

Management Discussion and Analysis

For quarter 2/2013 and first half ended June 30, 2013

The Siam Commercial Bank Public Company Limited

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For the second quarter and first half ended June 30, 2013

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Siam Commercial Bank PCL reported (audited) consolidated **net profit** of Baht 12,644 million for the second quarter of 2013. This was a 28.5% yoy increase of Baht 2,806 million from the Baht 9,838 million recorded in 2Q12. The significant **year-on-year** increase in net profit was mainly attributable to: substantially higher net interest income from robust loan growth as well as a larger component of higher yielding loans; higher net trading and FX income; and robust growth in net fee and insurance premium income.

Operating profit (excluding impairment loss and/or provisions on loans and debt securities, income tax and non-controlling interest) increased by 23.1% yoy to Baht 18,471 million from Baht 15,007 million in 2Q12 due to the substantial increases in both net interest income and non-interest income as described above.

Total comprehensive income increased 22.9% yoy to Baht 12,218 million from Baht 9,940 million in 2Q12 mainly as a result of the higher net profit for the period as described above.

Following the higher net profit, earnings per share (EPS) rose by 28.5% to Baht 3.72 in 2Q13 from Baht 2.89 in 2Q12. Return on average equity (ROAE) and return on average assets (ROAA) increased from 20.2% and 2.0% in 2Q12 to 22.2% and 2.1%, respectively.

On a **quarter-on-quarter** basis, net profit decreased marginally by Baht 472 million (-3.6% qoq) to Baht 12,644 million in 2Q13 from Baht 13,116 million in 1Q13, largely due to lower dividend income as the Bank's booked a large exceptional dividend from its equity investment portfolio in 1Q13. Also, operating profit (excluding impairment loss and/or provisions on loans and debt securities, income tax and non-controlling interest) decreased by 1.4% qoq to Baht 18,471 million in 2Q13 from Baht 18,724 million in 1Q13.

For the **first half of 2013**, net profit was Baht 25,760 million, a 29.7% increase yoy from Baht 19,862 million recorded in 1H12 primarily from higher net interest income as a result of robust loan growth, higher net fee income, higher dividend income and higher net trading and FX income. These gains were partly offset by higher prudential provisions, although loan portfolio quality continued to improve. Operating profit (excluding impairment loss on loans and debt securities, income tax and non-controlling interest) rose 25.3% yoy to Baht 37,195 million in 1H13 from Baht 29,674 million.

Net Profit and Total Comprehensive Income

Unit: Baht Million

Net Profit and Total Comprehensive Income (Consolidated)	2Q13	% qoq	% yoy	1H13	% yoy
Net interest income	17,913	3.9%	18.1%	35,150	19.8%
Non-interest income	11,870	-3.6%	20.0%	24,182	20.8%
Non-interest expenses	11,313	4.5%	12.5%	22,137	12.5%
Operating profit	18,471	-1.4%	23.1%	37,195	25.3%
Impairment loss on loans and debt securities	2,687	6.7%	13.6%	5,205	36.6%
Income tax*	2,990	0.4%	9.4%	5,969	1.9%
Non-controlling interest*	150	35.8%	112.0%	261	82.2%
Net profit (attributable to shareholders of the Bank)*	12,644	-3.6%	28.5%	25,760	29.7%
Other comprehensive income*	(425)	-137.4%	-518.2%	712	9.0%
Total comprehensive income*	12,218	-14.3%	22.9%	26,472	29.0%
EPS (Baht)*	3.72	-3.6%	28.5%	7.58	29.7%
ROE*	22.2%			23.3%	
ROA*	2.1%			2.2%	

* Following the adoption of deferred tax accounting in 2013, the prior year amounts for income tax, non-controlling interest, net profit, other comprehensive income, total comprehensive income, EPS, ROE and ROA have been restated and the above comparison is to the restated amounts. Before such restatement, the % change for income tax, non-controlling interest, net profit, other comprehensive income, total comprehensive income, EPS would be 19.7%, 112.0%, 25.5%, -531.3%, 20.1% and 25.5% on a yoy basis for the quarterly comparison.

I. Income Statement for 2Q13 (Consolidated basis)

1. Net interest income

Net interest income rose 18.1% **yoy** to Baht 17,913 million in 2Q13 from Baht 15,172 million in 2Q12. The increase in interest income was primarily a result of the robust loan growth of 16.8% yoy, a larger component of higher yield loans and a larger investment portfolio. Interest expenses increased mainly from the higher volume of deposits (+23.1% yoy), higher cost of deposit from special deposit campaigns and corresponding higher contribution to FIDF/deposit insurance fees. The increase in interest expenses was partly offset by the substantial decline in the volume of Bills of Exchange (B/Es) and the associated interest expenses on borrowings.

On a **quarter-on-quarter** basis, net interest income rose 3.9% qoq to Baht 17,913 million in 2Q13 from Baht 17,237 million in 1Q13. This increase was mainly from the higher interest income from loans which was driven by loan growth of 3.6% qoq. Interest expenses increased 8.0% qoq mainly from the higher volume of deposits (+5.2% qoq) and the higher deposit cost which was offset by the reduction in the volume of subordinated debt and Bills of Exchange.

In the **first half of 2013**, net interest income rose 19.8% yoy to Baht 35,150 million from Baht 29,342 million in 1H12 primarily due to higher interest income from the robust loan growth of 16.8% yoy, larger mix of higher yield loans and higher interest income from investments as a result of the larger investment portfolio. Interest expenses increased 21.4% yoy mainly from the increase in deposit costs on the back of a much

higher deposit base (+23.1% yoy) and higher cost of deposit which was partly offset by the decline in interest expenses on borrowings following the substantial decline in the volume of Bills of Exchange.

Unit: Baht Million

Net interest income and Yield (Consolidated)	2Q13	% qoq	% yoy	1H13	% yoy
Interest income	30,099	5.5%	20.9%	58,618	20.5%
- Loans	22,615	4.9%	17.5%	44,176	18.3%
- Interbank and money markets	1,541	28.5%	46.3%	2,741	21.8%
- Automobile and financial lease income	2,652	7.6%	37.0%	5,117	38.1%
- Investments	3,289	-0.1%	23.1%	6,582	22.7%
- Other	2	273.7%	109.3%	2	-40.9%
Interest expenses	12,185	8.0%	25.2%	23,468	21.4%
- Deposits	8,574	11.1%	41.2%	16,294	42.0%
- Interbank and money markets	524	2.9%	28.7%	1,034	30.8%
- Borrowings	1,078	-11.5%	-34.9%	2,296	-42.4%
- Contribution to the Deposit Protection Agency/FIDF	2,007	9.6%	26.0%	3,839	25.0%
- Other	2	-23.8%	197.8%	6	190.6%
Net interest income	17,913	3.9%	18.1%	35,150	19.8%
Net interest margin	3.12%	0.01%	-0.10%	3.12%	-0.09%
Yield on earning assets	5.24%	0.10%	-0.05%	5.21%	-0.11%
Yield on loans	6.23%	0.11%	0.10%	6.16%	0.10%
Yield on interbank	2.75%	0.28%	0.05%	2.84%	-0.46%
Yield on investment	2.92%	0.01%	-0.18%	2.88%	-0.29%
Cost of funds*	2.51%	0.11%	0.07%	2.45%	-0.02%
Cost of deposits**	2.49%	0.15%	0.25%	2.40%	0.17%
Spread (yield on earning assets – cost of funds)	2.73%	-0.01%	-0.12%	2.76%	-0.09%

Note Profitability ratios are calculated by averaging the beginning and ending balance for the period as the denominator.

* Cost of funds = interest expenses (including the contribution to FIDF/DPA) / interest-bearing liabilities.

** Cost of deposits includes the contribution to the Deposit Protection Agency and FIDF fee.

N.M. denotes "Not Meaningful".

