

Press Release: 18 January, 2011

SCB ANNOUNCES RECORD NET PROFIT FOR 2010

Loans up 12.6%, NPLs fall to 3.25%, & Net Profit up 16.6%

Bangkok : SCB announced record (unaudited) net profit for 2010. **Lending volumes** rebounded in the last quarter, closing with a three-year high loan growth of 12.6% yoy. **Loan quality** improved markedly with NPL levels at a post crisis low of 3.25% at end 2010, compared to 4.41% in 2009. Finally, **net profit** rose sharply by 16.6% yoy and reached a historic high of Baht 24,206 million on the back of solid non-interest income growth, as well as margin based income growth

Commenting on these results, **Dr. Vichit Suraphongchai**, chairman of the Bank's Executive Committee, noted that *"the stellar results were driven by all round growth in the wholesale, SME and retail segments, giving substance to the Bank's emergence as the dominant universal services Bank in Thailand"*. He adds that, *"these results were achieved in a year characterized by many uncertainties on both the domestic and international front. As such, these results speak to the underlying resilience of the Thai economy and the deftness of the Bank's borrowers in all segments of the market to successfully adapt to these winds of change. Too, the results speak to the agility of the Bank to capitalize on near term opportunities while preparing to meet future challenges"*.

The Bank comfortably exceeded its loans targets and recorded **strong loan growth** of 12.6% yoy for 2010. The growth arose from all business segments – Wholesale, SME, and Retail – reflecting the soundness with which the Bank has executed its new strategies announced at the start of the year.

The Bank's is particularly proud of its sharp **improvement in asset quality**. The NPL ratio at end 2010 stood at 3.25% compared to 4.41% at the end of 2009 – and is at the lowest post Asian Economic Crises level. Inevitably, the Bank has reduced its provisioning levels - Baht 4,661 million of **loan loss provisions** in 2010, compared to the Baht 5,605 million provisions set aside in 2009. At the same time, the provisions cover over NPLs stood at 107.5% at end 2010 compared to the 95.4% at end 2009.

Driving the growth in net profit was the sharp rise in **non-interest income** which rose 20.6% yoy to Baht 32,655 million in 2010 from Baht 27,082 million in 2009. The main factors behind this strong growth were firstly, the continued momentum in fee and service income – both from retail products like mutual funds, bancassurance and cards, and, increasingly, from non-retail products and services. Secondly, the increase was driven by higher gains on investments. At the same time, the increase in net profit reflected the 6% yoy growth in the Bank's **net interest and dividend income**. Mainly, this was the result of the sharp drop in

interest expense, which fell by a larger magnitude than the decrease in interest income. Also, the Bank reduced its higher cost interest expense from lower levels of short term borrowings at a subsidiary.

*The Bank president, **Khun Kannikar Chalitaporn**, commented that the “higher business volumes and greater profitability, together with better asset quality are indicative of the strong position of the Bank as it starts 2011. We expect to take this momentum to the year ahead and record above market growth in lending and fee based activities in 2011 through deeper engagement with our customers and stronger bonding across our employee base. This ethos of sustaining the highest levels of engagement with our customers and employees, together with effective governance and strategy execution, is ultimately what differentiates the SCB franchise from all others in Thailand”.*

Siam Commercial Bank PCL is a leading universal bank in Thailand. It was established by Royal Charter in 1906 as the first Thai Bank and, as at December 30, 2010, had the highest market capitalization among Thai Financial Institutions (Baht 352 billion). It has the largest branch (1,019), exchange booth (113), and ATM (8,006) network in the country, attesting to its dominant position in the retail financial services marketplace. It has a diverse range of Corporate, SME, Private, and Retail customers nationwide, and has an asset size of Baht 1,477 Billion. Further information is available on the Bank's web site at www.scb.co.th.

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(Consolidated)

SCB – Results at a Glance

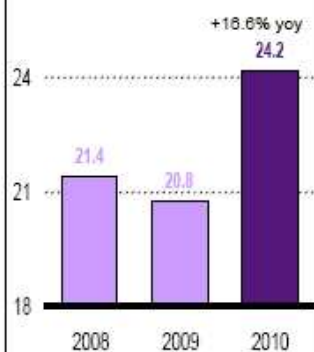
Unit: Million Baht	2010	2009	% yoy	4Q10	% qoq	% yoy
Income	77,160	69,086	11.7%	20,681	2.0%	20.5%
NII	44,505	42,005	6.0%	11,413	-0.1%	8.2%
Non NII	32,655	27,082	20.6%	9,267	4.7%	40.2%
Non interest expense	38,607	35,554	8.6%	10,799	10.1%	9.7%
Operating Profit	38,553	33,532	15.0%	9,882	-5.6%	35.1%
Provision	4,661	5,605	-16.8%	1,304	18.5%	2.0%
Tax	9,563	7,076	35.2%	2,533	-10.6%	107.5%
Minority Interest	122	93	31.2%	9	-83.8%	-77.1%
Net Profit After Tax	24,206	20,758	16.6%	6,036	-6.8%	26.3%
Loans	1,058,574	940,238	12.6%	1,058,574	7.1%	12.6%
Total Assets	1,476,764	1,294,047	14.1%	1,476,764	8.3%	14.1%
Deposit	1,092,138	955,976	14.2%	1,092,138	8.8%	14.2%
Loan to Deposit Ratio	96.9%	98.4%	-1.43%	96.9%	-1.59%	-1.43%
Loan to Deposit + B/E Ratio	93.3%	96.5%	-3.11%	93.3%	-1.03%	-3.11%
Cost to Income Ratio	50.0%	51.5%	-1.43%	52.2%	3.84%	-5.15%
NIM on Earning Assets	3.63%	3.42%	0.21%	3.46%	-0.33%	0.01%
NPL	38,684	44,958	-14.0%	38,684	-12.1%	-14.0%
NPL%	3.25%	4.41%	-1.16%	3.25%	-0.73%	-1.16%
ROE	16.4%	15.5%	0.91%	15.9%	-1.65%	2.03%
ROA	1.7%	1.6%	0.13%	1.7%	-0.27%	0.23%
CAR	15.5%	16.5%	-0.95%	15.5%	-1.26%	-0.95%

2010 RESULTS AT-A-GLANCE

PROFITABILITY

Record net profit in 2010 with higher yoy growth in NII and non-NII, improved asset quality, and lower cost/income ratio

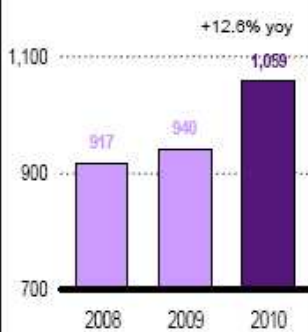
Net Profit
(Consolidated, Baht billion)



LOAN GROWTH

Record loans outstanding which continued to gain traction across all business segments

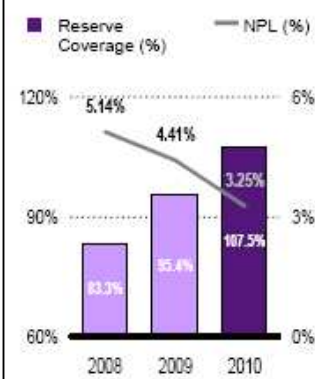
Loans
(Consolidated, Baht billion)



ASSET QUALITY

Significant improvement in asset quality as shown by the decline in the NPL ratio, and the higher coverage of NPLs

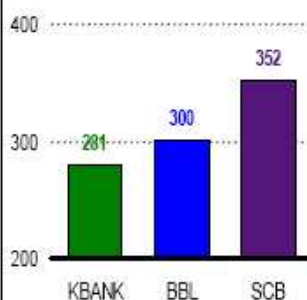
Non-performing Loans (%) and Reserve Coverage (%)
(Consolidated)



MARKET CAPITALIZATION

Closed out the year with the highest market capitalization among Thai commercial banks with the most extensive branch/ATM network across the country

Market Capitalization*
(Baht billion)



* As at December 30, 2010

Management Discussion and Analysis

For the year ended December 31, 2010

IMPORTANT DISCLAIMER:

Information contained in this document has been prepared from several sources and the Bank cannot confirm, in all cases, the accuracy and completeness of such data, particularly where sourced from outside the Bank. In addition, any forward looking statements are subject to change as a result of market conditions and the final result may be different to that indicated. The Bank makes no representation or warranty of any type whatsoever on the accuracy or completion of the information contained herein.

