

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the three-month and nine-month periods ended 30 September 2011 (Unaudited)

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These notes form an integral part of the interim financial statements.

The interim financial statements were authorised for issue by the directors on 11 November 2011.

1 General information

The Siam Commercial Bank Public Company Limited, “the Bank”, is incorporated in Thailand and has its registered office at 9 Rutchadapisek Road, Jatujak, Bangkok.

The Bank was listed on the Stock Exchange of Thailand on 6 February 1976.

The principal business of the Bank is banking business through its branch network in Thailand and other countries.

Details of the Bank’s subsidiaries as at 30 September 2011, 31 December 2010 and 30 September 2010 were as follows:

Name of the entity	Type of business	% shareholding of the Bank		
		30 September 2011	31 December 2010	30 September 2010
1 Chatuchak Assets Management Co., Ltd.*	Asset management	100.0	100.0	100.0
2 Rutchayothin Assets Management Co., Ltd.	Asset management	100.0	100.0	100.0
3 Cambodian Commercial Bank Ltd.	Banking	100.0	100.0	100.0
4 SCB Securities Co., Ltd.	Securities	100.0	100.0	100.0
5 The Siam Commercial Samaggi Insurance PCL	Insurance	59.1	59.1	59.1
6 SCB Training Centre Co., Ltd.	Training center	100.0	100.0	100.0
7 Siam Phitiwat Co., Ltd.	Appraisal services	100.0	100.0	100.0
8 Mahisorn Co., Ltd.**	Property management	100.0	100.0	100.0
9 SCB Asset Management Co., Ltd.	Asset management	100.0	100.0	100.0
10 SCB Capital Service Co., Ltd.***	Asset management	-	100.0	100.0
11 Siam Commercial Leasing PCL	Leasing, hire-purchase and factoring	99.1	99.1	99.1
12 Siam Panich SPV1 Co., Ltd.	Securitisation	99.1	99.1	99.1
13 Siam Niti Law Office Co., Ltd.*	Legal consultant	100.0	100.0	100.0
14 SCB Plus Co., Ltd.	Collection company	100.0	100.0	100.0
15 SCB Life Assurance PCL****	Life insurance	94.7	47.3	47.3
16 The Siam Industrial Credit PCL and affiliates*****	Finance and hire-purchase	99.6	38.6	38.6
17 SICCO Securities Public Company Limited	Securities	70.1	-	-
18 SICCO Advisory Company Limited	Financial advisory	100.0	-	-
19 SICCO Special Purpose Vehicle 2 Company Limited*	Securitisation	100.0	-	-

* Discontinued operations or in the process of dissolution

** Decreased paid-up share capital from Baht 1,071 million to Baht 268 million on 2 June 2011

*** Dissolution in 2011

**** Acquisition in 2011, changed from associate to be a subsidiary and renamed from “Siam Commercial New York Life Insurance PCL” to “SCB Life Assurance PCL” on 25 May 2011

***** Acquisition in 2011, changed from associate to be a subsidiary

All subsidiaries were registered and operate in Thailand except Cambodian Commercial Bank Ltd., which was registered and operates in Cambodia.

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2 Basis of preparation of the interim financial statements

(a) Basis of compliance

The interim financial statements issued for Thai reporting purposes are prepared in the Thai language. This English translation of the interim financial statements has been prepared for the convenience of readers not conversant with the Thai language.

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standards (TAS) No. 34 (revised 2009) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions (FAP); and applicable rules and regulations of the Thai Securities and Exchange Commission; and presented as prescribed by the Bank of Thailand (BoT) notification number Sor Nor Sor 11/2553, directive dated 3 December 2010, regarding “The preparation and announcement of the financial statements of commercial banks and holding companies which are a parent company of a group of companies offering financial services”.

The interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2010. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Bank and its subsidiaries for the year ended 31 December 2010.

During 2010 and 2011, the FAP issued the following new and revised Thai Financial Reporting Standards (TFRS) relevant to the Bank and its subsidiaries’ operations and effective for accounting periods beginning on or after 1 January 2011:

TFRS	Topic
TAS 1 (revised 2009)	Presentation of Financial Statements
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 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 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
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
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations

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TFRS	Topic
TSI 31	Revenue - Barter Transactions Involving Advertising Services
FAP's announcement no. 16/2554	Disclosure Guidance on Related Party Transactions with Government
FAP's announcement no. 17/2554	Transitional Procedures for Other Long-term Employee Benefits
FAP's announcement no. 18/2554	Accounting Guidance on Revaluation of Assets
FAP's announcement no. 19/2554	Accounting Guidance for Condominiums

The adoption of these new and revised TFRS has resulted in changes in the Bank and its subsidiaries' accounting policies. The effects of these changes are disclosed in note 3. Except for these changes, accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2010.

In addition to the above new and revised TFRS, the FAP has issued during 2010 a number of other TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these interim financial statements. These new and revised TFRS are disclosed in note 23.

(b) *Presentation currency*

The interim financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded to the nearest million unless otherwise stated.

(c) *Use of estimates and judgments*

The preparation of interim financial statements in conformity with TFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

In preparing these interim financial statements, the significant judgment made by management in applying the Bank and its subsidiaries' accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2010. Changes principally derive from the adoption of new and revised TFRS effective from 1 January 2011.

(d) *Basis of preparation of the consolidated financial statements*

The consolidated financial statements include the accounts of the Head Office, all domestic and overseas branches and the Bank's subsidiaries where more than 50% of the shares are owned by the Bank. Related party transactions and balances have been eliminated.

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The consolidated financial statements for the nine-month periods ended 30 September 2011 and 2010 and for the year ended 31 December 2010 do not include certain companies which are in the process of being dissolved and do not include the companies in which the Bank and a subsidiary have more than 50% of paid-up capital as a result of debt restructuring because the Bank and the subsidiary intend to hold these investments temporarily. Such companies which are classified as “general investments” are as follows:

	% of the paid-up share capital		
	For the nine-month periods ended		For the year ended
	30 September	31 December	31 December
	2011	2010	2010
Companies which are owned through debt restructuring			
Phoenix Land Development Co., Ltd.	97.6	97.6	97.6

The Company’s assets, liabilities, equity, income, expenses, and profit are relatively immaterial compared to the consolidated financial statements.

3 Changes in accounting policies

(a) Presentation of financial statements

From 1 January 2011, the Bank and its subsidiaries have adopted TAS 1 (revised 2009) *Presentation of Financial Statements*. Under the revised standard, a set of financial statements comprises:

- Statement of financial position;
- Statement of comprehensive income;
- Statement of changes in equity;
- Statement of cash flows; and
- Notes to the financial statements.

As a result, the Bank and its subsidiaries present all owner changes in equity in the statement of changes in equity and all non-owner changes in equity in the statement of comprehensive income. Previously, all such changes were included in the statement of changes in equity.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on reported profit or earnings per share.

(b) Accounting for business combinations

The Bank and its subsidiaries have adopted TFRS 3 (revised 2009) *Business Combinations* and TAS 27 (revised 2009) *Consolidated and Separate Financial Statements* for all business combinations on or after 1 January 2011. The new policy has been applied prospectively from 1 January 2011 in accordance with the transitional provisions of the revised standards for business combinations during 2011.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Bank and its subsidiaries. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Bank and its subsidiaries take into consideration potential voting rights that are currently exercisable.

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Acquisitions on or after 1 January 2011

The Bank measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Bank and its subsidiaries incur in connection with a business combination are expensed as incurred.

Acquisitions between 1 January 2008 and 31 December 2010

Goodwill represented the excess of the cost of the acquisition over the Bank's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Bank and its subsidiaries incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisitions prior to 1 January 2008

Goodwill was measured in the same way as described in the preceding paragraph. However, both positive and negative goodwill were amortised over their estimated useful life of 20 years. On 1 January 2008, on adoption of the former TAS 43 (revised 2007), the Bank and its subsidiaries discontinued amortising goodwill. Negative goodwill carried in the financial statements as at 31 December 2007 was derecognised by crediting unappropriated retained earnings on 1 January 2008.

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4 Acquisitions of subsidiaries and non-controlling interests

4.1 SCB Life Assurance PCL (SCBLIF)

On 17 March 2011, the Bank acquired an additional 31,475,017 ordinary shares or 47.33% of the common shares of SCB Life Assurance PCL (SCBLIF) (formerly Siam Commercial New York Life Insurance PCL (SCNYL)) at Baht 8.4 billion resulting in the Bank holding 94.66% of the issued and paid up capital of SCBLIF (previously held 47.33%).

