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N e w s f o r I n v e s t o r s

Announcement No. 624

14 May 2009

Thanachart Capital Public Company Limited

Company Rating:	A
Issue Ratings:	
TCAP103A: Bt4,000 million senior debentures due 2010	A
TCAP105A: Bt2,500 million senior debentures due 2010	A
TCAP11NA: Bt1,500 million senior debentures due 2011	A
Rating Outlook:	Stable

Rating History:	Company Rating	Issue Rating	
		Secured	Unsecured
14 Jul 2005	A/Stable	-	A

Rating Rationale

TRIS Rating affirms the ratings of Thanachart Capital PLC (TCAP) and its senior debentures at “A”. The ratings reflect TCAP’s position as an investment holding company of Thanachart Group, its management control of Thanachart Bank PLC (TBANK) through a 50.92% ownership stake, and a stable stream of dividends from TBANK. The ratings take into consideration the capable management team, improvement in the risk management system, a strong capital base, and a strong business and financial support from its strategic partner – Bank of Nova Scotia (BNS). In addition, the wider scope of its banking businesses with its growing numbers of branches will strengthen the group’s market position, business diversification and financial performance in the future. However, these strengths are constrained by an unfavourable economy, plus competition and uncertainty in the banking, hire purchase, and securities industries. These factors might limit the group’s profitability and expansion opportunities.

In 2008, on a consolidation basis, TBANK contributed 92% of total revenue to TCAP. The remaining 8% was from TCAP’s core operation and its subsidiaries, including Max Asset Management Co., Ltd. (MAX) and NFS Asset Management Co., Ltd. (NFS-AMC). Based on consolidated asset size as of December 2008, TCAP is ranked eighth among all 12 Thai universal banks, with a 4.7% market share in loans and in deposits. TCAP has developed a proficient management team that has enabled the company to support the competitive position of its subsidiary and allowed TCAP to remain flexible in response to changes in the economic and business environments. The company’s consolidated risk management framework has improved continuously to comply with international standards. However, a sharp economic slowdown and high competitive environment in the banking industry are expected to limit growth and profitability of TBANK and TCAP’s two asset management companies over the next two years.

TBANK, currently operates under a universal banking license. As part of a group’s reorganization plan, in 2007, TBANK bought eight subsidiaries from TCAP. In July 2007, TCAP signed a joint venture agreement with BNS for the investment in TBANK, changing TBANK’s shareholding structure. TCAP’s shareholding in TBANK was reduced from 99.36% to 74.92% as of 19 July 2007; the balance of 24.98% was held by BNS. On 3 February 2009, TCAP sold additional shares of TBANK to BNS in accordance with the shareholder agreements. The sale covered 416,526,737 shares at Bt18.38 per share (1.6 times book value per share), worth Bt7,656 million. TCAP booked gain from sale of investment for Bt2.8 billion. This transaction increased BNS’s shareholding in TBANK up to 48.99% while TCAP held 50.92% of TBANK. TBANK has a well-balanced revenue base from interest and non-interest income, in line with its universal banking platform. Interest income accounted for 66% of total revenue, mainly from TBANK’s market leading position in hire purchase business. The insurance businesses contributed the largest portion of non-interest income. These businesses posted significant growth in 2007 and 2008.

Rating Outlook

The “stable” outlook reflects the expectation that TBANK, as the major source of revenue for TCAP, will continue to generate stable earnings for the company. In addition, strong financial support and business know-how from both strategic partners -- BNS and TCAP -- will enhance TBANK’s overall business performance. The company’s financial performance is expected to improve in the future. Future growth, both organic and growth through acquisitions or joint venture between TCAP and BNS will be possible. The solid capital base and adequate liquidity is also crucial to help mitigate future downside risks during economic slump.

Key Rating Considerations

Strengths/Opportunities

- Capable and experienced management with a proven track record
- Good risk management system and efficient information management
- Strong market position in auto hire purchase lending
- Strong capital base supported by BNS -- a strategic partner

Weaknesses/Threats

- Small-sized banking network, limiting franchise value
- Business concentration risk, focusing on hire purchase business
- Less favourable operating environment

Corporate Overview

TCAP, formerly named National Finance PLC, was established in 1959, and later changed its name to Capital Trust Finance and Securities Co., Ltd. after joining the Stock Exchange of Thailand (SET) in 1974. In 1980, Siam Commercial Bank PLC (SCB) acquired a majority stake of TCAP and gained management control. The company was renamed to National Finance and Securities PLC. Two years later, the company was listed on the SET. Since 2003, TCAP’s shareholders have diversified among local and foreign institutional investors, with foreign shareholders owning a total stake of 49%. As of 9 November 2007, the company’s top-ten largest shareholders held a total portion of 48.63%.