Siam Commercial Bank PCL announced unaudited operating results for 2010, with a consolidated **net profit** of Baht 24,206 million, a 16.6% yoy increase of Baht 3,448 million from Baht 20,758 million recorded in 2009. The year-on-year increase in net profit was mainly attributable to: (1) higher non-interest income which was driven by both robust fee and service income growth and a large one-time investment gain booked in 3Q10; (2) higher net interest and dividend income; and (3) lower provisions as the Bank's asset quality improved.

Operating profit (excluding allowance for doubtful accounts, income tax and minority interest) increased by 15.0% yoy to Baht 38,553 million in 2010 from Baht 33,532 million in 2009, due to increases in both net interest and dividend income and non-interest income. The increase in the latter was driven by fee and service income and investment gains. Stripping out one-time items, operating profit (excluding allowance for doubtful accounts, income tax and minority interest) increased by 10.6% yoy.

Alongside net profit, earnings per share (EPS) rose to Baht 7.12 in 2010 from Baht 6.11 in 2009. Return on average equity (ROAE) and return on average assets (ROAA) increased to 16.4% and 1.7% in 2010 from 15.5% and 1.6% in 2009, respectively.

On a quarterly basis, net profit rose by Baht 1,258 million (26.3% yoy) to Baht 6,036 million in 4Q10 from Baht 4,778 million in 4Q09, primarily due to: (1) higher fee and service income; (2) higher gain on exchange; and (3) higher net interest and dividend income. Operating profit (excluding allowance for doubtful accounts, income tax and minority interest) increased by 35.1% yoy to Baht 9,882 million in 4Q10 from Baht 7,316 million in 4Q09. Stripping out one-time items, operating profit increased by 29.9% yoy.

On a **quarter-on-quarter** basis, net profit declined by Baht 443 million (6.8% qoq) to Baht 6,036 million in 4Q10 from Baht 6,479 million in 3Q10, largely due to: (1) smaller gain on investment as a result of a large one-time investment gain booked in 3Q10; (2) seasonally higher marketing and promotional expenses; and (3) higher fee and service expenses. Operating profit (excluding allowance for doubtful accounts, income tax and minority interest) decreased by 5.6% qoq to Baht 9,882 million in 4Q10 from Baht 10,465 million in 3Q10. Stripping out one-time items, operating profit increased by 1.9% qoq.

Early adoption of the new accounting standard – TAS 19 : Employee Benefits

Although the **TAS 19 (Employee Benefits)** will be effective in 2011, the Bank decided to adopt this standard in 2010. Upon adoption of the TAS 19, the Bank adjusted Retained Earnings to allow for the retroactive impact from this adoption. As the standard requires the Bank to recognize post-employment benefits by using

an 'actuarial valuation technique', the Bank appointed an international actuarial firm who concluded that upon applying this new technique, the Group needed to have set aside Baht 1.8 billion at the beginning of 2009. Given that the Bank has already recorded a cumulative sum of Baht 0.9 billion for employee future benefits over a number of years, the Bank then booked an additional Baht 0.9 billion as a one time adjustment to Retained Earnings at the beginning of 2009. Impact to 2009 net profit was minimal and Baht 0.1 billion in 2010. Benefit obligations as of end of 2010 were Baht 2.1 billion.

Unit: Million Baht						
(Consolidated)	2010	2009 (restated)*	% yoy	4Q10	% qoq	% yoy
Net interest and dividend income	44,505	42,005	6.0%	11,413	-0.1%	8.2%
Non-interest income	32,655	27,082	20.6%	9,267	4.7%	40.2%
Non-interest expenses	38,607	35,554	8.6%	10,799	10.1%	9.7%
Operating profit	38,553	33,532	15.0%	9,882	-5.6%	35.1%
Operating profit excluding non-recurring items**	37,783	34,162	10.6%	9,882	1.9%	29.9%
Allowance for doubtful accounts	4,661	5,605	-16.8%	1,304	18.5%	2.0%
Income tax	9,563	7,076	35.2%	2,533	-10.6%	107.5%
Minority interest in subsidiaries	122	93	31.2%	9	-83.8%	-77.1%
Net profit	24,206	20,758	16.6%	6,036	-6.8%	26.3%
EPS (Baht)	7.12	6.11	16.6%	1.78	-6.8%	26.3%
ROE	16.4%	15.5%		15.9%		
ROA	1.7%	1.6%		1.7%		

* The Bank adjusted, retroactively, the personal expenses in 2009 upon adoption of the Thai Accounting Standard 19 (TAS 19 Employee Benefits) which resulted in the 2009 net profit being restated.

** In 2010, non-recurring items include a one-time gain on the sale of an equity investment,. In 2009 non recurring items include a one-time gain on the sale of an equity investment, a one-time retroactive adjustment for special business tax, a one-time provision for a disputed re-insurance claim at a subsidiary, a one-time charge for retirement benefits paid to employees, and a one-time loss from a change in the reference yield curve used in cross currency swap revaluations.

Income Statement for 2010 (Consolidated basis)

1. Net interest and dividend income

Net interest and dividend income rose 6.0% **yoy** to Baht 44,505 million in 2010 from Baht 42,005 million in 2009, as interest expenses fell by a larger magnitude than the decrease in interest income. A sharp decline in interest expenses was primarily (1) the effect from the falling interest rates environment in 2008-1H10; and (2) the maturing of promissory notes of the Bank's subsidiary, Siam Commercial Leasing (SCBL) which trimmed the Bank's interest expenses on short-term borrowing.

On a quarterly basis, net interest and dividend income increased by 8.2% **yoy** to 11,413 million in 4Q10 from Baht 10,550 million in 4Q09, owing mainly to higher interest income from loans which was driven by robust loan growth of 12.6% **yoy**.

On a quarter-on-quarter basis, net interest and dividend income was relatively flat at Baht 11,413 million in 4Q10 as compared with Baht 11,423 million in 3Q10. The relatively stable qoq net interest income was supported by higher interest income from loans (grew markedly at 7.1% qoq) which was partly offset by the absence of dividend from the Vayupak Fund which was booked in 3Q10.

	Unit: Million Baht					
(Consolidated)	2010	2009	% yoy	4Q10	% qoq	% yoy
Interest and dividend income	53,679	54,631	-1.7%	14,338	5.6%	10.6%
- Loans	43,511	43,567	-0.1%	11,814	8.2%	11.1%
- Interbank and money markets	1,518	2,069	-26.6%	594	118.3%	44.9%
- Hire purchase and financial lease income	4,071	4,257	-4.4%	1,061	2.8%	8.0%
- Investments	4,578	4,737	-3.4%	868	-35.6%	-8.1%
Interest expenses	9,173	12,626	-27.3%	2,925	35.8%	20.9%
- Deposits	6,691	9,457	-29.2%	2,242	46.0%	29.0%
- Interbank and money markets	724	584	23.9%	218	21.7%	25.9%
- Short-term borrowings	737	1,531	-51.9%	200	18.6%	-35.6%
- Long-term borrowings	1,021	1,054	-3.1%	265	-2.1%	34.6%
Net Interest and dividend income	44,505	42,005	6.0%	11,413	-0.1%	8.2%
Net interest margin	3.63%	3.42%	0.21%	3.46%	-0.33%	0.01%
Yield on earning assets	4.38%	4.44%	-0.07%	4.35%	-0.16%	0.10%
Yield on loans	4.95%	5.32%	-0.37%	5.01%	0.08%	-0.04%
Yield on interbank	1.29%	1.25%	0.04%	1.64%	0.32%	0.56%
Yield on investment	2.91%	2.96%	-0.05%	2.25%	-1.10%	-0.12%
Cost of funds*	0.85%	1.17%	-0.32%	1.00%	0.19%	0.10%
Cost of deposit	0.70%	0.99%	-0.29%	0.86%	0.21%	0.13%
Spread (yield on earning assets – cost of funds)	3.52%	3.27%	0.25%	3.35%	-0.35%	0.01%

Note Profitability ratios are calculated based on daily average calculations of the denominators

* Cost of funds = interest expenses / interest bearing liabilities

Interest and dividend income in 2010 was Baht 53,679 million, a 1.7% **yoy** decrease of Baht 952 million from Baht 54,631 million in 2009. Details include:

- **Interest income from loans** was flat yoy at Baht 43,511 million primarily due to the reduction in the Bank's interest rates (MLR was reduced by 63 bps during 2009-2010), although loans grew sharply at 12.6% yoy;
- **Interest income from interbank and money markets** declined significantly by 26.6% yoy to Baht 1,518 million because of the reduction in interbank interest rates (policy rate fell by 125 bps during 2009-1H10, although it rose 50 bps in 2H10);
- **Hire purchase and financial lease** income declined 4.4% yoy to Baht 4,071 million, as the impact from growth in hire purchase loans of 28.9% yoy in 2010 was outweighed by the impact of the lower interest rates leading to a decline in the average yield of the Bank's hire purchase portfolio. The new hire purchase loans carry lower yields than the declining proportion of older hire purchase loans;

- **Interest and dividend income from investments** decreased by 3.4% yoy to Baht 4,578 million, mainly due to lower interest income from investments in debt securities, following the decline in interest rates.