Under TFRS 3 (Revised 2009) *Business Combinations* (Effective in 2011), the investment in SCBLIF is classified as a step acquisition which requires the Bank to remeasure the previously held equity interest in SCBLIF (47.33%) at fair value and recognise the difference between fair value and carrying value to profit or loss on the acquisition date as follows:

	Amount (in million Baht)
Fair value of previously held equity interest in SCBLIF (47.33%)	8,400
Less Carrying amount of previously investment in SCBLIF	(3,340)
Gain on revaluation of interest in SCBLIF	<u>5,060</u>

Gain on revaluation of interest in SCBLIF was presented in net gain on investments in the consolidated statement of comprehensive income.

According to TFRS 3, the acquisition of SCB Life Assurance PCL led to the recognition of Baht 8,865 million to goodwill, calculated as follows:

	Holding (%)	Amount (in million Baht)
Fair value of previously held equity interest in SCBLIF	47.33	8,400
Fair value of additional equity interest in SCBLIF	47.33	8,400
Non-controlling interest in SCBLIF	5.34	349
Total fair value of common shares of SCBLIF	<u>100.00</u>	17,149
Less Fair value of net assets acquired		<u>8,284</u>
Goodwill		<u>8,865</u>

The fair value and the book value of identifiable assets and liabilities assumed at acquisition date in SCB Life Assurance PCL are as follows:

	Book value (in million Baht)	Fair value
Interbank and money market items, net	7,209	7,209
Investments, net	58,554	60,290
Loans to customers and accrued interest receivables, net	1,089	1,089
Other assets, net	3,205	3,205
Total assets	<u>70,057</u>	<u>71,793</u>
Liabilities under insurance contracts	60,609	60,609
Other liabilities	2,900	2,900
Total liabilities	<u>63,509</u>	<u>63,509</u>
Net assets acquired	<u>6,548</u>	<u>8,284</u>

The revenue and net profit of SCB Life Assurance PCL from the acquisition date to 30 September 2011 included in the consolidated profit or loss are Baht 19,941 million and Baht 4,134 million, respectively.

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4.2 The Siam Industrial Credit PCL (SICCO)

On 23 September 2011, the Bank acquired an additional 363,857,542 ordinary shares or 60.90% of the common shares of Siam Industrial Credit PCL (SICCO) at Baht 2.5 billion resulting in the Bank holding 99.55% of the issued and paid up capital of SICCO (previously held 38.65%).

Under TFRS 3 (Revised 2009) *Business Combinations* (Effective in 2011), the investment in SICCO is classified as a step acquisition which requires the Bank to remeasure the previously held equity interest in SICCO (38.65%) at fair value and recognise the difference between fair value and carrying value to profit or loss on the acquisition date as follows:

	Amount (in million Baht)
Fair value of previously held equity interest in SICCO (38.65%)	1,591
Less Carrying amount of previously investment in SICCO	<u>(1,691)</u>
Loss on revaluation of interest in SICCO	<u>(100)</u>

Loss on revaluation of interest in SICCO was presented in loss on investments in the consolidated statement of comprehensive income.

Negative goodwill arising of Baht 259 million has been included in other operating income in the consolidated statement of comprehensive income.

The fair value and the book value of identifiable assets and liabilities of Siam Industrial Credit PCL assumed at acquisition date are as follows:

	Book value	Fair value
	(in million Baht)	
Interbank and money market items, net	529	529
Investments, net	5,089	5,089
Loans to customers and accrued interest receivables, net	9,254	9,254
Other assets, net	929	929
Total assets	<u>15,801</u>	<u>15,801</u>
Deposits	10,220	10,220
Interbank and money market items, net	166	166
Other liabilities	754	754
Total liabilities	<u>11,140</u>	<u>11,140</u>
Net assets acquired	<u>4,661</u>	<u>4,661</u>

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5 Maintenance of capital fund

The Bank and its subsidiaries, which are financial institutions, are subject to various capital and regulatory requirements of the BoT. Under these capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank and its subsidiaries must satisfy specific capital guidelines that involve, among others, quantitative measures of the Bank's assets, liabilities and certain off-balance sheet items as calculated in accordance with regulatory accounting practices. The Bank's and its subsidiaries' capital amounts and classifications are also subject to qualitative judgments by the BoT as to components, risk weightings, and other factors. These capital and regulatory requirements are subject to change, as considered necessary by the BoT.

The Bank maintains its capital funds in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital funds as a proportion of risk assets in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand. According to the Bank of Thailand's regulations, the capital fund as at 31 December 2008 and thereafter must be calculated according to Basel II. As at 30 September 2011 and 31 December 2010, the Bank's total capital funds can be categorised as follows:

	The Bank	
	30 September 2011	31 December 2010
	<i>(in million Baht)</i>	
Tier 1 capital		
Issued and paid-up share capital	33,992	33,992
Premium on share capital	11,124	11,124
Legal reserve	7,000	6,034
Net gain after appropriations	88,057	71,512
Capital deduction item	(6)	-
Total Tier 1 capital	140,167	122,662
Tier 2 capital		
Revaluation surplus on land and premises appraisal	8,114	6,478
Revaluation surplus on investment in equity securities	1,381	1,359
Subordinated bonds	20,000	20,000
Allowance for classified assets of "normal" category and excess allowance	15,443	13,181
Total Tier 2 capital	44,938	41,018
Total capital funds	185,105	163,680
Total risk assets	1,235,451	1,054,458
Total capital / Total risk weighted assets (minimum 8.50%)	15.0%	15.5%
Total Tier 1 capital / Total risk weighted assets (minimum 4.25%)	11.4%	11.6%
Total Tier 2 capital / Total risk weighted assets	3.6%	3.9%

Disclosures of capital maintenance information under the Notification of the Bank of Thailand number Sor Nor Sor 25/2552 dated 14 December 2009, the Public Disclosures of Capital Maintenance for Commercial Banks and the Notification of the Bank of Thailand number Sor Nor Sor 6/2553 dated 18 June 2010, Prudential Regulations on Consolidated Supervision are as follows:

Location of disclosure	The Bank's website under Investor Relations section at http://www.scb.co.th/en/abt/abt_ivr_fin_fnr.shtml
Date of disclosure	Within 4 months after the year end date as indicated in the notification.
Information as of	31 December 2010

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6 Investments, net

6.1 Classification of investments in securities

As at 30 September 2011 and 31 December 2010, the Bank and its subsidiaries classify their investments in securities as follows:

	Consolidated		The Bank	
	30 September 2011 Fair value	31 December 2010 Fair value	30 September 2011 Fair value	31 December 2010 Fair value
	<i>(in million Baht)</i>			
Securities for trading				
Government and state enterprise securities	10,700	11,176	10,700	11,176
Corporate debt securities	412	1,465	412	1,465
Foreign debt securities	2,740	-	2,740	-
Domestic equity securities	1	-	-	-
Other securities	353	27	-	-
Total	14,206	12,668	13,852	12,641

	Consolidated		The Bank	
	30 September 2011 Fair value	31 December 2010 Fair value	30 September 2011 Fair value	31 December 2010 Fair value
	<i>(in million Baht)</i>			
Available-for-sale securities				
Government and state enterprise securities	143,154	78,153	136,349	77,086
Corporate debt securities	3,126	1,111	1,002	1,000
Foreign debt securities	245	407	245	407
Domestic equity securities	14,903	15,652	14,459	15,522
Foreign equity securities	921	365	921	365
Other securities	1,265	1,624	258	756
Total	163,614	97,312	153,234	95,136

	Consolidated		The Bank	
	30 September 2011 Cost / Amortised cost	31 December 2010 Cost / Amortised cost	30 September 2011 Cost / Amortised cost	31 December 2010 Cost / Amortised cost
	<i>(in million Baht)</i>			
Held-to-maturity securities				
Government and state enterprise securities	91,694	37,197	30,185	35,165
Corporate debt securities	6,411	401	1,193	1,271
Foreign debt securities	2,019	1,507	1,608	1,507
Structured note	273	255	273	255
Other securities	800	-	-	-
Total	101,197	39,360	33,259	38,198
Less allowance for impairment	(1,138)	(1,062)	(815)	(816)
Total	100,059	38,298	32,444	37,382

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	Consolidated		The Bank	
	30 September 2011 Cost	31 December 2010 Cost	30 September 2011 Cost	31 December 2010 Cost
	<i>(in million Baht)</i>			
General investments				
Domestic non-marketable equity securities	1,409	1,364	1,401	1,401
Foreign non-marketable equity securities	15	15	15	15
Total	1,424	1,379	1,416	1,416
<i>Less</i> allowance for impairment	<i>(1,182)</i>	<i>(1,162)</i>	<i>(1,151)</i>	<i>(1,150)</i>
Total	242	217	265	266
Total investments, net	278,121	148,495	199,795	145,425

As at 30 September 2011, the Bank and a subsidiary classified the promissory notes, which were issued by the Thai Asset Management Corporation (TAMC) upon entering into the Asset Transfer Agreement for the transfer of sub-quality assets, as held-to-maturity debt securities - government and state enterprise securities of Baht 3,944 million in the consolidated financial statements and of Baht 3,812 million in the Bank's financial statements (*31 December 2010: Baht 5,180 million and Baht 5,036 million, respectively*) (see Note 8.5).