In 1989, TCAP acquired a majority stake in Ekachart Finance and Securities PLC (EFS). In 1997, TCAP separated the finance and security businesses, running the finance business under the name National Finance PLC (NFS). The securities business was changed to National Securities Co., Ltd. (NATSEC). The company is

one of the few finance companies that survived the 1997 financial crisis. Its proven track record evidently reflects its ability to withstand liquidity runs and to raise capital at appropriate times.

In 2002, TCAP’s 99%-owned subsidiary, EFS, was awarded a restricted bank license and granted a full banking license in 2004, and named National Bank PLC (NBANK). The bank’s name was changed to Thanachart Bank PLC (TBANK) in April 2005. Under the Financial Sector Master Plan, Thanachart Group was permitted to have one deposit-taking institution under the one presence policy. Subject to regulatory approval, the company consolidated its banking and finance businesses into TBANK by the end of 2004. TCAP became a financial holding company on 22 April 2005, when the proposed reorganization plan was approved by the Ministry of Finance (MOF). On 30 January 2006, the shareholders’ meeting approved the change of the name from NFS to Thanachart Capital PLC (TCAP) and TCAP returned the finance company license to the MOF on 3 April 2006.

In order to comply with the restructuring plan for Thanachart Group’s financial business, in accordance with the Bank of Thailand’s (BOT) principle of consolidated supervision, on 12 July 2007, TBANK bought eight subsidiaries from TCAP (at the book value as of 30 June 2007) for Bt4,158 million. These subsidiaries are Thanachart Securities PLC (TNS), Thanachart Insurance Co., Ltd. (TINSURE), Thanachart Life Assurance Co., Ltd. (TLIFE), Thanachart Fund Management Co., Ltd. (TFUND), Thanachart Broker Co., Ltd., Thanachart Group Leasing Co., Ltd. (TGL), Thanachart Management & Services Co., Ltd. and Thanachart Legal and Appraisal Co., Ltd. On 28 September 2007, TBANK purchased an additional 6,000,000 shares of TINSURE from an unrelated person, at Bt13.02 per share (Book value as of 31 July 2007) for a

total of Bt78.12 million. Following this purchase, TBANK held a 100.0% stake in TINSURE.

The group business restructuring was also smoothly implemented. TCAP's key financial subsidiaries became TBANK's subsidiaries, while TCAP was transformed into a financial holding company of TBANK and two asset management companies, NFS Asset Management Co., Ltd. (NFS-AMC) and MAX Asset Management Co., Ltd. (MAX-AMC). In 2007, 547 employees were transferred from TCAP to TBANK with identical compensation and benefits. TBANK became the core operating network for five main financial business areas of the group, which are insurance, fund management, securities and securities-related, leasing & hire purchase, and supporting businesses.

In July 2007, TCAP signed a joint venture agreement with a new strategic partner, BNS, to invest in TBANK. As a result, TBANK has two majority shareholders, TCAP and BNS, holding 74.48% and 24.98% of TBANK's paid up capital, respectively. On 15 January 2008, TBANK delisted its shares from the SET. TCAP bought the stake of TBANK's shares from the minority shareholders. As of December 2007, TCAP's shareholding stake in TBANK was 74.92% and reduced to 50.92% on 3 February 2009 when TCAP sold an additional 416.5 million ordinary shares to BNS. Currently, BNS holds 48.99% shareholding stake in TBANK.

Recent Developments

▪ ***BNS lifts the shareholding stakes in TBANK***

On 3 February 2009, TCAP sold additional 416,526,737 ordinary shares of TBANK to BNS at a price of Bt18.38 per share (1.6 times the NBV per share because BNS announced exercise of its option to purchase the shares within the obligation period), or a total of Bt7.7 billion. TCAP booked gain from sales of investment in the first quarter of 2009 for Bt2.8 billion.

▪ ***TCAP increased shareholding in MAX-AMC to 83.4%***

In November 2008, TCAP purchased the additional investment in MAX-AMC in the amount of Bt242 million. This transaction made the company hold the shares in MAX-AMC up to 83.4% from 58.5%.