At the same time, **interest expenses** declined 27.3% yoy to Baht 9,173 million in 2010. Interest expenses on deposits dropped 29.2% yoy mainly a result of the reduction in deposit rates during 2009-2010 although the deposit base increased by 14.2% yoy. Interest expenses from borrowings also fell by 32.0% yoy on the back of (1) the maturing of some promissory notes of the Bank's subsidiary, SCBL; and (2) the reduction in interest rates.

SCB Interest Rates	Mar 24, 09	Apr 20, 09	May 25, 09	Jun 18, 09	Sep 22, 09	Jul 15, 10	Jul 27, 10	Sep 3, 10	Dec 7, 10
Lending Rate									
MLR	6.25%	6.15%	5.85%	5.85%	5.85%	5.85%	6.00%	6.00%	6.12%
Deposit Rate									
Savings Rate	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%	0.50%
3-month deposits	0.75%	0.75%	0.75%	0.65-0.85%	0.65%	0.75%	0.75%	0.85%-1.00%	1.00%-1.25%
6-month deposits	0.75%	0.75%	0.75%	0.65-0.85%	0.65%	0.90%	0.90%	1.10%-1.20%	1.25%-1.45%
12-month deposits	1.00%	1.00%	0.75%	0.65-1.00%	0.65%	1.00%-1.20%	1.00%-1.20%	1.15%-1.40%	1.40%-1.65%
	Feb 25, 09	Apr 8, 09	May 20, 09	Sep 30, 09	Jan 13, 10	Jun 2, 10	Jul 14, 10	Aug 25, 10	Dec 1, 10
Policy Rate	1.50%	1.25%	1.25%	1.25%	1.25%	1.25%	1.50%	1.75%	2.00%

On a quarterly basis, interest and dividend income increased 10.6% yoy to Baht 14,338 million in 4Q10 from Baht 12,968 million in 4Q09. Details are as follows:

- Interest income from loans rose 11.1% yoy as a result of both loan growth of 12.6% yoy and the increase of lending rates in July 2010 and December 2010;
- Interest income from interbank and money markets increased 44.9% yoy as a result of an increase in the interbank interest rates, coupled with the higher daily average interbank balance in 4Q10 compared to 4Q09;
- Hire purchase and financial lease income rose 8.0% yoy mainly due to robust growth of the hire purchase loans portfolio of 28.9% yoy;

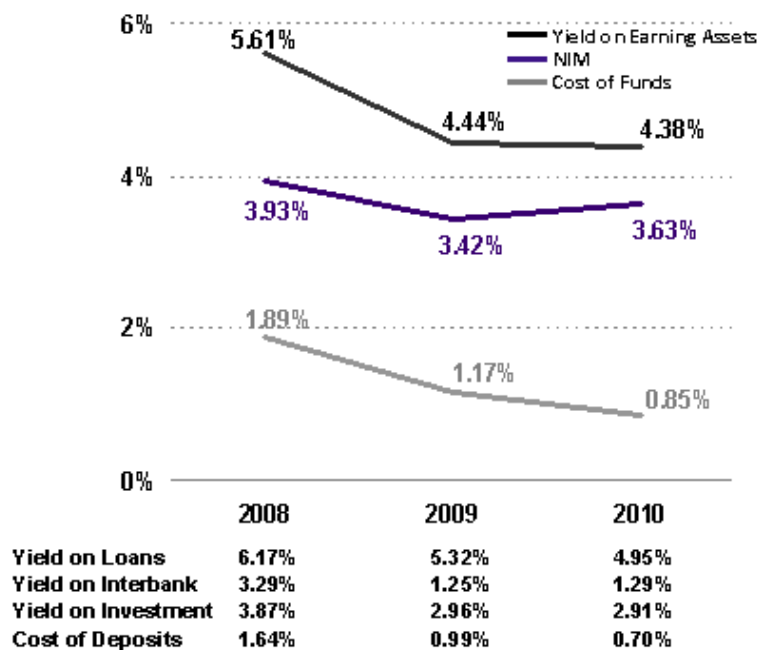
Interest expenses rose 20.9% yoy to Baht 2,925 million in 4Q10 from Baht 2,419 million in 4Q09 as a result of higher interest expenses on deposits following increases in both the interest rates and the deposit base of the Bank.

On a **quarter-on-quarter** basis, interest and dividend income increased 5.6% qoq to Baht 14,338 million in 4Q10 from Baht 13,577 million in 3Q10. Details are as follows:

- Interest income from loans rose 8.2% qoq as a result of robust loan growth of 7.1% qoq in 4Q10 and the increase in lending rates by 12 bps in December 2010;

- Interest income from interbank and money markets increased more than double by 118.3% qoq as the daily average interbank balance in 4Q10 was higher than that of 3Q10, coupled with the increase in interbank interest rate by 25 bps in December 2010;
- Hire purchase and financial lease income rose 2.8% qoq mainly due to robust growth of the hire purchase loans portfolio of 8.8% qoq;
- Interest and dividend income from investments dropped 35.6% qoq largely due to the absence of dividend income from Vayupak Fund in 4Q10, unlike the Baht 321 million booked in 3Q10.

Interest expenses rose 35.8% qoq to Baht 2,925 million in 4Q10 from Baht 2,153 million in 3Q10 largely due to a 46.0% qoq increase in interest expenses on deposits, which was mainly a combined effect of (1) the deposit growth of 8.8% qoq; (2) the increase in deposit rates in 2H10; and (3) the higher cost of the Bank's deposit campaigns which were designed to attract longer term fixed deposits.



As a result of the changes in net interest and dividend income, annualized net interest margin (NIM) widened to 3.63% in 2010 from 3.42% in 2009. This is in line with the Bank's full year target of 3.5%-3.8%.

On a quarterly basis, NIM for 4Q10 was 3.46%, relatively flat compared with 3.45% recorded in 4Q09 and dropped 33 bps from 3.79% in 3Q10 primarily because of the absence of dividend income from Vayupak Fund which was booked in 3Q10. Excluding dividend income from the Vayupak Fund, NIM dropped 23 bps qoq.

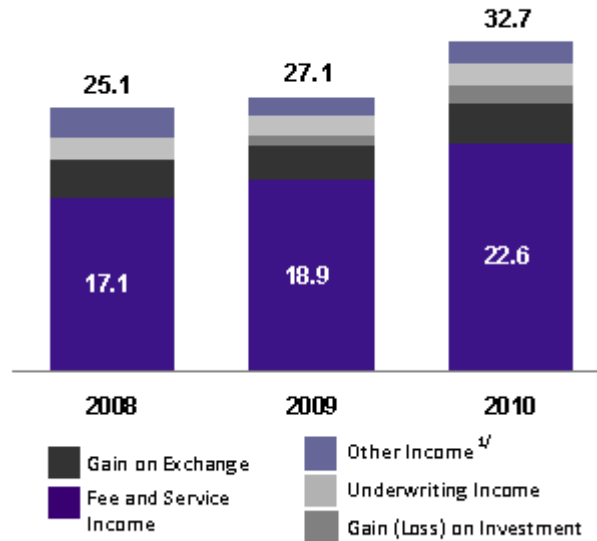
2. Non-interest income

Non-interest income rose 20.6% yoy to Baht 32,655 million in 2010 from Baht 27,082 million in 2009, principally the result of (1) robust growth in fee and service income; and (2) higher gain on investments mainly from a one-time gain on the sale of an equity investment booked in 3Q10. Additional details of non-interest income yoy are provided below:

- **Fee & service** income rose 19.4% yoy, driven by higher fee income from the card business, bancassurance products, and loan-related activities;
- **Gain on exchange** increased 8.6% yoy mainly as the result of higher returns from treasury transactions and positions;
- **Income from equity interests** in associated companies rose dramatically by 47.6% yoy, in line with improved performance of associated companies, particularly the life insurance affiliate of the Bank;
- **Gross underwriting income** increased 13.0% yoy, in line with the increase in the business volume of the Bank's non-life insurance subsidiary;
- **Other income** rose 12.1% yoy primarily from higher gains from sale of foreclosed properties; and
- **Gain on investments** was at Baht 1,830 million in 2010, nearly doubled from the Baht 947 million booked in 2009, largely as a result of a one-time gain on the sale of a non core equity investment booked in 3Q10.

