviewed)	(Restated and audited)	(Unaudited but reviewed)	(Audited)
Liabilities and equity				
Deposits	458,720,998	532,656,130	203,270,343	242,791,035
Interbank and money market items	57,980,763	40,544,594	77,147,282	29,705,720
Liability payable on demand	2,831,317	3,126,945	2,053,073	2,326,457
Derivatives liabilities	4 1,333,364	596,661	823,239	89,794
Debt issued and borrowings	13 231,584,580	174,948,957	175,972,287	132,092,201
Banks' liability under acceptances	71,550	72,156	-	-
Provisions	14 3,273,728	810,690	2,098,648	24,284
Payable from purchase and sale securities and derivatives	2,508,968	4,053,940	1,707,812	1,733,060
Life premium reserve	28,523,242	26,348,270	-	-
Other liabilities	15 17,872,928	17,103,825	6,828,243	6,475,132
Total liabilities	804,701,438	800,262,168	469,900,927	415,237,683
Equity				
Share capital				
Registered				
5,934,619,272 ordinary shares of Baht 10 each	59,346,193	59,346,193	59,346,193	59,346,193
Issued and paid-up share capital				
5,513,664,903 ordinary shares of Baht 10 each	55,136,649	55,136,649	55,136,649	55,136,649
Share premium	2,100,694	2,100,694	2,100,694	2,100,694
Surplus from business combination under common control	(123,379)	(123,379)	(96,878)	-
Other components of equity	16 155,138	1,271,162	(182,382)	169,512
Retained earnings				
Appropriated - statutory reserve	968,030	655,945	968,030	655,945
Unappropriated	14,802,396	13,141,827	13,022,752	8,673,855
Equity attributable to owner of the company	73,039,528	72,182,898	70,948,865	66,736,655
Non-controlling interests of the subsidiaries	66,550	210,536	-	-
Total equity	73,106,078	72,393,434	70,948,865	66,736,655
Total liabilities and equity	877,807,516	872,655,602	540,849,792	481,974,338

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Thanachart Bank Public Company Limited and its subsidiaries**Statements of comprehensive income****For the three-month periods ended 30 September 2011 and 2010**

(Unit: Thousand Baht except earnings per share expressed in Baht)

	Note	Consolidated		Separate	
		financial statements		financial statements	
		2011	2010	2011	2010
Profit or loss:					
Interest income	19	11,579,195	9,567,521	6,703,167	5,285,326
Interest expenses	20	(5,492,262)	(3,141,069)	(3,685,522)	(1,805,339)
Net interest income		6,086,933	6,426,452	3,017,645	3,479,987
Fees and service income		978,880	979,638	647,321	513,928
Fees and service expenses		(149,193)	(150,234)	(24,371)	(9,331)
Net fees and service income	21	829,687	829,404	622,950	504,597
Gains on tradings and foreign exchange transactions	22	267,030	205,919	138,773	(489)
Gains (losses) on investments		185,835	41,478	(1,107,006)	12,196
Share of profit from investments accounted for under equity method		58,747	43,142	-	-
Insurance/Life insurance income		3,414,141	3,078,657	-	-
Dividend income		276,806	318,038	275,894	12,135
Brokerage fee from securities/derivatives		355,000	433,551	-	-
Other operating income		423,551	295,841	1,074,274	244,885
Total operating income		11,897,730	11,672,482	4,022,530	4,253,311
Insurance/Life insurance expenses		(2,877,951)	(2,405,372)	-	-
Net operating income		9,019,779	9,267,110	4,022,530	4,253,311
Other operating expenses					
Employee's expenses		2,842,074	2,429,535	2,268,672	990,469
Directors' remuneration		5,797	7,407	1,930	2,324
Premises and equipment expenses		952,632	868,967	381,029	372,332
Taxes and duties		235,263	183,977	68,039	43,243
Other expenses		2,024,128	1,387,164	1,107,767	805,293
Total other operating expenses		6,059,894	4,877,050	3,827,437	2,213,661
Impairment losses of loans and debt securities	23	272,899	404,509	86,676	149,674
Profit before income tax		2,686,986	3,985,551	108,417	1,889,976
Income tax	24	(771,739)	(1,263,763)	872,372	(579,427)
Profit for the period		1,915,247	2,721,788	980,789	1,310,549
Other comprehensive income:	25				
Gains (losses) on changes in value of available-for-sale investments		(559,267)	429,720	(253,517)	76,409
Share of other comprehensive income of associates (loss)		(51,260)	(49,963)	-	-
Total other comprehensive income (loss)		(610,527)	379,757	(253,517)	76,409
Total comprehensive income		1,304,720	3,101,545	727,272	1,386,958

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Thanachart Bank Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the three-month periods ended 30 September 2011 and 2010

(Unit: Thousand Baht except earnings per share expressed in Baht)

Note	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Profit attributable to:				
The Bank	1,907,885	2,708,487	980,789	1,310,549
Non-controlling interests	7,362	13,301		
	<u>1,915,247</u>	<u>2,721,788</u>		
Total comprehensive income attributable to:				
The Bank	1,297,572	3,086,078	727,272	1,386,958
Non-controlling interests	7,148	15,467		
	<u>1,304,720</u>	<u>3,101,545</u>		
Earnings per share of the Bank				
	26			
Basic earnings per share				
Profit attributable to the Bank (Baht per share)	<u>0.35</u>	<u>0.49</u>	<u>0.18</u>	<u>0.24</u>
Number of ordinary shares (shares)	<u>5,513,664,903</u>	<u>5,513,664,903</u>	<u>5,513,664,903</u>	<u>5,513,664,903</u>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Thanachart Bank Public Company Limited and its subsidiaries**Statements of comprehensive income****For the nine-month periods ended 30 September 2011 and 2010**

(Unit: Thousand Baht except earnings per share expressed in Baht)

	Note	Consolidated		Separate	
		2011	2010	2011	2010
Profit or loss:					
Interest income	19	32,458,067	24,820,044	18,335,495	15,943,602
Interest expenses	20	(13,666,929)	(7,985,454)	(8,712,192)	(5,287,149)
Net interest income		18,791,138	16,834,590	9,623,303	10,656,453
Fees and service income		2,966,634	2,356,353	1,896,502	1,464,716
Fees and service expenses		(418,980)	(379,636)	(70,919)	(30,192)
Net fees and service income	21	2,547,654	1,976,717	1,825,583	1,434,524
Gains on tradings and foreign exchange transactions	22	717,266	422,728	359,051	91,837
Gains (losses) on investments		198,769	187,624	(1,077,780)	147,509
Share of profit from investments accounted for under equity method		157,031	171,379	-	-
Insurance/Life insurance income		9,669,199	7,953,980	-	-
Dividend income		699,811	440,811	4,279,092	571,277
Brokerage fee from securities/derivatives		933,845	1,011,258	-	-
Other operating income		1,070,443	840,983	1,784,483	771,226
Total operating income		34,785,156	29,840,070	16,793,732	13,672,826
Insurance/Life insurance expenses		(7,772,845)	(6,195,763)	-	-
Net operating income		27,012,311	23,644,307	16,793,732	13,672,826
Other operating expenses					
Employee's expenses		8,180,204	5,941,528	4,476,120	2,852,140
Directors' remuneration		38,779	38,044	24,559	15,553
Premises and equipment expenses		2,718,682	2,241,156	1,168,839	1,145,110
Taxes and duties		645,864	423,210	170,240	133,866
Other expenses		4,726,949	3,080,708	2,952,783	2,178,359
Total other operating expenses		16,310,478	11,724,646	8,792,541	6,325,028
Impairment losses of loans and debt securities	23	2,072,053	1,422,769	740,884	842,930
Profit before income tax		8,629,780	10,496,892	7,260,307	6,504,868
Income tax	24	(2,161,907)	(3,409,843)	(37,823)	(1,837,836)
Profit for the period		6,467,873	7,087,049	7,222,484	4,667,032
Other comprehensive income:					
Gains (losses) on changes in value of available-for-sale investments	25	(958,824)	849,500	(351,894)	42,862
Share of other comprehensive income of associates (loss)		(158,093)	41,132	-	-
Total other comprehensive income (loss)		(1,116,917)	890,632	(351,894)	42,862
Total comprehensive income		5,350,956	7,977,681	6,870,590	4,709,894

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Thanachart Bank Public Company Limited and its subsidiaries

Statements of comprehensive income (continued)

For the nine-month periods ended 30 September 2011 and 2010

(Unit: Thousand Baht except earnings per share expressed in Baht)

Note	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Profit attributable to:				
The Bank	6,443,786	6,720,013	<u>7,222,484</u>	<u>4,667,032</u>
Non-controlling interests	<u>24,087</u>	<u>367,036</u>		
	<u>6,467,873</u>	<u>7,087,049</u>		
Total comprehensive income attributable to:				
The Bank	5,327,762	7,607,099	<u>6,870,590</u>	<u>4,709,894</u>
Non-controlling interests	<u>23,194</u>	<u>370,582</u>		
	<u>5,350,956</u>	<u>7,977,681</u>		
Earnings per share of the Bank				
	26			
Basic earnings per share				
Profit attributable to the Bank (Baht per share)	<u>1.17</u>	<u>1.58</u>	<u>1.31</u>	<u>1.10</u>
Number of ordinary shares (shares)	<u>5,513,664,903</u>	<u>4,241,989,349</u>	<u>5,513,664,903</u>	<u>4,241,989,349</u>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Thanachart Bank Public Company Limited and its subsidiaries**Statements of cash flows****For the nine-month periods ended 30 September 2011 and 2010**

	(Unit: Thousand Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Cash flows from operating activities				
Income before corporate income tax	8,629,780	10,496,892	7,260,307	6,504,868
Adjustments to reconcile income before corporate income tax to net cash received (paid) from operating activities				
Share of income from investments accounted for under equity method	(157,031)	(171,379)	-	-
Depreciation and amortisation	1,317,568	916,565	398,402	429,535
Impairment losses of loans and debts securities	2,072,053	1,422,769	740,884	842,930
Amortisation of premiums (discounts) on investment in debt securities	574,585	422,239	(16,099)	86,743
Gain from disposal of investments in subsidiaries	(65,751)	(24,224)	-	(21,625)
Gain from disposal of investments in an associated company	(22,276)	-	-	-
Decrease (increase) in allowance for impairment of investments	39,959	(18,449)	1,129,995	(18,037)
Decrease (increase) in allowance for change in value of investments	4,735	(98,501)	(388)	4,075
Increase (decrease) in allowance for impairment of property foreclosed	342,167	(40,589)	7,052	10,645
Increase (decrease) in allowance for impairment of land, premises and equipment	92,465	(1,190)	-	(1,190)
Increase in allowance for impairment of intangible asset	26,843	-	24,816	-
Interest incomes and other incomes from the assets transferred for debt repayment	(1,967)	(131)	(1,967)	(131)
Loss from disposal of equipment	24,189	1,516	804	946
Unrealised loss on exchange	144,479	793,882	82,129	491,970
Increase in unearned premium reserve/life insurance premium reserve	2,920,954	2,785,256	-	-
Increase (decrease) in allowance for impairment of other assets	(268,270)	(39,600)	1,441	(57,222)
Decrease (increase) in other income receivable	(28,355)	23,163	(80,577)	(29,859)
Decrease in fees and rental received in advance	(35,900)	(31,159)	(35,900)	(31,159)
Decrease in deferred income	(2,555)	(4,488)	(2,555)	(4,483)
Increase (decrease) in accrued expenses	72,692	623,749	25,050	(407,147)
Amortisation of discounts on borrowings	809	6,009	-	767
	<u>15,681,173</u>	<u>17,062,330</u>	<u>9,533,394</u>	<u>7,801,626</u>

The accompanying notes are an integral part of the financial statements.

(Unaudited but reviewed)

Thanachart Bank Public Company Limited and its subsidiaries**Statements of cash flows (continued)****For the nine-month periods ended 30 September 2011 and 2010**

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements	financial statements	financial statements	financial statements
	2011	2010	2011	2010
Net interest income	(19,366,532)	(17,663,306)	(9,607,204)	(10,743,963)
Dividend income	(699,810)	(440,811)	(4,279,091)	(571,276)
Cash received from interest income	29,581,198	21,991,871	17,279,949	14,621,405
Cash paid for interest expenses	(8,311,531)	(5,328,714)	(4,216,935)	(2,939,955)
Cash paid for corporate income tax	(3,792,481)	(4,309,668)	(1,938,491)	(2,413,491)
Income from operating activities before changes in operating assets and liabilities	13,092,017	11,311,702	6,771,622	5,754,346
Decrease (increase) in operating assets				
Interbank and money market items	25,559,826	48,670,390	9,366,540	27,021,945
Derivatives assets	370,047	(362,667)	(669,769)	(131,032)
Investments in trading securities	(621,942)	1,004,126	(3,034,462)	219,085
Loans	(32,628,622)	(22,517,101)	(52,084,797)	(27,099,019)
Property foreclosed	3,072,424	3,741,451	2,324,443	3,238,031
Receivables from purchase and sale securities and derivatives	(252,783)	(4,771,021)	27,752	(1,595,391)
Other assets	(964,459)	274,964	(2,858,507)	(198,923)
Increase (decrease) in operating liabilities				
Deposits	(73,935,132)	(76,994,668)	(39,520,692)	(46,880,181)
Interbank and money market items	17,242,867	(16,405,449)	47,253,008	10,348,458
Liability payable on demand	(295,628)	506,160	(273,384)	338,204
Derivatives liabilities	736,703	272,720	733,445	66,048
Payable from purchase and sale securities and derivatives	(1,544,972)	3,931,033	(25,248)	1,817,546
Provisions	195,828	50,107	114,805	2,631
Other liabilities	(255,848)	275,050	1,078,673	337,372
Net cash flows used in operating activities	(50,229,674)	(51,013,203)	(30,796,571)	(26,760,880)
Cash flows from investing activities				
Decrease (increase) in investments in securities held for investment	(3,888,878)	26,599,482	(9,864,439)	18,585,370
Cash paid for acquire investments in subsidiaries	-	(58,807,683)	(2,000,000)	(68,351,917)
Capital returned from a subsidiary	-	-	-	4,671
Cash received from disposal of investments in subsidiaries	366,304	212,756	-	212,766
Cash received from disposal of investments in an associated company	113,750	-	-	-
Cash received from interest on investments	3,518,064	3,060,907	987,516	1,288,312
Cash received from dividend	750,359	431,059	4,277,988	571,707
Cash paid for purchase of equipment	(669,863)	(442,075)	(219,946)	(197,333)
Cash received from disposal of equipment	4,625	13,475	434	5,283
Cash paid for dividend to non-controlling interests of subsidiaries	(34,094)	(33,517)	-	-
Net cash flows from (used in) investing activities	160,267	(28,965,596)	(6,818,447)	(47,881,141)

(Unaudited but reviewed)

Thanachart Bank Public Company Limited and its subsidiaries
Statements of cash flows (continued)
For the nine-month periods ended 30 September 2011 and 2010

(Unit: Thousand Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Cash flows from financing activities				
Cash received from issued additional share capital	-	35,790,456	-	35,790,456
Cash received from borrowings	948,887,289	367,258,171	753,549,084	331,578,940
Cash paid for borrowings	(892,252,476)	(312,578,583)	(709,668,998)	(291,220,995)
Cash paid for interest from borrowings	(4,460,799)	(1,688,780)	(3,479,302)	(1,371,301)
Cash paid for dividend	(2,205,466)	(1,083,386)	(2,205,466)	(1,083,386)
Cash paid to non-controlling interests for capital refund	(2,323)	-	-	-
Net cash flows from financing activities	49,966,225	87,697,878	38,195,318	73,693,714
Net increase (decrease) in cash	(103,182)	7,719,079	580,300	(948,307)
Cash at beginning of the period	15,298,105	3,720,233	3,733,489	3,719,729
Cash at end of the period	15,194,923	11,439,312	4,313,789	2,771,422
	-	-	-	-
Supplemental cash flows information				
Non-cash transactions				
Transfer of properties foreclosed from receivables				
for debt settlement	2,355,716	3,061,474	2,333,350	2,883,729
Accounts payable for purchase of fixed assets	208,351	47,056	63,997	13,211
Bad debts written-off	923,806	660,754	289,057	310,232

The accompanying notes are an integral part of the financial statements.