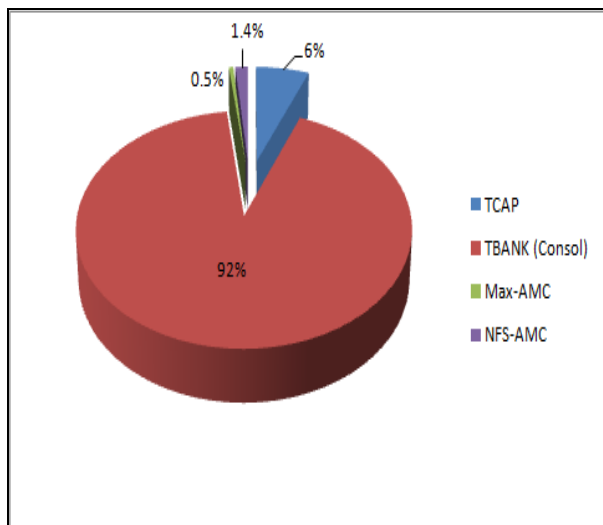
BUSINESS ANALYSIS

TCAP renders a variety of services through its core operating subsidiary, TBANK, and two asset management companies. TCAP's services through its subsidiary -- TBANK, include banking, leasing, securities, fund management, distressed-asset management, life and non-life insurance, and other supporting businesses. As of December 2008, TCAP's consolidated assets were Bt394,136 million, with 4.8% market share in deposits and loans. The company ranked 8th of 12 Thai universal banks. TBANK makes up 92% of Thanachart group's assets, followed by TCAP (existing hire purchase receivables, 6%), NFS-AMC (1.5%) and MAX-AMC (0.5%). The group's market share has improved significantly, rising from 10th in 2004 to 8th in 2005. The rise in market share is a result of a strategy to expand the banking network nationwide by opening new branches. At the end of December 2008, the group provided services through TBANK's 213 branches, 76 foreign exchange booths, 377 ATMs, TNS's 30 securities branches and offices of other subsidiaries. In 2009, the targets of TBANK include 255 branches.

Chart 1: Thanachart Group's Structure

TCAP's Group Structure	TCAP's Ownership
Thanachart Bank PLC (TBANK) Thanachart Securities PLC (TNS) Thanachart Fund Management Co., Ltd. (TFUND) Thanachart Insurance Co., Ltd. (TINSURE) Thanachart Life Assurance Co., Ltd. (TLIFE) Thanachart Group Leasing Co., Ltd. (TGL) Thanachart Broker Co., Ltd. Thanachart Management and Services Co., Ltd. Thanachart Legal and Appraisal Co., Ltd. Thanachart Training and Development Co., Ltd.	50.92%
NSF Asset Management Co., Ltd. (NFS-AMC)	100%
MAX Asset Management Co., Ltd. (MAX-AMC)	83.4%

Source: TCAP

Chart 2: Thanachart Group's Asset Structure


Source: TCAP's Form 56-1

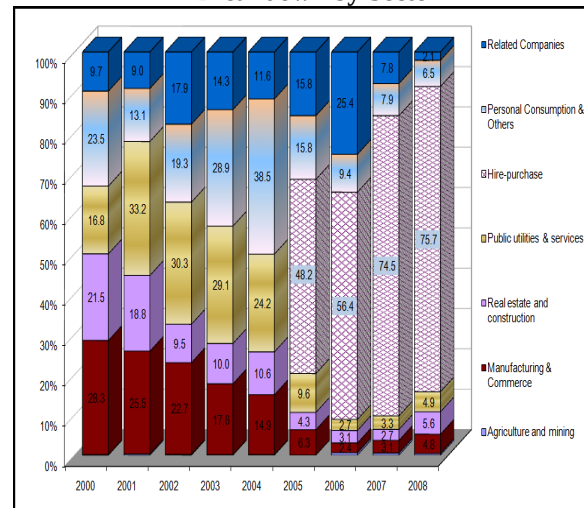
▪ **Strong alliance with a Canadian strategic partner --- BNS**

BNS increased shareholding stakes in TBANK to 49% on 3 February 2009, reassuring the vision and confidence of leading Canadian bank in TBANK. Since BNS became the business partner in 2007, TBANK has been integrating the corporate cultures between BNS and Thanachart Group. BNS has designated three nominees to be directors and delegated seven second managements in the key business units of Thanachart Group. Such second managements play a key role in improving the working procedure, enhancing innovation, leveraging experience and knowledge. This strategic partnership is expected to help enhance the financial stability, capability and sustainability of TBANK's business operation in a long term.