Interest income in 2Q13 was Baht 30,099 million, a 20.9% **yoy** increase of Baht 5,196 million from Baht 24,903 million in 2Q12. Major highlights were as follows:

- **Interest income from loans** increased 17.5% yoy to Baht 22,615 million from both the robust loan growth of 16.8% yoy and a larger component of higher-yield loans;
- **Automobile and financial lease** income increased 37.0% yoy to Baht 2,652 million mainly from a 31.5% yoy growth in automobile loans. This was the result of both the Bank's strategy to gain market share in this segment and the growth arising from the government's tax rebate scheme for first time car buyers (although the scheme ended last year, car delivery under the scheme was allowed through to 2Q13 due to a backlog of orders at the year end);
- **Interest income from investments** increased by 23.1% yoy to Baht 3,289 million, mainly from the higher amount invested in the government bonds portfolio.

At the same time, **interest expenses** increased 25.2% yoy to Baht 12,185 million in 2Q13, mainly from the growth of the deposit base by 23.1% yoy (which includes the migration of some of the maturing B/Es) and the launch of several higher-rate deposit campaigns. Interest expenses from borrowings decreased 34.9% mainly due to the decline in the volume of B/Es. Contribution to the FIDF and Deposit Protection Agency (DPA) fee increased 26.0% yoy in line with the expansion of the Bank's deposit base over the year.

SCB Interest Rates	Jul 19, 11	Aug 31, 11	Feb 22, 12	Jul 9, 12	Oct 22, 12	Nov 2, 12	Jan 17, 13	Mar 8, 13	May 17, 13
Lending rate (%)									
MLR	7.13	7.25	7.125	7.125	7.00	7.00	7.00	7.00	7.00
MOR	7.40	7.55	7.425	7.425	7.425	7.425	7.425	7.425	7.425
MRR	7.90	8.10	8.10	8.10	8.10	8.10	8.10	8.10	8.10
Deposit rate* (%)									
Savings rate	0.87	0.87	0.75	0.75	0.75	0.75	0.75	0.75	0.75
3-month deposits	1.75-2.20	1.90-2.20	1.85-3.00	1.85-3.00	1.75-2.10	1.65-2.05	1.60-2.00	1.60-2.75	1.60-3.00
6-month deposits	2.10-2.30	2.35-2.50	2.30-2.50	2.30-3.35	2.15-2.35	2.00-2.25	2.00-2.80	2.00-2.80	2.00-3.00
12-month deposits	2.50-2.75	2.75-3.00	2.75-3.30	2.75-3.30	2.50-2.75	2.40-2.60	2.35-2.50	2.35-2.85	2.35-3.20
	Mar 9, 11	Apr 20, 11	Jun 1, 11	Jul 13, 11	Aug 24, 11	Nov 30, 11	Jan 25, 12	Oct 17, 12	May 29, 13
Policy rate (%)	2.50	2.75	3.00	3.25	3.50	3.25	3.00	2.75	2.50

* Excludes special campaigns which were generally at significantly higher rates but with different terms and other conditions to the 3, 6, 12 month term deposits.

On a **quarter-on-quarter** basis, interest income increased 5.5% qoq to Baht 30,099 million in 2Q13 from Baht 28,519 million in 1Q13. The highlights were as follows:

- **Interest income from loans** rose 4.9% qoq as a result of a 3.6% qoq loan growth in 2Q13;
- **Interest income from interbank and money markets** increased 28.5% qoq due to higher average interbank and money markets balances;
- **Automobile and financial lease** income rose 7.6% qoq mainly due to 3.5% growth in the auto loans portfolio arising from SCB's strategy to gain market share in this segment;

Interest expenses increased 8.0% qoq to Baht 12,185 million in 2Q13 from Baht 11,282 million in 1Q13 largely from the higher deposit volume as well as from the higher-rate deposit campaigns. Interest expense from borrowings decreased 11.5% qoq due to the redemption of subordinated debt and the decline in the volume of B/Es. Contribution to the Deposit Protection Agency/FIDF increased 9.6% qoq in line with the expansion of the Bank's deposit base.

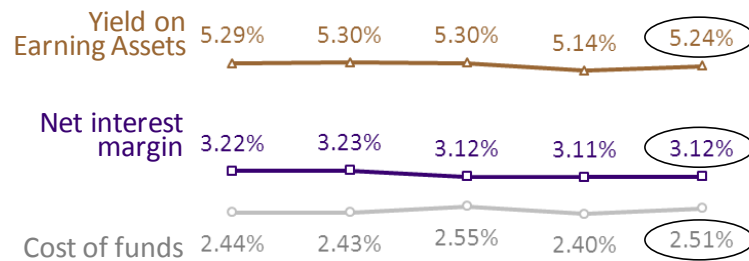
In the **first half of 2013**, interest income increased 20.5% yoy to Baht 58,618 million in 1H13 from Baht 48,666 million in 1H12. Details are as follows:

- **Interest income from loans** rose 18.3% yoy to Baht 44,176 million, due to the robust loan growth of 16.8% yoy and larger portion of higher yield loans;

- **Interest income from interbank and money markets** rose 21.8% yoy to Baht 2,741 million due to higher interbank and money markets balances in 1H13 compared to a year earlier;
- **Automobile and financial lease** income increased 38.1% yoy to Baht 5,117 million, mainly from the growth in automobile loans of 31.5% yoy;
- **Interest income from investments** increased by 22.7% yoy to Baht 6,582 million, mainly due to the larger investment portfolio and higher interest income from investments in debt securities.

Interest expenses rose 21.4% yoy to Baht 23,468 million in 1H13 from Baht 19,324 million in 1H12 largely due to a 42.0% yoy increase in deposits cost as a result of the growth of the deposit base by 23.1% yoy and the impact of higher-rate deposit campaigns launched over this period. Interest expenses from borrowings decreased 42.4% yoy mainly due to the decline in the volume of B/Es. Interest expenses from interbank and money markets increased 30.8% yoy following the higher volume of interbank borrowing. Contribution to the Deposit Protection Agency/FIDF increased 25.0% yoy in tandem with the expansion of the Bank's deposit base.

Yield of Earning Assets, NIM and Cost (Percentage)



	2Q12	3Q12	4Q12	1Q13	2Q13
Yield on Loans	6.13%	6.21%	6.20%	6.12%	6.23%
Cost of Deposits	2.24%	2.36%	2.49%	2.34%	2.49%

The net interest margin (NIM) for 2Q13 of 3.12% was 10bps lower than the NIM of 3.22% in 2Q12 as a result of lower investment yield following the policy rate cuts in 4Q12 and 2Q13 and the higher cost of funds as a result of higher cost of deposits. Despite the two policy rate cuts, the Bank's lending and deposit board rates have not been cut due to the continued tight liquidity in the market over this period. The Bank's stance has been consistent with the market as a whole. On a **quarter-on-quarter** basis, NIM was flat. Annualized NIM for 1H13 was 3.12% which was in line with the Bank's full year target range of 3.1-3.2% for 2013.