6.2 Investments in companies with holding of 10% and upwards

As at 30 September 2011 and 31 December 2010, investments in mutual funds and companies other than subsidiaries and associated companies, of which the Bank and its subsidiaries hold 10% and upwards of the fund or the paid-up capital in each company, classified by industry, are as follows:

	Number of companies	Consolidated		The Bank	
		30 September 2011	31 December 2010	30 September 2011	31 December 2010
		<i>(in million Baht)</i>			
Mutual funds and financial services	3 - 4	11,038	11,668	11,037	11,666
Others	11 - 12	76	75	74	74
		11,114	11,743	11,111	11,740

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6.3 Investments in companies with problems in their financial positions

As at 30 September 2011 and 31 December 2010, the Bank and its subsidiaries have investments in a number of securities issued by the companies with problems in their financial positions and operating results. The Bank and its subsidiaries have made a provision for diminution in the value of securities equal to the amount by which the aggregate cost exceeds the aggregate market value as follows:

	Consolidated							
	Number	30 September 2011			Number	31 December 2010		
	of companies	Cost	Market value <i>(in million Baht)</i>	Amount of provision	of companies	Cost	Market value <i>(in million Baht)</i>	Amount of provision
Finance companies ordered closed								
Common shares	1	1	-	1	1	1	-	1
Bonds	2	-	-	-	2	-	-	-
Listed companies identified for delisting								
Common shares	4	27	8	27	3	27	-	27
Bonds	3	30	-	30	3	30	-	30
Non-listed companies whose operating results in line with the listed companies identified for delisting and having going concern issue								
Common shares/Preference shares	14	562	2	559	13	563	6	559
The Bank								
	Number	30 September 2011			Number	31 December 2010		
	Of companies	Cost	Market value <i>(in million Baht)</i>	Amount of provision	of companies	Cost	Market value <i>(in million Baht)</i>	Amount of provision
Listed companies identified for delisting								
Common shares	4	27	8	27	3	27	-	27
Bonds	2	30	-	30	2	30	-	30
Non-listed companies whose operating results in line with the listed companies identified for delisting and having going concern issue								
Common shares/Preference shares	13	562	2	559	12	563	6	559

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As at 30 September 2011 and 31 December 2010, the Bank and its subsidiaries have investments in subsidiaries and associated companies, net as follows:

	Type of business	Type of share	The Bank			
			Direct shareholding		Investment value	
			30	31	Cost method	
			September 2011	December 2010	30	31
			(%)		September 2011	December 2010
			<i>(in million Baht)</i>			
Subsidiaries						
Finance & Insurance						
Cambodian Commercial Bank Ltd. (Cambodia)	Banking	Ordinary	100.0	100.0	634	634
Chatuchak Assets Management Co., Ltd.*	Asset management	Ordinary	100.0	100.0	850	850
Rutchayothin Assets Management Co., Ltd.	Asset management	Ordinary	100.0	100.0	25	25
SCB Securities Co., Ltd.	Securities	Ordinary	100.0	100.0	2,107	2,107
SCB Asset Management Co., Ltd.	Asset management	Ordinary	100.0	100.0	221	221
The Siam Commercial Samaggi Insurance PCL	Insurance	Ordinary	58.9	58.9	546	546
Siam Commercial Leasing PCL and affiliate	Leasing, hire-purchase and factoring	Ordinary	99.1	99.1	10,719	10,719
SCB Life Assurance PCL**	Life insurance	Ordinary	94.7	47.3	9,033	633
The Siam Industrial Credit PCL and affiliates***	Finance and hire-purchase	Ordinary	99.6	38.6	3,758	1,250
Services						
SCB Training Centre Co., Ltd.	Training center	Ordinary	100.0	100.0	390	390
Siam Phitiwat Co., Ltd.	Appraisal services	Ordinary	100.0	100.0	10	10
SCB Capital Service Co., Ltd.****	Asset management	Ordinary	-	100.0	-	48
Siam Niti Law Office Co., Ltd.*	Legal consultant	Ordinary	100.0	100.0	16	16
SCB Plus Co., Ltd.	Collection company	Ordinary	100.0	100.0	1	1
Real estate						
Mahisorn Co., Ltd.*****	Property management	Ordinary	100.0	100.0	1,339	2,142
Associated companies						
Finance & Insurance						
VinaSiam Bank (Vietnam)	Banking	Ordinary	33.0	33.0	697	697
SCB Leasing PCL	Leasing, hire-purchase and factoring	Ordinary	37.6	37.6	2	40
Total					30,348	20,329
Less allowance for impairment					(1,960)	(2,338)
Total investments in subsidiaries and associated companies, net					28,388	17,991

* Discontinued operations or in the process of dissolution

** Acquisition in 2011, changed from associate to be a subsidiary and renamed from "Siam Commercial New York Life Insurance PCL" to "SCB Life Assurance PCL" on 25 May 2011

*** Acquisition in 2011, changed from associate to be a subsidiary

**** Dissolution in 2011

***** Decreased paid-up share capital from Baht 1,071 million to Baht 268 million on 2 June 2011

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Summaries of financial information of associated companies are as follows:

	30 September 2011 (Unaudited)			31 December 2010 (Audited)		
	Total assets	Total liabilities	Equity <i>(in million Baht)</i>	Total assets	Total liabilities	Equity
Finance & Insurance	8,260	6,125	2,135	91,734	78,863	12,871
	8,260	6,125	2,135	91,734	78,863	12,871

	For the nine-month periods ended 30 September 2011 (Unaudited)			2010 (Unaudited)		
	Revenue	Expenses	Net income <i>(in million Baht)</i>	Revenue	Expenses	Net income
Finance & Insurance	234	164	70	5,020	3,207	1,813
	234	164	70	5,020	3,207	1,813

The equity interests in SCB Life Assurance PCL and The Siam Industrial Credit PCL and its affiliates have been reclassified as subsidiaries during the nine-month period ended 30 September 2011.

As at 30 September 2011 and 31 December 2010, the Bank and a subsidiary have equity securities in companies received as a result of troubled debt restructuring, which represent more than 20% of the paid-up capital of each company. The Bank did not record these securities as investments in subsidiaries and associated companies as it is the Bank's and subsidiary's intention to hold such investments temporarily. Such investments are as follows:

	Shareholding (%)	30 September 2011 (Unaudited)		
		Total assets	Total liabilities <i>(in million Baht)</i>	Equity
General investments				
Phoenix Land Development Co., Ltd.	97.6	167	169	(2)
Siam Media and Communication Co., Ltd and affiliate*	33.3	-	-	-
WTA (Thailand) Co., Ltd.	25.0	-	-	-
	Shareholding (%)	31 December 2010 (Audited)		
		Total assets	Total liabilities <i>(in million Baht)</i>	Equity
General investments				
Phoenix Land Development Co., Ltd.	97.6	162	169	(7)
Siam Media and Communication Co., Ltd and affiliate*	33.3	-	-	-
WTA (Thailand) Co., Ltd.	25.0	-	-	-

* Discontinued operations or in the process of dissolution

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	For the nine-month periods ended 30 September					
	2011			2010		
	(Unaudited)			(Unaudited)		
	Revenue	Expenses	Net income	Revenue	Expenses	Net income
	<i>(in million Baht)</i>					
General investments						
Phoenix Land Development Co., Ltd.	8	1	7	4	3	1
Siam Media and Communication Co., Ltd and affiliate*	-	-	-	-	-	-
WTA (Thailand) Co., Ltd.	-	-	-	-	-	-

* Discontinued operations or in the process of dissolution

8 Loans to customers and accrued interest receivables, net

8.1 Classified by business type and loan classification as at 30 September 2011 and 31 December 2010

	Consolidated											
	30 September 2011						31 December 2010					
	Normal	Special Mention	Sub- Standard	Doubtful	Doubtful Loss	Total *	Normal	Special Mention	Sub- Standard	Doubtful	Doubtful Loss	Total *
<i>(in million Baht)</i>												
Agriculture and mining	13,528	99	1	-	38	13,666	11,234	88	21	1	118	11,462
Manufacturing and commercial	441,110	1,067	5,072	3,671	13,822	464,742	368,677	15,700	4,687	2,179	13,719	404,962
Real estate and construction	84,664	1,107	145	113	2,433	88,462	70,502	2,080	153	38	3,420	76,193
Utilities and services	146,701	2,433	1,026	88	1,389	151,637	120,946	2,737	1,322	633	1,733	127,371
Housing loans	305,514	4,766	1,560	1,166	2,925	315,931	268,180	4,929	1,734	1,319	4,395	280,557
Others	196,424	4,752	963	435	2,403	204,977	151,085	3,732	895	346	1,971	158,029
Total *	1,187,941	14,224	8,767	5,473	23,010	1,239,415	990,624	29,266	8,812	4,516	25,356	1,058,574