▪ **Diversifying into corporate loans**

To reduce business concentration on automobile hire purchase, TCAP has diversified to grow more corporate loans. As of December 2008, TCAP's consolidated loan portfolio was Bt279,774 million. Of the total, corporate loans accounted for 16% of total loans portfolio, while the remainder (84%) was personal consumption loans. Corporate loans grew 73% from Bt25,435 million in 2007 to Bt44,016 million in 2008. TCAP's personal consumption loans as of December 2008 were divided between hire purchase loans (75.7% of total loans), housing

loans (2.8%) and securities loans (0.7%). On the corporate side, real estate and construction accounted for 5.6% of total loans, followed by public utilities and services, accounted for 4.9%, manufacturing and commerce (4.8%), and others (5.5%).

Chart 3: TCAP Consolidated Loan Portfolio Breakdown by Sector


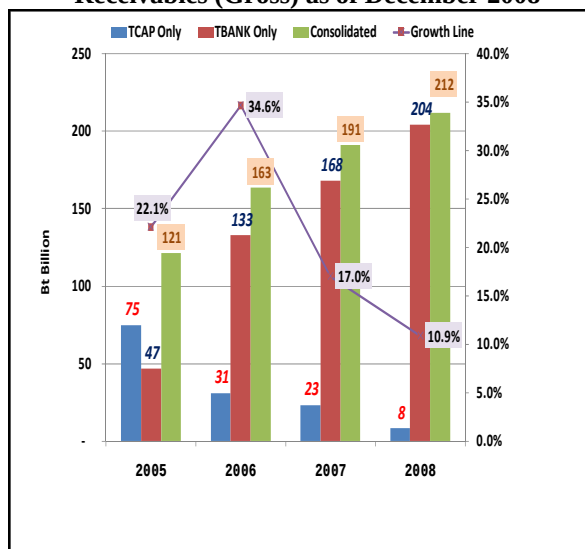
Sources: TCAP notes to financial statement

▪ **Maintain the market leader position in hire purchase lending**

The decision to enter the hire purchase business in 1999 was the early stage of an upturn in this industry. This demonstrates the ability of TCAP's management to seek business opportunities at the right time in the potential markets. The move has provided TCAP with a large retail customer base and favourable financial performance. The auto hire-purchase operation was transferred from TCAP to TBANK in May 2005, TBANK is well equipped to succeed in making new hire-purchase loans. TBANK's benefit in opening extensive branch network has reflected in the ability to acquire new hire purchase loans of approximately Bt7,500 million per month in 2006. The number was averaged a higher value than the Bt4,000 million in new hire-purchase loans per month in 2004-2005. In 2008 and 2007, the value of new hire-purchase loans per month averaged approximately Bt7,600 million, higher than in 2006, entitling to record the market share of 29% for the whole year. The consolidated value

of hire-purchase loan outstanding (gross) increased by 11% to Bt211,828 million as of December 2008 from Bt191,025 million in 2007. Of the total outstanding, 4% were from TCAP's existing hire-purchase loan portfolio (Bt8,000 million) and 96% were from TBANK's hire-purchase portfolio (Bt198,344 million).

Chart 4: TCAP's Consolidated Hire Purchase Receivables (Gross) as of December 2008



Source: TCAP

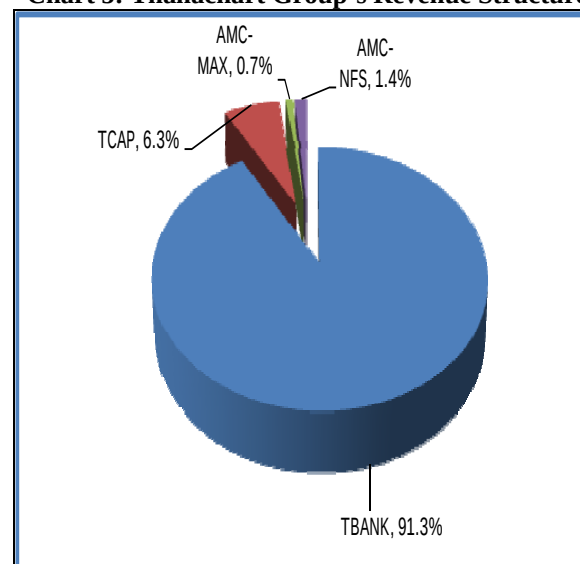
▪ **TBANK continues to be a core contributor to TCAP**

TBANK is the core subsidiary of TCAP in terms of asset size and revenue contribution. In 2008, the revenue contribution from TBANK (consolidated) accounted for 91% of Thanachart Group's consolidated revenue, up from 69% in 2006, and 83% in 2007. The contribution from TCAP was 6.3%, continuously down from 14% in 2007 and 24% in 2006. At the same time, the contributions from distressed asset management, through NFS-AMC and MAX-AMC, have also been diminishing, falling to 1% and 0.7%, respectively in 2008, from 2% and 1% in 2007.