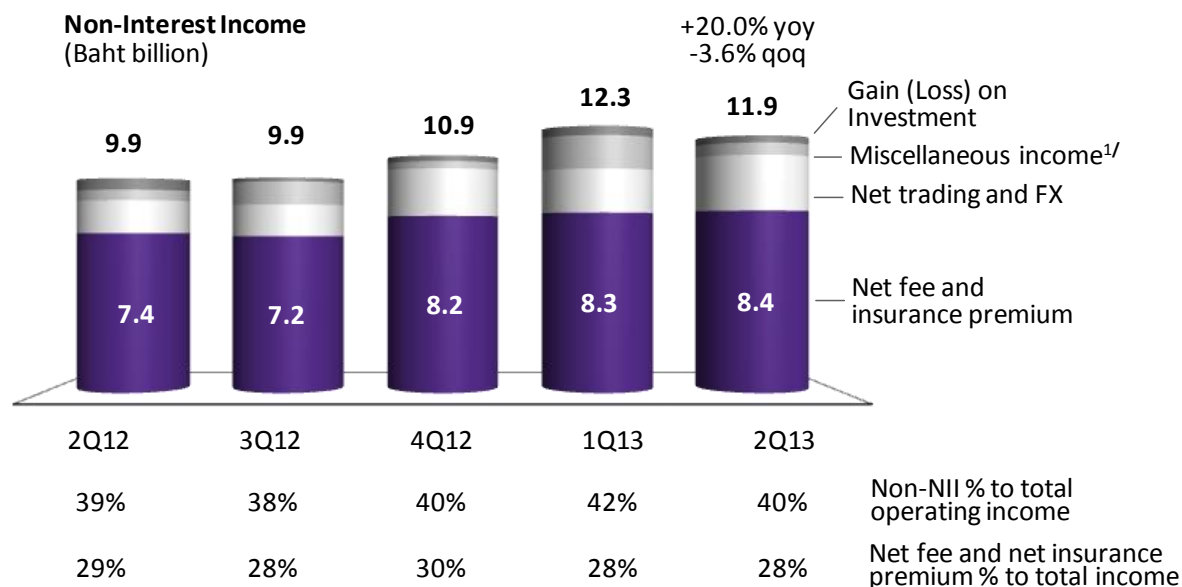
2. Non-interest income

Non-interest income rose 20.0% yoy to Baht 11,870 million in 2Q13, which was the result of solid growth in net fee and insurance premium income, as well as higher net trading and FX income. Additional details of non-interest income yoy are as follows:

- **Net fee and insurance premium income** (net of claims) increased 14.3% yoy from higher net insurance premium income (+18.0% yoy) together with the higher fees from brokerage, mutual fund products and card-related business as well as fee from loan-related transactions;
- **Net trading and FX income** increased 67.6% yoy, in part as a result of large customer transaction flow and activities in the financial markets;
- **Dividend income** increased 45.1% yoy primarily as the result of higher dividend income from the Bank's equity investment portfolio; and
- **Gain on investments** decreased 36.1% to Baht 334 million in 2Q13 compared to Baht 522 million in 2Q12.

Unit: Baht Million

Non-interest income (Consolidated)	2Q13	% qoq	% yoy	1H13	% yoy
<i>Fee and service income</i>	6,973	-4.5%	14.2%	14,277	16.7%
<i>Less fee and service expenses</i>	1,276	-2.8%	21.8%	2,590	22.3%
Net fee and service income	5,696	-4.9%	12.6%	11,688	15.5%
<i>Net earned insurance premiums</i>	11,204	-5.0%	12.2%	22,993	16.6%
<i>Less net insurance claims</i>	8,497	-10.2%	10.4%	17,963	16.3%
Net insurance premiums	2,707	16.6%	18.0%	5,029	17.5%
Net fee and insurance premium	8,403	1.1%	14.3%	16,717	16.1%
Net trading and FX income	2,572	26.8%	67.6%	4,600	19.6%
Share of profit of associates	-4	-160.9%	-18.2%	2	481.2%
Dividend income	370	-72.8%	45.1%	1,729	346.9%
Other income	195	9.7%	-16.3%	373	-28.4%
Non-interest income excluding gain on investments	11,536	-2.9%	23.1%	23,421	22.3%
Gain on investments	334	-22.0%	-36.1%	761	-11.1%
Total non-interest income	11,870	-3.6%	20.0%	24,182	20.8%



^{1/} Miscellaneous income includes income from equity interest in affiliated companies, dividends, and other income.

On a **quarter-on-quarter basis**, non-interest income decreased 3.6% qoq to Baht 11,870 million in 2Q13 from Baht 12,312 million in 1Q13 largely due to lower dividend income as the Bank booked a large exceptional dividend from an equity investment and the seasonal dividend from the Vayupak Fund in 1Q13 even as the net trading and FX income and net insurance premium grew strongly qoq. Additional analysis is as follows:

- **Net fee and insurance premium income** (net of claims) increased 1.1% qoq from higher net insurance premium income (+16.6% qoq) while net fee income fell 4.9% qoq from seasonally lower fee from the card-related business and the timing of large loan-related fee transactions;
- **Net trading and FX income** increased 26.8% qoq in part as a result of the higher value of customer initiated FX and derivatives transactions compared to the previous quarter;
- **Dividend income** decreased significantly to Baht 370 million as a result of substantial dividend income from an investment in the Bank's equity portfolio as well as the seasonal dividend income from Vayupak Fund booked in 1Q13; and
- **Gain on investments** declined 22.0% to Baht 334 million in 2Q13 compared to Baht 428 million in 1Q13.

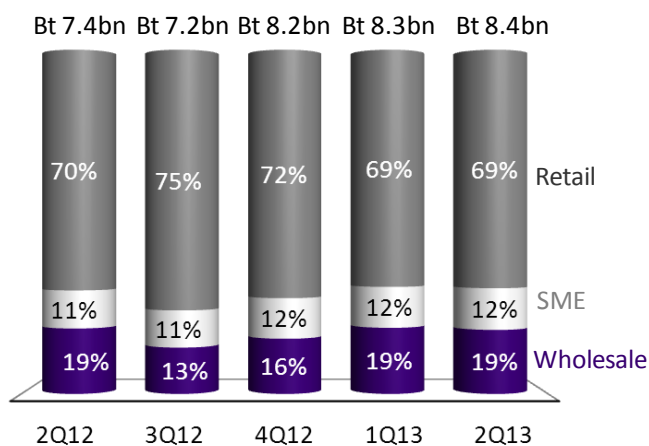
In the **first half** of 2013, non-interest income rose 20.8% yoy to Baht 24,182 million in 1H13, principally the result of strong growth in net fee and insurance premium income, higher dividend income and higher net trading and FX income. Additional details of non-interest income yoy are provided below:

- **Net fee and net insurance premium income** (net of claims) rose 16.1% yoy, driven by higher net insurance premium income (17.5%) and the higher fee income derived from brokerage, mutual fund products and card-related business as well as the higher fee from loan-related transactions;

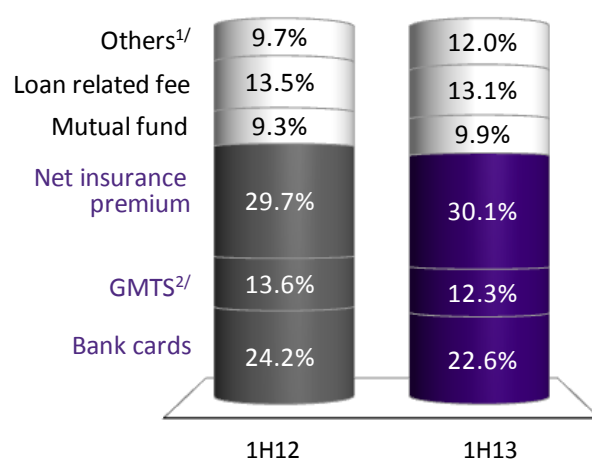
- **Net trading and FX income** increased 19.6% yoy mainly as a result of higher customer transaction flow and activities in the financial markets;
- **Dividend income** increased significantly 346.9% yoy mainly as a result of a substantial dividend from an investment in the Bank's equities holdings and higher dividend income from Vayupak Fund booked in 1Q13 (Baht 320 million in 1Q13 vs Baht 53 million in 1Q12);
- **Other income** decreased 28.4% yoy primarily from lower gains from the sale of foreclosed properties;
- **Gain on investments** decreased 11.1% yoy to Baht 761 million in 1H13 compared to Baht 856 million in 1H12.