(Consolidated)	Unit: Million Baht					
	2010	2009	% yoy	4Q10	% qoq	% yoy
Fee and service income	22,585	18,913	19.4%	6,535	16.6%	31.7%
- Acceptances, aval, and guarantees	936	1,003	-6.7%	234	-9.8%	10.2%
- Others	21,649	17,910	20.9%	6,301	17.9%	32.6%
Gain on exchange	3,761	3,462	8.6%	1,567	101.9%	171.5%
Income from equity interest in affiliated companies	1,028	697	47.6%	253	-3.2%	27.9%
Underwritings income	2,274	2,012	13.0%	554	-4.0%	4.0%
Other income	1,177	1,050	12.1%	257	-38.3%	-12.4%
Non-interest income excluding total gain on investments	30,826	26,135	17.9%	9,166	20.0%	39.6%
Gain on investments	1,830	947	93.2%	101	-91.7%	110.8%
Total non-interest income	32,655	27,082	20.6%	9,267	4.7%	40.2%

Non-interest Income
(Baht Billion)



^{1/} Other income includes income from equity interest in affiliated companies

On a quarterly basis, non-interest income rose 40.2% yoy to Baht 9,267 million in 4Q10 from Baht 6,612 million in 4Q09 mainly a result of (1) robust growth in fee and service income; and (2) higher gain on exchange. Additional details are provided below:

- Fee and service income rose markedly by 31.7% yoy, driven by higher fee income from corporate finance, card business and bancassurance;
- Gain on exchange more than doubled by 171.5% yoy as a result of the higher returns from treasury activities in 4Q10;
- Income from equity interests in associated companies increased 27.9% yoy in line with improved performance of associated companies, particularly the life insurance affiliate of the Bank;
- Gross underwriting income increased 4.0% yoy in line with the business volume recorded by the Bank's non-life insurance subsidiary;
- Other income dropped 12.4% yoy mainly due to the lower gains from the sale of foreclosed properties;
- Gain on investments more than doubled to Baht 101 million in 4Q10 from Baht 48 million in 4Q09.

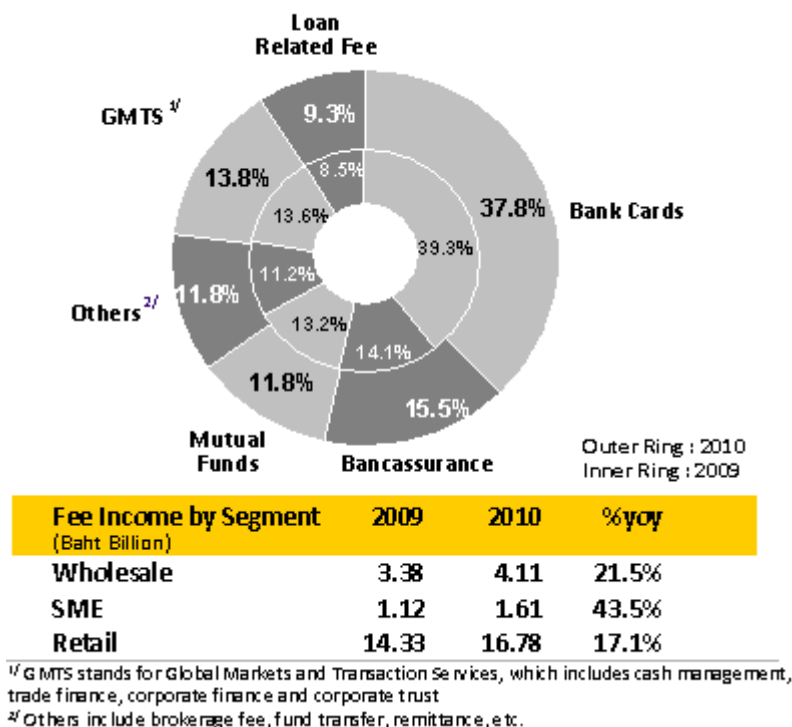
On a **quarter-on-quarter** basis, non-interest income rose 4.7% qoq to Baht 9,267 million in 4Q10 from Baht 8,851 million in 3Q10 mainly as a result of (1) higher fee and service income; and (2) higher gain on exchange. Additional details are provided below:

- Fee and service income rose 16.6% qoq, driven by higher fee income from bancassurance, loan-related activities and corporate finance;
- Gain on exchange increased by 101.9% qoq as a result of higher returns from treasury activities in 4Q10;

- Income from equity interests in associated companies decreased 3.2% qoq, in line with the performance of associated companies;
- Gross underwriting income dropped 4.0% qoq in line with the lower business volume of the Bank's non-life insurance subsidiary;
- Other income decreased 38.3% qoq mainly due to the lower gains from sale of foreclosed properties;
- Gain on investments decreased significantly by 91.7% qoq mainly due to a one-time gain on the sale of an equity investment booked in 3Q10.

In 2010, non-interest income accounted for 42% of total income (39% in 2009), while fee income made up 29% of total income (27% in 2009). This growth is in line with the Bank's medium-to-long-term objective of having non-interest income account for more than 40% of total income. The Bank also expects the aggregate fee income contribution from Wholesale Banking and Business Banking (SME) to increase from the current level of below 30% of total fee income through a stronger focus on fee based activities in these business segments. This direction is evident from the relatively higher growth rate of fees from these two segments compared to Retail in the current year, as noted in the table below.

Fee and Service Income Breakdown



3. Non-interest expenses

Non-interest expenses increased 8.6% **yoy** to Baht 38,607 million in 2010 from Baht 35,554 million in 2009. Key items are explained as follows:

- **Personnel expenses** increased 12.1% yoy mainly as a result of annual salary adjustments, higher level of accrued performance bonus for 2010, and the higher number of employees;
- **Premises and equipment expenses** increased only 2.0% yoy due to the Bank's cost control measures despite the continued investments in network expansion and on-going major systems enhancement initiatives;
- **Taxes and duties** were flat yoy;
- **Fee and service** expenses rose 15.1% yoy alongside the higher volume of fee-based activities;
- **Contribution to the Deposit Protection Agency** increased 1.0% yoy alongside the expansion of the Bank's deposit base;
- **Underwriting expenses** rose 10.3% yoy in line with business volume growth of the Bank's non-life insurance subsidiary; and
- **Other expenses** rose 14.9% yoy mainly due to the promotion expenses relating to the Bank's efforts to rapidly revive consumer demand in selected retail markets following the political unrest in 2Q10, and the higher reserves for reward redemption for the credit card business as the Bank revised its redemption rate upwards in 3Q10.

Unit: Million Baht

(Consolidated)	2010	2009 (restated)*	% yoy	4Q10	% qoq	% yoy
Personnel expenses	13,685	12,210	12.1%	3,444	-5.4%	6.4%
Premises and equipment expenses	8,226	8,067	2.0%	2,239	9.6%	5.4%
Tax and duties	2,056	2,065	-0.4%	539	-5.0%	23.3%
Fee and service expenses	4,030	3,501	15.1%	1,262	35.4%	26.6%
Director remuneration	88	61	45.3%	33	41.0%	-6.9%
Contribution to the Deposit Protection Agency	3,777	3,739	1.0%	1,002	10.5%	3.5%
Underwritings expenses	1,128	1,023	10.3%	295	9.7%	8.2%
Other expenses	5,618	4,890	14.9%	1,984	39.1%	11.7%
Total non-interest expenses	38,607	35,554	8.6%	10,799	10.1%	9.7%
Cost to income ratio	50.0%	51.5%		52.2%		
Cost to income ratio excluding SCB Samaggi Insurance (the Bank's non-life subsidiary)	48.8%	50.0%		50.9%		

* The Bank adjusted, retroactively, the personal expenses in 2009 upon adoption of the Thai Accounting Standard 19 (TAS 19 Employee Benefits).