TBANK's credit profile has been strengthened. During 2006-2008, TBANK succeeded in building the branch networks, developing IT required to run core banking business, as well as establishing standard risk management framework. In addition, the 49% stake that BNS owned in February 2009 reflects a stronger support in the medium- to long-term

support. The bank has yet to utilize its physical network and achieve the synergies between BNS, TCAP, TBANK and its subsidiaries. In addition, TBANK, in becoming the mid-sized bank with sufficient physical network has yet to be proved.

Chart 5: Thanachart Group's Revenue Structure



Source: TCAP's Form 56-1

▪ **Improved group-wide risk management framework**

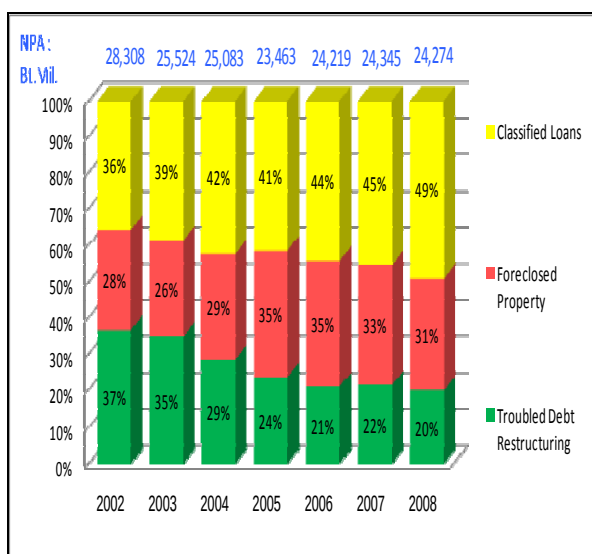
TCAP has continuously developed and implemented a risk management system that measures risk on a consolidated basis. The company established an international standard risk management framework to comply with BASEL II. With a large retail customer base, TCAP has developed its in-house information management capabilities to support the management of credit risk (across all affiliated companies). A deposit-taking institution provides the group with greater access to stable and flexible sources of funds, both from public borrowings (deposits) and the money market. An improved risk management system, an experienced management team, and business diversification are crucial factors that will protect the company from a downside risk in the medium term.

ASSET QUALITY

▪ *Maintain good asset quality is a challenge*

TCAP's asset quality has improved significantly since 1999. The consolidated non-performing loans (NPLs) to average loans ratio declined continuously, from 53.9% as of December 1999 to 4.6% as of December 2008. This level is now far below the 6.9% average among the 12 Thai universal banks. NPLs in TCAP's consolidated hire purchase portfolio increased slightly from 1.97% of total hire purchase loans in 2006 to 2.0% as of December 2007, and continued to increase to 2.4% as of December 2008. Since 2003, TCAP has focused on used car hire purchase, (currently constituted about 24% of total hire purchase receivables in 2008). This segment exposes the company to higher credit risk along with higher yields. In 2008, under economic downturn, a higher credit risk exposure is a cause for concern regarding future asset quality deterioration and the ability to maintain good asset quality is a challenge.

Chart 6: Non-performing Asset Structure



Source: TRIS Rating

▪ *The NPA ratio was better than peers*

At the end of 2008, TCAP's consolidated non-performing assets or NPAs (classified loans more than three months past due, outstanding balance of restructured debts, and foreclosed property) totalled Bt24,274 million, a slight increase from Bt24,345 million in 2007. The

largest portion of its NPA was classified loans with more than three months past due (49%), followed by property foreclosures (31%), and troubled debt restructuring outstanding (20%). The ratio of NPA to total assets was 6.16%, fell from 7.58% in 2007 and from 8.46% in 2006. This ratio is far lower than the average of 11.72% for the 12 Thai universal banks, indicating the company has better asset quality than its peers. However, the company's allowance for loan losses was 112% of the minimum level required by the BOT, down from 116% in 2007 and from 136% in 2006. This is lower than the industry average of 137%.