In the first half of 2013, **non-interest income** accounted for 41% of total income, while net fee and net insurance premium income made up 28% of total income. The Retail Banking segment contributed about 69% of total net fee and insurance premium income in 1H13. Over time, the Bank expects the aggregate fee income contribution from wholesale banking and SME banking to increase through a sharper focus on fee-based activities in these business segments and this will, over the medium term, increase the proportion of fee-based income for the Bank as a whole.

Net Fee and Insurance Premium Breakdown by Business Unit (Percentage)



Net Fee and Insurance Premium Breakdown (Percentage)



^{1/} Others include brokerage fee, fund transfer, remittance, etc.

^{2/} GMTS stands for Global Markets and Transaction Services, which includes cash management, trade finance, corporate finance and corporate trust

3. Non-interest expenses

Non-interest expenses increased 12.5% yoy to Baht 11,313 million in 2Q13 from Baht 10,055 million in 2Q12. The increase is attributable to the following reasons:

- **Staff costs** increased 20.0% yoy mainly as a result of annual salary adjustments, a higher level of accrued performance bonus and the higher number of employees over this period;
- **Premises and equipment expenses** was relatively flat yoy;

- **Taxes and duties** increased 10.9% as the higher interest income from loans attracted a corresponding increase in special business tax;
- **Other expenses** rose 15.2% yoy mainly due to higher marketing expenses and losses from sale of foreclosed assets.

Unit: Baht Million

Non-interest expenses (Consolidated)	2Q13	% qoq	% yoy	1H13	% yoy
Staff costs	5,271	4.7%	20.0%	10,308	14.6%
Premises and equipment expenses	2,412	8.1%	-1.8%	4,644	2.5%
Tax and duties	993	3.5%	10.9%	1,953	11.0%
Director remuneration	5	-88.2%	-80.2%	50	-14.4%
Other expenses	2,631	3.1%	15.2%	5,182	19.6%
Total non-interest expenses	11,313	4.5%	12.5%	22,137	12.5%
Cost to income ratio	38.0%			37.3%	

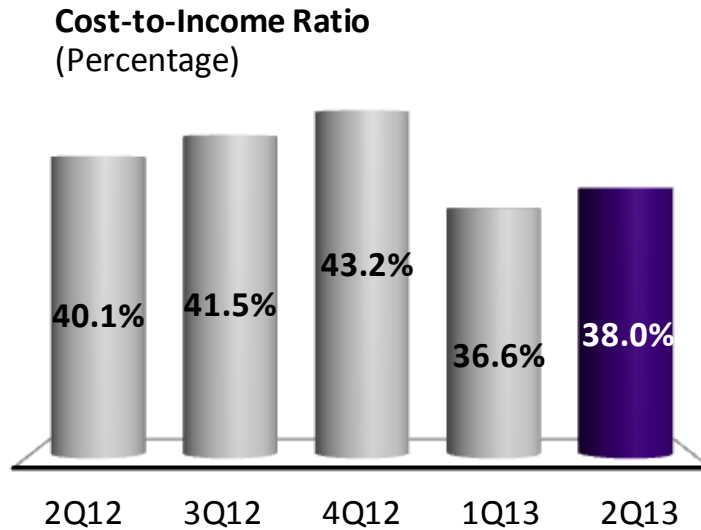
On a **quarter-on-quarter** basis, non-interest expenses increased 4.5% to Baht 11,313 million in 2Q13 from Baht 10,825 million in 1Q13. Key explanations are as follows:

- **Staff costs** increased 4.7% qoq mainly as a result of both the higher level of accrued performance bonus and the higher number of employees;
- **Premises and equipment expenses** increased 8.1% qoq to Baht 2,412 million as a result of continued investments in network expansion and the on-going systems enhancement initiatives;
- **Taxes and duties** increased 3.5% qoq as the higher interest income from loans attracted a corresponding increase in special business tax; and
- **Other expenses** increased 3.1% qoq to Baht 2,631 million from marketing expenses.

In the first half of 2013, non-interest expenses rose 12.5% yoy to Baht 22,137 million from Baht 19,679 million in 1H12, mainly due to (1) higher personnel expenses as a result of annual salary adjustments and the higher number of employees; (2) higher marketing and promotion expenses; (3) higher taxes and duties following the higher interest income from loans.

In 2Q13, the cost-to-income ratio was 38.0%, an improvement from 40.1% in 2Q12 but a slight increase from 36.6% in 1Q13. In 1H13, the cost-to-income ratio was 37.3%, an improvement from 39.9% in 1H12. Also, this was better than the 2013 full year guidance of 40-42% that the Bank provided at the start of the year.

The Bank's capital expenditure continues to be effectively managed and reflects the ongoing investment in network expansion and the strategic systems enhancement initiatives required in the rapidly changing competitive landscape. The outlay on these investments is unlikely to have a significant impact on the cost-to-income ratio level in the near future.



4. Loan loss provisions

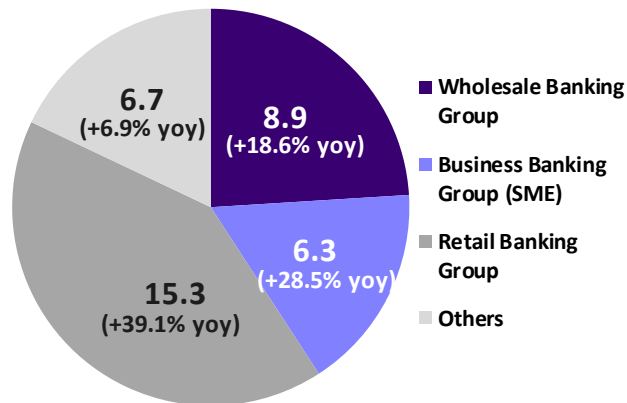
The Bank's provisioning guidance for 2013 was to set aside loan loss provisions of approximately 60-65bps of total loans outstanding on a bank-only basis. These credit costs incorporates a reasonable level of prudential provisions for future uncertainties. On a **bank only** basis, the Bank set aside Baht 2,700 million of impairment loss provisions on loans for 2Q13 – at the higher end of its guidance. On a **consolidated** basis, the provision was Baht 2,687 million in 2Q13, which was lower than provisions on a bank only basis, mainly due to a clawback of provisions at the Bank's subsidiaries. The Bank's total allowance for doubtful accounts at the end of June 2013 stood at Baht 55,489 million, an increase from Baht 51,956 million at the end of December 2012, while total NPLs increased by Baht 2,427 million from end-2012 to Baht 38,300 million at the end of June 2013. The ratio of NPL-to-loans fell from 2.13% at end-2012 to 2.07% at end-June 2013. At the same time, the coverage level for NPLs was almost the same - 144.9% in 2Q13 from 144.8% at end 2012.

5. Segments analysis

The Bank has four business segments: Wholesale Banking Group (WBG) which serves corporate and commercial customers; the Business Banking Group (BBG) which serves SME customers; the Retail Banking Group (RBG) which serves individuals and small business; and the Special Business Group (SBG) which is responsible for all NPL resolution. In addition, the Bank has four major subsidiaries: SCB Securities Co., Ltd.; SCB Asset Management Co., Ltd.; The Siam Commercial Samaggi Insurance PCL; and SCB Life Assurance PCL. The results of the four subsidiaries together with the income from the Banks' investments, interbank and money market are presented under the "Others". Although the fee income earned by

subsidiaries is reflected under “Others”, this income is allocated back to the appropriate business segment (WBG, BBG or RBG) and disclosed earlier under the Non-interest income section.