	The Bank											
	30 September 2011						31 December 2010					
	Normal	Special Mention	Sub- Standard	Doubtful	Doubtful Loss	Total *	Normal	Special Mention	Sub- Standard	Doubtful	Doubtful Loss	Total *
<i>(in million Baht)</i>												
Agriculture and mining	13,528	99	1	-	38	13,666	11,234	88	21	1	118	11,462
Manufacturing and commercial	440,526	1,067	5,072	3,407	13,424	463,496	374,760	15,700	4,687	2,179	13,696	411,022
Real estate and construction	84,657	1,107	145	48	1,047	87,004	70,498	2,080	153	38	2,165	74,934
Utilities and services	146,332	2,433	1,026	88	1,389	151,268	120,537	2,737	1,322	632	1,733	126,961
Housing loans	305,507	4,765	1,557	1,165	2,901	315,895	268,176	4,929	1,734	1,319	4,346	280,504
Others	177,957	3,061	774	314	461	182,567	134,326	2,192	734	259	551	138,062
Total *	1,168,507	12,532	8,575	5,022	19,260	1,213,896	979,531	27,726	8,651	4,428	22,609	1,042,945

* Net of deferred revenue

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8.2 Loan classification as at 30 September 2011 and 31 December 2010

	Consolidated						
	30 September 2011						
	Loan and accrued interest receivables	Net amount used for set the allowance for doubtful accounts	% used for setting the allowance Collateral / Cashflow approach	% used for setting the allowance Collective approach	Allowance for doubtful accounts		
	(in million Baht)				Collateral / Cashflow approach	Collective approach	Total
	(in million Baht)						
Minimum allowance of BoT's regulation							
- Normal	1,190,248	1,152,032*	1	0.00 - 71.18	11,335	366	11,701
- Special Mention	14,280	13,868*	2	0.09 - 71.18	244	139	383
- Sub - Standard***	8,885	6,615**	100	4.05 - 71.18	6,426	44	6,470
- Doubtful	5,473	3,206**	100	34.58 - 71.18	3,058	48	3,106
- Doubtful Loss	23,075	11,348**	100	71.18 - 97.28	10,100	983	11,083
Total	1,241,961	1,187,069			31,163	1,580	32,743
Allowance established in excess							10,867
Total							43,610

	Consolidated						
	31 December 2010						
	Loan and accrued interest receivables	Net amount used for set the allowance for doubtful accounts	% used for setting the allowance Collateral / Cashflow approach	% used for setting the allowance Collective approach	Allowance for doubtful accounts		
	(in million Baht)				Collateral / Cashflow approach	Collective approach	Total
	(in million Baht)						
Minimum allowance of BoT's regulation							
- Normal	992,308	963,358*	1	0.00 - 69.20	9,466	13	9,479
- Special Mention	29,338	29,218*	2	0.00 - 69.20	554	13	567
- Sub - Standard***	8,855	4,360**	100	0.00 - 69.20	4,198	35	4,233
- Doubtful	4,516	2,187**	100	2.72 - 82.84	2,100	235	2,335
- Doubtful Loss	25,381	12,189**	100	69.20 - 70.34	10,384	855	11,239
Total	1,060,398	1,011,312			26,702	1,151	27,853
Allowance established in excess							13,147
Total							41,000

* Net of cash and near cash collateral

** Net of PV cashflow from loan receivables or selling collateral

*** Excluding allowance for troubled debt restructuring, the allowance of which was included in revaluation allowance for debt restructuring

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The Bank				
30 September 2011				
	Loan and accrued interest <i>(in million Baht)</i>	Net amount used for set the allowance for doubtful accounts <i>(in million Baht)</i>	% used for setting the allowance	Allowance for doubtful accounts <i>(in million Baht)</i>
Minimum allowance of BoT's regulation				
- Normal	1,170,718	1,132,550*	1	11,326
- Special Mention	12,588	12,176*	2	244
- Sub - Standard***	8,693	6,423**	100	6,423
- Doubtful	5,022	2,766**	100	2,766
- Doubtful Loss	19,260	8,294**	100	8,294
Total	<u>1,261,281</u>	<u>1,162,209</u>		<u>29,053</u>
Allowance established in excess				<u>10,190</u>
Total				<u><u>39,243</u></u>

The Bank				
31 December 2010				
	Loan and accrued interest <i>(in million Baht)</i>	Net amount used for set the allowance for doubtful accounts <i>(in million Baht)</i>	% used for setting the allowance	Allowance for doubtful accounts <i>(in million Baht)</i>
Minimum allowance of BoT's regulation				
- Normal	981,214	952,264*	1	9,523
- Special Mention	27,799	27,679*	2	554
- Sub - Standard***	8,693	4,198**	100	4,198
- Doubtful	4,428	2,100**	100	2,100
- Doubtful Loss	22,609	9,417**	100	9,417
Total	<u>1,044,743</u>	<u>995,658</u>		<u>25,792</u>
Allowance established in excess				<u>13,076</u>
Total				<u><u>38,868</u></u>

* Net of cash and near cash collateral

** Net of PV cashflow from loan receivables or selling collateral

*** Excluding allowance for troubled debt restructuring, the allowance of which was included in revaluation allowance for debt restructuring

Based on management's assessment of the ultimate collectability of the Bank's loan portfolio, the Bank and its subsidiaries believe that the allowance established was adequate as at 30 September 2011 and 31 December 2010 and in compliance with the BoT's guidelines.

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8.3 Loans to listed companies identified for delisting

As at 30 September 2011 and 31 December 2010, the Bank and its subsidiaries have loans and accrued interest receivables with borrowers who have problems with their financial positions and operating results, causing their loans to become classified assets. The Bank and its subsidiaries have made provisions for loan losses as follows:

	Consolidated							
	30 September 2011				31 December 2010			
	No. of companies	Loans and accrued interest receivables*	Collateral	Amount of provision	No. of Companies	Loans and accrued interest receivables*	Collateral	Amount of provision
Listed companies identified for delisting	3	824	221	645	4	721	211	524

	The Bank							
	30 September 2011				31 December 2010			
	No. of companies	Loans and accrued interest receivables*	Collateral	Amount of Provision	No. of Companies	Loans and accrued interest receivables*	Collateral	Amount of provision
Listed companies identified for delisting	3	824	221	645	4	721	211	524

* Including loans to financial institutions

8.4 Non-Performing Loans

As at 30 September 2011 and 31 December 2010, the Bank used the guidelines specified in the BoT's notification dated 3 August 2008 in determining Non-Performing Loans which consist of loans classified as sub-standard, doubtful, doubtful loss and loss under the BoT's guideline. The amounts are as follows:

	Consolidated		The Bank	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
Non-Performing Loans (net of allowance for doubtful accounts)	14,426	18,827	12,567	17,066
% of Non-Performing Loans to total loans (net)	1.1	1.6	0.9	1.5
Non-Performing Loans (gross)	37,250	38,684	32,857	35,688
% of Non-Performing Loans to total loans	2.7	3.3	2.4	3.0

As at 30 September 2011, Rutchayothin Assets Management Co., Ltd. which is a subsidiary, has Non-Performing Loans of Baht 520 million (31 December 2010: Baht 686 million), has Non-Performing Loans based on principal of loan purchased from the group as at 30 September 2011, the amount would be Baht 1,162 million (31 December 2010: Baht 1,361 million).

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8.5 Sales of loan receivables to the Thai Asset Management Corporation (“TAMC”)

The information regarding the transfer of a portion of sub-quality assets to TAMC according to the Asset Transfer Agreement of the Bank and a subsidiary since 2001 are as follows:

	Consolidated		The Bank	
	30 September 2011****	31 December 2010***	30 September 2011**	31 December 2010*
	<i>(in million Baht)</i>			
Total net amount of sub-quality assets transferred to TAMC since 2001	9,895	9,953	9,691	9,749
Promissory notes received	9,895	9,953	9,691	9,749

* Net of adjustment of selling price of loans sold to TAMC of Baht 739 million

** Net of adjustment of selling price of loans sold to TAMC of Baht 796 million

*** Net of adjustment of selling price of loans sold to TAMC of Baht 985 million

**** Net of adjustment of selling price of loans sold to TAMC of Baht 1,042 million

On 12 October 2001, the Bank entered into an Asset Transfer Agreement with the Thai Asset Management Corporation (“TAMC”). Under the agreement, the Bank transferred sub-quality assets including the right over the collateral to TAMC at terms and conditions specified in the agreement. The price of transferred loans was equal to the value of the collateral, which did not exceed the book value of such loans. The Bank and TAMC reserved the right to request for reappraisal under specified terms. Once TAMC and the Bank agreed with the price, the Bank received a non-negotiable promissory note from TAMC. The note matures in 10 years from the issuing date with the interest rate calculated based on the average rate of deposits. The note is availed by the Financial Institution Development Fund (see Note 6.1).