PROFITABILITY

▪ *Core profit derived from stable dividend income from TBANK*

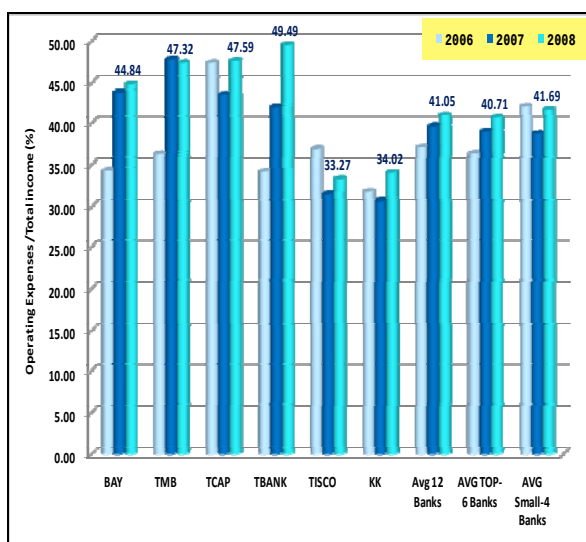
As a financial holding company of Thanachart Group, TCAP's financial performance has improved significantly in recent years. The ratio of total interest and dividend income to total income was 64% in 2008, up from 61% in 2006. TCAP's proportion of non-interest based income (36% of total income) was higher than an average proportion of 22% for the 12 universal banks. This indicates the company is less sensitive to changes in interest spread. In 2008, TCAP's consolidated interest spread improved slightly to 2.95% from 2.55%. The spread rose because the company restructured its funding sources to lower-cost funds (deposits) and paid lower market deposit rates during 2008. On a stand-alone basis, TBANK is expected to pay stable dividends, the core contribution to TCAP's bottom line. However, the net profit contribution from distressed asset management business is expected to further decline as the AMC-NFS may not acquire new sizable distressed assets in time to offset with the resolved portion under the current operating environment. The business in AMC-MAX will wind down in the near future and the core entity to run distress asset management will be AMC-NFS.

▪ *Control operating expenses during branch expansion*

The reorganization process is expected to limit TCAP's business expansion and

profitability during the transition period. Operating expenses will increase as a result of opening new TBANK branches, installation of a new core banking system, and the integration of management and control systems. In 2009, TBANK will open more branches and increase number of branches from 213 in 2008 to 255. Its ratio of operating expenses to total income jumped from 36% in 2004 to 49% in 2005, and declined to 47% in 2006 and 44% in 2007 after Thanachart Group's reorganization. However, the ratio jumped to 48% in 2008, due mainly to the sharp increase of life insurance expenses. Net income (excluding minority interest of the subsidiaries) for 2008 was Bt2,788 million, a 1% decrease from Bt2,818 million in 2007. The return on average assets recovered to 0.93% in 2007 from 0.57% in 2006, and fell to 0.78% in 2008. The return on average equity fell to 8.63% in 2008 from 10.12% in 2007. In 2009, TRIS Rating expects to see further improvement in Thanachart Group's business and financial profile, due to its enhanced franchise value and long-term opportunities in commercial banking businesses.

Chart 7: Operating Expenses to Total Income Ratio



Source: TRIS Rating

FUNDING/LIQUIDITY

TCAP's funding structure changed subject to the One Presence policy

Under the One Presence policy, a group of financial services companies is permitted to have one deposit-taking institution. This policy made TCAP's funding structure changed after 1 July 2005. As a result, TCAP's stand-alone funding structure changed from public borrowing as a major funding source to rely on borrowing from financial institutions (mostly from TBANK). At the same time, TBANK turned into the group's sole-deposit taking institution. Cash flows from instalment of the existing hire purchase receivables will be sufficient for repaying all borrowing obligation. As of December 2008, TCAP's stand-alone funding were Bt15,446 million, of which 29% were borrowing from TBANK, 19% were existing promissory notes (P/N) and bills of exchange (B/E) and 52% were long-term debentures.

On a consolidated basis, TCAP will continue to rely mostly on public borrowing. The deposit structure was 73% time deposits and 27% savings deposits. Due to high liquidity, TCAP continued to be a net lender in the money market, lending Bt35,693 million in 2007 and Bt58,497 million in 2008. At the end of 2008, TBANK's asset-liability structure was mismatched in terms of duration and interest rate structure. The maturity mismatch was alleviated by a rollover rate of more than 90% for TBANK's deposits. TCAP's consolidated ratio of loans to adjusted public borrowing decreased to 88.59% from 98.65% in 2007 and 100.32% in 2006, which indicates improvement in its liquidity position.