Thanachart Bank Public Company Limited and its subsidiaries

(Unaudited but reviewed)

Statements of changes in equity

For the nine-month periods ended 30 September 2011 and 2010

(Unit: Thousand Baht)

	Consolidated financial statements								
			Other components of equity			Retained earnings		Non-controlling interests	Total
			Surplus from business combination under common control	Surplus on changes in value of investments	Share of other comprehensive income of associates	Retained earnings			
	Issued and fully paid-up share capital	Share premium				Appropriated - statutory reserve	Unappropriated		
Balance as at 1 January 2010	19,346,193	2,100,694	(123,379)	264,124	119,144	370,019	5,734,597	60,691	27,872,083
Dividend paid (Note 18)	-	-	-	-	-	-	(1,083,386)	-	(1,083,386)
Increase in share capital	35,790,456	-	-	-	-	-	-	-	35,790,456
Increase in non - controlling interests of the subsidiaries	-	-	-	-	-	-	-	118,683	118,683
Total comprehensive income for the period	-	-	-	845,954	41,132	-	6,720,013	370,582	7,977,681
Balance as at 30 September 2010	<u>55,136,649</u>	<u>2,100,694</u>	<u>(123,379)</u>	<u>1,110,078</u>	<u>160,276</u>	<u>370,019</u>	<u>11,371,224</u>	<u>549,956</u>	<u>70,675,517</u>
Balance as at 1 January 2011 - as previously reported	55,136,649	2,100,694	(123,379)	947,895	323,267	655,945	13,141,827	208,955	72,391,853
The allocation of cost of business combination adjustment (Note 1.2.3)	-	-	-	-	-	-	-	1,581	1,581
Balance as at 1 January 2011 - as restated	<u>55,136,649</u>	<u>2,100,694</u>	<u>(123,379)</u>	<u>947,895</u>	<u>323,267</u>	<u>655,945</u>	<u>13,141,827</u>	<u>210,536</u>	<u>72,393,434</u>
Cumulative effect of change in accounting policy for employee benefits (Note 2.4)	-	-	-	-	-	-	(2,265,666)	(6,472)	(2,272,138)
Dividend paid (Note 18)	-	-	-	-	-	-	(2,205,466)	-	(2,205,466)
Transfer to statutory reserve (Note 17)	-	-	-	-	-	312,085	(312,085)	-	-
Decrease in non - controlling interests of the subsidiaries	-	-	-	-	-	-	-	(160,708)	(160,708)
Total comprehensive income for the period	-	-	-	(957,931)	(158,093)	-	6,443,786	23,194	5,350,956
Balance as at 30 September 2011	<u>55,136,649</u>	<u>2,100,694</u>	<u>(123,379)</u>	<u>(10,036)</u>	<u>165,174</u>	<u>968,030</u>	<u>14,802,396</u>	<u>66,550</u>	<u>73,106,078</u>

The accompanying notes are an integral part of the financial statements.

Thanachart Bank Public Company Limited and its subsidiaries

(Unaudited but reviewed)

Statements of changes in shareholders' equity (continued)

For the nine-month periods ended 30 September 2011 and 2010

(Unit: Thousand Baht)

	Separate financial statements							
	Issued and fully paid-up share capital	Share premium	Surplus from business combination under common control	Other components of equity		Retained earnings		Total
				Surplus on changes in value of investments	Appropriated -			
					statutory reserve	Unappropriated		
Balance as at 1 January 2010	19,346,193	2,100,694	-	213,693	370,019	4,324,639	26,355,238	
Dividend paid (Note 18)	-	-	-	-	-	(1,083,386)	(1,083,386)	
Increase in share capital	35,790,456	-	-	-	-	-	35,790,456	
Total comprehensive income for the period	-	-	-	42,862	-	4,667,032	4,709,894	
Balance as at 30 September 2010	<u>55,136,649</u>	<u>2,100,694</u>	<u>-</u>	<u>256,555</u>	<u>370,019</u>	<u>7,908,285</u>	<u>65,772,202</u>	
Balance as at 1 January 2011	55,136,649	2,100,694	-	169,512	655,945	8,673,855	66,736,655	
Cumulative effect of change in accounting policy for employee benefits (Note 2.4)	-	-	-	-	-	(356,036)	(356,036)	
Dividend paid (Note 18)	-	-	-	-	-	(2,205,466)	(2,205,466)	
Surplus from business combination under common control (Note 1.2.5)	-	-	(96,878)	-	-	-	(96,878)	
Transfer to statutory reserve	-	-	-	-	312,085	(312,085)	-	
Total comprehensive income for the period	-	-	-	(351,894)	-	7,222,484	6,870,590	
Balance as at 30 September 2011	<u>55,136,649</u>	<u>2,100,694</u>	<u>(96,878)</u>	<u>(182,382)</u>	<u>968,030</u>	<u>13,022,752</u>	<u>70,948,865</u>	

The accompanying notes are an integral part of the financial statements.

Thanachart Bank Public Company Limited and its subsidiaries

Notes to interim financial statements

For the nine-month periods ended 30 September 2011 and 2010

1. General information

1.1 The Bank's information

Thanachart Bank Public Company Limited ("Thanachart Bank" or "the Bank") was incorporated as a public limited company under Thai laws and its parent company is Thanachart Capital Public Company Limited (herein after referred to as "the Parent company"), a public limited company also existing under Thai laws. The Parent company holds 50.96 percent of the Bank issued shares and the Bank of Nova Scotia ("BNS") holds 49.00 percent of the Bank issued shares. On 28 July 2011, BNS has transferred the right to hold Thanachart Bank's shares to Scotia Netherlands Holding BV, a company registered in Netherland. The Bank's registered address is 900, Tonson Tower, Ploenchit Road, Lumpini, Pathumwan, Bangkok. The Bank has 257 operational branches (31 December 2010: 256 operational branches).

All subsidiaries are registered limited or public limited companies under Thai laws and operate their businesses in Thailand. The subsidiaries business include commercial bank, non-performing assets management business, securities business, leasing and hire purchase business, non-life insurance business, life insurance business, fund management business and others.

1.2 Thanachart Bank's project to purchase Siam City Bank Plc's ordinary shares with the purpose of transferring Siam City Bank's entire business to the Bank

1.2.1 The purchase of the ordinary shares of Siam City Bank Plc. from the Financial Institutions Development Fund

On 11 March 2010, Thanachart Bank entered into a share purchase agreement with the Financial Institutions Development Fund ("FIDF") to purchase 1,005,330,950 shares of Siam City Bank Plc. ("SCIB") shares, or 47.58 percent of the total issued and paid-up share capital, at a price of Baht 32.50 per share, or for total of Baht 32,673 million. On 9 April 2010, the Bank paid FIDF for SCIB's shares. This transaction was approved by the 2010 Annual General Meeting of the Bank's shareholders, and the Bank of Thailand ("BOT"). The BOT also approved the Bank to hold the shares of SCIB with certain specified conditions, i.e. SCIB is to continue operating as commercial bank but has to return its license within 31 December 2011, the requirements on capital funds calculation, the structure of the financial business group, and holdings in companies in the financial business group.

The Share Purchase Agreement between Thanachart Bank as “the Purchaser” and the FIDF as “the Seller”, dated 11 March 2010, states that the obligations, guarantees, liabilities or indemnities of the Seller to SCIB under any arrangements, agreements or documents in connection with the merger between SCIB and Bangkok Metropolitan Bank Public Company Limited (“BMB”) (the “Seller’s Obligations”) including funds deposited in accounts opened and maintained with SCIB to compensate for any losses or damages suffered or incurred by SCIB arising out of or in connection with the merger between SCIB and BMB will continue in full force and effect after completion of the sale and purchase of SCIB’s shares. Rights and obligations of SCIB related to the Seller’s Obligation, including funds deposited in the accounts opened and maintained with SCIB, will be transferred to and/or assumed by Thanachart Bank, with effect from the completion date of the entire business transfer from SCIB to Thanachart Bank. In addition, in case of the liquidation of the Seller, the Seller’s Obligations will be transferred and/or assumed by another government agency.

1.2.2 Additional tender offer for common shares of SCIB in 2010

During June 2010, Thanachart Bank made an additional tender offer to the minority shareholders of SCIB, at the same price as it paid to purchase shares of SCIB at auction from FIDF. Other shareholders sold 1,091,439,949 shares, or for a total of Baht 35,472 million, or 51.66 percent of the issued and paid-up shares of SCIB as a result of the tender offer, and combined with its existing holding, Thanachart Bank shareholding in SCIB reached 99.24 percent.

During November 2010, Thanachart Bank acquired 14,907,658 additional shares of SCIB for a total of Baht 484 million, increasing its shareholding to 99.95 percent of the issued and paid-up shares of SCIB. The Stock Exchange of Thailand announced the voluntary delisting of SCIB’s shares on 13 December 2010.

1.2.3 Allocating the cost of business combination

Thanachart Bank acquired 47.58 percent of SCIB's shares in April 2010 and on the same day, management of Thanachart were assigned as directors of SCIB in a number that gave Thanachart Bank had control over SCIB through shareholding and management, it has treated SCIB's shares as investment in a subsidiary company since then. As a result of, Thanachart Bank purchase of additional shares to increase its shareholding in SCIB to 99.24 percent in June 2010 and 99.95 percent in November 2010, the total cost of investment in SCIB was Baht 68,801 million in the consolidated financial statements (including expenses in business combination and after deducting inter company transactions). On 9 April 2010, Thanachart's management preliminarily estimated the fair value of each asset and liability of SCIB for the purpose of allocating the cost of business combination and recognised the difference between the cost of business combination and the fair value of assets, liabilities, contingent liabilities and intangible assets in proportion to its shareholding as goodwill from business combination in the consolidated financial statements.

However, after the purchase, Thanachart Bank reassessed the estimated fair value of the assets and liabilities because of additional information that was received. This is in line with the related financial reporting standard that allows the purchaser to adjust the fair value for up to one year from the purchase date. The revised fair values of assets and liabilities are as follows:

1. Assets and liabilities in SCIB's account were valued and noted that the fair value of assets and liabilities of SCIB as at investment payment date were totaled of Baht 48,635 million, which was Baht 4,264 million higher than book value.
2. Intangible assets are assets that will generate future economic benefits. Thanachart Bank estimated the fair value of the intangible assets of SCIB at Baht 4,100 million, comprised of (a) Core Deposit Intangibles which are evaluated using the incremental cash-flows from low cost deposit, and considering the cost saving from current and saving deposits; (b) Customer Relationships, which are valued on the base of future revenues that will be earned from SCIB's existing customers.
3. For liabilities specify at acquisition date and contingent liabilities, Thanachart Bank estimated these and concluded that no additional contingent liabilities need to be recognised.

(Unaudited but reviewed)

Differences between the cost of business combination and the fair value of assets, liabilities, contingent liabilities and intangible assets in proportion to the shareholding, amounting to Baht 15,740 million, are recognised as goodwill from business combination in the consolidated financial statements. The Bank has retrospectively adjusted the comparative financial information in the previous period's financial statements as if the accounting records for business combination had completed since the acquisition date.

The fair value of the assets and liabilities of SCIB and its subsidiaries and the carrying value of each significant account as at the date Thanachart Bank assumed control over SCIB are as follow:

(Unit: Million Baht)

	Book value	Fair value	
		Previous balance	After revised
Intangible assets	293	4,393	4,393
Other assets	435,702	437,016	439,966
Total liabilities	391,495	391,495	391,495
Non-controlling interests of the subsidiaries	129	129	129
Net assets value	<u>44,371</u>	<u>49,785</u>	<u>52,735</u>
Cost of business combination		<u>68,801</u>	<u>68,801</u>
Goodwill from business combination		<u>18,688</u>	<u>15,740</u>

In allocating the purchase price, the Bank did not recognised deferred tax liabilities of Baht 2,466 million arising from the adjustment of assets to fair value, and did not recognised the employee benefits of SCIB and its subsidiaries payable under labour law amounting to Baht 1,804 million, since the two relevant accounting standards are not yet effective for the year of business combination.

Since the fair value adjustment of assets and liabilities mentioned above and the recalculation of goodwill, the Bank has retrospectively adjusted the comparative financial information in the previous period's financial statements as if the Bank has completely accounted for the business combination on the acquisition date, resulted in the following revisions to the consolidate comparative financial statements as of 31 December 2010:

(Unaudited but reviewed)

(Unit: Million Baht)

	31 December 2010	31 December 2010
	<u>Before adjustment</u>	<u>After adjustment</u>
Net investment	137,869	139,932
Properties foreclosed	6,964	7,850
Intangible assets	4,805	4,805
Goodwill	18,698	15,750
Non - controlling interests of the subsidiaries	209	210

1.2.4 Key operational plans after the tender offer for SCIB's shares in 2011

On 10 March 2011, the BOT approved Thanachart Bank's proposed plans for an entire business transfer of SCIB's business to the Bank. The significant conditions of such approval are that SCIB must complete the entire business transfer and return the banking licenses and banking authorisation to the Ministry of Finance within 31 December 2011, and promptly proceed with the liquidation process, and that obligations between the Bank and FIDF are to comply with the Share Purchase Agreement dated 11 March 2010.

On 7 April 2011, the 2011 Annual General Meeting of the Shareholders of SCIB and Thanachart Bank passed resolutions approving the transfer of SCIB's entire business to Thanachart Bank, as approved by the BOT. The meetings also delegated the related authorities to SCIB's Board of Directors and Thanachart Bank's Board of Directors for further arrangement. On 30 June 2011, a meeting of the Bank's Board of Directors passed a resolution to perform the entire business transfer from SCIB to the Bank on 1 October 2011 (Entire business transfer date).

On 30 September 2011, Thanachart Bank entered into the Entire Business Transfer Agreement of SCIB's business, legally effective on 1 October 2011, which consist of the transfer of assets, liabilities and commitment of SCIB as of 1 October 2011 and/or contingent liabilities that may arise in the future to Thanachart Bank. Thanachart Bank and SCIB agreed a transfer price of Baht 50,134 million. The transfer price were mutually agreed among companies in Thanachart group with reference to the opinion of an independent financial advisor as to fair value. Significant details of the transfer price of assets and liabilities are as follow:

	(Million Baht)
Interbank and money market items - net	67,649
Net investment	47,852
Loans to customers and accrued interest receivables	236,689
Properties foreclosed	3,303
Land, premises and equipment	7,830
Other assets	17,754
Deposits	255,968
Debt issued and borrowings	58,366
Other liabilities	16,609
Entire business transfer price - net	<u>50,134</u>

Under the agreement, Thanachart Bank or SCIB have the right to adjust the entire business transfer price by providing written notice acknowledged by the parties within October 30, 2011 while the process and settlement of such price must be completed by November 25, 2011, unless there is a writing agreement to extend this period. However, the adjustment must be in accordance with certain conditions specified in the entire business transfer agreement.

SCIB will discontinue all business starting from 1 October 2011, and also plans to register its business dissolution and to return its license within 2011.

1.2.5 Transfer business of subsidiaries in the group

Siam City Securities Co., Ltd.

On 28 October 2010, the Boards of Directors of Thanachart Bank and SCIB passed resolutions to approve a plan for a business combination between Thanachart Securities Plc. (“Thanachart Securities”) and Siam City Securities Co., Ltd. (“SCIB Securities”), which are subsidiaries in the Group, by means of a partial business transfer of the assets of SCIB Securities to Thanachart Securities. The price of the transfer was to be not less than the book value, with reference to the latest adjusted book value before the transaction date. In November 2010, an extraordinary meeting of SCIB Securities’ shareholders approved the partial business transfer. On 30 December 2010, SCIB Securities entered into agreements to transfer assets relating to the securities business and obligations relating to the investment banking business, amounting to Baht 11 million, effective from 31 December 2010, while transfers of claims under agreements appointing an agent and/or broker for securities trading, including securities business receivables and payables with a net balance of Baht 206 million, and cash collateral for settlements amounting to Baht 216 million, were effective on 1 January 2011. SCIB Securities also transferred certain employees to Thanachart Securities on the same day.

SCIB Securities temporary discontinue of its operations since 1 January 2011. The Annual General Meeting of the shareholders of SCIB Securities, held on 27 April 2011, approved the reduction of the registered and paid-up share capital of SCIB Securities from Baht 2,000 million to Baht 900 million. SCIB Securities registered the shares reduction on 7 June 2011.

In August 2011, SCIB disposed investment in common shares of SCIB Securities at a price of Baht 168 million and recognised gains on the disposal of Baht 40 million in the consolidated financial statements of Thanachart Bank. This disposal is in accordance with the approval by the Board of Directors of SCIB on 23 June 2011.

In addition, SCIB Securities sold its investments in ordinary shares of other companies to Thanachart Bank. The fair value (selling price) of these investments was a total of Baht 97 million higher than their book values. Since the transfer was treated as part of a business combination under common control, the difference between the fair value and the book value will be presented as a deduction item in the separate financial statements of Thanachart Bank.

Siam City Asset Management Co., Ltd.

On 27 January 2011, the Board of Directors of SCIB passed a resolution to approve an offer to purchase and/or to sell shares of Siam City Asset Management Co., Ltd. to Government Pension Fund, a former shareholder. During May 2011, SCIB disposed all of its shares to the purchaser at a price of Baht 198 million and recognised gain on the disposal of Baht 26 million in the consolidated financial statements of Thanachart Bank.

Siam City Bank Plc.

During the second quarter of 2011, SCIB and TS Asset Management Co., Ltd. ("TS") (The new company set up for the transfer of SCIB's non-performing assets) has entered into an agreement to transfer the rights in loan receivables and property foreclosed, and transfers such assets from SCIB to TS in second and third quarter as follows:

	<u>Fair value</u>
	(Million Baht)
- Non-performing assets	9,062
- Property foreclosed	3,083

The transfer of such financial assets was treated as a true sale in both financial statements of the transferee and the transferor since the transferor surrendered control over the assets. The selling prices were mutually agreed among companies in Thanachart Group with reference to what in the opinions of a financial advisor were fair values. Compensation for this transfer will be considered the fair value when recognising the selling price and the values of the transferred assets, which are as follows:

- For non-performing loans, the fair values are referred to the outstanding loan balance net of related allowance for doubtful accounts.
- For property foreclosed, the fair values are referred to the value appraised by independent appraisers in accordance with the BOT guidelines, after deduction by an amount determined on the basis of past experience.

Under the conditions of the agreement, the transferee is entitled to claim compensation if conditions specified in the agreement are breached within the specified period. However, gains (losses) from transfers of assets and the balance of such assets between SCIB and TS are eliminated when preparing the consolidated financial statements of the Bank because the transfers are intercompany transactions.