The Bank and TAMC agreed to recognise any profits or losses from the management of the sub-quality assets at the end of the fifth and the tenth year starting from 1 July 2001. The profits or losses shall be calculated based on all accumulated asset recoveries on a cash basis up to the date of calculation of such profits or losses less the transfer costs and other operating expenses incurred by TAMC including all interest paid by TAMC to the Bank. In addition, pursuant to the TAMC Decree B.E. 2544, when the profits are realised, the first portion of the profits, not exceeding 20% of the transfer price of sub-quality assets transferred to TAMC, will be allocated between TAMC and the Bank. The second portion of the profits will be given to the Bank. The two portions of the profits combined together shall not exceed the difference between the book value of sub-quality assets and the transfer price of sub-quality assets transferred to TAMC. All residual amount of profit will be given to TAMC. In the case of losses it will be shared between TAMC and the Bank. The Bank will take the first portion of losses, not exceeding 20% of the transfer price of sub-quality assets transferred to TAMC. The residual amount of the first portion of losses, not exceeding 20% of the transfer price of sub-quality assets transferred to TAMC, will be shared between TAMC and the Bank. All of the residual amount of the loss will be absorbed by TAMC. As at 30 September 2011, the Bank’s provision for possible loss amounted to Baht 904 million, which are presented in provisions in the statement of financial position (31 December 2010: Baht 904 million).

Liquidation - TAMC

As of 30 June 2011 which is the tenth anniversary of the transfer, the Liquidation Committee will have to complete TAMC liquidation process within the twelfth year since the Emergency Decree on Thai Asset Management Corporation B.E. 2544 was put into effect.

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9 Disclosure of the statements of cash flows of the asset management company

In accordance with the BoT's letter number Sor Nor Sor (01) Wor 3258/2543 dated 27 November 2000, relating to the regulations of the asset management company ("AMC"), the Bank is required to disclose the statements of cash flows of the AMC in the notes to the financial statements. The statements of cash flows of Rutchayothin Assets Management Co., Ltd. are as follows:

Rutchayothin Assets Management Co., Ltd.
Statement of cash flows
For the nine-month periods ended 30 September 2011 and 2010
(Unaudited)

	2011	2010
	<i>(in million Baht)</i>	
Cash flows from operating activities		
Income before income tax expense	23	2
<i>Adjustments for</i>		
(Reversal) bad debt and doubtful accounts	(24)	3
Loss from adjustment of selling price of loans sold to TAMC	3	2
Loss on impairment on properties foreclosed	1	-
	3	7
Net interest income	(4)	7
Proceed from interest	1	7
Income tax paid	(12)	-
	(12)	-
(Loss) gain from operations before changes in operating assets and liabilities	(12)	21
<i>Operating assets decrease</i>		
Investment in receivables	183	1
Properties foreclosed	46	17
Other assets	97	-
<i>Operating liabilities decrease</i>		
Short-term debt issued and borrowings	(78)	-
Other liabilities	(2)	-
	(80)	-
Net cash provided by operating activities	234	39
Cash flows from investing activities		
Proceeds from redemption of held-to-maturity securities	12	-
Net cash provided by investing activities	12	-
Net increase in cash	246	39
Cash at 1 January	90	246
Cash at 30 September	336	285

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10 Troubled debt restructuring

The financial statements for the nine-month periods ended 30 September 2011 and 2010, include the result of various types of troubled debt restructuring including transfers of assets and equity securities, changes in repayment conditions, and mixed types as follows:

Types of debt restructuring	No. of accounts		Consolidated				Transferred assets		
			Outstanding debts		Types	Fair value			
			Before debt restructuring	After debt restructuring		2011	2010		
			2011	2010	2011			2010	
Transfers of assets	1	12	3	51	3	42	Immovable properties	3	42
Debt restructuring in various forms	284	430	2,121	1,461	1,820	1,459	Immovable properties	770	1
Changes of repayment conditions	1,679	1,425	3,717	3,492	3,641	3,406			
Total	1,964	1,867	5,841	5,004	5,464	4,907			

Types of debt restructuring	No. of accounts		The Bank				Transferred assets		
			Outstanding debts		Types	Fair value			
			Before debt restructuring	After debt restructuring		2011	2010		
			2011	2010	2011			2010	
Transfers of assets	1	12	3	51	3	42	Immovable properties	3	42
Debt restructuring in various forms	284	430	2,121	1,461	1,820	1,459	Immovable properties	770	1
Changes of repayment conditions	1,679	1,425	3,717	3,492	3,641	3,406			
Total	1,964	1,867	5,841	5,004	5,464	4,907			

As at 30 September 2011 and 2010, troubled debt restructuring compared with total loans including loans to financial institutions are as follows:

	Consolidated			
	2011		2010	
	No. of accounts	The outstanding debts (in million Baht)	No. of accounts	The outstanding debts (in million Baht)
Troubled debt restructuring during the period	1,964	5,841	1,867	5,004
Total loans including loans to financial institutions	610,061	1,386,499	453,398	1,106,356

	The Bank			
	2011		2010	
	No. of accounts	The outstanding debts (in million Baht)	No. of accounts	The outstanding debts (in million Baht)
Troubled debt restructuring during the period	1,964	5,841	1,867	5,004
Total loans including loans to financial institutions	469,160	1,354,597	325,001	1,090,216

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As at 30 September 2011 and 31 December 2010, the Bank and its subsidiaries have balances of restructured loans as follows:

	Consolidated		The Bank	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
	<i>(in million Baht)</i>			
Restructured loans which are classified as NPL	10,084	11,817	9,755	11,817
Restructured loans which are not classified as NPL	22,543	24,238	22,543	24,238
Total	32,627	36,055	32,298	36,055

The average term of troubled debt restructured as of 30 September 2011 is 8.9 years (*30 September 2010: 8.8 years*).

Supplementary information relating to restructuring debtors for the nine-month periods ended 30 September 2011 and 2010 are as follows:

	Consolidated		The Bank	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Interest income recognised in profit or loss	998	1,679	998	1,679
Loss on debt restructuring recognised in profit or loss	429	146	429	146
Cash collection	8,004	10,180	8,004	10,180

11 Allowance for doubtful accounts

As at 30 September 2011 and 31 December 2010, allowance for doubtful accounts consists of the following:

	Consolidated					Allowance established in excess of BoT regulations	Total
	30 September 2011						
	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss		
	<i>(in million Baht)</i>						
Beginning balance	9,479	567	4,233	2,335	11,239	13,147	41,000
Beginning balance from business combination	166	134	37	321	1,031	670	2,359
Bad debt and doubtful accounts *	2,056	(318)	2,200	450	1,427	(2,038)	3,777
Bad debt written off	-	-	-	-	(2,634)	-	(2,634)
Others	-	-	-	-	20	(912)	(892)
Ending balance	11,701	383	6,470	3,106	11,083	10,867	43,610

* Before deducting bad debt recovered of Baht 659 million

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Consolidated
31 December 2010

	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss	Allowance established in excess of BoT regulations	Total
	<i>(in million Baht)</i>						
Beginning balance	8,244	623	2,503	2,884	14,374	13,514	42,142
Bad debt and doubtful accounts *	1,234	(56)	1,730	(549)	3,478	(260)	5,577
Bad debt written off	3	-	-	-	(6,642)	-	(6,639)
Others	(2)	-	-	-	29	(107)	(80)
Ending balance	9,479	567	4,233	2,335	11,239	13,147	41,000

* Before deducting bad debt recovered of Baht 1,064 million

The Bank
30 September 2011

	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss	Allowance established in excess of BoT regulations	Total
	<i>(in million Baht)</i>						
Beginning balance	9,523	554	4,198	2,100	9,417	13,076	38,868
Bad debt and doubtful accounts *	1,803	(310)	2,225	666	1,431	(1,974)	3,841
Bad debt written off	-	-	-	-	(2,554)	-	(2,554)
Others	-	-	-	-	-	(912)	(912)
Ending balance	11,326	244	6,423	2,766	8,294	10,190	39,243

* Before deducting bad debt recovered of Baht 571 million

The Bank
31 December 2010

	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss	Allowance established in excess of BoT regulations	Total
	<i>(in million Baht)</i>						
Beginning balance	8,322	579	2,436	2,621	12,068	13,402	39,428
Bad debt and doubtful accounts *	1,201	(25)	1,762	(521)	3,289	(221)	5,485
Bad debt written off	-	-	-	-	(5,940)	-	(5,940)
Others	-	-	-	-	-	(105)	(105)
Ending balance	9,523	554	4,198	2,100	9,417	13,076	38,868