1H13 Operating profit by segments
(Baht billion)



“Others” comprises of operating income from the Bank’s subsidiaries, investment, interbank and money market which are not allocated to a specific segment

In 1H13, 41% of the Bank’s operating profit was contributed by Retail Banking Group followed by Wholesale Banking Group (24%), Business Banking Group (17%) and “Others” (18%). Key explanations are as follows:

- Operating profit from Retail Banking Group increased significantly by 39.1% yoy to Baht 15.3 billion as a result of higher interest income from robust loan growth (24.0% yoy) especially from housing and automobile loans as well as higher fee from card-related business.
- Operating profit from Wholesale Banking Group was Baht 8.9 billion, an increase of 18.6% yoy mainly from higher fee from loan-related transactions and business cash management coupled with higher trading and FX income, and to a lesser extent due to higher interest income from loan growth of 6.8% yoy.
- Operating profit from Business Banking Group rose 28.5% yoy to Baht 6.3 billion partly due to higher interest income from robust loan growth (22.2% yoy) and partly from higher fee from loan-related transactions.
- Operating profit from “Others” increased 6.9% mainly due to higher income from the Bank’s subsidiaries (SCB Life Assurance PCL and SCB Securities Co., Ltd.)

II. Balance sheet as of June 30, 2013 (Consolidated basis)

As of June 30, 2013, the Bank's total assets stood at Baht 2,441 billion, an increase of Baht 424 billion (21.0%) yoy from Baht 2,017 billion at the end of June 2012. This increase was mainly the outcome of strong business growth over the year. Details of the consolidated balance sheet are as follows:

1. Loans

As at June 30, 2013, total outstanding loans stood at Baht 1,652 billion, an increase of Baht 237 billion (16.8%) yoy from Baht 1,415 billion at the end of June 2012, and an increase of Baht 57 billion (3.6%) qoq from Baht 1,595 billion at the end of March 2013. While the solid loan growth was broadly based across all business segments, much of the above-market growth was a result of the Bank's strategic focus on the SME, auto and housing loan segments. This growth was fuelled by a robust economic environment, the impact of certain government policies such as the incentive scheme for first-time new car buyers as well as market share expansion strategies of the Bank.

The loan growth of 16.8% yoy in 2Q13 was ahead of the Bank's full year target of 12-15% but the Bank has reaffirmed its guidance on the expectation of a significantly slower rate of loan growth in the second half for the market, particularly in specific segments such as auto lending where the government's incentive scheme will no longer be available.

1.1 Loans by segment

Unit: Baht Million

Loans by segments (Consolidated)	Jun 30, 13	Mar 31, 13	% qoq	Jun 30, 12	% yoy	Dec 31, 12	% ytd
Wholesale	603,827	591,146	2.1%	565,227	6.8%	594,889	1.5%
SME	331,001	316,490	4.6%	270,814	22.2%	299,166	10.6%
Retail	717,535	686,881	4.5%	578,527	24.0%	653,431	9.8%
- Housing loans*	453,985	433,570	4.7%	374,782	21.1%	407,582	11.4%
- Automobile	189,627	183,127	3.5%	144,242	31.5%	172,735	9.8%
- Others loans	73,923	70,184	5.3%	59,503	24.2%	73,113	1.1%
Total loans	1,652,363	1,594,517	3.6%	1,414,569	16.8%	1,547,486	6.8%

* Includes all home mortgage loans, some of which may be from segments other than retail.

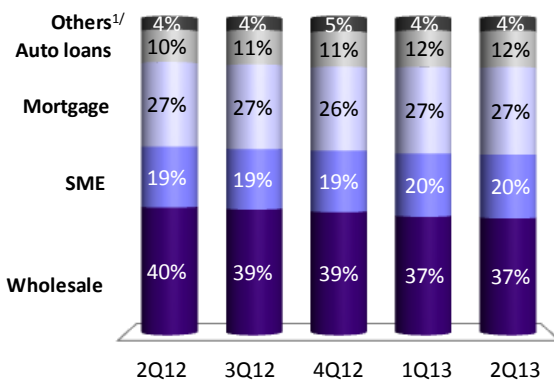
Details of the loan breakdown by customer segment are as follows:

- **Wholesale** loans increased by 6.8% yoy and 2.1% qoq in line with the Bank's strategy to grow in line with the market growth rate in this segment;
- **SME** loans rose 22.2% yoy and 4.6% qoq. This strong growth was the result of successful execution of the Bank's strategy to better penetrate the SME marketplace, particularly at the mid-size and smaller end of this segment. The introduction of new products and the expansion of the nationwide footprint to better reach SME clientele contributed to the improved market positioning of the Bank in the SME segment;
- **Retail** loans grew robustly by 24.0% yoy and 4.5% qoq:

- **Housing loans** increased 21.1% yoy and 4.7% qoq, driven by the strong SCB brand in the housing loan market, an increasingly effective customer segmentation approach, and the growing popularity of the “My Home My Cash” product (similar to a home equity loan);
- **Automobile loans** grew 31.5% yoy and 3.5% qoq as a result of the Bank’s strategic focus on this segment, the robust growth in new automobile sales under government’s incentive scheme for first-time buyers of new cars (which ended in 2012 but deliveries were allowed through to the end of 2Q13 due to a backlog of orders at the year-end);
- **Other loans** (largely personal and credit card loans) increased 24.2% yoy and 5.3% qoq in line with higher consumer demand and the Bank’s strong retail footprint.

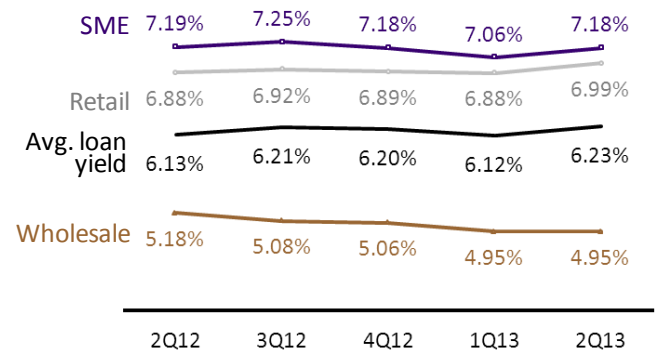
As a result of the strategic focus and consequent market share gains in the Retail and SME segments, 63% of total loans are now in these segments as compared to 60% in 2Q12. Furthermore, within the Retail segment, the proportion of higher yield products such as home equity loans have also increased. Together these led to a 10bps increase in overall yield to 6.23% in 2Q13 from 6.13% in 2Q12 despite two interest rate cuts over this period.

Loan breakdown
(Percentage)



^{1/} Others includes mainly credit cards and unsecured consumer loans

Yield on Loans by Segment
(Percentage)



Yield on Selected Retail Products (%)

Product	2Q12	3Q12	4Q12	1Q13	2Q13
Mortgage	6.0%	6.1%	6.1%	6.0%	6.1%
Auto Loans	5.7%	5.6%	5.6%	5.6%	5.7%

1.2 Loans by sector/product

Unit: Baht Million

Loans by sector (Consolidated)	Jun 30, 13	Mar 31, 13	% qoq	Jun 30, 12	% yoy	Dec 31, 12	% ytd
Agricultural and mining	21,036	19,329	8.8%	12,560	67.5%	12,889	63.2%
Manufacturing and commercial	569,752	548,853	3.8%	497,432	14.5%	519,896	9.6%
Real estate and construction	118,237	116,956	1.1%	107,527	10.0%	115,502	2.4%
Utilities and services	221,006	217,887	1.4%	186,625	18.4%	200,982	10.0%
Housing loans*	401,067	384,720	4.2%	350,312	14.5%	371,254	8.0%
Other loans	321,265	306,772	4.7%	260,113	23.5%	326,963	-1.7%
Total loans	1,652,363	1,594,517	3.6%	1,414,569	16.8%	1,547,486	6.8%

* Classified by sector/product (excludes retail loans where customers use their home as collateral for general purpose borrowings such as a home equity loan. These loans are classified under "Other loans" in accordance with regulatory guidelines). Elsewhere in this MD&A, all housing loans are aggregated under mortgage loans and balance of such loans at the end of June 2013, March 31, 2013, June 30, 2012, and December 31, 2012 was Baht 454 billion, Baht 434 billion, Baht 375 billion and Baht 408 billion, respectively.