2. Basis of preparation of interim financial statements

2.1 These interim financial statements are prepared in accordance with Accounting Standard No. 34 (revised 2009) "Interim Financial Reporting", with the Bank choosing to present condensed interim financial statements. However, the Bank has presented the statements of financial position, comprehensive income, changes in equity, and cash flows in the same format as that used for the annual financial statements, which are in accordance with the BOT's Notification relating to the preparation and format of the financial statements of commercial banks and holding company of financial business groups, dated 3 December 2010. Hence, the Bank reclassified certain items in the previous periods financial statements for comparative purpose.

These interim financial statements are intended to provide information additional to that included in the latest annual financial statements. Accordingly, they focus on new activities, events and circumstances so as not to duplicate information previously reported. These interim financial statements should therefore be read in conjunction with the latest annual financial statements.

The interim financial statements in Thai language are the official interim financial statements of the Bank. The interim financial statements in English language have been translated from the Thai language financial statements.

2.2 Basis of preparation of the consolidated interim financial statements

- a) The basis of preparation for the interim consolidated financial statements is the same as that for the consolidated financial statements for the year ended 31 December 2010, and there were no changes in shareholding structure during this period, except for
- an investment in a 100 percent shareholding in TS Asset Management Co., Ltd., which was established in March 2011.
 - SCIB sold all of its investments in ordinary shares of Siam City Asset Management Co., Ltd. in May 2011.
 - SCIB sold all of its investments in ordinary shares of Siam City Securities Co., Ltd. in August 2011

Therefore, the interim consolidated financial statements included the financial statements of the Bank and the following subsidiary companies.

	Percentage of holding by the Bank		Percentage of holding by the subsidiaries	
	30	31	30	31
	September 2011	December 2010	September 2011	December 2010
<u>Subsidiaries directly held by the Bank</u>				
Siam City Bank Plc.	99.95	99.95	-	-
Thanachart Securities Plc.	100.00	100.00	-	-
Thanachart Insurance Co., Ltd.	100.00	100.00	-	-
Thanachart Life Assurance Co., Ltd.	100.00	100.00	-	-
Thanachart Fund Management Co., Ltd.	75.00	75.00	-	-
Thanachart Broker Co., Ltd.	100.00	100.00	-	-
Thanachart Group Leasing Co., Ltd.	100.00	100.00	-	-
Thanachart Management and Services Co., Ltd	100.00	100.00	-	-
Thanachart Legal and Appraisal Co., Ltd.	100.00	100.00	-	-
Thanachart Training and Development Co., Ltd.	100.00	100.00	-	-
TS Asset Management Co., Ltd.	100.00	-	-	-
<u>Subsidiaries indirectly held by the Bank</u>				
National Leasing Co., Ltd.	-	-	100.00	100.00
Siam City Securities Co., Ltd.	-	-	-	99.79
Siam City Life Assurance Co., Ltd.	-	-	100.00	100.00
Siam City Asset Management Co., Ltd.	-	-	-	60.00
SCIB Service Co., Ltd.	-	-	100.00	100.00

- b) Total assets and total income of the subsidiaries that have significant impact to and are included in the consolidated financial statements as at 30 September 2011 and 31 December 2010 and for the nine-month periods ended 30 September 2011 and 2010, after eliminating significant inter company transactions, are as follows:

(Unaudited but reviewed)

(Unit: Million Baht)

	Total assets		Total income for the periods ended	
	30 September	31 December	30 September	
	2011	2010	2011	2010
Siam City Bank Plc.	351,950	406,974	8,902	6,988
Thanachart Life Assurance Co., Ltd.	20,475	19,917	1,526	1,099
TS Asset Management Co., Ltd.	11,825	-	136	-
Siam City Life Assurance Co., Ltd.	10,995	11,008	(47)	363
Thanachart Insurance Co., Ltd.	4,390	4,731	1,457	1,140
Thanachart Securities Plc.	4,905	3,958	1,094	989
Thanachart Group Leasing Co., Ltd.	979	1,538	134	231

- c) The consolidated statements of comprehensive income for the nine-month period ended 30 September 2011 included the operating results of Siam City Asset Management Co., Ltd. and Siam City Securities Co., Ltd. since 1 January 2011 until the date the Bank had no control over those companies.
- d) The consolidated statements of financial position as of 31 December 2010 and the statements of comprehensive income for the nine-month periods ended 30 September 2011 and 2010 did not include the financial position and its operation of a subsidiary, Chada Thong Properties Co., Ltd., in which the Bank has indirectly held by SCIB at 70 percent, because that subsidiary has ceased its operations and is in the process of being liquidated. SCIB has already made a full allowance for impairment in the value of its investment in that subsidiary. However, during the third quarter of 2011, SCIB sold out all of its investment.
- e) The consolidated statements of comprehensive income for the nine-month period ended 30 September 2010 included the operating results of SCIB and the subsidiaries held by SCIB from 9 April 2010 to 30 September 2010 because the Bank purchased the ordinary shares of SCIB and assumed control over SCIB in April 2010.
- f) The consolidated statements of comprehensive income for the nine-month period ended 30 September 2010 included the operating results of T Leasing Co., Ltd., from 1 January 2010 to the date on which the Bank disposed of its investments in that subsidiary.

2.3 The separate financial statements, which present investments in subsidiary and associated companies under the cost method, have been prepared solely for the benefit of the public.

2.4 Application of new accounting standards during the period

During the current period, the Bank and its subsidiaries adopted a number of revised and new accounting standards, issued by the Federation of Accounting Professions, as listed below.

Accounting standards:

TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 2 (revised 2009)	Inventories
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 11 (revised 2009)	Construction Contracts
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 26	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 29	Financial Reporting in Hyperinflationary Economies
TAS 31 (revised 2009)	Interests in Joint Ventures
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property

Financial reporting standards:

TFRS 2	Share-Based Payment
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 6	Exploration for and Evaluation of Mineral Resources

Financial Reporting Standard Interpretations:

TFRIC 15 Agreements for the Construction of Real Estate

Accounting Standard Interpretations:

SIC 31 Revenue-Barter Transactions Involving Advertising Services

These accounting standards do not have any significant impact on the financial statements for the current period, except for TAS 19 "Employee Benefits".

TAS 19 Employee Benefits

This accounting standard requires employee benefits to be recognised as expense in the period in which the service is performed by the employee. In particular, an entity has to evaluate and make a provision for post-employment benefits using actuarial techniques. The Bank and its subsidiaries previously accounted for such employee benefits when they were incurred.

The Bank and its subsidiaries have changed this accounting policy in the current year and recognise the liability in the transition period through an adjustment to the beginning balance of retained earnings in the current period. The change will have the effect of decreasing the beginning balance of retained earnings of the Bank and its subsidiaries (1 January 2011) by Baht 2,266 million (Separate financial statements: decreasing retained earnings by Baht 356 million). The cumulative effect of the changes in accounting policy has been presented in "Cumulative effect of change in accounting policy for employee benefits" in the statement of changes in equity.

In addition, the change has the effect of decreasing the profit of the Bank and its subsidiaries for the nine-month period ended 30 September 2011 by Baht 292 million, or Baht 0.05 per share (Separate financial statements: decreasing profit by Baht 112 million or Baht 0.02 per share).

2.5 Significant accounting policies

The interim financial statements are prepared using the same accounting policies and methods of computation as were used for the financial statements for the year ended 31 December 2010, except for the changes in the accounting policy regarding employee benefits due to the adoption of new accounting standards.

Employee benefits

Post-employment benefits (Defined contribution plans)

The Bank, its subsidiaries and its employees have jointly established a provident fund. The fund is monthly contributed by employees and by the Bank and its subsidiaries. The fund's assets are held in a separate trust fund and the Bank and its subsidiaries's contributions are recognised as expenses when incurred.

Post-employment benefits (Defined benefit plans)

The Bank and its subsidiaries have obligations in respect of the severance payments it must make to employees upon retirement under labor law. The Bank and its subsidiaries treat these severance payment obligations as a defined benefit plan.

The obligation under the defined benefit plan is determined by a professionally qualified independent actuary, using the Projected Unit Credit Method. Such determination is made based on various assumptions, including discount rate, future salary increase rate, staff turnover rate, mortality rate, and inflation rates.

For the first-time adoption of TAS 19 Employee Benefits, the Bank and its subsidiaries elected to recognise the transitional liability, which exceeds the liability that would have been recognised at the same date under the previous accounting policy, through an adjustment to the beginning balance of retained earnings in the current period.

3. New accounting standards issued during the period not yet effective

During the current period, the Federation of Accounting Professions issued the below listed new accounting standards that are effective for fiscal years beginning on or after 1 January 2013.

Accounting Standard Interpretations:

- SIC 10 Government Assistance - No Specific Relation to Operating Activities
- SIC 21 Income Taxes - Recovery of Revalued Non-Depreciable Assets
- SIC 25 Income Taxes - Changes in the Tax Status of an Entity or its Shareholders

The Bank and its subsidiaries' management has assessed these accounting standard interpretations and believed that they are not relevant to the business of the Bank and its subsidiaries.

4. Derivatives assets

4.1 Trading derivatives

(Unit: Million Baht)

	Consolidated financial statements					
	30 September 2011			31 December 2010		
	Fair value		Notional amount*	Fair value		Notional amount*
	Assets	Liabilities		Assets	Liabilities	
Type of risk						
Foreign exchange rate	851	861	96,010	509	295	53,139
Interest rate	75	69	6,062	72	67	5,657
Foreign exchange rate and interest rate	244	403	2,406	959	235	8,533
Others	-	-	327	-	-	-
Total	1,170	1,333	104,805	1,540	597	67,329

* Disclosed only in case that the Bank and its subsidiaries have an obligation to pay

(Unit: Million Baht)

	Separate financial statements					
	30 September 2011			31 December 2010		
	Fair value		Notional amount*	Fair value		Notional amount*
	Assets	Liabilities		Assets	Liabilities	
Type of risk						
Foreign exchange rate	763	819	70,823	109	90	20,853
Interest rate	1	1	748	-	-	-
Foreign exchange rate and interest rate	14	3	610	-	-	-
Total	778	823	72,181	109	90	20,853

* Disclosed only in case that the Bank has an obligation to pay

Below are the proportions of trading derivatives transactions classified by counterparty, determined on the basis of the notional amount, as at 30 September 2011 and 31 December 2010.

Counterparties	Consolidated financial statements		Separate financial statements	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
	Percent	Percent	Percent	Percent
Financial institutions	86.52	73.91	93.41	86.29
Companies within Thanachart Group	-	-	0.46	-
Third parties	13.48	26.09	6.13	13.71
Total	100.00	100.00	100.00	100.00

4.2 Hedging derivatives (Banking book)

As at 30 September 2011 and 31 December 2010, the Bank and its subsidiaries have the commitments under foreign exchange purchase or sale contracts, interest rate swap contracts, and cross currency and interest rate swap contracts, which were not held for trading and were measured on an accrual basis. The gains (losses) on exchange rate as at the end of the period and accrued interest receivable (payable) per the contracts are recognised as receivables and payables in other assets/liabilities.

Type of risk	Consolidated financial statements		Separate financial statements	
	Notional amount*		Notional amount*	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
Foreign exchange rate	23,562	3,488	23,562	3,488
Interest rate	3,462	13,682	2,312	12,532
Foreign exchange rate and interest rate	15,540	21,529	8,859	13,479

* Disclosed only in case that the Bank and its subsidiaries have an obligation to pay

5. Investments

5.1 Classified by type of investment

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	30 September 2011		31 December 2010		30 September 2011		31 December 2010	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Trading securities								
Government and state enterprises securities	2,574	2,575	44	45	2,574	2,575	44	45
Private debt securities	526	526	21	21	526	526	21	21
Foreign debt securities	623	631	3,015	3,023	-	-	-	-
Domestic marketable equity securities	73	74	74	80	-	-	-	-
Total	3,796	3,806	3,154	3,169	3,100	3,101	65	66
Add: Allowance for change in value	10		15		1		1	
Net	3,806		3,169		3,101		66	
Available-for-sale securities								
Government and state enterprises securities	33,140	32,841	52,685	52,604	15,462	15,379	15,764	15,708
Private debt securities	16,542	16,494	9,898	10,064	6,365	6,308	2,945	2,981
Foreign debt securities	25,098	25,002	12,704	12,920	19,538	19,509	6,128	6,342
Domestic marketable equity securities	8,263	8,579	7,752	8,530	917	949	476	546
Total	83,043	82,916	83,039	84,118	42,282	42,145	25,313	25,577
Add: Allowance for change in value	(123)		1,083		(137)		264	
Less: Allowance for impairment	(4)		(4)		-		-	
Net	82,916		84,118		42,145		25,577	

(Unaudited but reviewed)

(Unit: Million Baht)

	Consolidated financial statements				Separate financial statements			
	30 September 2011		31 December 2010		30 September 2011		31 December 2010	
	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value	Cost/ Amortised cost	Fair value
Held-to-maturity debt securities								
Government and state enterprises securities								
	43,738	44,158	36,138	36,849	17,131	17,283	18,986	19,426
Private debt securities	7,469	8,084	5,874	6,070	-	-	-	-
Foreign debt securities	1,467	1,465	5,705	5,720	532	532	4,800	4,819
Investment in receivables purchased								
	16	16	29	29	-	-	-	-
Total	52,690	53,723	47,746	48,668	17,663	17,815	23,786	24,245
Less: Allowance for impairment	(89)		(89)		(89)		(89)	
Net	52,601		47,657		17,574		23,697	
Other investment								
Investment in property fund	517		845		132		234	
Domestic non-marketable equity securities								
	3,992		4,064		139		97	
Foreign non-marketable equity securities								
	84		84		-		3	
Total	4,593		4,993		271		334	
Less: Allowance for impairment	(44)		(4)		(12)		(4)	
Net	4,549		4,989		259		330	
Total investment - net	143,872		139,933		63,079		49,670	

5.2 As at 30 September 2011, the Bank and its subsidiaries have a revaluation deficit arising from transfers of investments in debt securities, of which the current balances of Baht 17 million in the consolidated financial statements and Baht 46 million in the separate financial statements. These are presented in equity caption. (31 December 2010: Revaluation deficit of Baht 71 million in the consolidated financial statements, and revaluation deficit of Baht 94 million in the separate financial statements).

5.3 As at 30 September 2011, investments in held-to-maturity debt securities include non-transferable promissory notes with maturity on 31 October 2011, 30 November 2011 and 28 June 2012 amounting to Baht 181 million, Baht 111 million and Baht 4 million, respectively, which were received as a result of the transfer of non-performing loans of totaled Baht 296 million to Thai Asset Management Corporation ("TAMC") (31 December 2010: Baht 296 million). However, the agreed transfer price received in the form of promissory notes could still be revised up or down after TAMC reviews the price or has the collateral assessed or the price adjusted.

As at 30 September 2011, the Bank is still unable to estimate the exact amount of such losses since TAMC has been dissolved and is in the process of liquidation. However, the Bank has estimated the contingent losses arising from the management of non-performing assets at approximately Baht 89 million (31 December 2010: Baht 89 million). Such amount has been presented as allowance for impairment under the caption of investments in held-to-maturity debt securities, classified based on the type of promissory note.

In addition, the Bank also shares joint responsibility with TAMC for future profits or losses arising from TAMC's management of the non-performing assets as mentioned in Note 30.2 to the financial statements.

5.4 Investments in securities in which the Bank and its subsidiaries hold not less than 20 percent of the equity of the investee

As at 30 September 2011 and 31 December 2010, the Bank and its subsidiaries have investments in unit trusts in which the Bank and its subsidiaries hold not less than 20 percent of the units issued, but did not treated as subsidiaries or associated companies because the Bank and its subsidiaries do not have control or influence over the financial and operating policies of these funds, which are independently managed by fund managers in accordance with the details of each fund project, and are under the supervision of the SEC. The Bank and its subsidiaries therefore record them as available-for-sale or other investments, based on their investment objectives.

Securities' name	Consolidated financial statements				Separate financial statements			
	30 September 2011		31 December 2010		30 September 2011		31 December 2010	
	Net book value	Percentage of holding	Net book value	Percentage of holding	Net book value	Percentage of holding	Net book value	Percentage of holding
	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent	Million Baht	Percent
The Thai Business Fund 3	192	60.00	355	60.00	85	26.67	158	26.67
Sub Thawee Property Fund	46	56.00	76	56.00	46	56.00	76	56.00
Business Strategic Fund	278	67.33	278	67.33	-	-	-	-
Thanachart Long Term Fixed Income Fund	59	27.79	60	27.79	-	-	-	-
Thanachart Fixed Income FIF 51	50	22.63	50	22.63	-	-	-	-

6. Investments in subsidiary and associated companies

6.1 Separate financial statements

As at 30 September 2011 and 31 December 2010, investments in subsidiary companies and an associated company in the separate financial statements stated under the cost method, consist of investment in ordinary shares of the following companies:

(Unit: Million Baht)

Company's name	Nature of business	Separate financial statements							
		Paid-up share capital		Percentage of holding (Percent)		Value of investment under the cost method		Dividend income for the nine-month periods ended	
		30 September	31 December	30 September	31 December	30 September	31 December	30 September	
		2011	2010	2011	2010	2011	2010	2011	2010
<u>Subsidiary companies</u>									
Siam City Bank Plc.	Commercial bank	21,128	21,128	99.95	99.95	68,835	68,835	2,956	-
TS Asset Management Co., Ltd.	Asset management	2,000	-	100	-	2,000	-	-	-
Thanachart Securities Plc.	Securities business	1,500	1,500	100	100	1,858	1,858	345	210
Thanachart Life Assurance Co., Ltd.	Life - insurance	500	500	100	100	936	936	250	-
Thanachart Insurance Co., Ltd.	Non-life insurance	740	740	100	100	867	867	300	-
Thanachart Group Leasing Co., Ltd.	Hire purchase	360	360	100	100	400	400	203	148
Thanachart Broker Co., Ltd.	Non-life insurance broker	100	100	100	100	104	104	65	65
Thanachart Fund Management Co., Ltd.	Fund management	100	100	75	75	97	97	98	83
Thanachart Legal and Appraisal Co., Ltd.	Dissolution	10	10	100	100	13	13	-	-
Thanachart Management and Services Co., Ltd.	Services	6	6	100	100	6	6	-	12
Thanachart Training and Development Co., Ltd.	Training services	5	5	100	100	5	5	12	12
Total investments in subsidiary companies						75,121	73,121	4,229	530
Less: Allowance for impairment						(1,122)	-	-	-
Total investments in subsidiaries - net						73,999	73,121	4,229	530
<u>Associated company</u>									
Ratchthani Leasing Plc.	Hire purchase and leasing	905	823	0.03	0.03	-	-	-	-
Total investments in associated company						-	-	-	-
Total investments in subsidiaries and an associated company - net						73,999	73,121	4,229	530

(Unaudited but reviewed)

The Bank additional invested in TS Asset Management Co., Ltd., which was established in March 2011, with a shareholding of 100 percent.