On a quarterly basis, non-interest expenses rose 9.7% yoy to Baht 10,799 million in 4Q10 from Baht 9,846 million in 4Q09. Key items are explained as follows:

- Personnel expenses increased 6.4% yoy mainly as a result of annual salary adjustments, higher level of accrued performance bonus for 2010, and the higher number of employees;
- Premises and equipment expenses increased 5.4% yoy as a consequence of continued investments in network expansion and on-going systems enhancement initiatives;
- Taxes and duties increased 23.3% yoy mainly from higher interest income from loans;
- Fee and service expenses rose 26.6% yoy alongside the higher volume of fee-based activities;

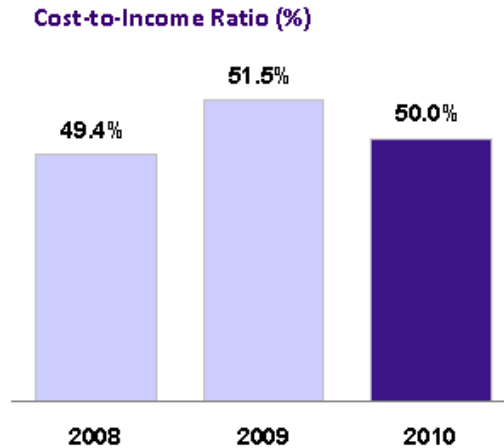
- Contribution to the Deposit Protection Agency increased 3.5% yoy alongside the expansion of the Bank's deposit base;
- Underwriting expenses rose 8.2% yoy mainly from flood damage claims of the Bank's non-life insurance subsidiary following a severe flooding in some provincial areas during 2H10; and
- Other expenses rose 11.7% yoy.

On a **quarter-on-quarter** basis, non-interest expenses rose 10.1% qoq to Baht 10,799 million in 4Q10 from Baht 9,809 million in 3Q10. Key items are explained as follows:

- Personnel expenses decreased 5.4% qoq mainly due to the absence of any further accrual for performance bonus as was booked in 3Q10;
- Premises and equipment expenses increased 9.6% qoq as a consequence of continued investments in network expansion and on-going systems enhancement initiatives;
- Taxes and duties decreased 5.0% qoq, although operating income increased, as some income items were subject to lower special business tax (SBT) rate of 0.01% (vs 3% of other income items) and some items were subject to value added tax (VAT) and not SBT;
- Fee and service expenses rose 35.4% qoq alongside the higher volume of fee-based activities;
- Contribution to the Deposit Protection Agency rose 10.5% qoq alongside the expansion of the Bank's deposit base;
- Underwriting expenses increased 9.7% qoq mainly from flood damage claims of the Bank's non-life insurance subsidiary following a severe flooding in some provincial areas during 2H10;
- Other expenses rose 39.1% qoq due to the seasonally higher marketing and promotional expenses.

In 2010, the cost to income ratio was 50.0%, declining from 51.5% recorded in 2009. This level was well below the Bank's full-year cost to income ratio target of 51%. It should be noted that the consolidated cost to income ratio is distorted by the consolidation of the Bank's non-life insurance subsidiary, SCB Samaggi Insurance. If the non-life insurance subsidiary is excluded, the ratio would be even lower at 48.8% in 2010.

The Bank expects cost to income ratio for 2011 to remain at 50% supported by strong loan growth and fee income growth. The Bank's capital expenditure continues to be in line with levels established in prior periods, undertaken to support the ongoing investment in network expansion and planned systems enhancement initiatives required in the rapidly changing competitive landscape. The outlay on these investments is unlikely to have significant impact to the cost to income ratio level over the next few quarters.



4. Loan loss provisions

The Bank's current provisioning policy is to set aside provisions of approximately Baht 1,200 million per quarter, down from the Baht 1,500 million used during 4Q08-3Q09, given the improved economic conditions and as asset quality concerns recede.

On a **bank only** basis, the Bank set aside Baht 4,800 million of loan loss provisions in 2010. On a **consolidated** basis, the provision was Baht 4,661 million in 2010, which was lower than provisions on a bank only basis, mainly due to a clawback of provisions at Siam Commercial Leasing (SCBL) given improvements to its portfolio quality. The Bank's total allowance for doubtful accounts at the end of December 2010 stood at Baht 41,595 million, a decrease from Baht 42,894 million at the end of December 2009, while NPLs declined from Baht 44,958 million (4.41%) at the end of 2009 to Baht 38,684 million (3.25%) at the end of December 2010, even as the coverage level over these NPLs increased from 95.4% to 107.5% at the end of December 2010.

Balance sheet as of December 31, 2010 (Consolidated basis)

As of December 31, 2010, the Bank reported total assets of Baht 1,476,764 million, an increase of Baht 182,717 million (14.1%) yoy from Baht 1,294,047 million at the end of 2009. Details of the consolidated balance sheet are as follows:

1. Loans and Deposits

As of December 31, 2010, total outstanding loans stood at Baht 1,058,574 million, an increase of Baht 118,336 million (12.6%) yoy from Baht 940,238 million at the end of 2009. On a quarter-on-quarter basis, loans grew 7.1% from Baht 988,484 million at the end of September 2010. In 2010, loan growth was broad based and well above the Bank's full year loan growth target of 7-10%. The strong growth was the direct result of the Bank's market-share growth strategies adopted for 2010. Loans written-off amounted to Baht 6,639 million in 2010.

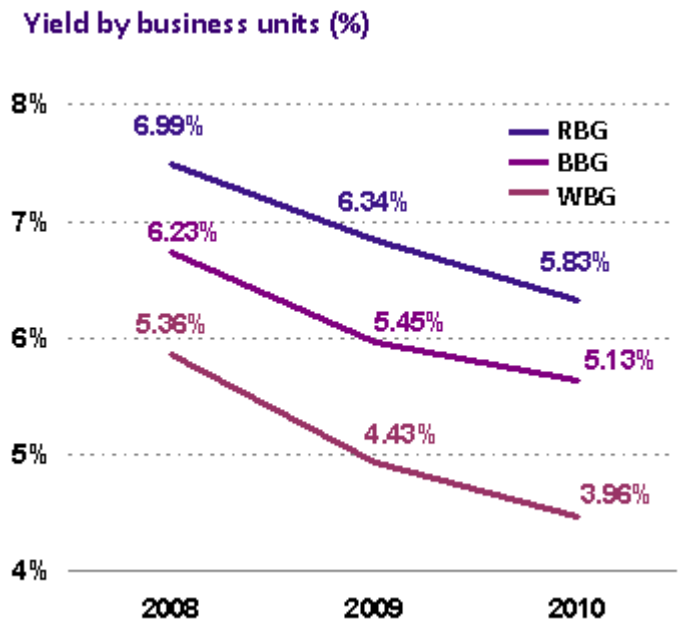
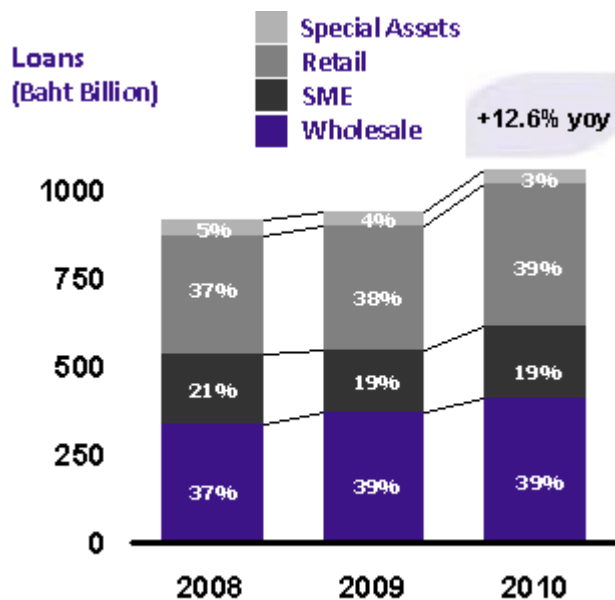
Additional details of loan breakdown by business units are as follows:

- **Wholesale Banking** loans rose 11.0% yoy and 9.1% qoq. The strong growth in wholesale loans reflects the success of the Bank's pro-active strategy to capture market share in the blue-chip corporates & public sector segments;
- **Business Banking** loans, or loans to SMEs, rose 14.4% yoy and 9.0% qoq, following the launch of the Bank's new business model and specific strategies to better penetrate the SME segments at the beginning of the year, particularly at the smaller end of this segment. The strong growth in SME loans was mainly from the successful launch of special campaigns with bundled products designed to appeal to this segment;
- **Retail Banking** loans increased 15.6% yoy and 5.2% qoq.
 - **Housing loans** rose 10.3% yoy and 2.1% qoq. Housing loans grew strongly in 1H10 driven by the combined effect of three factors: the low interest rate environment, the Government's tax incentives for the purchase of new homes which ended in June 2010, and the Bank's ability to leverage its business platform to process record-high housing loans volumes. However, housing loans grew more modestly in 2H10 following the expiration of the Government's tax incentive.
 - **Hire purchase loans** increased 28.9% yoy and 8.8% qoq as a result of the Bank's new growth-oriented strategy to enhance business volumes and market share in this segment. Strong hire purchase loan growth also benefited from Thailand's robust vehicle sales growth;
 - **Other loans** (largely personal and credit card loans) increased 20.0% yoy and 11.4% qoq mainly from sharp increases in personal loans as the Bank expands its market share in this segment.