* Before deducting bad debt recovered of Baht 834 million

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12 Classified assets

The Bank and its subsidiaries have classified assets according to the guidelines of the BoT as at 30 September 2011 and 31 December 2010 as follows:

	Consolidated					
	30 September 2011					
	Loans and accrued interest receivables	Loans to financial institutions and accrued interest receivables	Investments	Properties foreclosed	Other assets	Total
	<i>(in million Baht)</i>					
Normal	1,190,248	144,538	-	-	17	1,334,803
Special Mention	14,280	-	-	-	1	14,281
Sub-Standard	8,885	-	-	-	-	8,885
Doubtful	5,473	-	-	-	4	5,477
Doubtful Loss	23,075	-	3,139	510	600	27,324
	<u>1,241,961</u>	<u>144,538</u>	<u>3,139</u>	<u>510</u>	<u>622</u>	<u>1,390,770</u>

	Consolidated					
	31 December 2010					
	Loans and accrued interest receivables	Loans to financial institutions and accrued interest receivables	Investments	Properties foreclosed	Other assets	Total
	<i>(in million Baht)</i>					
Normal	992,308	130,433	-	-	15	1,122,756
Special Mention	29,338	-	-	-	1	29,339
Sub-Standard	8,855	-	-	-	2	8,857
Doubtful	4,516	-	-	-	1	4,517
Doubtful Loss	25,381	-	3,277	592	854	30,104
	<u>1,060,398</u>	<u>130,433</u>	<u>3,277</u>	<u>592</u>	<u>873</u>	<u>1,195,573</u>

	The Bank					
	30 September 2011					
	Loans and accrued interest receivables	Loans to financial institutions and accrued interest receivables	Investments	Properties foreclosed	Other assets	Total
	<i>(in million Baht)</i>					
Normal	1,170,718	138,316	-	-	17	1,309,051
Special Mention	12,588	-	-	-	1	12,589
Sub-Standard	8,693	-	-	-	-	8,693
Doubtful	5,022	-	-	-	4	5,026
Doubtful Loss	19,260	-	4,699	502	600	25,061
	<u>1,216,281</u>	<u>138,316</u>	<u>4,699</u>	<u>502</u>	<u>622</u>	<u>1,360,420</u>

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The Bank						
31 December 2010						
	Loans and accrued interest receivables	Loans to financial institutions and accrued interest receivables	Investments	Properties foreclosed	Other assets	Total
	<i>(in million Baht)</i>					
Normal	981,214	130,433	-	-	15	1,111,662
Special Mention	27,799	-	-	-	1	27,800
Sub-Standard	8,693	-	-	-	2	8,695
Doubtful	4,428	-	-	-	1	4,429
Doubtful Loss	22,609	-	5,069	573	854	29,105
	<u>1,044,743</u>	<u>130,433</u>	<u>5,069</u>	<u>573</u>	<u>873</u>	<u>1,181,691</u>

13 Legal reserve

Under the Public Companies Act, the Bank and its subsidiaries which are public companies, are required to set aside as a legal reserve at least 5% of their net income, net of accumulated deficit brought forward (if any), until the reserve is not less than 10% of the registered capital.

According to the Civil and Commercial Code, subsidiaries which are private companies must appropriate to a reserve fund at each distribution of dividend at least 5% of the profit arising from the business of the Company until the reserve fund reaches 10% of the capital of the Company. Such reserve fund is not available for distribution as dividend.

14 Dividends

The shareholders' meeting passed a resolution on 23 August 2011 to pay interim dividends to both preferred and ordinary shareholders at the rate of Baht 1.00 per share. The amount of Baht 3,399 million was paid on 16 September 2011.

At the annual general meeting of the shareholders of the Bank held on 5 April 2011, the shareholders approved the appropriation of dividend of Baht 2.00 per share, amounting to Baht 6,798 million. The dividend was paid to shareholders on 4 May 2011.

The shareholders' meeting passed a resolution on 20 August 2010 to pay interim dividends to both preferred and ordinary shareholders at the rate of Baht 1.00 per share. The amount of Baht 3,399 million was paid on 16 September 2010.

At the annual general meeting of the shareholders of the Bank held on 2 April 2010, the shareholders approved the appropriation of dividend of Baht 2.50 per share, amounting to Baht 8,498 million. The dividend was paid to shareholders on 28 April 2010.

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15 Assets pledged as collateral

As at 30 September 2011 and 31 December 2010, assets pledged as collateral are as follow:

	Consolidated		The Bank	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
	<i>(in million Baht)</i>			
Deposits	1	175	-	-
Investments				
Securities purchased under resale agreements	127,001	128,114	127,001	128,114
Others	14,813	182	49	48
Total	141,815	128,471	127,050	128,162

16 Contingencies

As at 30 September 2011 and 31 December 2010, contingencies of the Bank and its subsidiaries are as follows:

	Consolidated		The Bank	
	30 September 2011	31 December 2010	30 September 2011	31 December 2010
	<i>(in million Baht)</i>			
Avals to bills	2,107	3,030	2,107	3,030
Guarantees of loans	497	413	355	320
Liability under unmatured import bills	8,802	5,778	8,802	5,778
Letter of credit	20,112	13,878	20,037	13,755
Other contingencies				
- Amount of unused bank overdraft	98,334	88,617	97,942	88,256
- Other guarantees	100,585	102,749	100,565	102,797
- Others	644	202	-	-
Total	231,081	214,667	229,808	213,936

As at 30 September 2011, the Bank has commitments of Baht 3 million, in connection with finance companies whose operations were closed down permanently by the Ministry of Finance on 8 December 1997 (31 December 2010: Baht 3 million).

17 Related parties

For the purposes of these financial statements, parties are considered to be related to the Bank and its subsidiaries if the Bank and its subsidiaries have the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Bank and its subsidiaries and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Bank has business transactions with related parties or persons. Interest rate for staff loans under the staff welfare scheme is charged in accordance with the Bank's regulations for such loans. Interest rate and other pricing for other related parties are at the same rate as in the normal course of business with the same business condition as general customers. The transactions with related parties or persons are as follows:

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17.1 Loans, deposits, borrowings and contingencies

Loans, deposits, borrowings and contingencies to related parties or persons as at 30 September 2011 and 31 December 2010 are as follows:

	Consolidated							
	30 September 2011				31 December 2010			
	Loans*	Deposits	Borrow- ings	Contin- gencies	Loans*	Deposits	Borrow- ings	Contin- gencies
	<i>(in million Baht)</i>							
Associated companies								
Finance & Insurance								
The Siam Industrial Credit PCL and affiliates**	-	-	-	-	-	64	-	1
SCB Life Assurance PCL***	-	-	-	-	-	1,118	-	396
SCB Leasing PCL	-	14	-	-	-	115	-	-
VinaSiam Bank (Vietnam)	-	20	-	-	-	1	-	-
Total associated companies	-	34	-	-	-	1,298	-	397
Related companies (Shareholding through debt restructuring process)								
Phoenix Land Development Co., Ltd.	-	56	-	32	-	54	-	32
Total related companies (Shareholding through debt restructuring process)	-	56	-	32	-	54	-	32
Related companies (Shareholding through other companies' debt restructuring process)								
Siam Media and Communication Co., Ltd. and affiliate****	-	-	-	1	-	-	-	1
Total related companies (Shareholding through other companies' debt restructuring process)	-	-	-	1	-	-	-	1
Major shareholder (more than 10% ownership)								
The Crown Property Bureau	-	2,505	900	-	-	1,603	-	-
Total major shareholder (more than 10% ownership)	-	2,505	900	-	-	1,603	-	-
Entity in which the directors, management or close members of their families have significant influence								
	13	122	270	2	-	194	-	4
Directors and key executive officers	130	452	154	-	87	579	5	-
Total	143	3,169	1,324	35	87	3,728	5	434

* Net of specific provision (1%)

** Acquisition in 2011, changed from associate to be a subsidiary

*** Acquisition in 2011, changed from associate to be a subsidiary and renamed from "Siam Commercial New York Life Insurance PCL" to "SCB Life Assurance PCL" on 25 May 2011.