6.2 Consolidated financial statements

As at 30 September 2011 and 31 December 2010, investments in associated companies in the consolidated financial statements consist of investments in ordinary shares of the following companies which operate in Thailand:

Company's name	Paid-up share capital		Percentage of holding		Value of investment				Dividend income		Share of income (loss) for the periods ended	
	30	31	30	31	Cost method		Equity method		for the periods		ended	
	September	December	September	December	September	December	September	December	ended 30	September	30 September	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
MBK Plc. (operating in property rental, hotel and services business)	1,886	1,886	9.90	9.90	984	984	1,386	1,530	93	89	106	145
Siam Samsung Life Insurance Co., Ltd. (operating in life insurance business)	500	500	25.00	25.00	104	104	47	81	-	-	(32)	(10)
Siam City Insurance Co., Ltd. (operating in non-life insurance business)	-	40	-	45.50	-	92	-	109	10	-	(8)	6
Ratchthani Leasing Plc. (operating in hire-purchase and leasing business)	905	823	48.35	48.35	403	403	536	457	12	-	91	30
Total investments in associated companies					1,491	1,583	1,969	2,177	115	89	157	171

The Bank and its subsidiaries classified investments in MBK Plc. as investments in an associated company, since the Parent company, the Bank and its subsidiaries had significant influence in that company.

On 27 July 2011, the Board of Directors of SCIB passed a resolution approving the sale of SCIB's investment in shares of Siam City Insurance Co., Ltd. to the third party. On 19 August 2011, SCIB sold all the shares to the purchaser at a total price of Baht 114 million and recognised gain on the disposal of Baht 22 million in the consolidated financial statements of Thanachart Bank.

6.3 Summarised financial information of associated companies

a) Summarised financial information of MBK Plc. as at 30 June 2011 and 30 September 2010 and for the nine-month periods ended 30 September 2011 and 2010 are as follows:

Paid-up share capital		Total assets		Total liabilities		Total income		Net income	
30	30	30	30	30	30	for the nine-month	for the nine-month	for the nine-month	for the nine-month
June	September	June	September	June	September	periods ended	periods ended	periods ended	periods ended
2011	2010	2011	2010	2011	2010	30 June	30 June	30 June	30 June
1,886	1,886	28,344	28,752	14,885	14,006	6,527	6,743	1,073	2,263

(Unaudited but reviewed)

The share of income of MBK Plc. recognised in the current period is determined based on financial statements of MBK Plc. prepared for a different period, as a result of limitations on the availability of information. The financial information used was based on the statements of financial position as at 30 June 2011 and 30 September 2010, and the statements of income for the nine-month periods ended 30 June 2011 and 2010 prepared by the Bank's management, with reference to the financial statements as reviewed by its auditor and adjusted for the effect of the differences in accounting policies. The Bank's management believes that the net income for the nine-month period ended 30 June 2011 is not material different from that income for the periods ended 30 September 2011.

- b) Summarised financial information of Siam Samsung Life Insurance Co., Ltd., Siam City Insurance Co., Ltd. and Ratchthani Leasing Plc. as at 30 September 2011 and 31 December 2010, and for the periods ended 30 September 2011 and 2010 are as follows:

Company's name	Paid-up share capital		Total assets		Total liabilities		Total income for the nine-month periods ended		Net income (loss) for the nine-month periods ended	
	30	31	30	31	30	31	30 September		30 September	
	September	December	September	December	September	December	2011	2010	2011	2010
	2011	2010	2011	2010	2011	2010				
Siam Samsung Life Insurance Co., Ltd.	500	500	2,016	2,073	1,848	1,766	885	620	(130)	(41)
Siam City Insurance Co., Ltd.	-	40	-	932	-	689	414	539	(17)	14
Ratchthani Leasing Plc.	905	823	11,810	9,549	10,367	8,270	816	451	188	63

Investment in the above three associated companies are indirectly held through SCIB, therefore, the income, net income (loss) and the share of profit (loss) were determined based on the financial statements for the period as from the Bank has investment in SCIB as prepared by the Bank's Management, and in the interest proportion of the Bank until the date SCIB sold out such investment.

- 6.4** As at 30 September 2011 and 31 December 2010, the fair value of investments in associated companies which are listed in the Stock Exchange of Thailand is as follows

Company's name	(Unit: Million Baht)	
	30 September 2011	31 December 2010
MBK Plc.	1,700	1,887
Ratchthani Leasing Plc.	547	616

7. Loans to customers and accrued interest receivables

7.1 Classified by loan type

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
<u>Loans to customers</u>				
Overdrafts	23,208	24,562	3,380	3,243
Loans	278,649	275,232	72,363	58,324
Notes receivable	58,372	62,171	28,728	24,985
Hire purchases receivables	307,884	271,851	306,548	269,834
Financial leases receivables	1,981	2,392	1,944	2,341
Others	225	429	-	-
Less: Deferred revenues	(37,079)	(32,469)	(36,901)	(32,178)
Total loans to customers net of deferred revenues	633,240	604,168	376,062	326,549
Add: Accrued interest receivables	888	924	221	272
Total loans to customers net of deferred revenues and plus accrued interest receivables	634,128	605,092	376,283	326,821
Less: Allowance for doubtful accounts				
- BOT's minimum requirement provision	(25,810)	(23,917)	(7,740)	(7,056)
- Excess provision	(175)	(534)	(170)	(375)
Less: Revaluation allowance for debt restructuring	(384)	(460)	(15)	(38)
Loans to customer and accrued interest receivables - net	607,759	580,181	368,358	319,352
<u>Securities business receivables</u>				
Credit balances receivables	2,097	1,341	-	-
Other receivables	308	1,342	-	-
Total securities business receivables	2,405	2,683	-	-
Less: Allowance for doubtful accounts	(305)	(1,338)	-	-
Securities business receivables and accrued interest receivables - net	2,100	1,345	-	-
Loans to customer and accrued interest receivables - net	609,859	581,526	368,358	319,352

7.2 Non-performing loans

As at 30 September 2011 and 31 December 2010, the Bank and its subsidiaries (banking, securities business and asset management) had non-performing loans classified in accordance with the Notification of the BOT and SEC (debtors classified as substandard, doubtful and doubtful of loss) as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
Non-performing loans (excluding accrued interest receivables)				
Banking business	18,275	35,520	7,671	7,648
Securities business	307	1,339	-	-
Asset management	21,570	-	-	-

The above definition of non-performing loans does not include overdue loans which have been already restructured and are now qualified for classification as Normal or Special mention debt.

Additionally, the Bank and its subsidiaries (banking and securities business) had loans for which income recognition under an accrual basis has been discontinued, as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
Banking business	24,634	44,046	7,191	7,538
Securities business	307	1,339	-	-

The subsidiary company engaged in the asset management business recognises income from loan on a cash basis.

7.3 Debt restructuring

During the nine-month periods ended 30 September 2011 and 2010, the Bank and its subsidiaries have entered into debt restructuring agreements as follows:

Consolidated financial statements					
For the nine-month period ended 30 September					
Type of restructuring	Number of debtors	Outstanding loans balance before restructuring ⁽¹⁾	Outstanding loans balance after restructuring ⁽¹⁾	Type of assets to be transferred	Fair value of assets to be transferred under agreement
		Million Baht	Million Baht		
2011					
Modification of repayment conditions	3,320	3,307	3,307		
Transfer of assets and/or ordinary shares and/or modification of repayment conditions	9	626	626	Land and ordinary shares	190
Total	3,329	3,933	3,933		
2010					
Transfer of assets	1	6	6	Land and premise	6
Modification of repayment conditions	3,303	3,635	3,635		
Transfer of assets and/or ordinary shares and/or modification of repayment conditions	2	7	7	Land	7
Total	3,306	3,648	3,648		

(1) Presents the outstanding balance per the books of account (principal plus accrued interest).

Separate financial statements					
For the nine-month period ended 30 September					
Type of restructuring	Number of debtors	Outstanding loans balance before restructuring ⁽¹⁾	Outstanding loans balance after restructuring ⁽¹⁾	Type of assets to be transferred	Fair value of assets to be transferred under agreement
		Million Baht	Million Baht		Million Baht
2011					
Modification of repayment conditions	3,018	1,161	1,161		
Transfer of assets and/or ordinary shares and/or modification of repayment conditions	6	14	14	Land	15
Total	3,024	1,175	1,175		
2010					
Modification of repayment conditions	2,829	881	881		
Transfer of assets and/or ordinary shares and/or modification of repayment conditions	2	7	7	Land	7
Total	2,831	888	888		

(1) Presents the outstanding balance per the books of account (principal plus accrued interest).

Counting from the end of period, the remaining periods to maturity of receivables which entered into debt restructuring agreements during the nine-month periods ended 30 September 2011 and 2010, are summarised below.

Consolidated financial statements				
For the nine-month period ended 30 September				
Periods	2011		2010	
	Number of debtors	Outstanding balances after restructuring	Number of debtors	Outstanding balances after restructuring
		Million Baht		Million Baht
Past due after restructuring	757	475	900	363
Due within the year	533	104	447	318
Less than 5 years	1,218	920	869	1,108
5 - 10 years	753	2,222	958	1,298
10 - 15 years	21	127	62	394
Over 15 years	47	85	70	167
Total	3,329	3,933	3,306	3,648

Periods	Separate financial statements			
	For the nine-month period ended 30 September			
	2011		2010	
	Number of debtors	Outstanding balances after restructuring	Number of debtors	Outstanding balances after restructuring
		Million Baht		Million Baht
Past due after restructuring	756	469	867	302
Due within the year	529	83	445	76
Less than 5 years	1,175	343	780	188
5 - 10 years	561	275	717	269
10 - 15 years	2	3	6	10
Over 15 years	1	2	16	43
Total	3,024	1,175	2,831	888

Supplemental information for the nine-month periods ended 30 September 2011 and 2010 relating to restructured loan is as follows:

	(Unit: Million Baht)			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Interest incomes recognised in the statements of comprehensive income	1,044	742	310	377
Cash repayment from receivables	3,808	2,352	1,152	1,281
Properties foreclosed received for debts settlement	54	173	54	167
Loss on debt restructuring	43	70	18	116

As at 30 September 2011 and 31 December 2010, the Bank and its subsidiaries have the following restructured receivables balances (principal and accrued interest receivable):

	Restructured receivables							
	Total number of outstanding receivables				Outstanding balances, net of collateral			
	Number of receivables		Outstanding balances		Number of receivables		Outstanding balances	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010	30 September 2011	31 December 2010	30 September 2011	31 December 2010
	Thousand debtors	Thousand debtors			Million Baht	Million Baht	Million Baht	Million Baht
Thanachart Bank Plc.	1,075.8	944.3	13,977	13,944	5,428	5,324	2,630	2,414
Siam City Bank Plc.	346.2	358.6	4,251	6,247	9,923	22,871	1,938	9,560
Thanachart Securities Plc.	0.4	0.4	3	3	35	35	35	35
TS Asset Management Co., Ltd.	2.6	-	1,649	-	12,683	-	7,861	-

7.4 Classified by classification

As at 30 September 2011 and 31 December 2010, the Bank and its subsidiaries (banking and asset management business) classified and made allowances against their loans in accordance with the BOT's guidelines as summarised below.

(Unit: Million Baht)

	Consolidated financial statements ⁽¹⁾						
	Net balance used in made				Minimum percentage	Allowance for doubtful accounts	
	Loans and accrued interest receivables		allowance for doubtful accounts ⁽²⁾			30	31
	30 September 2011	31 December 2010	30 September 2011	31 December 2010	(Percent)	30 September 2011	31 December 2010
Normal	563,557	531,104	215,092	189,131	1	3,030	2,082
Special mention	29,347	36,539	11,688	16,944	2	629	2,249
Substandard	7,759	6,663	3,894	2,805	100	4,438	2,898
Doubtful	11,980	12,620	7,822	8,199	100	7,822	8,277
Doubtful of loss	20,185	16,323	9,694	8,180	100	9,694	8,199
Total	632,828	603,249	248,190	225,259		25,613	23,705
Additional allowance for possible uncollectability debts						175	534
Total						25,788	24,239

(1) Only the Bank and subsidiary companies subject to BOT's regulations; and after deducting intragroup transactions.

(2) The net balance used in setting allowance for doubtful accounts for loans classified as Normal and Special mention is the principal balance net of deferred revenues, excluding accrued interest receivables, and after deducting collaterals values, while for loans classified as Substandard, Doubtful and Doubtful of loss, it is the principal balance net of deferred revenues plus accrued interest receivables, and after deducting the present value of expected future cash flows from debt collection or from disposal of collaterals.

(Unit: Million Baht)

	Separate financial statements						
	Net balance used in made				Minimum percentage	Allowance for doubtful accounts	
	Loans and accrued interest receivables		allowance for doubtful accounts ⁽¹⁾			30	31
	30 September 2011	31 December 2010	30 September 2011	31 December 2010	(Percent)	30 September 2011	31 December 2010
Normal	352,215	302,266	137,059	103,855	1	1,447	1,155
Special mention	16,381	16,887	8,700	8,414	2	214	168
Substandard	971	1,523	842	1,070	100	842	1,070
Doubtful	1,460	1,372	925	775	100	925	775
Doubtful of loss	5,256	4,773	4,312	3,888	100	4,312	3,888
Total	376,283	326,821	151,838	118,002		7,740	7,056
Additional allowance for possible uncollectability debts						170	375
Total						7,910	7,431

(1) The net balance used in setting allowance for doubtful accounts for loans classified as Normal and Special mention is the principal balance net of deferred revenues, excluding accrued interest receivables, and after deducting collaterals values, while for loans classified as Substandard, Doubtful and Doubtful of loss, it is the principal balance net of deferred revenues plus accrued interest receivables, and after deducting the present value of expected future cash flows from debt collection or from disposal of collaterals.

7.5 Loan to companies which have settlement problems

As at 30 September 2011 and 31 December 2010, loans of the Bank and its subsidiaries in the consolidated financial statements and the separate financial statements included debts due from companies with weak financial positions and poor operating results, as follows:

	Consolidated financial statements										
	Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts				
	30	31	30	31	30	31	30	31			
	September	December	September	December	September	December	September	December			
2011		2010		2011		2010		2011		2010	
				Million	Million	Million	Million	Million	Million	Million	Million
				Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
1. Listed companies possible to delisting from the SET	9	6	976	425	66	67	909	359			
2. Non – listed companies with similar operating results and financial positions to listed companies possible to delisting from the SET	11	11	738	750	459	753	275	275			
3. Companies which have loan settlement problems or have defaulted on the repayment	1,153	1,102	25,478	30,827	12,427	13,545	13,747	13,708			

	Separate financial statements										
	Number of debtors		Debt balance		Collateral value		Allowance for doubtful accounts provided in the accounts				
	30	31	30	31	30	31	30	31			
	September	December	September	December	September	December	September	December			
2011		2010		2011		2010		2011		2010	
				Million	Million	Million	Million	Million	Million	Million	Million
				Baht	Baht	Baht	Baht	Baht	Baht	Baht	Baht
1. Listed companies possible to delisting from the SET	2	2	122	122	-	-	122	122			
2. Non – listed companies with similar operating results and financial positions to listed companies possible to delisting from the SET	11	11	738	750	459	753	275	275			
3. Companies which have loan settlement problems or have defaulted on the repayment	427	432	907	931	449	580	458	392			

7.6 Classification of securities business receivables in accordance with the Notification of the Securities and Exchange Commission

As at 30 September 2011 and 31 December 2010, subsidiary companies operating in securities business classified securities business receivables and accrued interest receivables, and provided related allowance for doubtful accounts in accordance with the Notification of the Securities and Exchange Commission (SEC) as follows:

(Unit: Million Baht)

	Receivable balances		Allowance for doubtful accounts		Debt balance net of allowance for doubtful accounts	
	30 September	31 December	30 September	31 December	30 September	31 December
	2011	2010	2011	2010	2011	2010
Normal	2,098	1,344	-	-	2,098	1,344
Substandard	3	4	1	3	2	1
Doubtful	304	1,335	304	1,335	-	-
Total	2,405	2,683	305	1,338	2,100	1,345

Allowance for doubtful accounts for substandard loans set aside by subsidiaries is higher than the minimum amount required by the SEC, and takes into account uncertainties as to collateral value and the risk from collection of such receivables.