Unit: Million Baht

Loans	Dec 31, 10	Dec 31, 09	% yoy	Sep 30, 10	% qoq
Good Bank	1,022,664	901,110	13.5%	951,316	7.5%
Wholesale	411,710	370,954	11.0%	377,284	9.1%
SME	199,741	174,577	14.4%	183,304	9.0%
Retail	411,213	355,579	15.6%	390,728	5.2%
- Housing loans*	240,835	218,418	10.3%	235,988	2.1%
- Hire purchase	83,598	64,835	28.9%	76,844	8.8%
- Others loans	86,779	72,327	20.0%	77,896	11.4%
Special assets group	35,910	39,127	-8.2%	37,168	-3.4%
Total loans	1,058,574	940,238	12.6%	988,484	7.1%

* Classified by business units. Covers only housing loans booked under the Retail Banking unit. If classified as a product the total housing loans portfolio at December 31, 2010 stood at Baht 280,557 million. Other categories included housing loans extended to business owners, staff housing loans, and housing loans transferred to the Special assets group.



As noted in the table below, loans to manufacturing and commercial sectors continued to account for the largest portion of the total loan portfolio while housing loans made up the second largest portion. Other loans, comprising mostly hire purchase, credit card and personal loans, recorded the highest growth of 22.0% yoy, followed by manufacturing and commercial loans of 17.8% yoy. On quarter-on quarter basis, manufacturing and commercial loans recorded the highest growth of 13.0%.

The Bank's key growth strategies for 2010 to expand market shares in the blue-chip corporates, SMEs, and automobile hire purchase segments yielded strong results as evidenced by strong overall loan growth of 12.6% yoy in 2010. The Bank's key 'delta growth' drivers for 2011 continue to be these three key areas

which will enable the Bank to obtain market share growth over and above 'business as usual' and to achieve the 2011 loan growth target of 10-12%.

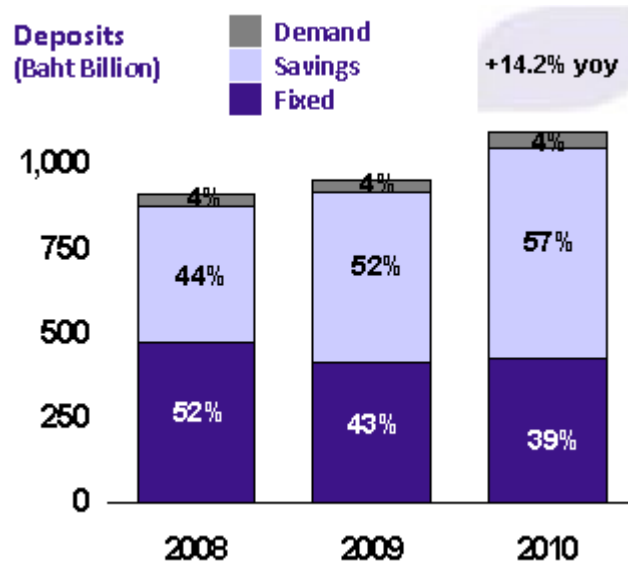
Unit: Million Baht

(Consolidated)	Dec 31, 10	Dec 31, 09	% yoy	Sep 30, 10	% qoq
Agricultural and mining	11,462	13,524	-15.2%	13,325	-14.0%
Manufacturing and commercial	404,962	343,741	17.8%	358,427	13.0%
Real estate and construction	76,193	74,769	1.9%	75,544	0.9%
Utilities and services	127,371	126,760	0.5%	122,647	3.9%
Housing loans*	280,557	251,869	11.4%	275,529	1.8%
Others	158,029	129,575	22.0%	143,012	10.5%
Total loans	1,058,574	940,238	12.6%	988,484	7.1%

* Classified by sector/product.

As of December 31, 2010, **deposits** stood at Baht 1,092,138 million, up 14.2% yoy from Baht 955,976 million at the end of 2009. On a quarter-on-quarter basis, deposits rose 8.8%. The strong growth in deposit base during 2H10 was the result of the Bank's special deposit campaigns launched over the period and the continued growth of its cash management products.

Savings deposits, demand deposits and fixed deposits increased (year-on-year) by 23.4%, 13.6% and 3.2% respectively. The proportion of savings and demand deposits as a percentage of total deposit base rose significantly to 60.9% at the end of 2010 from 56.7% at the end of 2009. Also, as a result of the special deposit campaigns, and in anticipation of more upward movement in interest rates, the Bank managed to significantly shift its portfolio mix of term deposits towards more medium and longer term fixed deposits. Concurrently, Bills of Exchange (B/E), akin to an uninsured deposits, were used to attract a growing volume of High Net Worth customer deposits.



Unit: Million Baht

Deposits	Dec 31,10	Dec 31, 09	% yoy	Sep 30,10	% qoq
Demand	46,284	40,760	13.6%	41,091	12.6%
Savings	619,038	501,640	23.4%	575,992	7.5%
Fixed	426,816	413,576	3.2%	386,281	10.5%
- Less than 6 months	155,808	199,023	-21.7%	147,909	5.3%
- 6 months and up to 1 year	65,590	27,953	134.6%	71,911	-8.8%
- Over 1 year	205,419	186,600	10.1%	166,462	23.4%
Total Deposits	1,092,138	955,976	14.2%	1,003,365	8.8%
Bill of Exchange (B/E) (Consolidated)	41,902	18,802	122.9%	44,003	-4.8%
Gross Loans to Deposits Ratio (Consolidated)	96.9%	98.4%		98.5%	
Gross Loans to Deposits and B/E (Consolidated)	93.3%	96.5%		94.4%	

In 2H10, the Bank was successful in growing its deposits base through special deposit campaigns and leveraging its strong retail franchise. As a result, the **loan to deposit** ratio on a consolidated basis stood at 96.9% as of December 31, 2010, a decline from 98.4% in 2009. Also, loan to deposits and B/E ratio declined to 93.3%, from 96.5% in 2009. Given ample liquidity in the market at the moment, the Bank is comfortable with maintaining the loan to deposit (including B/E) ratio in the mid 90s%.

2. Investments

Investments fell 7.1% **yoy** to Baht 153,746 million at the end of 2010 from Baht 165,419 million at the end of 2009, mainly due to a decrease in investment in bonds issued by the Bank of Thailand (BOT) and bonds issued by the government. On a **quarter-on-quarter** basis, investments rose 5.5% on the back of the increase in investments in BOT and government bonds as part of the Bank's adjustment of its investment portfolio in the current quarter.

Unit: Million Baht

	Dec 31, 10	Dec 31, 09	% yoy	Sep 30, 10	% qoq
- Short-term investment-net	68,455	57,052	20.0%	50,757	34.9%
- Long-term investment-net	80,040	103,643	-22.8%	89,993	-11.1%
- Investment in associated companies-net	5,251	4,723	11.2%	5,012	4.8%
Total Investments-net	153,746	165,419	-7.1%	145,763	5.5%

3. Borrowings

Borrowings increased 9.5% yoy to Baht 62,609 million at the end of 2010, largely due to the issuance of Bills of Exchange (B/E) issued by the Bank which were partly offset by the maturing of promissory notes issued by the Bank's subsidiary, SCBL. Borrowings decreased 6.9% qoq largely due to the maturing of short-term subordinated debentures and B/E. (The B/E are akin to an uninsured deposit which have gained in popularity among the High Net Worth customers in recent years due to a higher yield when compared to

fixed term deposits. As these instruments are not-insured, the Bank does not need to pay the contribution fee to the Deposit Protection Agency and some of this benefit is passed on to holders of these instruments).