**** Discontinued operations or in the process of dissolution

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	The Bank							
	30 September 2011			31 December 2010				
	Loans*	Deposits	Borrow- ings	Contin- gencies	Loans*	Deposits	Borrow- ings	Contin- gencies
	<i>(in million Baht)</i>							
Subsidiaries								
Finance & Insurance								
Chatuchak Assets Management Co., Ltd.**	-	61	-	-	-	61	-	-
Rutchayothin Assets Management Co., Ltd.	-	336	-	-	-	90	-	-
Cambodian Commercial Bank Ltd. (Cambodia)	-	90	-	-	-	77	-	-
SCB Securities Co., Ltd.	-	126	1,088	42	-	98	1,465	-
The Siam Commercial Samaggi Insurance PCL and affiliates	-	146	150	47	-	41	-	47
SCB Asset Management Co., Ltd.	-	260	-	-	-	233	-	381
Siam Commercial Leasing PCL and affiliate	-	56	1,840	-	6,658	202	-	-
SCB Life Assurance PCL***	-	1,494	-	410	-	1,118	-	396
Siam Industrial Credit PCL and affiliates****	-	8	-	1	-	64	-	1
Services								
SCB Training Centre Co., Ltd.	-	5	-	-	-	2	-	-
Siam Phitiwat Co., Ltd.	-	66	-	-	-	11	-	-
SCB Capital Service Co., Ltd.*****	-	-	-	-	-	6	-	-
Siam Niti Law Office Co., Ltd.**	-	7	-	-	-	7	-	-
SCB Plus Co., Ltd.	-	126	-	-	-	83	-	-
Real estate								
Mahisorn Co., Ltd.*****	-	342	-	-	-	48	180	-
Total subsidiaries	-	3,123	3,078	500	6,658	2,141	1,645	825
Associated companies								
Finance & Insurance								
SCB Leasing PCL	-	14	-	-	-	115	-	-
VinaSiam Bank (Vietnam)	-	20	-	-	-	1	-	-
Total associated companies	-	34	-	-	-	116	-	-

* Net of specific provision (1%)

** Discontinued operations or in the process of dissolution

*** Acquisition in 2011, changed from associate to be a subsidiary and renamed from "Siam Commercial New York Life Insurance PCL" to "SCB Life Assurance PCL" on 25 May 2011

**** Acquisition in 2011, changed from associate to be a subsidiary

***** Dissolution in 2011

***** Decreased paid-up share capital from Baht 1,071 million to Baht 268 million on 2 June 2011

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	The Bank							
	30 September 2011				31 December 2010			
	Loans*	Deposits	Borrow- ings	Contin- gencies	Loans*	Deposits	Borrow- ings	Contin- gencies
	<i>(in million Baht)</i>							
Related companies (Shareholding through Debt restructuring process)								
Phoenix Land Development Co., Ltd.	-	56	-	32	-	54	-	32
Total related companies (Shareholding through debt restructuring process)	-	56	-	32	-	54	-	32
Related companies (Shareholding through other companies' debt restructuring process)								
Siam Media and Communication Co., Ltd. and affiliate**	-	-	-	1	-	-	-	1
Total related companies (Shareholding through other companies' debt restructuring process)	-	-	-	1	-	-	-	1
Major shareholder (more than 10% ownership)								
The Crown Property Bureau	-	2,505	900	-	-	1,603	-	-
Total major shareholder (more than 10% ownership)	-	2,505	900	-	-	1,603	-	-
Entity in which the directors, management or close members of their families have significant influence	13	122	270	2	-	194	-	4
Directors and key executive officers	130	452	154	-	87	579	5	-
Total	143	6,292	4,402	535	6,745	4,687	1,650	862

* Net of specific provision (1%)

** Discontinued operations or in the process of dissolution

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17.2 Investments

Investments in subsidiaries and associated companies as at 30 September 2011 and 31 December 2010 are described in Note 7.

Investments in related companies in which the Bank and its subsidiaries are the shareholders and/or management are directors as at 30 September 2011 and 31 December 2010 are as follows:

Company	Type of business	30 September 2011				
		Paid-up capital (in million Baht)	Share holding (%)	Consolidated Net investment (in million Baht)	The Bank Share holding (%)	Net investment (in million Baht)
Shareholding through debt restructuring process						
Phoenix Land Development Co., Ltd.	Real estate	500	97.6	-	97.6	-
Shareholding through other companies' debt restructuring process						
WTA (Thailand) Co., Ltd.	Others	-	25.0	-	25.0	-
Siam Media & Communication Co., Ltd and affiliate*	Holding	700	33.3	-	33.3	-

Company	Type of business	31 December 2010				
		Paid-up capital (in million Baht)	Share holding (%)	Consolidated Net investment (in million Baht)	The Bank Share holding (%)	Net investment (in million Baht)
Shareholding through debt restructuring process						
Phoenix Land Development Co., Ltd.	Real estate	500	97.6	-	97.6	-
Shareholding through other companies' debt restructuring process						
WTA (Thailand) Co., Ltd.	Others	-	25.0	-	25.0	-
Siam Media & Communication Co., Ltd and affiliate*	Holding	700	33.3	-	33.3	-

* Discontinued operations or in the process of dissolution

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17.3 Income and expenses

Income and expenses between the Bank and its subsidiaries, associated companies and related companies for the three-month periods ended 30 September 2011 and 2010 are as follows:

	Consolidated							
	2011				2010			
	Income		Expenses		Income		Expenses	
	Interest	Others	Interest	Others	Interest	Others	Interest	Others
	<i>(in million Baht)</i>							
Associated companies	-	-	-	-	-	973	1	1
Major shareholder	-	-	14	4	-	-	3	4

	The Bank							
	2011				2010			
	Income		Expenses		Income		Expenses	
	Interest	Others	Interest	Others	Interest	Others	Interest	Others
	<i>(in million Baht)</i>							
Subsidiaries	8	2,649	22	252	139	668	7	218
Associated companies	-	-	-	-	-	973	1	-
Major shareholder	-	-	14	4	-	-	3	4

Income and expenses between the Bank and its subsidiaries, associated companies and related companies for the nine-month periods ended 30 September 2011 and 2010 are as follows:

	Consolidated							
	2011				2010			
	Income		Expenses		Income		Expenses	
	Interest	Others	Interest	Others	Interest	Others	Interest	Others
	<i>(in million Baht)</i>							
Associated companies	2	582	1	127	1	2,822	2	93
Major shareholder	-	-	22	12	-	-	10	12

	The Bank							
	2011				2010			
	Income		Expenses		Income		Expenses	
	Interest	Others	Interest	Others	Interest	Others	Interest	Others
	<i>(in million Baht)</i>							
Subsidiaries	63	7,779	56	768	126	3,731	17	693
Associated companies	-	581	1	122	-	2,820	2	90
Major shareholder	-	-	22	12	-	-	10	12

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18 Key management personnel compensation

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the bank, being the president, director and group executive committee.

The Bank has not paid benefits to directors and executives other than the benefits that are normally paid such as meeting allowance, reward, salary, bonus, cost of living allowance, transportation fee and fringe benefits according to the Bank's regulations.

<i>For the three-month periods ended 30 September</i>	Consolidated		The Bank	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Short-term employee benefits	203	243	164	182
Post-employment benefits	2	1	1	-
Total	205	244	165	182

<i>For the nine-month periods ended 30 September</i>	Consolidated		The Bank	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Short-term employee benefits	920	865	724	670
Post-employment benefits	20	8	16	2
Total	940	873	740	672

19 The financial position and results of operations classified by domestic and overseas business

The significant financial position and the results of operations classified into domestic and overseas business are shown below.

19.1 As at 30 September 2011 and 31 December 2010, the financial position classified by domestic and foreign operations are as follows:

	Consolidated					
	30 September 2011			31 December 2010		
	Domestic operations	Foreign operations	Total	Domestic operations	Foreign operations	Total
	<i>(in million Baht)</i>					
Total assets	1,748,332	34,569	1,782,901	1,455,396	21,339	1,476,735
Interbank and money market items, net (Assets)	160,787	4,525	165,312	145,808	3,210	149,018
Investments, net*	277,032	1,787	278,819	151,893	1,853	153,746
Loans to customers and accrued interest receivables, net	1,163,138	34,620	1,197,758	987,795	31,008	1,018,803
Deposits	1,111,403	4,967	1,116,370	1,085,216	6,893	1,092,109
Interbank and money market items, net (Liabilities)	31,711	9,725	41,436	46,537	1,502	48,039
Debt issued and borrowings	270,930	12,441	283,371	62,609	-	62,609

* Included investments in subsidiaries and associates, net

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	The Bank					
	30 September 2011			31 December 2010		
	Domestic operations	Foreign operations	Total	Domestic operations	Foreign operations	Total
	<i>(in million Baht)</i>					
Total assets	1,652,411	31,171	1,683,582	1,447,679	18,241	1,465,920
Interbank and money market items, net (Assets)	151,185	4,517	155,702	144,999	1,393	146,392
Investments, net*	226,395	1,787	228,182	161,563	1,853	163,416
Loans to customers and accrued interest receivables, net	1,141,839	34,635	1,176,474	975,318	29,962	1,005,280
Deposits	1,101,358	4,968	1,106,326	1,085,767	4,728	1,090,495
Interbank and money market items, net (Liabilities)	33,117	9,725	42,842	48,410	1,502	49,912
Debt issued and borrowings	272,920	12,441	285,361	62,789	-	62,789