7.7 Hire purchase receivables/financial lease receivables of subsidiaries classified by aging

As at 30 September 2011 and 31 December 2010, hire purchase and financial lease receivables balances of 2 subsidiary companies engaged in hire purchase and financial lease businesses are classified by the due date of the contracts (after elimination) as follows:

(Unit: Million Baht)

	30 September 2011	31 December 2010
Current or overdue not over 90 days	1,017	1,590
Overdue 91 – 365 days	31	40
Overdue more than 1 year	34	48
Debtors under legal actions	120	107
Total	1,202	1,785
Allowance for doubtful accounts provided in the accounts	197	212

7.8 As at 30 September 2011 and 31 December 2010, the Bank has loans to subsidiary companies as follows:

Company's name	Type of credit	Contract period as at 30 September 2011	Interest rate as at 30 September 2011	Outstanding balances	
				30 September 2011	31 December 2010
				Million Baht	Million Baht
Subsidiary companies					
Thanachart Group Leasing Co., Ltd.	Promissory note	At call	The Bank's cost of fund plus a fixed interest rate per annum	515	932
National Leasing Co., Ltd.	Promissory note	At call	The Bank's cost of fund plus a fixed interest rate per annum	35	52
TS Asset Management Co., Ltd.	Promissory note	At call	The Bank's cost of fund plus a fixed interest rate per annum	6,589	-
Total				7,139	984

8. Allowance for doubtful accounts

(Unit: Million Baht)

Consolidated financial statements									
For the nine-month period ended 30 September 2011									
The Bank and subsidiary companies which are financial institutions									
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	General provision	Total	Subsidiary companies	Consolidated
Balance - beginning of the period	2,082	2,249	2,898	8,277	8,199	534	24,239	1,550	25,789
Balance of a subsidiary company disposed during the period	-	-	-	-	-	-	-	(1,023)	(1,023)
Increase (decrease) during the period	948	(1,620)	1,540	(255)	1,920	(359)	2,174	(18)	2,156
Bad debts recovery	-	-	-	253	77	-	330	8	338
Bad debts written-off	-	-	-	(453)	(451)	-	(904)	(15)	(919)
Reversal from disposal of loans	-	-	-	-	(51)	-	(51)	-	(51)
Balance - end of the period	3,030	629	4,438	7,822	9,694	175	25,788	502	26,290

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements									
For the year ended 31 December 2010									
The Bank and subsidiary companies which are financial institutions									
	Normal	Special mention	Sub- standard	Doubtful	Doubtful of loss	General provision	Total	Subsidiary companies	Consolidated
Balance - beginning of the year	895	188	968	1,181	4,258	214	7,704	659	8,363
Beginning balance of the subsidiaries acquired during the year	971	2,854	1,346	4,745	6,244	-	16,160	1,074	17,234
Balance of a subsidiary company disposed during the year	-	-	-	-	-	-	-	(64)	(64)
Increase (decrease) during the year	216	(793)	584	2,595	(858)	320	2,064	(29)	2,035
Bad debts recovery	-	-	-	223	56	-	279	16	295
Bad debts written-off	-	-	-	(467)	(594)	-	(1,061)	(106)	(1,167)
Reversal from disposal of loans	-	-	-	-	(907)	-	(907)	-	(907)
Balance - end of the year	<u>2,082</u>	<u>2,249</u>	<u>2,898</u>	<u>8,277</u>	<u>8,199</u>	<u>534</u>	<u>24,239</u>	<u>1,550</u>	<u>25,789</u>

(Unit: Million Baht)

Separate financial statements							
For the nine-month period ended 30 September 2011							
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	General provision	Total
Balance - beginning of the period	1,155	168	1,070	775	3,888	375	7,431
Increase (decrease) during the period	292	46	(228)	150	687	(205)	742
Bad debts recovery	-	-	-	-	77	-	77
Bad debts written-off	-	-	-	-	(289)	-	(289)
Reversal from disposal of loans	-	-	-	-	(51)	-	(51)
Balance - end of the period	<u>1,447</u>	<u>214</u>	<u>842</u>	<u>925</u>	<u>4,312</u>	<u>170</u>	<u>7,910</u>

(Unit: Million Baht)

Separate financial statements							
For the year ended 31 December 2010							
	Normal	Special mention	Substandard	Doubtful	Doubtful of loss	General provision	Total
Balance - beginning of the year	909	188	968	1,181	4,258	214	7,718
Increase (decrease) during the year	246	(20)	102	(406)	1,076	161	1,159
Bad debts recovery	-	-	-	-	55	-	55
Bad debts written-off	-	-	-	-	(594)	-	(594)
Reversal from disposal of loans	-	-	-	-	(907)	-	(907)
Balance - end of the year	<u>1,155</u>	<u>168</u>	<u>1,070</u>	<u>775</u>	<u>3,888</u>	<u>375</u>	<u>7,431</u>

9. Revaluation allowance for debt restructuring

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	For the	For the	For the	For the
	nine-month	year ended	nine-month	year ended
	period ended	31 December	period ended	31 December
	30 September	2010	30 September	2010
	2011		2011	
Balance - beginning of the period	460	33	38	33
Beginning balance of the subsidiaries				
acquired during the period	-	472	-	-
Increase (decrease) during the period	(33)	(40)	17	7
Amortised during the period	(43)	(5)	(40)	(2)
Balance - end of the period	<u>384</u>	<u>460</u>	<u>15</u>	<u>38</u>

10. Classification of assets

As at 30 September 2011 and 31 December 2010, the quality of assets of the Bank and its subsidiaries classified in accordance with the announcements of the Bank of Thailand are as follows:

(Unit: Million Baht)

	Consolidated financial statements											
	Interbank and money		Loans to customer and				Property		Other assets		Total	
	market items		accrued		Investments		foreclosed					
	30	31	30	31	30	31	30	31	30	31	30	31
September	December	September	December	September	December	September	December	September	December	September	December	
2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	
Normal	18,011	51,777	563,557	531,104	-	-	-	-	144	192	581,712	583,073
Special mention	-	-	29,347	36,539	-	-	-	-	78	84	29,425	36,623
Substandard	-	-	7,759	6,663	-	-	-	-	4	8	7,763	6,671
Doubtful	-	-	11,980	12,620	-	-	-	-	5	14	11,985	12,634
Doubtful of loss	-	-	20,185	16,323	413	178	398	56	235	503	21,231	17,060
Total	<u>18,011</u>	<u>51,777</u>	<u>632,828</u>	<u>603,249</u>	<u>413</u>	<u>178</u>	<u>398</u>	<u>56</u>	<u>466</u>	<u>801</u>	<u>652,116</u>	<u>656,061</u>

(Unit: Million Baht)

	Separate financial statements											
	Interbank and money		Loans to customer and				Property		Other assets		Total	
	market items		accrued		Investments		foreclosed					
	30	31	30	31	30	31	30	31	30	31	30	31
September	December	September	December	September	December	September	December	September	December	September	December	
2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	
Normal	3,886	12,510	352,215	302,266	-	-	-	-	141	179	356,242	314,955
Special mention	-	-	16,381	16,887	-	-	-	-	77	82	16,458	16,969
Substandard	-	-	971	1,523	-	-	-	-	4	5	975	1,528
Doubtful	-	-	1,460	1,372	-	-	-	-	4	4	1,464	1,376
Doubtful of loss	-	-	5,256	4,773	335	153	63	56	19	16	5,673	4,998

(Unaudited but reviewed)

Total	<u>3,886</u>	<u>12,510</u>	<u>376,283</u>	<u>326,821</u>	<u>335</u>	<u>153</u>	<u>63</u>	<u>56</u>	<u>245</u>	<u>286</u>	<u>380,812</u>	<u>339,826</u>
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11. Property foreclosed

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2011	2010	2011	2010
Cost	7,198	7,907	711	696
Less: Allowance for impairment	(398)	(56)	(63)	(56)
Property foreclosed - Net	<u>6,800</u>	<u>7,851</u>	<u>648</u>	<u>640</u>

11.1 As at 30 September 2011 and 31 December 2010, property foreclosed received in settlement of receivables that are subject to restrictions can be summarised as follows:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2011	2010	2011	2010
Immovable assets subject to buyback options or first refusal rights	684	522	184	221

11.2 As at 30 September 2011, the Bank and its subsidiaries have agreements with clients to purchase or sell property foreclosed amounting to approximately Baht 1,106 million (at cost) in the consolidated financial statements and Baht 28 million in the separate financial statements that are currently being settled in installments or through transfer of ownership. The Bank and its subsidiaries have therefore not recognised gains on the sales, and the assets continue to be recorded as property foreclosed of the Bank and its subsidiaries.

12. Other assets

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September	31 December	30 September	31 December
	2011	2010	2011	2010
Accrued premium insurance income	369	444	-	-
Other receivables	1,050	949	284	281
Accrued interest and dividend income receivable	1,191	1,024	508	311
VAT refundable	465	749	465	670
Prepaid leasehold rights	400	403	221	208
Other receivables - VAT paid in advance for customers	176	172	176	172
Suspense accounts between head office and branches	35	326	34	183
Deposit	288	331	191	173
Estimated insurance claims recoveries	226	187	-	-
Financial derivative assets for banking book	687	1,577	373	819
Receivable from clearing house	83	391	-	-
Prepaid corporate income tax	908	7	901	-
Deposit for derivative contracts	292	148	279	100
Others	814	647	226	125
Total	6,984	7,355	3,658	3,042
Less: Allowance for impairment	(299)	(567)	(30)	(29)
Other assets - Net	6,685	6,788	3,628	3,013

13. Debt issued and borrowings

As at 30 September 2011 and 31 December 2010, the balance of debt issued and domestic borrowings, which stated in Baht, are as follows:

Type of borrowings	Interest rate per annum (as at 30 September 2011)	Maturity date	Consolidated		Separate	
			financial statements		financial statements	
			30 September 2011	31 December 2010	30 September 2011	31 December 2010
Perpetual subordinated hybrid bonds issued under Tier I (a)	8 percent	Dissolution	7,130	7,130	7,130	7,130
Subordinated hybrid bonds issued under Tier II (b)	5.25 percent	2019 and 2024	5,000	5,000	5,000	5,000
Subordinated debentures issued under Tier II (c - f)	5.00 - 5.50 percent and 6.00 percent	2015 - 2020	13,000	23,000	13,000	13,000
Subordinated debentures (f)	5.50 percent	2019	10,000	-	10,000	-
Bills of exchange	0 - 3.25 percent	At call	239	11	29	1
Bills of exchange	1.00 - 4.60 percent	2011 - 2013	196,025	139,574	140,813	106,961
Borrowings - Department of Alternative Energy Development and Efficiency	0 - 0.50 percent	2013 - 2021	191	234	-	-
Total debt issued and borrowings			231,585	174,949	175,972	132,092

- (a) On 22 April 2010, the Bank issued 7,130,000 name registered of perpetual, non-cumulative, subordinated, hybrid Tier 1 bonds, with a face value of Baht 1,000 each, and sold them to two major shareholders of the Bank. The bonds mature upon dissolution or liquidation of the Bank. The bonds are unsecured and non-convertible and bear interest at a rate equal to the highest interest rate for a six-month fixed deposit plus 6 percent per annum, payable semi-annually. The Bank has a call option to early redeem the bonds at par if the condition specified are met.
- (b) On 24 July 2009, the Bank issued 5,000,000 name registered subordinated hybrid bonds, unsecured, unconvertible debentures with debenture holders' representative, with a face value of Baht 1,000 each. Of these, 3.5 million units mature in 2019 and bear interest at rate of 5.25 percent per annum for the first five years, and 5.5 percent per annum for the sixth to tenth years, while 1.5 million units mature in 2024 and bear interest at rate of 5.25 percent per annum for the first five years, 6.0 percent per annum for the sixth to tenth years and 6.5 percent per annum for the eleventh to fifteenth years, payable quarterly. The Bank has a call option to early redeem these debentures at par and has option to postpone principal and/or interest payment date if the conditions as specified are met.

- (c) On 9 May 2008, the Bank issued 5,000,000 name registered subordinated, unsecured, unconvertible debentures with no debenture holders' representative, with a face value of Baht 1,000 each. The debentures mature in 2015 and bear interests at rate of 5.1 percent per annum for the first three years, and 6 percent per annum for the fourth to seventh years, payable quarterly.
- (d) On 3 April 2009, the Bank issued 2,000,000 name registered subordinated, unsecured, unconvertible debentures with debenture holders' representative, with a face value of Baht 1,000 each. The debentures mature in 2019 and bear interest at fixed interest rates of 5.25 percent per annum for the first three years, 5.75 percent per annum for the fourth to seventh years, and 6.5 percent per annum for the eighth to tenth years, payable quarterly. The Bank has a call option to early redeem these debentures at par if the conditions specified are met.
- (e) On 2 April 2010, the Bank issued 6,000,000 name registered subordinated, unsecured, unconvertible debentures with debenture holders' representative, with a face value of Baht 1,000 each. The debenture mature in 2020 and bear interests at fixed interest rate of 5 percent per annum for the first five years and 5.5 percent per annum for the sixth to tenth years, payable quarterly. The Bank has a call option to early redeem these debentures at par if the conditions specified are met.
- (f) On 19 June 2009, SCIB issued 10,000,000 units of unsecured subordinated with a face value of Baht 1,000 each. The debenture mature in 2019 and bear interests at fixed interest rate of 5.50 percent per annum for the first three years, 6.00 percent per annum for the fourth to seventh years and 6.50 percent per annum for the eighth to tenth years, payable quarterly. SCIB has a call option to early redeem these debentures at par if the conditions specified are met. On 20 June 2011, SCIB early redeemed all debentures at par value with no gain (loss) on the transaction. Thanachart Bank has issue debentures to replace the SCIB's debentures with the same interest rates, terms, and conditions. The BOT also has given approval in principle to counting such subordinated debentures as Tier II of Thanachart Bank when the entire business transfer between Thanachart Bank and SCIB is finished. This is in accordance with the BOT's regulations for the project for transferring the entire business of SCIB.

14. Provisions

(Unit: Million Baht)

Consolidated financial statement					
For the nine-month period ended 30 September 2011					
	Loss from lawsuit	Employee benefits	Obligations for off-balance item	Others	Total
Beginning balance	89	43	285	394	811
The cumulative effect of the changes in the accounting policy for employee benefits	-	2,272	-	-	2,272
Increase during the period	1	610	-	78	689
Decrease from disposal of a subsidiary	(1)	(3)	-	-	(4)
Decrease from actual utilised	(1)	(378)	-	(57)	(436)
Reversal of provisions	(4)	-	(54)	-	(58)
Ending balance	84	2,544	231	415	3,274

(Unit: Million Baht)

Separate financial statement				
For the nine-month period ended 30 September 2011				
	Loss from lawsuit	Employee benefits	Others	Total
Beginning balance	19	2	3	24
The cumulative effect of the changes in the accounting policy for employee benefits	-	356	-	356
Employee benefits for staff transferred from SCIB	-	1,604	-	1,604
Increase during the period	1	112	4	117
Decrease from actual utilised	-	(2)	-	(2)
Ending balance	20	2,072	7	2,099

During the period 2011, SCIB established the employee transformation program. SCIB's management set aside provisions for such program totaling Baht 477 million, and SCIB has already made partial payment under this program.

In addition, Thanachart Bank received the transfer of 6,368 employees during 2011. This accorded with a resolution passed by a Board of Directors' meeting of Thanachart Bank and the approval received from BOT. SCIB also transferred the liabilities regarding to employee benefits liabilities of the transferred employees amounting to Baht 1,604 million to Thanachart Bank together with accrued employee expenses for another Baht 128 million. As at 30 September 2011, SCIB has not paid such liabilities, and this amount was therefore presented as "Receivable - Siam City Bank". Under the employee transfer contract, rights and benefits of SCIB's employees will continue to determined based on their existing length of service.

15. Other liabilities

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September	31 December	30 September	31 December
	2011	2010	2011	2010
Other payables	947	912	259	249
Loss reserves and outstanding claims				
from insurance/life assurance	1,270	991	-	-
Suspense cash received from account receivables	479	731	479	731
Insurance premium payable	53	83	166	196
Unearned income from hire purchase	303	163	303	163
Deposit from derivative contracts	178	1,762	-	348
Provision for income tax	489	568	489	568
Accrued interest payable	3,351	1,852	1,920	1,084
Corporate income tax payable	1,595	2,327	-	999
Accrued expense	2,717	3,231	1,617	1,421
Financial derivative liabilities for banking book	1,050	345	1,050	345
Payable from clearing house	517	98	-	-
Unearned premium reserve	2,627	1,881	-	-
Others	2,297	2,160	545	371
Total other liabilities	17,873	17,104	6,828	6,475

16. Other components of equity

(Unit: Million Baht)

	Consolidated financial statements		Separate financial statements	
	30 September	31 December	30 September	31 December
	2011	2010	2011	2010
Revaluation surplus (deficit) on investments				
Revaluation surplus on investments				
Available-for-sale investments				
Debt instruments	7	399	46	254
Equity instruments	366	742	52	70
Total	373	1,141	98	324
Revaluation deficit on investments				
Available-for-sale investments				
Debt instruments	(300)	(119)	(214)	(60)
Equity instruments	(66)	(3)	(20)	-
Held-to-maturity investments (transfer from available-for-sale investments)	(17)	(71)	(46)	(94)
Total	(383)	(193)	(280)	(154)
Total revaluation surplus (deficit) on investments	(10)	948	(182)	170
Share of other comprehensive income of associates	165	323	-	-
Total	155	1,271	(182)	170

17. Capital funds

The primary objectives of the Bank's capital management are to maintain the Bank's ability to continue as a going concern and to maintain a capital adequacy ratio in accordance with the Act on Undertaking of Banking business B.E. 2551.