4. Shareholders' equity

As of December 31, 2010, shareholders' equity stood at Baht 154,316 million, a 10.1% yoy increase of Baht 14,176 million from Baht 140,140 million at the end of 2009, mainly from the net profit for the period. The net profit appropriations were reduced by the dividend payment of Baht 8,498 million (Baht 2.50 per share or dividend payout ratio of 40.9%) in accordance with the resolution of the Shareholder's Annual General Meeting in April 2010 and an interim dividend payment of Baht 3,399 million (Baht 1.00 per share or dividend payout ratio of 29.1% of 1H10 net profit) in accordance with the resolution of the Board of Directors Meeting in August 2010. Shareholders' equity increased 3.0% qoq or by Baht 4,509 million from the end of September 2010, largely attributable to 4Q10 net profit of Baht 6,036 million which was partly offset by Baht 639 million decrease in the revaluation surplus on available-for-sale investments.

Book value per share as of December 31, 2010 was Baht 45.40 (3,399 million ordinary and preferred shares at the end of December 2010), up from Baht 41.23 at the end of 2009.

Off Balance Sheet: Contingencies

As at December 31, 2010, the Bank and its subsidiaries had combined contingencies of Baht 3,041,817 million, up by Baht 894,377 million (41.6% yoy) from Baht 2,147,440 million at the end of 2009. The increase in contingencies was mainly because of the increase in exchange rate contracts and interest rate contracts, which are part of the risk management products and services offered to customers and make up the majority of the Bank's total contingencies.

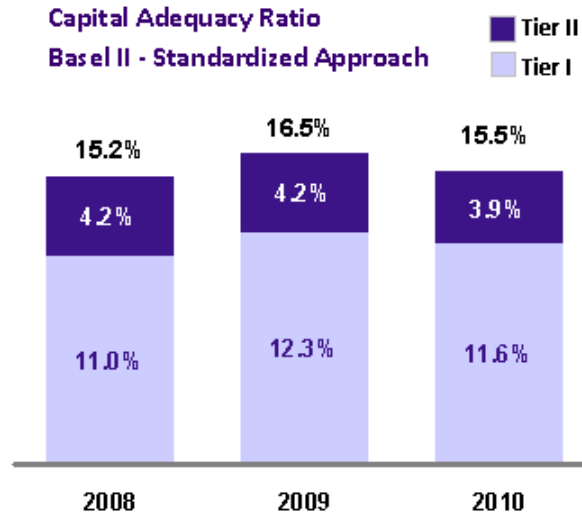
Unit: Million Baht

(Consolidated)	Dec 31, 10	Dec 31, 09	% yoy	Sep 30, 10	% qoq
Aval to bills and loan guarantees	3,443	2,391	44.0%	3,002	14.7%
Liability under unmatured import bills	5,778	5,264	9.8%	5,471	5.6%
Letters of credit	13,877	11,743	18.2%	11,444	21.3%
Other contingencies	3,018,718	2,128,042	41.9%	2,571,929	17.4%
Other guarantees	102,749	100,915	1.8%	92,266	11.4%
Exchange rate contracts	986,234	879,318	12.2%	762,604	29.3%
Bought	478,885	428,063	11.9%	379,041	26.3%
Sold	507,349	451,255	12.4%	383,563	32.3%
Interest rate contracts	1,824,296	1,049,998	73.7%	1,621,498	12.5%
Bought	912,148	524,849	73.8%	810,599	12.5%
Sold	912,148	525,149	73.7%	810,899	12.5%
Equity derivatives	1,628	833	95.4%	1,628	0.0%
Bought	814	679	19.9%	814	0.0%
Sold	814	154	428.6%	814	0.0%
Credit derivatives	199	831	-76.1%	301	-33.9%
Bought	-	-	-	-	-
Sold	199	831	-76.1%	301	-33.9%
Commodity derivatives	14,794	14,842	-0.3%	8,358	77.0%
Bought	7,397	7,421	-0.3%	4,179	77.0%
Sold	7,397	7,421	-0.3%	4,179	77.0%
Amount of unused bank overdraft	88,617	81,061	9.3%	85,034	4.2%
Others	202	244	-17.2%	241	-16.2%
Total contingencies	3,041,817	2,147,440	41.6%	2,591,847	17.4%

Statutory Capital (Bank only)

Total capital funds (Tier 1 and Tier 2) as of December 31, 2010 were at a high of 15.5% of total risk-weighted assets, representing Tier-1-capital of 11.6% and Tier-2-capital of 3.9%. The aforementioned ratios do not take into account the 2H10 net profit. The Bank's Tier 1 capital comprises, substantially, tangible capital only. Should the 2H10 net profit be taken into consideration, total capital ratio and Tier 1 capital ratio would be 16.7% and 12.8%, respectively.

The Bank believes this strong capital position, together with its sound loan loss reserve coverage, are sufficient to withstand the impact of any potential shocks, which may arise if the economic recovery is stymied by unexpected events. Its solid capital position would also provide the Bank flexibility to grow its business in a timely manner as and when more growth opportunities arise in the quarters to come. The Bank believes that this strong capital position will place it at an advantageous position compared with less capitalized banks, should the regulatory regime becomes more stringent in the future. The Bank expects to maintain its aggregate capital adequacy ratio well in excess of the regulatory minimum throughout 2011.

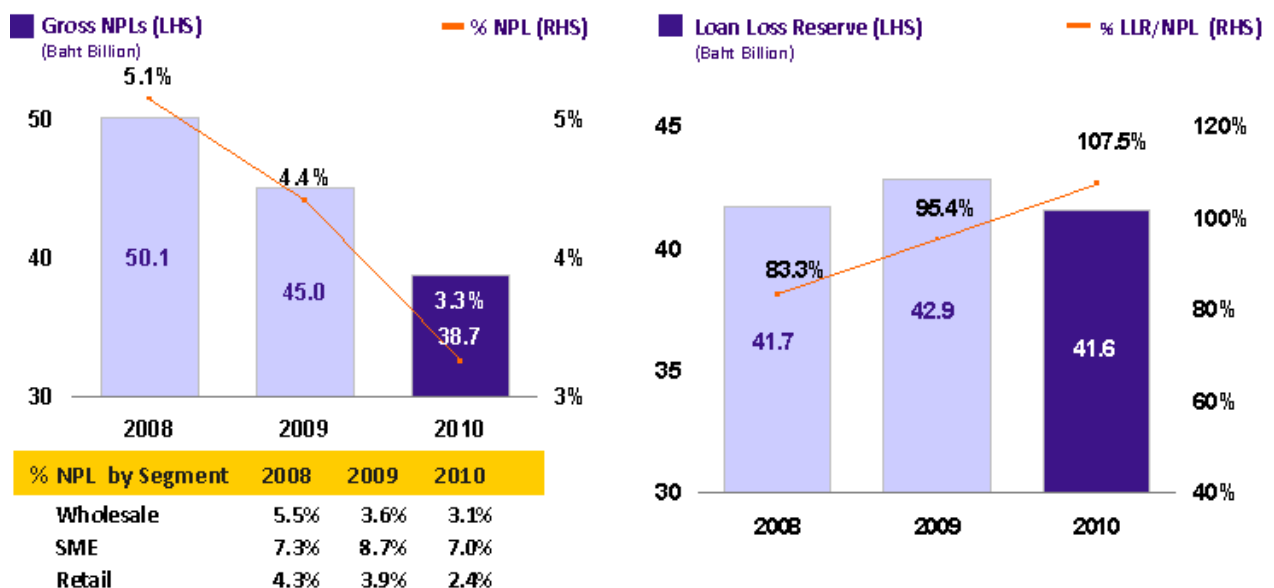


Non Performing Assets

Gross NPLs on a consolidated basis fell to Baht 38,684 million (3.25% of total loans) at the end of December 2010 from Baht 44,958 million (4.41% of total loans) at the end of 2009. Net NPLs declined to Baht 18,827 million (1.61%) at the end of December 2010 from Baht 23,203 million (2.32%) at the end of 2009. The group's asset quality improved in 2010, in part due to the Bank's pre-emptive strategies to prevent new NPL formation, improved collection and workout practice for existing NPLs and NPLs sales in 4Q10. The sharp drop in 4Q10 was facilitated by the expiry of restructuring related tax incentives on December 31, 2010.