CAPITALIZATION

Adequate capitalization

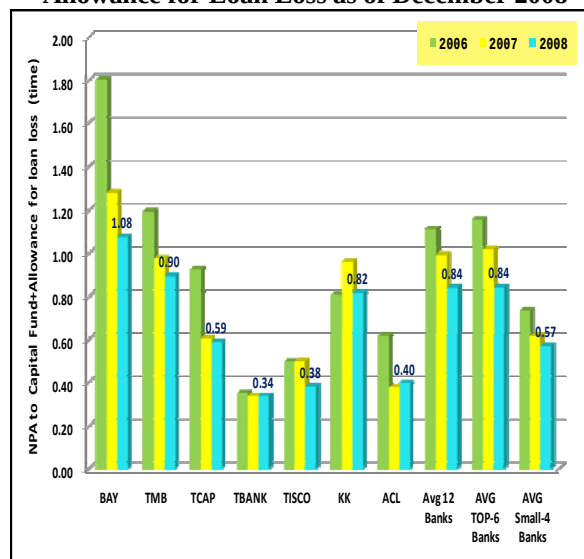
On a consolidated basis, TCAP's equity to total assets ratio fell to 8.21% in 2008 from 10.04% in 2007, while the ratio of equity to total loans fell to 11.57% in 2008 from 13.47% in 2007, because of TBANK's recapitalization with new capital injection from BNS in 2007. The company's consolidated capital adequacy ratio also increased to 13.93% in 2008 from 13.35% in 2007, as the bank issued subordinated debenture (Tier II) worth of Bt5,000 million.

Capitalization is expected to weaken during the next few years as the company's consolidated loan expansion continues, but is adequate to absorb risks arising from adverse changes in the business environment.

▪ ***Strong cushion of capital funds and allowance for loan losses against bad debt***

At the end of December 2008, TCAP's ratio of NPAs (non-performing loans, the outstanding balances of restructured debts, and net foreclosed property) to total capital funds plus allowance for doubtful accounts and revaluation allowances for debt restructuring was only 0.59 times, which was a bit lower than 0.61 times in 2007. The ratio was lower than the average ratio of 0.84 times for the 12 Thai universal banks. The figure indicated TBANK's strong cushion of capital funds and allowances for loan losses, which support Thanachart Group's capability to expand in the future.

Chart 8: Ratio of NPA to Capital Fund Plus Allowance for Loan Loss as of December 2008



Source: TRIS Rating

Financial Statistics*

Unit: Bt million

	----- Year Ended 31 December -----				
	2008	2007	2006	2005	2004
Total assets	394,136	321,256	286,229	228,119	185,044
Total loans	279,774	239,490	209,565	162,961	129,944
Allowance for doubtful accounts	10,008	8,456	8,246	7,103	7,817
Deposits	269,730	188,166	198,527	148,371	150,654
Borrowings (including interbank)	72,826	84,302	49,542	44,556	7,556
Shareholders' equity	32,361	32,262	23,431	23,386	21,494
Net interest income	11,907	9,092	6,909	6,514	5,784
Bad debts and doubtful accounts	3,593	2,052	924	(294)	1,493
Non-interest income	11,907	10,646	7,643	5,144	4,949
Operating expenses	15,878	12,813	11,043	7,844	5,031
Net income**	2,768	2,818	1,468	3,104	2,983
Net income***	3,342	3,169	1,620	3,137	3,221

* Consolidated financial statements

** Net income (excluding minority interests of subsidiaries)

*** Net income (including minority interests of subsidiaries)

Key Financial Ratios*

Unit: %

	----- Year Ended 31 December -----				
	2008	2007	2006	2005	2004
Profitability**					
Net interest income/average assets	3.33	2.99	2.69	3.15	3.28
Non-interest income/average assets	3.33	3.50	2.97	2.49	2.81
Fees and brokerage income/total income	9.54	9.74	9.50	8.83	10.60
Operating expenses/total income	47.64	43.51	44.90	48.76	35.78
Operating profit/average assets	1.21	1.60	1.01	1.99	2.39
Return on average assets	0.77	0.93	0.57	1.50	1.69
Return on average equity	8.57	10.12	6.27	13.83	14.46
Asset Quality					
Non-performing loans/total loans	4.57	4.91	5.75	6.64	9.00
Non-performing assets/total assets	6.16	7.58	8.46	10.29	13.56
Bad debts and doubtful accounts/average loans	1.38	0.91	0.50	(0.20)	1.27
Allowance for possible loan losses/total loans	3.58	3.53	3.93	4.36	6.02
Capitalization					
Shareholders' equity/total assets	8.21	10.04	8.19	10.25	11.62
Shareholders' equity/total loans	11.57	13.47	11.18	14.35	16.54
BIS ratio	13.93	13.32	12.43	12.75	n.a.
Liquidity					
Total loans/deposits***	88.59	98.65	100.32	101.76	97.56
Deposits***/total liabilities	87.30	84.00	79.49	78.24	81.44
Total loans/total assets	70.98	74.55	73.22	71.44	70.22
Liquid assets/total assets	27.70	23.38	24.66	25.70	28.75