As at 30 September 2011 and 31 December 2010, capital funds of the Bank consist of the following:

	(Unit: Million Baht)	
	30 September	31 December
	2011	2010
<u>Tier I</u>		
Issued and fully paid up share capital	55,137	55,137
Share premium	2,101	2,101
Perpetual subordinated hybrid bonds (Hybrid Tier I)	7,130	7,130
Statutory reserve	968	537
Retained earnings - unappropriated	12,042	6,430
Total	<u>77,378</u>	<u>71,335</u>
<u>Tier II</u>		
Subordinated debentures	16,000	17,000
Reserve for loans classified as normal	1,639	1,532
Total	<u>17,639</u>	<u>18,532</u>
Total Tier I and Tier II	95,017	89,867
Add: Net revaluation surplus on equity securities	<u>34</u>	<u>31</u>
Total capital funds	<u><u>95,051</u></u>	<u><u>89,898</u></u>

On 25 August 2011, the Board of Directors' meeting of Thanachart Bank passed a resolution to allocate Baht 312 million of net income for the six-month period ended 30 June 2011 amounting to statutory reserve. The remaining net income of such period, amounting Baht 5,930 million, was allocated as capital funds of the Bank.

In addition, Thanachart Bank granted an approval from the BOT for a waiver to hold more SCIB's shares than permitted by law, for the purposes of the business transfer in its letter dated 1 April 2010, the BOT approved waivers with respect to the calculation of capital funds and the ratio of capital to risk assets and commitments, whereby, the Bank's capital funds will not deduct the value of investment in SCIB while the computation of the ratio of the capital to risk assets and commitments will include the assets and commitments of SCIB, until the date of completion of the business combination.

(Unaudited but reviewed)

As at 30 September 2011 and 31 December 2010, the Bank's capital ratios, calculated based on the BOT's regulation relating to the calculation of capital funds announced by the BOT including additional permission from the BOT, are as follows:

	30 September 2011		31 December 2010	
	Capital ratio of the Bank	Minimum requirement by BOT	Capital ratio of the Bank	Minimum requirement by BOT
Total capital to risk assets (percent)	14.74	8.50	14.75	8.50
Total Tier I to risk assets (percent)	12.00	4.25	11.71	4.25

In addition, the Bank had disclosed qualitative and quantitative information regarding capital maintenance as at 30 June 2011 in accordance with the Notification of the Bank of Thailand Re: Public Disclosure of Capital Maintenance Information for Commercial Banks on its website at www.thanachartbank.co.th since October 2011.

18. Dividends

Dividends	Approved by	Total dividends Million Baht	Dividend per share Baht
Dividends on net income for the year 2010	Annual General Meeting of the Shareholders on 7 April 2011	2,205	0.40
Dividends on net income for the year 2009	Annual General Meeting of the Shareholders on 7 April 2010	1,083	0.56

19. Interest income

Interest income for the three-month and nine-month periods ended 30 September 2011 and 2010 consisted of the following:

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated financial statements		Separate financial statements	
	2011	2010	2011	2010
Interbank and money market items	677	245	328	67
Investments and trading transactions	18	22	6	4
Investments in debt securities	1,032	1,029	436	418
Loans	5,453	4,485	1,560	1,058
Hire purchase and financial lease	4,399	3,787	4,373	3,738
Total interest income	11,579	9,568	6,703	5,285

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Interbank and money market items	1,473	632	599	270
Investments and trading transactions	67	57	13	9
Investments in debt securities	2,962	2,710	1,197	1,326
Loans	15,370	10,040	4,033	3,211
Hire purchase and financial lease	12,586	11,381	12,493	11,128
Total interest income	<u>32,458</u>	<u>24,820</u>	<u>18,335</u>	<u>15,944</u>

20. Interest expenses

Interest expenses for the three-month and nine-month periods ended 30 September 2011 and 2010 consisted of the following:

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Deposits	2,486	1,561	1,231	795
Interbank and money market items	402	179	538	98
Contribution fee to the Deposit Protection Agency	479	527	213	245
Issues debt instruments				
- Subordinated debentures	548	514	548	376
- Others	1,576	359	1,156	291
Borrowings	-	1	-	-
Fees expense on borrowing	1	-	-	-
Total interest expenses	<u>5,492</u>	<u>3,141</u>	<u>3,686</u>	<u>1,805</u>

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Deposits	6,318	4,173	3,062	2,610
Interbank and money market items	811	377	1,033	207
Contribution fee to the Deposit Protection Agency	1,483	1,376	659	790
Issues debt instruments				
- Subordinated debentures	1,587	1,205	1,330	929
- Others	3,465	845	2,617	744
Borrowings	1	2	-	-
Fees expense on borrowing	2	7	11	7
Total interest expenses	13,667	7,985	8,712	5,287

21. Net fees and service income

Net fees and service income for the three-month and nine-month periods ended 30 September 2011 and 2010 consisted of the following:

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Fees and service income				
Acceptance, aval and guarantees	85	66	16	10
ATM and electronic banking services	195	186	24	28
Hire purchase fee income	222	223	218	215
Insurance brokerage fee income	42	64	241	183
Management fees	99	135	4	4
Others	336	305	144	74
Total fees and service income	979	979	647	514
Fees and service expenses	(149)	(150)	(24)	(9)
Net fees and service income	830	829	623	505

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Fees and service income				
Acceptance, aval and guarantees	210	151	40	33
ATM and electronic banking services	582	394	74	78
Hire purchase fee income	679	638	666	616
Insurance brokerage fee income	154	169	726	515
Management fees	365	397	4	4
Others	977	607	387	219
Total fees and service income	2,967	2,356	1,897	1,465
Fees and service expenses	(419)	(379)	(71)	(30)
Net fees and service income	2,548	1,977	1,826	1,435

22. Gains on trading and foreign exchange transactions

Gains on trading and foreign exchange transactions for the three-month and nine-month periods ended 30 September 2011 and 2010 consisted of the following:

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Foreign exchange and derivatives				
relating to foreign exchange	261	59	122	-
Debt securities	11	3	17	-
Equity securities	(3)	143	-	-
Others	(2)	1	-	-
Total	267	206	139	-

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Foreign exchange and derivatives				
Foreign exchange	684	226	337	75
Interest rate	1	-	-	-
Debt securities	42	3	22	17
Equity securities	(7)	190	-	-
Others	(3)	4	-	-
Total	717	423	359	92

23. Impairment loss of loans and debt securities

Impairment loss of loans and debt securities for the three-month and nine-month periods ended 30 September 2011 and 2010 consisted of the following:

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Bad debts and doubtful accounts				
Loans to customers	297	256	110	36
Interbank and money market items	(8)	78	17	(1)
Amortisation of revaluation allowance for debts restructured during the period	(37)	3	(37)	2
Loss from debt restructuring (reversal)	21	68	(3)	113
Total	273	405	87	150

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Bad debts and doubtful accounts				
Loans to customers	2,156	1,257	742	720
Interbank and money market items (reversal)	(11)	89	21	1
Amortisation of revaluation allowance for debts restructured during the period	(40)	7	(40)	7
Loss from debt restructuring (reversal)	(33)	70	18	115
Total	<u>2,072</u>	<u>1,423</u>	<u>741</u>	<u>843</u>

24. Income tax expense

Corporate income tax was calculated on net income for the period multiplied by average tax rate for the year, which was determined based on tax payable on the estimated income for the year, after adding back and deducting expenses and provisions which are disallowable for tax computation purposes and deducting income which is exempted for tax computation purposes.

25. Components of other comprehensive income

Components of other comprehensive income for the three-month and nine-month periods ended 30 September 2011 and 2010 consisted of the following:

(Unit: Million Baht)

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Other comprehensive income				
Available-for-sale investments:				
Unrealised gains (losses) during the period	(478)	538	(239)	87
Less: Reclassification of adjustment for the realised gains (losses) that included in profit or loss	(81)	(108)	(15)	(11)
	<u>(559)</u>	<u>430</u>	<u>(254)</u>	<u>76</u>
Share of other comprehensive income in associated companies (losses)	(51)	(50)	-	-
Other comprehensive income for the period (losses)	<u>(610)</u>	<u>380</u>	<u>(254)</u>	<u>76</u>

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Other comprehensive income				
Available-for-sale investments:				
Unrealised gains (losses) during the period	(849)	994	(302)	168
Less: Reclassification of adjustment for the realised gains (losses) that included in profit or loss	(110)	(144)	(50)	(125)
	(959)	850	(352)	43
Share of other comprehensive income in associated companies (losses)	(158)	41	-	-
Other comprehensive income for the period (losses)	(1,117)	891	(352)	43

26. Earnings per share

Basic earnings per share is calculated by dividing profit for the period attributable to equity holders of the Bank (excluding other comprehensive income) by the weighted average number of ordinary shares in issue during the period.

	For the three-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Profit for the period (Million Baht)	1,908	2,708	981	1,311
Weighted average number of shares (Million shares)	5,514	5,514	5,514	5,514
Earnings per share (Baht/share)	0.35	0.49	0.18	0.24
	For the nine-month periods ended 30 September			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Profit for the period (Million Baht)	6,444	6,720	7,222	4,667
Weighted average number of shares (Million shares)	5,514	4,242	5,514	4,242
Earnings per share (Baht/share)	1.17	1.58	1.31	1.10

27. Related party transactions

During the periods, the Bank and its subsidiaries had significant business transactions with its related parties. These transactions have been concluded on commercial terms and based agreed upon in the ordinary course of businesses between the Bank and those companies. Below is a summary of those transactions.

(Unit: Million Baht)

	For the three-month periods ended 30 September				Transfer pricing policy (For the period 2011)
	Consolidated		Separate		
	financial statements		financial statements		
	2011	2010	2011	2010	
<u>Transactions occurred during the periods</u>					
Parent company					
Purchase of debt securities	49	-	49	-	At market price
Sales of debt securities	3,250	4,548	3,250	4,548	At market price
(Related gain)	1	3	1	-	
Purchase of fixed assets and other assets	95	90	95	90	At the rate agreed under the contracts
Interest income	1	1	-	-	At interest rate of 5.25 and 6.90 - 9.15 percent per annum
Fee and service income	1	-	-	-	
Other income	7	13	7	12	
Interest expenses	76	69	76	69	At interest rate of 0.75 - 3.00, 5.00 - 5.25, and 8.00 percent per annum
Rental expenses	27	33	21	26	At the rate agreed under the rental contracts
Other expenses	9	11	9	11	

(Unaudited but reviewed)

(Unit: Million Baht)

	For the three-month periods ended 30 September				Transfer pricing policy (For the period 2011)
	Consolidated		Separate		
	financial statements		financial statements		
	2011	2010	2011	2010	
<u>Transactions occurred during the periods (continued)</u>					
Subsidiary companies					
Purchase of debt securities	7,509	12,960	4,039	692	At market price
Sales of debt securities	7,543	12,960	927	11,785	At market price
(Related gain (loss))	(25)	1	2	-	
Purchase/sales of forward exchange contracts	2,002	127	2,002	127	At market price
(Related gain)	14	-	15	-	
Purchase of fixed assets and other assets	-	-	-	3	
Sales of fixed assets	-	3	-	-	
Interest income	-	-	25	15	At interest rate of 3.08 - 3.71 percent per annum
Dividend income	-	-	250	-	As declared
Fee and service income	-	-	287	181	At the rate agreed under the service contracts
Other income	-	-	790	57	
Interest expenses	-	-	262	5	At interest rate of 0.25 - 4.40 percent per annum
Fee and service expenses	-	-	4	1	At the rate agreed under the service contracts
Rental expenses	-	-	2	2	At the rate agreed under the rental contracts
Other expenses	-	-	39	36	
Associated companies					
Sales of debt securities	-	8,515	-	8,346	
Interest income	151	65	7	-	At interest rate of 2.25 - 3.25 and 3.75 - 7.25 percent per annum
Fee and service income	1	1	-	-	At the rate agreed under the service contracts
Other income	-	-	-	1	
Interest expenses	19	18	19	18	At interest rate of 0.25 - 2.75 and 3.50 - 3.75 and 5.25 percent per annum
Rental expenses	3	2	3	2	At the rate agreed under the rental contracts
Insurance premium/life insurance premium expenses	-	4	-	-	
Other expenses	3	4	2	3	

(Unaudited but reviewed)

(Unit: Million Baht)

	For the three-month periods ended 30 September				Transfer pricing policy (For the period 2011)
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2011	2010	2011	2010	
Transactions occurred during					
<u>the periods (continued)</u>					
Related companies					
Purchase of debt securities	-	1,121	-	1,121	
Sales of debt securities	5,640	1,281	8,217	1,281	At market price
Purchase/sales of forward exchange contracts	79,281	40,969	77,279	40,969	At market price
(Related gain)	21	3	50	3	
Interest income	216	48	63	41	At interest rate of 2.45 - 7.90 percent per annum
Dividend income	21	26	-	3	As declared
Fee and service income	1	-	-	-	At the rate agreed under the service contracts
Other income	9	10	5	8	
Interest expenses	116	95	114	74	At interest rate of 0.20 - 5.50 and 7.40 - 8.00 percent per annum
Rental expenses	49	40	37	11	At the rate agreed under the rental contracts
Insurance premium/life insurance premium expenses	(6)	17	-	-	At the rate agreed under the contracts
Fee and service expenses	-	32	-	-	
Other expenses	4	24	1	8	

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September				Transfer pricing policy (For the period 2011)
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2011	2010	2011	2010	
Transactions occurred during the periods					
Parent company					
Purchase of investment in subsidiary company	-	3,411	-	3,411	
Purchase of debt securities	158	15,323	158	15,277	At market price
Sales of debt securities (Related gain)	11,125	31,381	11,125	31,381	At market price
Purchase of subordinated debentures	-	3,057	-	3,057	
Sales of subordinated debentures	-	3,636	-	3,636	
Purchase of fixed assets and other assets	100	90	100	90	At the rate agreed under the contracts
Interest income	3	5	-	-	At interest rate of 5.25 and 6.90 - 9.15 percent per annum
Fee and service income	1	14	-	2	At the rate agreed under the service contracts
Insurance/Life insurance income	-	1	-	-	
Other income	20	41	20	31	
Interest expenses	219	193	219	193	At interest rate 0.625 - 3.00, 5.00 - 5.25 and 7.40 - 8.00 percent per annum
Rental expenses	84	123	67	104	At the rate agreed under the rental contracts
Other expenses	36	30	32	30	
Dividend payment	1,124	552	1,124	552	As declared

	For the nine-month periods ended 30 September				Transfer pricing policy (For the period 2011)
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2011	2010	2011	2010	
Transactions occurred during the periods (continued)					
Subsidiary companies					
Purchase of debt securities	26,555	38,883	5,021	3,744	At market price
Sales of debt securities	26,616	38,685	18,783	34,217	At market price
(Related gain)	13	16	40	3	
Purchase of equity instruments	143	-	143	-	At market rate
Purchase/sales of forward exchange contracts	3,968	1,227	3,968	1,227	At market rate
(Related gain)	14	-	14	-	
Purchase of fixed assets and other assets	-	3	-	3	
Sales of fixed assets	-	3	-	-	
Consulting fee on purchase of investment in subsidiary	-	-	-	34	
Interest income	-	-	38	72	At interest rate of 2.45 - 3.71 percent per annum
Dividend income	-	-	4,229	525	As declared
Fee and service income	-	-	775	503	At the rate agreed under the service contracts
Other income	-	-	950	172	
Interest expenses	-	-	524	25	At interest rate of 0.25 - 4.40 percent per annum
Fee and service expenses	-	-	10	1	At the rate agreed under the service contracts
Rental expenses	-	-	5	5	At the rate agreed under the rental contracts
Other expenses	-	-	98	128	

(Unaudited but reviewed)

(Unit: Million Baht)

	For the nine-month periods ended 30 September				Transfer pricing policy (For the period 2011)
	Consolidated		Separate		
	financial statements	financial statements	financial statements	financial statements	
	2011	2010	2011	2010	
Transactions occurred during the periods (continued)					
Associated companies					
Purchase of investment in subsidiary company	-	161	-	161	
Purchase of debt securities	80	350	-	350	At market price
Sales of debt securities	300	13,319	300	12,844	At market price
Sales of investment in subsidiary company	-	213	-	213	
(Related gain)	-	22	-	22	
Interest income	319	122	9	-	At interest rate of 2.25 - 3.25 and 3.75 - 7.25 percent per annum
Fee and service income	7	12	-	-	At the rate agreed under the service contracts
Other income	-	2	-	1	
Interest expenses	61	51	61	50	At interest rate of 0.25 - 2.75, 3.50 - 3.75 and 5.25 percent per annum
Rental expenses	10	8	9	8	At the rate agreed under the rental contracts
Insurance/Life insurance expenses	1	4	-	-	At the rate agreed under the contracts
Other expenses	9	9	6	7	

(Unit: Million Baht)

	For the nine-month periods ended 30 September				Transfer pricing policy (For the period 2011)
	Consolidated		Separate		
	financial statements		financial statements		
	2011	2010	2011	2010	
Transactions occurred during the periods (continued)					
Related companies					
Purchase of investment in subsidiary company	-	6,228	-	6,228	
Purchase of debt securities	903	2,890	903	2,890	At market price
Sales of debt securities	11,849	2,116	14,426	2,116	At market price
(Related gain)	1	-	1	-	
Purchase/sales of forward exchange contracts	324,809	135,162	320,831	135,162	At market price
(Related gain (loss))	(4)	6	19	6	
Sales of fixed assets and other assets	-	58	-	58	
(Related gain)	-	12	-	12	
Sales of property foreclosed	-	373	-	373	
(Related gain)	-	37	-	37	
Interest income	549	120	133	76	At interest rate of 2.00 – 8.50 percent per annum
Dividend income	33	43	2	3	As declared
Fee and service income	6	16	-	-	At the rate agreed under the service contracts
Other income	28	42	16	14	
Interest expenses	326	211	318	183	At interest rate of 0.20 – 5.50 and 7.40 - 8.00 percent per annum
Rental expenses	105	83	79	39	At the rate agreed under the rental contracts
Insurance premium/life insurance premium expenses	4	50	-	-	At the rate agreed under the service contracts
Fees and service expenses	1	109	-	-	At the rate agreed under the service contracts
Other expenses	12	57	5	22	
Dividend payment	1,113	558	1,080	531	As declared

In addition to the transactions mentioned above, during the period ended 30 September 2011, SCIB transferred non-performing loans amounting to Baht 9,062 million and properties foreclosed amounting to Baht 3,083 million to TS Asset Management Co., Ltd., another subsidiary company in the group. The transfer price is mutually agreed with reference to financial advisors have opinion that they are fair values.