On a sectorial/product basis, loans to the manufacturing and commercial sectors continued to account for the largest portion of the loan portfolio followed by housing loans. In terms of absolute growth from end-2012, loans to the manufacturing and commercial sectors grew by Baht 49.9 billion (+9.6%), housing loans grew by Baht 29.8 billion (+8.0%), while utilities and services sectors grew by Baht 20.0 billion (+10.0%). However, 'other loans' declined Baht 5.7 billion (-1.7%) from December 31, 2012 as a result of repayments exceeding new loans in this category.

2. Deposits

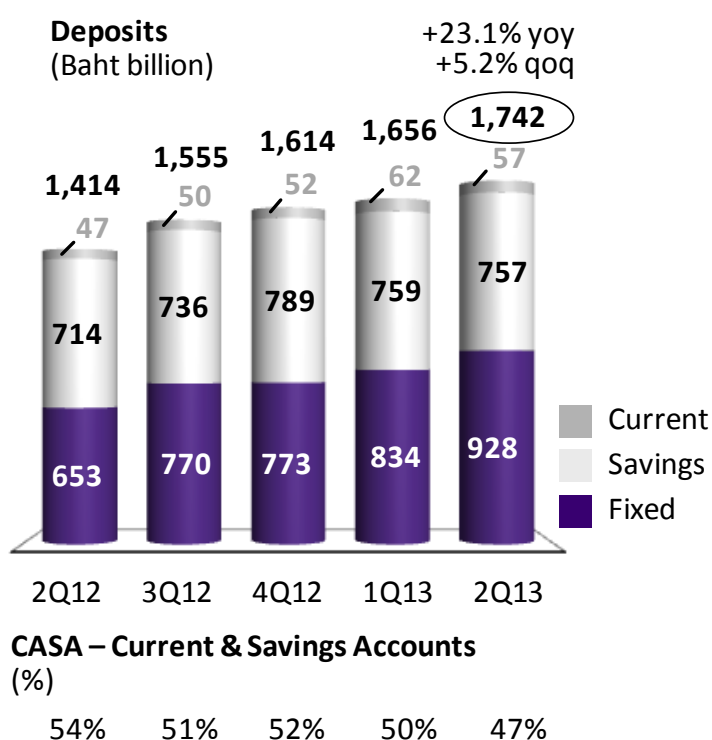
Unit: Baht Million

Deposits (Consolidated)	Jun 30, 13	Mar 31, 13	% qoq	Jun 30, 12	% yoy	Dec 31, 12	% ytd
Demand	56,625	62,258	-9.0%	47,241	19.9%	51,730	9.5%
Savings	757,383	759,430	-0.3%	714,390	6.0%	789,048	-4.0%
Fixed	927,615	834,453	11.2%	652,662	42.1%	773,281	20.0%
- Less than 6 months	191,161	262,996	-27.3%	113,727	68.1%	170,408	12.2%
- 6 months and up to 1 year	303,853	307,591	-1.2%	241,211	26.0%	319,637	-4.9%
- Over 1 year	432,601	263,866	63.9%	297,724	45.3%	283,236	52.7%
Certificate of deposits	-	-	NM	48	NM	-	NM
Total Deposits	1,741,623	1,656,140	5.2%	1,414,341	23.1%	1,614,059	7.9%
Bill of Exchange (B/E)	12,184	23,871	-49.0%	81,947	-85.1%	25,765	-52.7%
Total Deposits + B/E	1,753,807	1,680,011	4.4%	1,496,288	17.2%	1,639,824	7.0%
Gross Loans to Deposits Ratio	94.9%	96.3%		100.0%		95.9%	
Gross Loans to Deposits and B/E	94.2%	94.9%		94.5%		94.4%	

As at June 30, 2013, total **deposits** stood at Baht 1,742 billion, up 23.1% yoy from Baht 1,414 billion at the end of June 2012. On a quarter-on-quarter basis, deposits grew 5.2%. The strong growth in deposits was the result of the deposit campaigns launched over the period and the progressive shift from maturing bills of exchange (B/Es) to deposit products. As at June 30, 2013, deposits plus B/E grew 17.2% yoy and 4.4% qoq to Baht 1,754 billion.

Bills of exchange (B/Es), akin to uninsured deposits, were offered by the Bank through to end-2011 to attract a growing volume of both corporate and high net worth customers' short-term deposits. Following the new regulatory requirement effective from January 2012 banks were required to pay FIDF fees on B/Es and, essentially, this new levy negated the value proposition of B/Es. As a result, the Bank sharply curtailed the growth and/or renewal of B/Es, resulting in an 85.1% yoy and 49.0% qoq decline in B/Es in 2Q13. Many of these B/Es have been channeled to the Bank's deposit products upon maturity.

Fixed deposits, demand deposits and savings deposits increased (yoy) by 42.1%, 19.9% and 6.0% respectively – with the growth in fixed deposits benefiting from the migration from B/Es. As a consequence, the proportion of savings and demand deposits as a percentage of the total deposit base was 46.7% in 2Q13 compared to 52.1% at the end of 2012.



In 2Q13, the Bank was successful in growing its funding base to match its above average loan growth through deposit campaigns that leveraged its strong retail franchise. The **loan-to-deposit** ratio on a consolidated basis stood at 94.9% as at June 30, 2013, a decrease from 100.0% in 2Q12. The 'loan-to-deposit and B/E' ratio of 94.2% was also a bit lower from 94.5% at end 2Q12, and is within the Bank's target loan-to-deposit (including B/Es) ratio range of 94-96%.

The Bank's policy on liquidity management is to source the required level of funding to match its loan growth at an acceptable cost. The Bank's Assets and Liabilities Management Committee formulates policies on liquidity management. According to the Bank of Thailand's requirements on liquid assets, with which the Bank is in compliance, commercial banks must maintain liquid assets equal to at least 6% of total deposits.

The Bank currently maintains a daily liquidity ratio at 20% or higher – measured as total liquid assets to total deposits and B/Es. If the ratio falls below 20%, immediate corrective action is considered. As at June 30, 2013, the liquidity ratio, on a bank-only basis, stood at 26.4% and thus the Bank is assured that it will possess ample liquidity to face unexpected shocks and challenges. The Bank's stock of non-cash liquid assets consist almost entirely of Thai government bonds.

3. Investments

At the end of June 2013, the Bank's total net investments stood at Baht 455 billion, an increase of 27.6% yoy. Of this amount, 88% were investments in government and state-enterprise securities. The increase in the Bank's portfolio of government securities corresponded with the increase in total deposit volume as well as from the Bank's intent to maintain a liquidity ratio (liquid assets/deposits+B/E) of no less than 20%.