* Consolidated financial statements

** Profitability ratios are calculated from net income (excluding minority interests of subsidiaries)

*** Including deposits and short-term bills of exchanges

Rating Symbols and Definitions

TRIS Rating uses eight letter rating symbols for announcing medium- and long-term credit ratings. The ratings range from AAA, the highest rating, to D, the lowest rating. The medium- and long-term debt instrument covers the period of time from one year up. The definitions are:

- AAA** The highest rating, indicating a company or a debt instrument with smallest degree of credit risk. The company has extremely strong capacity to pay interest and repay principal on time, and is unlikely to be affected by adverse changes in business, economic or other external conditions.
- AA** The rating indicates a company or a debt instrument with a very low degree of credit risk. The company has very strong capacity to pay interest and repay principal on time, but is somewhat more susceptible to the adverse changes in business, economic, or other external conditions than AAA rating.
- A** The rating indicates a company or a debt instrument with a low credit risk. The company has strong capacity to pay interest and repay principal on time, but is more susceptible to adverse changes in business, economic or other external conditions than debt in higher-rated categories.
- BBB** The rating indicates a company or a debt instrument with moderate credit risk. The company has adequate capacity to pay interest and repay principal on time, but is more vulnerable to adverse changes in business, economic or other external conditions and is more likely to have a weakened capacity to pay interest and repay principal than debt in higher-rated categories.
- BB** The rating indicates a company or a debt instrument with a high credit risk. The company has less than moderate capacity to pay interest and repay principal on time, and can be significantly affected by adverse changes in business, economic or other external conditions, leading to inadequate capacity to pay interest and repay principal.
- B** The rating indicates a company or a debt instrument with a very high credit risk. The company has low capacity to pay interest and repay principal on time. Adverse changes in business, economic or other external conditions could lead to inability or unwillingness to pay interest and repay principal.
- C** The rating indicates a company or a debt instrument with the highest risk of default. The company has a significant inability to pay interest and repay principal on time, and is dependent upon favourable business, economic or other external conditions to meet its obligations.
- D** The rating for a company or a debt instrument for which payment is in default.

The ratings from AA to C may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within a rating category. TRIS Rating's short-term ratings focus entirely on the likelihood of default and do not focus on recovery in the event of default. Each of TRIS Rating's short-term debt instrument covers the period of not more than one year. The symbols and definitions for short-term ratings are as follows:

- T1** Issuer has strong market position, wide margin of financial protection, appropriate liquidity and other measures of superior investor protection. Issuer designated with a "+" has a higher degree of these protections.
- T2** Issuer has secure market position, sound financial fundamentals and satisfactory ability to repay short-term obligations.
- T3** Issuer has acceptable capacity for meeting its short-term obligations.
- T4** Issuer has weak capacity for meeting its short-term obligations.
- D** The rating for an issuer for which payment is in default.

All ratings assigned by TRIS Rating are local currency ratings; they reflect the Thai issuers' ability to service their debt obligations, excluding the risk of convertibility of the Thai baht payments into foreign currencies.

TRIS Rating also assigns a "**Rating Outlook**" that reflects the potential direction of a credit rating over the medium to long term. In formulating the outlook, TRIS Rating will consider the prospects for the rated company's industry, as well as business conditions that might have an impact on its fundamental creditworthiness. The rating outlook will be announced in conjunction with the credit rating. In all cases, the outlook assigned to a company will apply to all debt obligations issued by the company. The categories for "**Rating Outlook**" are as follows:

- Positive** The rating may be raised.
- Stable** The rating is not likely to change.
- Negative** The rating may be lowered.
- Developing** The rating may be raised, lowered or remain unchanged.

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CreditAlert Designation illustrates a short-term rating outlook indicative of the characteristics of impacts on the credit rating in one of the three directions (1) *Positive* (2) *Negative* and (3) *Developing*.

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