The outstanding balances of the above transactions during the nine-month periods ended 30 September 2011 and 2010 have been shown at the average balance at the end of each month as follows:

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
<u>Parent company</u>				
Loans	20	22	-	-
Deposits	132	513	132	513
Debt issued and borrowings	3,954	6,580	3,954	6,580
<u>Subsidiary companies</u>				
Interbank and money market items (assets)	-	-	396	5,790
Loans	-	-	1,486	1,961
Deposits	-	-	1,046	482
Interbank and money market items (liabilities)	-	-	19,894	575
Debt issued and borrowings	-	-	1,852	1,075
<u>Associated companies</u>				
Loans	7,427	5,206	952	-
Deposits	349	429	178	227
Debt issued and borrowings	2,521	1,410	2,125	1,400
<u>Related companies</u>				
Interbank and money market items (assets)	1,832	1,752	284	276
Loans	19,070	9,038	6,008	3,028
Deposits	1,351	4,845	1,118	4,591
Interbank and money market items (liabilities)	7,591	6,584	6,734	6,577
Debt issued and borrowings	7,701	3,453	7,246	2,946

As at 30 September 2011 and 31 December 2010, the significant outstanding balances of the above transactions are as follows:

(Unit: Million Baht)

Consolidated financial statements									
30 September 2011									
Assets					Liabilities				
Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments	
Parent company									
Thanachart Capital Plc.	-	51	18	524	85	-	3,791	167	-
Associated companies									
MBK Plc.	-	-	-	55	83	-	2,000	11	-
Ratchthani Leasing Plc.	-	-	8,151	-	39	-	-	-	-
Siam Samsung Life									
Insurance Co., Ltd.	-	-	-	-	67	-	-	-	-
Related companies									
Seacon Development Plc.	-	-	644	1	-	-	-	-	-
Thai Hua Rubber Plc.	-	-	2,533	-	196	-	150	1	1
Synphaet Co., Ltd.	-	-	684	-	4	-	-	-	-
The Bank of Nova Scotia	144	-	-	8	-	7,798	3,494	202	4,942
Srithai Superware Plc.	-	-	607	-	5	-	-	-	48
Krungthai Card Plc.	-	581	9,040	4	5	-	-	-	-
Indorama Ventures Plc.	-	-	-	-	1	-	1,050	2	3,117
Wangkanai Sugar									
Co., Ltd.	-	-	1,497	-	84	-	-	-	47
Chaimongkol Refinery									
Co., Ltd.	-	-	2,476	-	57	-	-	-	3
Other related companies	320	-	1,019	452	689	49	567	21	271
	464	632	26,669	1,044	1,315	7,847	11,052	404	8,429

Consolidated financial statements

31 December 2010

	Assets				Liabilities				
	Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments
Parent company									
Thanachart Capital Plc.	-	45	21	24	61	-	3,636	71	-
Associated companies									
MBK Plc.	-	-	-	9	144	-	1,800	10	30
Ratchthani Leasing Plc.	-	-	6,503	-	37	-	-	-	-
Siam Samsung Life Insurance Co., Ltd.	-	-	-	-	98	-	-	-	-
Siam City Insurance Co., Ltd.	-	-	-	-	98	-	-	-	-
Related companies									
Seacon Development Plc.	-	-	736	1	1	-	-	-	58
Thai Hua Rubber Plc.	-	-	1,777	-	191	-	150	1	1,359
Krung Thai IBJ Leasing Co., Ltd.	-	-	593	-	-	-	-	-	-
Advanced Info Service Plc.	-	244	24	6	2,041	-	200	39	19
Synphaet Co., Ltd.	-	-	654	-	9	-	-	-	28
Government Savings Bank	4,056	-	-	1	-	30	500	224	-
The Bank of Nova Scotia	435	-	-	3	-	6,853	3,494	76	1,458
Krungthai Card Plc.	-	964	9,344	9	4	-	-	-	-
Wangkanai Sugar Co., Ltd.	-	-	1,658	-	15	-	-	-	48
Chaimongkol Refinery Co., Ltd.	-	-	2,840	-	95	-	-	-	3
Other related companies	320	175	1,575	302	1,076	37	780	18	227
	4,811	1,428	25,725	355	3,870	6,920	10,560	439	3,230

Separate financial statements

30 September 2011

	Assets				Liabilities				
	Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments
Parent company									
Thanachart Capital Plc.	-	6	-	518	85	-	3,791	165	-
Subsidiary companies									
Siam City Bank Plc.	95	-	-	2,476	-	27,019	-	10	-
Thanachart Group Leasing Co., Ltd.	-	-	515	-	5	-	-	-	-
Thanachart Securities Plc.	500	-	-	2	-	70	-	24	424
Thanachart Insurance Co., Ltd.	-	-	-	145	230	-	1,124	213	10
Thanachart Life Assurance Co., Ltd.	-	-	-	74	-	165	1,000	63	-
Thanachart Broker Co., Ltd.	-	-	-	-	69	-	130	-	-
TS Asset Management Co., Ltd.	-	-	6,600	6	150	-	-	1	-
Siam City Life Assurance Co., Ltd.	-	-	-	-	-	22	500	11	-
Other subsidiary companies	-	-	35	44	42	5	-	60	-
Associated company									
MBK Plc.	-	-	-	8	78	-	2,000	11	-
Ratchthani Leasing Plc.	-	-	1,318	-	-	-	-	-	-
Related companies									
Seacon Development Plc.	-	-	644	1	-	-	-	-	-
Thai Hua Rubber Plc.	-	-	2,433	-	157	-	150	1	-
Synphaet Co., Ltd.	-	-	684	-	4	-	-	-	-
Krungthai Card Plc.	-	-	2,013	-	3	-	-	-	-
Indorama Ventures Plc.	-	-	-	-	1	-	1,050	2	3,117
The Bank of Nova Scotia	136	-	-	8	-	6,863	3,494	170	4,618
Other related companies	-	-	303	413	556	49	562	10	-
	<u>731</u>	<u>6</u>	<u>14,545</u>	<u>3,695</u>	<u>1,380</u>	<u>34,193</u>	<u>13,801</u>	<u>741</u>	<u>8,169</u>

(Unit: Million Baht)

Separate financial statements									
31 December 2010									
Assets					Liabilities				
Interbank and money market items	Investments - debt securities	Loans to customers and interest receivables	Other assets	Deposits	Interbank and money market items	Debt issued and borrowings	Other liabilities	Commitments	
Parent company									
Thanachart Capital Plc.	-	-	-	622	60	-	3,636	70	-
Subsidiary companies									
Siam City Bank Plc.	25	-	-	-	-	9	-	-	-
Thanachart Group Leasing Co., Ltd.	-	-	934	-	9	-	-	-	-
Thanachart Securities Plc.	-	-	-	2	-	624	-	13	30
Thanachart Insurance Co., Ltd.	-	-	-	46	173	-	166	116	10
Thanachart Life Assurance Co., Ltd.	-	-	-	218	-	443	-	51	-
Thanachart Broker Co., Ltd.	-	-	-	100	127	-	-	-	-
Other subsidiary companies	-	-	52	2	45	19	-	61	-
Associated company									
MBK Plc.	-	-	-	8	139	-	1,800	10	30
Related companies									
Seacon Development Plc.	-	-	736	1	1	-	-	-	58
Thai Hua Rubber Plc.	-	-	1,677	-	153	-	150	-	1,358
Advanced Info Service Plc.	-	4	23	-	2,039	-	200	3	19
Synphaet Co., Ltd.	-	-	654	-	9	-	-	-	28
Krungthai Card Plc.	-	-	2,013	-	4	-	-	-	-
The Bank of Nova Scotia	430	-	-	3	-	5,948	3,494	76	1,458
Other related companies	11	-	810	274	900	38	780	223	11
	466	4	6,899	1,276	3,659	7,081	10,226	623	3,002

As at 30 September 2011 and 31 December 2010, the Bank has loans to subsidiary companies as mentioned in Note 7.8 to the financial statements.

As at 30 September 2011, the Bank and its subsidiaries have investments amounting to approximately Baht 615 million (Baht 108 million in the separate financial statements) in related companies in which they are related by means of members of their management being shareholders and/or directors of those companies (31 December 2010: Baht 596 million in the consolidated financial statements and Baht 62 million in the separate financial statements).

(Unaudited but reviewed)

As at 30 September 2011 and 31 December 2010, the Bank and its subsidiaries have the following related parties transactions with executive employees of the Bank and companies within Thanachart Group, including related persons who together with these employees:

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
Loans	46	59	22	24
Deposits	503	487	439	386

Directors and management's remuneration

During the nine-month periods ended 30 September 2011 and 2010, the Bank and its subsidiaries paid the following benefits to their key management personnel, including directors, totaled 144 persons and 161 persons, respectively (the separate financial statements: 50 persons and 17 persons, respectively):

(Unit: Million Baht)

	Consolidated		Separate	
	financial statements		financial statements	
	2011	2010	2011	2010
Short-term employee benefits	422	280	172	55
Post-employment benefits	42	-	2	-
	<u>464</u>	<u>280</u>	<u>174</u>	<u>55</u>

28. Financial information by segment**28.1 Financial position and results of operations classified by business activity**

The financial position as at 30 September 2011 and 31 December 2010, and the results of operations for the three-month and nine-month periods ended 30 September 2011 and 2010, classified by domestic and foreign operations, are as follow:

(Unit: Million Baht)

	Consolidated financial statements			
	30 September 2011			
	Domestic operations	Foreign operations	Eliminations	Total
Total assets	974,977	7,195	(104,364)	877,808
Interbank and money market items (assets)	95,555	60	(35,734)	59,881
Investments	136,204	7,059	609	143,872
Investments in subsidiary and associated companies	76,555	-	(74,586)	1,969
Loans to customers and accrued interest receivables	617,018	-	(7,159)	609,859
Deposits	459,239	-	(518)	458,721
Interbank and money market items (liabilities)	95,204	6,994	(44,217)	57,981
Debt issued and borrowings	234,339	-	(2,754)	231,585

(Unit: Million Baht)

	Consolidated financial statements			
	31 December 2010			
	Domestic operations	Foreign operations	Eliminations	Total
Total assets	927,903	10,758	(66,005)	872,656
Interbank and money market items (assets)	98,005	196	(13,141)	85,060
Investments	126,195	10,505	3,233	139,933
Investments in subsidiary and associated companies	77,219	-	(75,042)	2,177
Loans to customers and accrued interest receivables	582,595	-	(1,069)	581,526
Deposits	532,974	-	(318)	532,656
Interbank and money market items (liabilities)	43,894	10,291	(13,640)	40,545
Debt issued and borrowings	175,115	-	(166)	174,949

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements			
For the three-month period ended 30 September 2011			
	Domestic	Foreign	
	operations	operations	Eliminations Total
Interest income	11,869	53	(343) 11,579
Interest expenses	(5,778)	(7)	293 (5,492)
Net interest income	6,091	46	(50) 6,087
Net fee and service income (losses)	1,201	(2)	(369) 830
Net insurance/Life insurance income	118	-	418 536
Other operating income	1,732	(6)	(159) 1,567
Other operating expenses	(6,431)	-	371 (6,060)
Impairment loss of loans and debt securities	(170)	-	(103) (273)
Corporate income tax	(192)	-	(580) (772)
Income before non-controlling interests	2,349	38	(472) 1,915

(Unit: Million Baht)

Consolidated financial statements			
For the three-month period ended 30 September 2010			
	Domestic	Foreign	
	operations	operations	Eliminations Total
Interest income	9,634	90	(156) 9,568
Interest expenses	(3,163)	(18)	40 (3,141)
Net interest income	6,471	72	(116) 6,427
Net fee and service income (losses)	1,124	(1)	(294) 829
Net insurance/Life insurance income	422	-	251 673
Other operating income	1,580	26	(267) 1,339
Other operating expenses	(4,994)	-	117 (4,877)
Impairment loss of loans and debt securities	(397)	-	(8) (405)
Corporate income tax	(1,264)	-	- (1,264)
Income before non-controlling interests	2,942	97	(317) 2,722

(Unaudited but reviewed)

(Unit: Million Baht)

Consolidated financial statements				
For the nine-month period ended 30 September 2011				
	Domestic	Foreign		
	operations	operations	Eliminations	Total
Interest income	33,049	178	(769)	32,458
Interest expenses	(14,234)	(26)	593	(13,667)
Net interest income	18,815	152	(176)	18,791
Net fee and service income (losses)	3,600	(4)	(1,048)	2,548
Net insurance/Life insurance income	914	-	982	1,896
Other operating income	8,410	40	(4,673)	3,777
Other operating expenses	(16,825)	-	515	(16,310)
Impairment loss of loans and debt securities	(2,030)	-	(42)	(2,072)
Corporate income tax	(1,582)	-	(580)	(2,162)
Income before non-controlling interests	11,302	188	(5,022)	6,468

(Unit: Million Baht)

Consolidated financial statements				
For the nine-month period ended 30 September 2010				
	Domestic	Foreign		
	operations	operations	Eliminations	Total
Interest income	25,003	200	(383)	24,820
Interest expenses	(8,085)	(35)	135	(7,985)
Net interest income	16,918	165	(248)	16,835
Net fee and service income (losses)	2,807	(2)	(828)	1,977
Net insurance/Life insurance income	1,119	-	639	1,758
Other operating income	4,312	8	(1,245)	3,075
Other operating expenses	(12,088)	-	363	(11,725)
Impairment loss of loans and debt securities	(1,407)	-	(16)	(1,423)
Corporate income tax	(3,410)	-	-	(3,410)
Income before non-controlling interests	8,251	171	(1,335)	7,087

The financial position as at 30 September 2011 and 31 December 2010 and the results of operations for the three-month and nine-month periods ended 30 September 2011 and 2010 per the separate financial statements are only the result of domestic operations.

28.2 Financial positions and results of operations classified by business type

The Bank and its subsidiaries' business operations involve 5 principal segments: (1) Banking business; (2) Asset management business; (3) Securities business; (4) Life insurance business; and (5) Non-life insurance business. Below is the consolidated financial information of the Bank and its subsidiaries by segment.