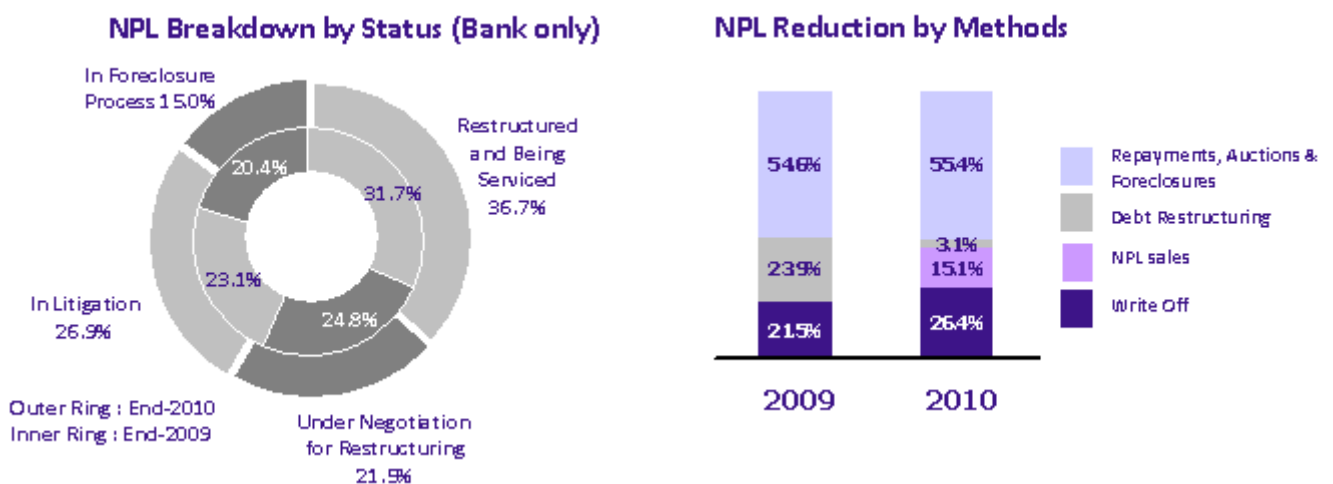
Allowance for doubtful accounts as of December 31, 2010 stood at Baht 41,595 million, a decrease of Baht 1,299 million from the end of 2009. The coverage ratio (total allowance to non-performing loans) increased to 107.5% at the end of 2010.

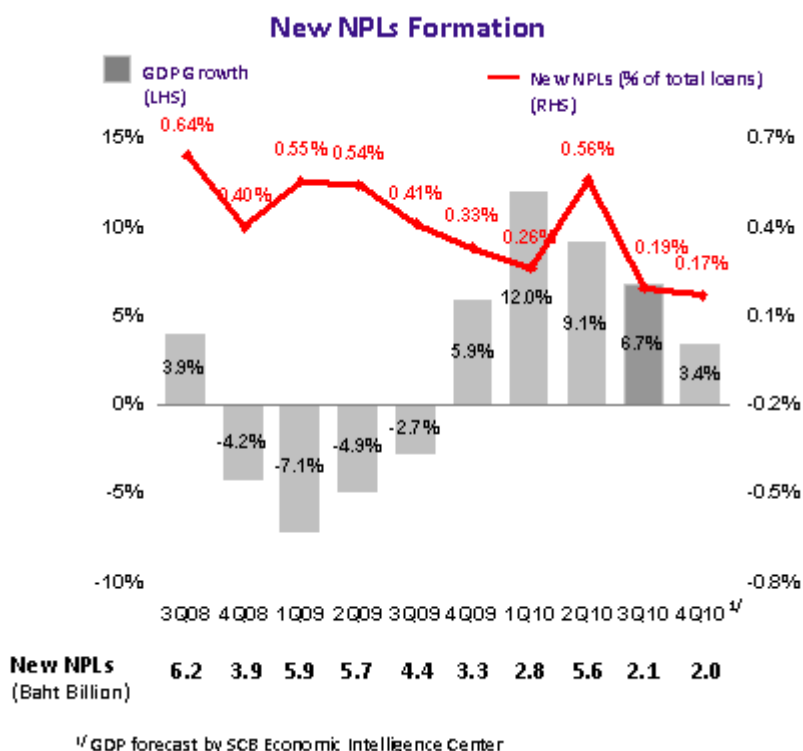
Gross NPLs on a bank only basis fell to Baht 35,688 million (3.04%) at the end of December 2010 from Baht 40,814 million (4.13%) at the end of 2009. Net non-performing loans (net NPLs) declined to Baht 17,066 million (1.48%) at the end of December 2010 from Baht 20,751 million (2.14%) at the end of 2009.



(Consolidated)	Dec 31, 10		Sep 30, 10		Dec 31, 09	
	Loan and accrued interest	Allowance for classified loans	Loan and accrued interest	Allowance for classified loans	Loan and accrued interest	Allowance for classified loans
Classified loans and allowance for doubtful accounts						
Normal	992,308	9,479	914,907	8,816	864,472	8,244
Special mention	29,338	567	31,051	596	32,601	623
Substandard	8,855	4,233	8,330	4,563	6,938	2,503
Doubtful	4,516	2,335	4,303	1,977	5,747	2,884
Doubtful loss	25,381	11,239	31,439	14,368	32,120	14,374
Total	1,060,398	27,853	990,030	30,320	941,878	28,628
Allowance established in excess of BoT regulations		13,147		13,143		13,514
Total allowance		41,000		43,463		42,142

As shown in the chart below, at the end of December 2010, NPLs that are being restructured and serviced accounted for the largest proportion of the total NPLs, followed by NPLs in litigation. For 2010, the Bank reduced its NPLs mainly through repayments, auctions and foreclosures, followed by write-off, NPL sales and debt restructuring. Other than an increase in NPL formation in 2Q10 caused by one corporate borrower who encountered cashflow problems, the new NPL formation has continued to decrease alongside the economic recovery. In the current quarter new NPL formation fell to low of 0.17%, the lowest level in recent years.





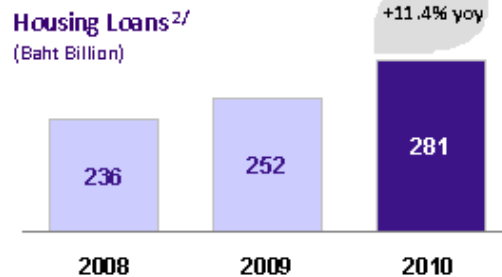
As of December 31, 2010, the Bank and its subsidiaries that are financial institutions have outstanding loans that have been restructured amounting to Baht 36,055 million in the consolidated financial statements and Baht 36,055 million for the Bank only (September 30, 2010: Baht 38,709 million and Baht 38,708 million, respectively). Some of these loans are NPLs and are already included in the NPL level noted above.

(Consolidated)		Dec 31, 10	Sep 30, 10	Jun 30, 10	Dec 31, 09
Loans to restructured debtors	Bt, million	36,055	38,709	38,560	40,795
- Restructured loans which are classified as NPL	Bt, million	11,817	12,856	12,285	13,116
- Restructured loans which are not classified as NPL	Bt, million	24,238	25,853	26,275	27,679

The Bank's foreclosed properties as at December 2010 stood at Baht 12,684 million, a decrease of Baht 306 million (2.4% yoy) from Baht 12,990 million at end of 2009.

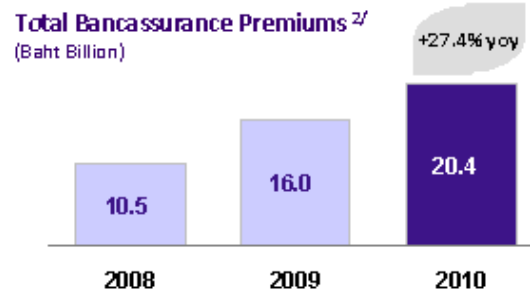
Market Positions in Key Retail Products

Mortgage Lending: Maintained dominance with approximately 29% market share ^{1/} among commercial banks



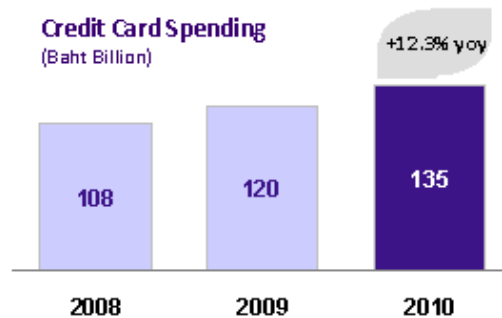
^{1/} Market share for mortgage portfolio comprised of housing loans and consuming loans
^{2/} Classified by product, including NPLs

Bancassurance: #1 with 25% market share ^{1/}



^{1/} As of Nov-10
^{2/} Total life premiums which include individual life & credit life (new premium & renewals)

Credit Card: #1 in terms of total card spending with 16.5% market share ^{1/}



^{1/} As of Nov-10

Mutual Funds: #2 with 25% market share