At a Bank only level, the total net investments stood at Baht 360 billion, an increase of 22.6% yoy. These investments are mainly in Thai government bonds and held primarily to provide the Bank with ample liquidity. In addition to the Bank, SCB Life Assurance Company held investments of Baht 108 billion at June 30, 2013 an increase of 26.0% yoy. A majority of these investments are also in Thai government bonds and acquired to match, to the extent possible, the maturity profile of its liabilities,

Unit: Baht Million

Investment (Consolidated)	Jun 30, 13	Mar 31, 13	% qoq	Jun 30, 12	% yoy	Dec 31, 12	% ytd
Net investment	454,523	445,908	1.9%	356,001	27.7%	458,297	-0.8%
- Trading securities	43,746	31,899	37.1%	29,369	49.0%	20,243	116.1%
- Available-for-sale securities	290,490	296,502	-2.0%	228,000	27.4%	327,750	-11.4%
- Held-to-maturity securities	119,537	116,753	2.4%	97,948	22.0%	109,550	9.1%
- General investments	750	754	-0.5%	684	9.6%	754	-0.5%
Net investment in associated companies	658	625	5.4%	687	-4.2%	647	1.8%
Total net investments	455,181	446,533	1.9%	356,688	27.6%	458,944	-0.8%

4. Debt securities in issue and borrowings

Debt securities in issue and borrowings decreased by 35.4% yoy to Baht 100 billion at the end of June 2013. This was largely due to the substantial decline in the volume of B/Es (-85.1% yoy). Although B/Es were not rolled over, the holders of these instruments were persuaded in many instances to migrate to deposit products of the Bank. Debt securities in issue and borrowings decreased 22.6% qoq, partly due to the maturing of B/E and partly due to the Baht 20 billion redemption of subordinated debenture in May 2013.

In 2012, the Bank issued Baht 20 billion in subordinated debt in 1Q12 and a further Baht 20 billion in 3Q12 to increase its Tier II capital ahead of the more stringent Basel III requirements for the issuance of qualifying sub-debt effective from 2013 onwards, partly offset by the early redemption in May 2013 of Baht 20 billion of subordinated debt issued in 2008 as this debt would not qualify as Tier II capital in future. In addition, the Bank also tapped its global medium term notes program (USD 600 million in 1Q12 and USD 500 million in 3Q12) to fund customers' foreign currency loan demand.

Unit: Baht Million

Debt securities in issue and borrowings (Consolidated)	Jun 30, 13	Mar 31, 13	% qoq	Jun 30, 12	% yoy	Dec 31, 12	% ytd
Short term debt securities in issue and borrowings	12,248	18,816	-34.9%	69,633	-82.4%	20,752	-41.0%
Long term debt securities in issue and borrowings	87,257	109,788	-20.5%	84,448	3.3%	111,825	-22.0%
Total debt securities in issue and borrowings	99,505	128,604	-22.6%	154,081	-35.4%	132,577	-24.9%

5. Net goodwill and other intangible assets

Net goodwill and other intangible assets remain relatively unchanged yoy and qoq at Baht 11 billion at end June 2013.

6. Shareholders' equity

As at June 30, 2013, shareholders' equity stood at Baht 228 billion, a 16.6% yoy increase of Baht 32 billion from Baht 196 billion at the end of June 2012, mainly from appropriations of net profit over the year. The net profit appropriated to the retained earnings was reduced by the dividend payment of Baht 11.9 billion (Baht 3.50 per share) in accordance with the resolution of the Annual General Meeting of Shareholders in April 2013 and an interim dividend payment of Baht 3.4 billion (Baht 1.00 per share) in accordance with the resolution of the Board of Directors meeting in August 2012.

Book value per share as of June 30, 2013 was Baht 67.18 (3,399 million ordinary and preferred shares at the end of June 2013), up 6.8% from Baht 62.89 at the end of 2012 and an increase of 16.6% from Baht 57.64 at the end of 2Q12.

III. Off Balance Sheet: Contingent Liabilities

As at June 30, 2013, the Bank and its subsidiaries had combined contingencies of Baht 336 billion, up by Baht 43 billion (14.6% yoy) from Baht 293 billion at the end of June 2012 and 0.2% qoq. The increase in contingencies was mainly from guarantees, undrawn bank overdraft facilities, aval to bills and receivables/payables from investments as indicated in the table below.

Unit: Baht Million

Contingent liabilities (Consolidated)	Jun 30, 13	Mar 31, 13	% qoq	Jun 30, 12	% yoy	Dec 31, 12	% ytd
Aval to bills	5,819	4,486	29.7%	2,956	96.9%	3,487	66.9%
Guarantees of loans	217	492	-55.9%	307	-29.3%	578	-62.5%
Liability under unmatured import bills	7,101	9,247	-23.2%	7,628	-6.9%	8,413	-15.6%
Letters of credit	19,353	17,956	7.8%	18,306	5.7%	16,502	17.3%
Other contingencies							
Receivables/payables from investments	23,157	13,319	73.9%	20,476	13.1%	6,482	257.3%
Other guarantees	153,433	165,382	-7.2%	129,336	18.6%	159,907	-4.0%
Amount of unused bank overdraft	127,121	124,645	2.0%	114,104	11.4%	122,089	4.1%
Others	60	73	-17.8%	209	-71.3%	95	-36.8%
Total contingent liabilities	336,261	335,600	0.2%	293,323	14.6%	317,553	5.9%

IV. Statutory Capital

The Bank has adopted Basel III on a consolidated basis since January 1, 2013. The impact from adopting Basel III is positive to the Bank's Common Equity Tier 1 (CET1) as the Bank is exempted from capital deductions for qualifying investment outside scope of up to 10% of CET1 under Basel III (In Basel II there is no such exemption). Further, certain elements within other comprehensive income (OCI) such as revaluation gains on certain investments and properties have been reclassified from Tier 2 under Basel II to CET1 and will be counted as regulatory capital in accordance with the Basel III guidelines. (The current minimum regulatory capital requirement under Basel III comprises of CET1 ratio of not less than 4.5%, total Tier 1 ratio of not less than 6%, and total capital ratio of not less than 8.5%).

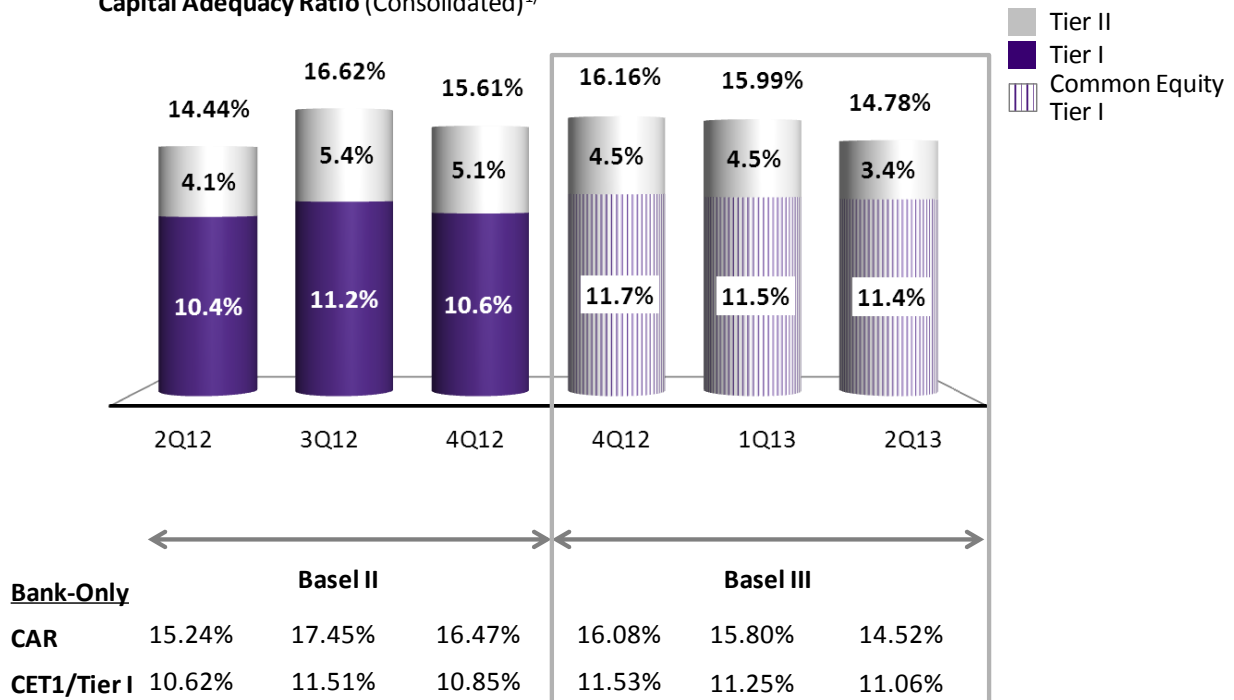
On a consolidated basis under Basel III, total capital funds (Tier 1 and Tier 2) stood at 14.78% of total risk-weighted assets, comprising CET1 capital of 11.36% and Tier-2 capital of 3.42%. On a bank-only basis, total capital funds at end-2Q13 stood at 14.52% of total risk-weighted assets, of which CET1 was 11.06% and Tier-2 capital was 3.46%. Tier-2 capital declined mainly due to the redemption in May 2013, of Baht 20 billion subordinated debt issued in 2008. Appropriation of 1H13 net profit was not included in this computation under BOT guidelines. If included, the total capital ratio and CET1 capital ratio under Basel III on a consolidated basis would be 16.34% and 12.91% respectively and for the Bank it would be 16.09% and 12.64% respectively. (The Bank's Tier 1 capital comprises, substantially, of tangible equity only).