(Unit: Million Baht)

	For the three-month period ended 30 September 2011							Consolidated
	Banking	Asset	Securities	Life	Non-life	Other	Eliminations	
	business	management	business	insurance	insurance	business		
Interest income	11,429	73	55	295	33	30	(336)	11,579
Interest expenses	(5,752)	(12)	(8)	-	-	(6)	286	(5,492)
Net interest income	5,677	61	47	295	33	24	(50)	6,087
Net fee and service								
income (losses)	1,018	-	114	(3)	(2)	72	(369)	830
Net insurance income	-	-	-	(209)	327	-	418	536
Other operating income	1,155	15	391	91	18	56	(159)	1,567
Other operating expenses	(5,655)	(46)	(350)	(118)	(169)	(93)	371	(6,060)
Impairment loss of loans								
and debt securities	(158)	(24)	-	-	-	12	(103)	(273)
Corporate income tax	105	(23)	(61)	(140)	(57)	(16)	(580)	(772)
Net income before								
non-controlling interest	2,142	(17)	141	(84)	150	55	(472)	1,915

(Unit: Million Baht)

	For the three-month period ended 30 September 2010							Consolidated
	Banking	Securities	Life	Non-life	Other	Eliminations		
	business	business	insurance	insurance	business			
Interest income	9,374	36	232	14	50	(138)	9,568	
Interest expenses	(3,154)	(2)	-	-	(7)	22	(3,141)	
Net interest income	6,220	34	232	14	43	(116)	6,427	
Net fee and service								
(losses)	957	131	(33)	(1)	69	(294)	829	
Net insurance income	-	-	161	261	-	251	673	
Other operating income	873	464	190	19	60	(267)	1,339	
Other operating expenses	(4,276)	(395)	(102)	(122)	(99)	117	(4,877)	
Impairment loss of loans and								
debt securities	(426)	-	-	-	29	(8)	(405)	
Corporate income tax	(1,007)	(63)	(148)	(27)	(19)	-	(1,264)	
Net income before								
non-controlling interests	2,341	171	300	144	83	(317)	2,722	

(Unaudited but reviewed)

(Unit: Million Baht)

For the nine-month period ended 30 September 2011

	Asset		Life	Non-life	Other	Eliminations	Consolidated	
	Banking business	management business	Securities business	insurance business				insurance business
Interest income	31,929	125	141	823	82	101	(743)	32,458
Interest expenses	(14,194)	(12)	(12)	-	-	(16)	567	(13,667)
Net interest income	17,735	113	129	823	82	85	(176)	18,791
Net fee and service income (losses)	3,012	-	387	(12)	(4)	213	(1,048)	2,548
Net insurance income	-	-	-	39	875	-	982	1,896
Other operating income	6,953	20	1,112	151	38	176	(4,673)	3,777
Other operating expenses	(14,653)	(61)	(1,040)	(330)	(462)	(279)	515	(16,310)
Impairment loss of loans and debt securities	(2,025)	(24)	-	-	-	19	(42)	(2,072)
Corporate income tax	(798)	(36)	(150)	(341)	(200)	(57)	(580)	(2,162)
Net income before non-controlling interest	10,224	12	438	330	329	157	(5,022)	6,468

(Unit: Million Baht)

For the nine-month period ended 30 September 2010

	Banking	Securities	Life	Non-life	Other	Eliminations	Consolidated
	business	business	insurance business	insurance business			
Interest income	24,184	93	587	44	260	(348)	24,820
Interest expenses	(8,050)	(4)	-	-	(31)	100	(7,985)
Net interest income	16,134	89	587	44	229	(248)	16,835
Net fee and service income (losses)	2,268	400	(114)	(3)	254	(828)	1,977
Net insurance income	-	-	459	660	-	639	1,758
Other operating income	2,739	1,089	287	50	155	(1,245)	3,075
Other operating expenses	(10,166)	(1,015)	(264)	(336)	(307)	363	(11,725)
Impairment loss of loans and debt securities	(1,429)	-	-	-	22	(16)	(1,423)
Corporate income tax	(2,716)	(163)	(292)	(153)	(86)	-	(3,410)
Net income before non-controlling interests	6,830	400	663	262	267	(1,335)	7,087

(Unaudited but reviewed)

(Unit: Million Baht)

At as 30 September 2011								
	Asset		Life	Non-life	Other		Eliminations	Consolidated
	Banking	management	insurance	insurance	business			
	business	business	business	business	business	business		
Interbank and money								
market items	87,195	219	342	308	218	283	(28,684)	59,881
Investments	107,282	-	319	31,318	4,344	-	609	143,872
Investments in subsidiary								
and associated								
companies	74,793	-	688	699	313	62	(74,586)	1,969
Loans to customers and								
accrued interest								
receivable - net	605,047	8,700	2,111	86	-	1,074	(7,159)	609,859
Land, premises and								
equipment - net	9,406	-	59	160	80	18	(931)	8,792
Other assets	33,203	3,174	1,797	750	1,028	46	13,437	53,435
Total assets	<u>916,926</u>	<u>12,093</u>	<u>5,316</u>	<u>33,321</u>	<u>5,983</u>	<u>1,483</u>	<u>(97,314)</u>	<u>877,808</u>

(Unit: Million Baht)

As at 31 December 2010								
	Banking	Securities	Life	Non-life	Other		Eliminations	Consolidated
	business	business	insurance	insurance	business			
	business	business	business	business	business	business		
Interbank and money market items	84,277	1,684	1,263	296	197		(2,657)	85,060
Investments	103,138	767	28,794	3,801	200		3,233	139,933
Investments in subsidiary								
and associated								
companies	75,271	763	776	347	62		(75,042)	2,177
Loans to customers and accrued								
interest receivable - net	579,541	1,345	58	-	1,651		(1,069)	581,526
Land, premises and equipment - net	8,731	79	128	19	29		-	8,986
Other assets	31,498	2,033	703	668	58		20,014	54,974
Total assets	<u>882,456</u>	<u>6,671</u>	<u>31,722</u>	<u>5,131</u>	<u>2,197</u>		<u>(55,521)</u>	<u>872,656</u>

29. Encumbrance of assets

As at 30 September 2011 and 31 December 2010, the Bank and its subsidiaries have the following assets, presented at book value, which are subject to restriction.

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
Investment in securities				
Guarantee placed with the registrar	7,260	6,214	-	-
Placed with court for stay of execution	295	283	20	20
Collateral for derivatives agreements	-	190	-	190
Security for electricity usage	13	13	-	-
Guarantee place with the commercial banks	-	-	26,921	-
Property foreclosed				
Immovable assets subject to buyback options or first refusal rights	684	522	184	221
Immovable assets subject to purchase or sell agreements with clients but currently being settled in installments or through transfer of ownership	989	1,554	31	31
	<u>9,241</u>	<u>8,776</u>	<u>27,156</u>	<u>462</u>

30. Commitments and contingent liabilities

As at 30 September 2011 and 31 December 2010, significant commitments and contingent liabilities consisted of:

30.1 Commitments

	(Unit: Million Baht)			
	Consolidated		Separate	
	financial statements		financial statements	
	30 September	31 December	30 September	31 December
	2011	2010	2011	2010
Aval to bills	329	654	81	238
Guarantees of loans	4,403	422	3,426	2
Liability under unmatured import bills	1,585	571	293	120
Letter of credits	1,834	2,456	826	672
Other obligations				
Committed (but not draw) overdraft	42,522	45,740	6,230	5,757
Others	21,283	24,234	6,859	5,266
Total	71,956	74,077	17,715	12,055

In addition, the Bank and its subsidiaries have commitments from foreign exchange contracts, interest rate swap contracts, cross currency and interest rate swap contracts and gold futures that mentioned in Note 4 to financial statements.

30.2 During the years 2001 and 2002, the Bank entered into agreements to transfer non-performing loans and receivables of approximately Baht 296 million to TAMC. The Bank is still jointly liable for a share of the gains and losses arising from TAMC's management of these non-performing assets to be calculated at the end of the fifth year and tenth year, counting from 1 July 2001. If there are losses, the Bank is liable for all initial losses up to 20 percent of the transfer price, while further losses of up to another 20 percent of the transfer price are to be shared equally between the Bank and TAMC, and TAMC is liable for all remaining losses. Such gains and losses will be determined based on the accumulated value of collections made on the assets at the date of determination, minus transfer costs and all operating expenses of TAMC, including interest on the debt instruments issued to purchase the loans and receivables. The gain or loss cannot be estimated at this stage. However, as at 30 September 2011, the Bank has estimated its share of losses which may arise from the management of the non-performing assets at approximately Baht 89 million. This amount has been presented as a part of allowance for impairment of investments in debt securities (31 December 2010: estimated share of losses at Baht 89 million).

30.3 The Bank has entered into agreements to sell housing loans/transfer rights to the Secondary Mortgage Corporation, under which it is committed to compensate the Corporation for losses from uncollected housing loans up to a maximum of 20 percent of the valuation of the said receivables. As at 30 September 2011, its maximum obligation is Baht 2 million.

30.4 As at 30 September 2011, the Bank and its subsidiaries have commitments to pay the service fees in relation to property foreclosed, computer system services and other services, including commitments in respect of office rental and related service fees under long-term rental contracts, as follow:

(Unit: Million Baht)

Year	Consolidated financial statements		Separate financial statements		
	Other parties	Parent company	Other parties	Parent company	Subsidiary companies
2011	752	36	442	31	1
2012	1,531	61	1,198	50	2
2013 onward	5,174	4	4,387	3	-

In addition, the Bank has obligations to pay an administrative fee to a subsidiary company, determined at actual cost plus a margin, for the period stipulated in the agreement.

30.5 Commitments of SCIB from transfer of business from Bangkok Metropolitan Bank Public Company Limited and transfer of non-performing assets to Sukhumvit Asset Management Company Limited

SCIB entered into a business transfer agreement with Bangkok Metropolitan Bank Plc. (“BMB”), effective from 1 April 2002, and transferred its assets and of BMB to Petchburi Asset Management Co., Ltd. and then transferred to Sukhumvit Asset Management Co., Ltd. (“SAM”). As a result, as at 30 September 2011, SCIB has the outstanding obligations summarised below.

- a) There was an outstanding difference of Baht 93 million, as a result of the transfer of assets to SAM, comprising receivables awaiting collection. These are presented under the caption of “Differences as a result of assets transferred to SAM” in the statements of financial position. Such amounts mainly relate to transfers of guarantee claims, for which there are pending issues with regard to proof the rights of claim or the assets transferred being qualified in accordance with the conditions set out in the transfer agreements. Such differences are now being examined and/or negotiated among SCIB, SAM and the FIDF for final resolution.

As at 30 September 2011, such differences consist of (i) Baht 10 million of transactions incurred directly by SCIB, of which SCIB has set aside full allowance for doubtful debts, and (ii) Baht 83 million of transactions incurred by BMB. If losses arise on the latter and collection can not be made from SAM, the FIDF will consider compensating SCIB for all such losses. SCIB’s management believes that no significant future losses will arise since the transfers of those assets corresponded to the principles of the agreements made among SCIB, BMB and SAM and the agreement given by the FIDF.

- b) SAM is re-examining certain previously transferred assets (both of SCIB and BMB) in order to determine whether to transfer the assets back to SCIB, to request price adjustments or to request settlement together with interest from SCIB. The major pending issue relates to the proof of rights of claim over these assets.

As at 30 September 2011, the transferred assets which SAM is re-examining totaling Baht 370 million consist of (i) Baht 28 million of transactions incurred directly by SCIB, of which SCIB has set aside full allowance for doubtful loss under the caption of “Provision for contingent liabilities” in the statements of financial position, and (ii) Baht 342 million of transactions incurred by BMB. SCIB’s management believes that SCIB will receive compensation for losses from the FIDF, and that any adjusting transactions will be within the limit of the funds set aside by FIDF to compensate losses in such cases, amounting to Baht 258 million. In addition, SAM is now negotiating with SCIB to request interest payment on the assets transferred back, or a price adjustment, and SCIB is unable to determine the potential impact of any interest payment to be made to SAM. However, SCIB’s management believes that no significant future losses will be incurred.

- c) Lawsuits in which SCIB is involved as a result of the transfer of business from BMB amounting to approximately Baht 11,280 million, as presented as contingent liabilities in Note 31 to the financial statements.
- d) Outstanding letter of guarantees

The FIDF deposited certain amount which is equal to the loss compensation limit with SCIB in the FIDF's account. Such deposit account is to fund the payment of compensation to SCIB in accordance with the agreement to compensate for losses incurred by SCIB as a result of the transfer of business from BMB, if such losses are actually incurred by SCIB due to the outstanding issues described in a), b), c) and d) above. As at 30 September 2011, the deposit account of the FIDF to fund the payment of compensation for losses incurred by SCIB has an outstanding balance of approximately Baht 791 million. In addition, there is a memorandum of agreement concerning conditions for additional loss compensation if SCIB incurs losses in relation to the two lawsuits discussed in c), with claims totaling Baht 9,965 million.

However, SCIB and SAM had a meeting and mutually agreed a resolution to such pending issues. SCIB believes that no significant further losses, other than losses which SCIB has already set aside full allowance for doubtful debts.

However, because the Bank purchased SCIB shares from FIDF, the commitments and contingent liabilities of FIDF to SCIB mentioned above will be transferred to and/or be assumed by the Bank, effective from the completion date of the Entire Business Transfer between SCIB and Thanachart Bank. The Bank's management thus believes that no further losses will be incurred.

30.6 Commitments arising from sale of ordinary shares of Siam City Securities

As a result of the sale of all ordinary shares of Siam City Securities in August 2011, SCIB is obligated to pay compensation to indemnify the buyer from pending lawsuits including litigation in which Siam City Securities is pursuing collection of debt amounts and/or future litigation which made claims against its debtor that arose before the disposal date of such shares. Moreover, SCIB undertakes to compensate the buyer for any expenses incurred whenever the buyer or Siam City Securities provide SCIB with written notification of reasons for such compensation, together with evidence, for up to 3 years from the share transfer date.

31. Litigation

As at 30 September 2011, the Bank and its subsidiaries have contingent liabilities amounting to approximately Baht 23,977 million (separate financial statements: Baht 497 million) in respect of litigation. The cases are not yet finalised. However, the Bank and its subsidiaries' management have already made certain provision for contingency losses, and for the remaining portion the management believes that no losses will result and therefore no liabilities are currently recorded.

Part of the contingent liabilities of the litigation mentioned above amounting to Baht 23,378 million represents claims filed against SCIB as defendant or co-defendant in lawsuits. These comprise both lawsuits directly involving SCIB and obligations arising as a result of the transfer of business from BMB; (i) Baht 12,098 million relates to SCIB's own lawsuits, with Baht 8,594 million of this amount relating to a tort case in which the actual loss is only Baht 202 million. The Court of First Instance has already ordered the case be dismissed and it is in the process of being reviewed by the Supreme Court. The total sum of claims in cases relating directly to SCIB's business, after deducting this tort case, is thus Baht 3,504 million; and (ii) The remaining portion of Baht 11,280 million represents cases in which SCIB is involved as a result of the transfer of business from BMB, and for which SCIB is entitled to compensation for actual losses incurred if such losses are in accordance with the conditions agreed with the FIDF (Baht 9,586 million of this amount relates a single case brought by a debtor that BMB had already transferred to SAM before SCIB received the transfer of business from BMB, and SCIB believes that the lawsuit has been brought against the wrong party, and not SCIB's responsibility, SCIB's management believes that SCIB has no liability in respect of such case.). As at 30 September 2011, SCIB had already made provisions for contingent liabilities totaling Baht 64 million in the statements of financial position for those lawsuits under (i) above where the Court of First Instance has already judged in favor of the plaintiff. SCIB's management believes that there will be no significant future losses as a result of the remaining cases.

In addition, SCIB was requested to make restitution as a result of a person forging SCIB's documents and using such counterfeit documents. However, SCIB has already filed a complaint against the person who produced and used counterfeit documents so as to proceed with a legal action. SCIB believes that no liability will arise from such restitution claim.

32. Letter of guarantees

As at 30 September 2011, the Bank and its subsidiaries had letter of guarantees issued by the Bank and its subsidiaries amounting approximately Baht 2 million, placed for electricity usage of the branches (separate financial statements: Baht 2 million).

33. Reclassification

The Bank and its subsidiaries have reclassified certain amounts in the financial statements as at 31 December 2010 and for the three-month and nine-month periods ended 30 September 2010 to conform to the current period's classifications, in accordance with the revised format stipulated by the BOT, with no effect to previously reported net income or equity.

(Unit: Million Baht)

	31 December 2010			
	Consolidated		Separate	
	financial statements		financial statements	
	As reclassified	As previously reported	As reclassified	As previously reported
Receivables from clearing house	-	391	-	-
Derivatives assets	1,540	-	109	-
Financial derivatives assets	-	3,117	-	928
Other assets - net	6,788	4,820	3,013	2,194
Payable to clearing house	-	99	-	-
Derivatives liabilities	596	-	90	-
Provisions	811	770	24	24
Financial derivatives liabilities	-	941	-	435
Accrued interest payable	-	1,852	-	1,084
Corporate income tax payable	-	2,327	-	999
Accrued expenses	-	3,271	-	1,421
Life insurance premium reserve	-	1,881	-	-
Other liabilities	17,104	7,370	6,475	2,626

(Unaudited but reviewed)

(Unit: Million Baht)

For the three-month period ended 30 September 2010

	Consolidated		Separate	
	financial statements		financial statements	
	As	As previously	As	As previously
	reclassified	reported	reclassified	reported
Interest income	9,567	-	5,285	-
Interest and dividend income	-	9,819	-	5,297
Interest expenses	3,141	2,613	1,805	1,560
Contribution fee to the Deposit Protection Agency	-	528	-	245
Fee and service income	980	1,031	514	514
Fee and service expenses	151	60	9	9
Gains on trading and foreign exchange transactions	206	-	-	-
Gains on investments	42	188	12	12
Gains on foreign exchange and financial derivatives	-	86	-	-
Other operating income	1,047	-	257	-
Non-interest income	-	734	-	282
Gains on disposal of property foreclosed and other assets	-	28	-	2
Premises and equipment expenses	869	972	372	403
Other expenses	1,387	1,419	805	813
Impairment loss of loans and debt securities	405	-	149	-
Bad debts and doubtful accounts	-	337	-	36
Loss on debt restructuring	-	68	-	113

(Unit: Million Baht)

For the nine-month period ended 30 September 2010

	Consolidated		Separate	
	financial statements		financial statements	
	As	As previously	As	As previously
	reclassified	reported	reclassified	reported
Interest income	24,820	-	15,944	-
Interest and dividend income	-	25,109	-	16,515
Interest expenses	7,985	6,602	5,287	4,490
Contribution fee to the Deposit Protection Agency	-	1,376	-	790
Fee and service income	2,357	2,471	1,465	1,465
Fee and service expenses	380	200	30	30
Gains on trading and foreign exchange transactions	423	-	92	-
Gains on investments	188	381	147	164
Gains on foreign exchange and financial derivatives	-	243	-	75
Other operating income	2,293	-	1,342	-
Non-interest income	-	1,864	-	760
Gains on disposal of property foreclosed and other assets	-	112	-	50
Premises and equipment expenses	2,241	2,404	1,145	1,195
Other expenses	3,081	3,204	2,178	2,174
Impairment loss of loans and debt securities	1,423	-	843	-
Bad debts and doubtful accounts	-	1,353	-	727
Loss on debt restructuring	-	70	-	116

34. Events after the reporting period

In October 2011, there was widespread flooding in Thailand and it is uncertain when the situation will return to normal. The floods may impact on the business plan, operating performance and financial position, together with the asset value of entrepreneurs in Thailand. This may affect some debtors of the Bank and its subsidiaries. In addition, the subsidiary company which operates non-life insurance may be also affected by the floods. Currently, the Bank and its subsidiaries are in the process of assessing the impact of the floods.

35. Approval of interim financial statements

These interim financial statements were authorised for issue by the Bank's Board of Directors on 10 November 2011.