* Included investments in subsidiaries and associates, net

19.2 The results of operations classified by domestic and foreign operations for the three-month periods ended 30 September 2011 and 2010 are as follows:

	Consolidated							
	2011				2010			
	Domestic operations	Foreign operations	Elimination	Total	Domestic operations	Foreign operations	Elimination	Total
	<i>(in million Baht)</i>							
Interest income	21,301	445	(292)	21,454	13,005	227	(95)	13,137
Interest expenses	(7,926)	(287)	292	(7,921)	(3,057)	(98)	95	(3,060)
Net interest income	13,375	158	-	13,533	9,948	129	-	10,077
Net fees and service income	5,400	9	-	5,409	4,795	55	-	4,850
Other operating income	4,522	17	-	4,539	3,416	(8)	-	3,408
Other operating expenses	(11,161)	(59)	-	(11,220)	(8,940)	(30)	-	(8,970)
Profit from operating before income tax expense	<u>12,136</u>	<u>125</u>	<u>-</u>	<u>12,261</u>	<u>9,219</u>	<u>146</u>	<u>-</u>	<u>9,365</u>

	The Bank							
	2011				2010			
	Domestic operations	Foreign operations	Elimination	Total	Domestic operations	Foreign operations	Elimination	Total
	<i>(in million Baht)</i>							
Interest income	20,220	434	(292)	20,362	12,612	210	(95)	12,727
Interest expenses	(7,942)	(287)	292	(7,937)	(3,059)	(96)	95	(3,060)
Net interest income	12,278	147	-	12,425	9,553	114	-	9,667
Net fees and service income	6,450	-	-	6,450	4,588	44	-	4,632
Other operating income	2,746	17	-	2,763	2,730	(10)	-	2,720
Other operating expenses	(10,521)	(45)	-	(10,566)	(8,752)	(16)	-	(8,768)
Profit from operating before income tax expense	<u>10,953</u>	<u>119</u>	<u>-</u>	<u>11,072</u>	<u>8,119</u>	<u>132</u>	<u>-</u>	<u>8,251</u>

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19.3 The results of operations classified by domestic and foreign operations for the nine-month periods ended 30 September 2011 and 2010 are as follows:

	Consolidated							
	2011				2010			
	Domestic operations	Foreign operations	Elimination	Total	Domestic operations	Foreign operations	Elimination	Total
	<i>(in million Baht)</i>							
Interest income	54,901	1,117	(676)	55,342	37,997	552	(171)	38,378
Interest expenses	(18,292)	(658)	676	(18,274)	(9,013)	(182)	171	(9,024)
Net interest income	36,609	459	-	37,068	28,984	370	-	29,354
Net fees and service income	15,270	52	-	15,322	13,610	123	-	13,733
Other operating income	16,938	36	-	16,974	7,471	(12)	-	7,459
Other operating expenses	(29,753)	(133)	-	(29,886)	(25,059)	(173)	-	(25,232)
Profit from operating before income tax expense	<u>39,064</u>	<u>414</u>	<u>-</u>	<u>39,478</u>	<u>25,006</u>	<u>308</u>	<u>-</u>	<u>25,314</u>

	The Bank							
	2011				2010			
	Domestic operations	Foreign operations	Elimination	Total	Domestic operations	Foreign operations	Elimination	Total
	<i>(in million Baht)</i>							
Interest income	52,228	1,076	(676)	52,628	36,534	498	(171)	36,861
Interest expenses	(18,338)	(656)	676	(18,318)	(8,837)	(176)	171	(8,842)
Net interest income	33,890	420	-	34,310	27,697	322	-	28,019
Net fees and service income	17,242	21	-	17,263	13,146	91	-	13,237
Other operating income	9,170	32	-	9,202	7,228	(18)	-	7,210
Other operating expenses	(28,091)	(92)	-	(28,183)	(24,304)	(129)	-	(24,433)
Profit from operating before income tax expense	<u>32,211</u>	<u>381</u>	<u>-</u>	<u>32,592</u>	<u>23,767</u>	<u>266</u>	<u>-</u>	<u>24,033</u>

20 Earnings per share

Earnings per share in the consolidated and the Bank's financial statements for the three-month periods ended 30 September 2011 and 2010 are calculated as follows:

	Consolidated							
	Net income				Weighted average number of ordinary shares			
	2011		2010		2011		2010	
	<i>(in million Baht)</i>				<i>(in million shares)</i>			
Basic earnings per share							Earnings per share	
Net income	8,351	6,479	3,399	3,399	2.46	1.91		
Diluted earnings per share*	8,351	6,479	3,399	3,399	2.46	1.91		

* Income available to ordinary shareholders plus assumed conversions of convertible preference shares

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	Net income		The Bank Weighted average number of ordinary shares		Earnings per share	
	2011	2010	2011	2010	2011	2010
	<i>(in million Baht)</i>		<i>(in million shares)</i>		<i>(in Baht)</i>	
Basic earnings per share						
Net income	7,691	5,576	3,399	3,399	2.26	1.64
Diluted earnings per share*	7,691	5,576	3,399	3,399	2.26	1.64

* Income available to ordinary shareholders plus assumed conversions of convertible preference shares

Earnings per share in the consolidated and the Bank's financial statements for the nine-month periods ended 30 September 2011 and 2010 are calculated as follows:

	Net income		Consolidated Weighted average number of ordinary shares		Earnings per share	
	2011	2010	2011	2010	2011	2010
	<i>(in million Baht)</i>		<i>(in million shares)</i>		<i>(in Baht)</i>	
Basic earnings per share						
Net income	29,535	18,170	3,399	3,399	8.69	5.35
Diluted earnings per share*	29,535	18,170	3,399	3,399	8.69	5.35

	Net income		The Bank Weighted average number of ordinary shares		Earnings per share	
	2011	2010	2011	2010	2011	2010
	<i>(in million Baht)</i>		<i>(in million shares)</i>		<i>(in Baht)</i>	
Basic earnings per share						
Net income	24,029	17,547	3,399	3,399	7.07	5.16
Diluted earnings per share*	24,029	17,547	3,399	3,399	7.07	5.16

* Income available to ordinary shareholders plus assumed conversions of convertible preference shares

The preference of the preference shares expired in 2009, therefore, their rights are equivalent to ordinary shares. Basic earnings per share of 2011 and 2010 are calculated from net profit divided by the total number of ordinary and preference shares.

21 Events after the reporting period

21.1 145,230 preference shares have been converted into 145,230 ordinary shares. The Bank registered the conversion of the preference shares with the Ministry of Commerce on 7 October 2011.

21.2 On 11 October 2011, the Cabinet announced the change in the corporate income tax rate to 23% for accounting periods ending 31 December 2012 or after, and to 20% for accounting periods beginning on or after 1 January 2013. This subsequent change in tax rate has no effect on the consolidated and the Bank's financial statements for the period ended 30 September 2011.

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21.3 Subsequent to the reporting date, The Bank and its subsidiaries' operations have been, and continue to be, adversely affected by the unusually severe flooding in parts of Thailand. Management is currently concentrating its efforts on minimising the effects of the flooding on the Bank and its subsidiaries' assets and operations. Management is currently in the process of making an assessment of the flood damage and its impact on the financial statements of The Bank and its subsidiaries.

22 Adoption of Thai Accounting Standard 19 Employee Benefits

During 2010, the Bank early adopted TAS 19 Employee benefits which was to become effective for accounting periods beginning on 1 January 2011. Management considers that this policy provides reliable information of employee benefit obligation of the Bank. The adoption of the accounting standard was applied retrospectively for the nine-month period ended 30 September 2010.

23 Thai Financial Reporting Standards (TFRS) not yet adopted

The Bank and its subsidiaries have not adopted the following new and revised TFRS that have been issued as of the reporting date but are not yet effective.

TFRS	Topic	Year effective
TAS 12	Income Taxes	2013
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013
TSI 21	Income Taxes - Recovery of Revalued Non-Depreciable Assets	2013

Management is presently considering the potential impact of adopting and the initial application of these new and revised TFRS on the consolidated and the Bank's financial statements.

24 Reclassification of accounts

Certain accounts in the statement of financial position as at 31 December 2010 and the statement of comprehensive income for the three-month and nine-month periods ended 30 September 2010, which are included in the 2011 interim financial statements for comparative purposes, have been reclassified to conform to the presentation in the 2011 interim financial statements. These reclassifications have principally been made according to TAS 1 (revised 2009) *Presentation of Financial Statements* and the Bank of Thailand (BoT) notification number Sor Nor Sor 11/2553, regarding "The preparation and announcement of the financial statements of commercial banks and holding companies which are parent company of group of companies offering financial services".