The Bank believes this strong capital position, together with its sound loan loss reserve coverage are sufficient to withstand the impact of potential shocks which may arise if Thai economic growth is hampered by unexpected events. This solid capital position also provides the Bank with flexibility to grow its business in a timely manner as and when more growth opportunities arise in the future. The Bank expects to maintain its aggregate capital adequacy ratio well in excess of the regulatory minimum throughout 2013.

Statutory Capital (Bank only)		Jun 30, 13 (Basel III)	Dec 31, 12 (Basel II)	Jun 30, 12 (Basel II)
Common Equity Tier-1 / Tier 1*	Bt, million	183,266	165,038	147,506
	% of RWA	11.06%	10.85%	10.62%
Tier-2 capital	Bt, million	57,250	85,515	64,160
	% of RWA	3.46%	5.62%	4.62%
Total capital	Bt, million	240,516	250,553	211,666
	% of RWA	14.52%	16.47%	15.24%
Risk-weighted assets	Bt, million	1,656,276	1,521,035	1,388,980

* CET1 under Basel III framework was adopted in Thailand from January 1, 2013

Capital Adequacy Ratio (Consolidated)^{1/}



^{1/} Previous quarterly presentations reported data on bank-only basis but from Jan 1, 2013, the Bank adopted Basel III consolidated basis as the norm. Hence, the comparatives are now presented on a consolidated basis.

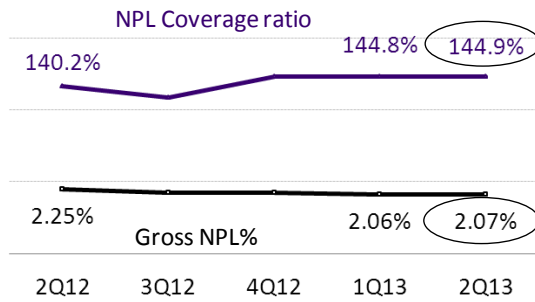
V. Non Performing Assets

Gross NPLs on a consolidated basis fell to 2.07% of total loans (Baht 38.3 billion) at the end of June 2013 from 2.25% (Baht 34.7 billion) of total loans at the end of June 2012, and from 2.13% of total loans (Baht 35.9 billion) at the end of 2012. The increase in absolute amount of gross NPLs this quarter mainly stemmed from retail loans, with marginal increases in housing and auto loans NPLs. The rise in housing loan NPLs was compensated by the higher yield from this portfolio in this quarter. The rise in auto loan NPLs was attributable to the Bank's strategy to gain market share in the used car segment, which also has a higher yield and resulted in an increase in overall blended yield for the auto loans portfolio. Net NPLs also fell to 0.94% (Baht 17.3 billion) at the end of June 2013 from 1.05% (Baht 15.9 billion) at the end of June 2012.

Non-Performing Loans and Allowance (Consolidated)		Jun 30, 13	Dec 31, 12	Jun 30, 12
Non-Performing Loans (Gross NPLs)	% of total loans	2.07%	2.13%	2.25%
	Bt, million	38,300	35,873	34,663
Allowance for doubtful accounts*	Bt, million	55,066	51,510	48,011
Allowance for revaluation of debt restructuring	Bt, million	423	446	574
Total allowance for doubtful accounts and revaluation of debt restructuring	Bt, million	55,489	51,956	48,585
Total allowance to NPLs		144.9%	144.8%	140.2%

* Excluding interbank

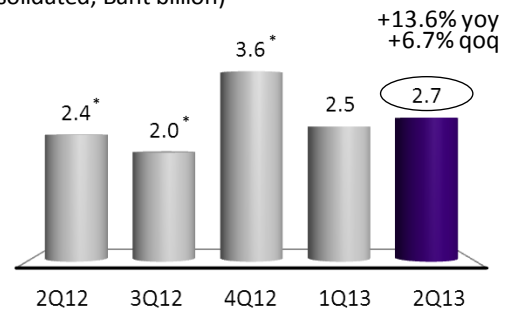
Gross NPL ratio & NPL Coverage ratio
(Percentage)



NPL by Segment and by Product

	2Q12	3Q12	4Q12	1Q13	2Q13
Wholesale	2.1%	2.0%	2.0%	2.0%	1.9%
SME	4.7%	4.6%	4.0%	3.6%	3.6%
Retail	1.8%	1.8%	1.9%	2.0%	2.1%
Mortgage	1.8%	1.9%	2.0%	2.0%	2.1%
Auto Loans	2.0%	1.9%	2.1%	2.2%	2.3%

Provisions
(Consolidated, Baht billion)



* Includes additional one-time provisions of Baht 1.0 billion in 2Q12, Baht 1.0 billion in 3Q12, and Baht 2.0 billion in 4Q12 on a bank basis.

	2Q12	3Q12	4Q12	1Q13	2Q13
Credit Costs (bps)	68	56	94	64	66

Allowance for doubtful accounts as of June 30, 2013 stood at Baht 55 billion, an increase of Baht 3 billion from Baht 52 billion at the end of 2012. The coverage ratio (total allowance to non-performing loans) was stable at 144.9% at the end of June 2013.

Gross NPLs on a bank-only basis fell to 1.96% (Baht 36.1 billion) at the end of June 2013 from 2.01% (Baht 33.6 billion) at the end of 2012. Net NPLs fell to 0.94% (Baht 17.0 billion) at the end of June 2013 from 0.99% (Baht 16.4 billion) at the end of 2012.

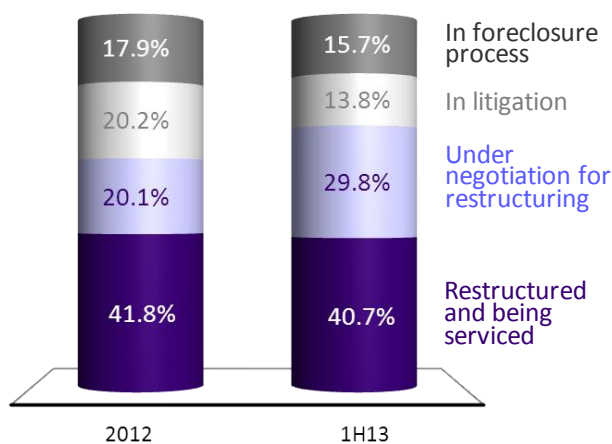
Special mention loans stood at Baht 31.7 billion at end June 2013 an increase of Baht 6.4 billion from end of 2012. Similarly, the increase in special mention loans this quarter arises mainly because of the Bank's shift to higher yield/higher risk retail products. The Bank believes that the risk/return from this business will meet its return on capital criteria on a risk adjusted basis.

Unit: Million Baht

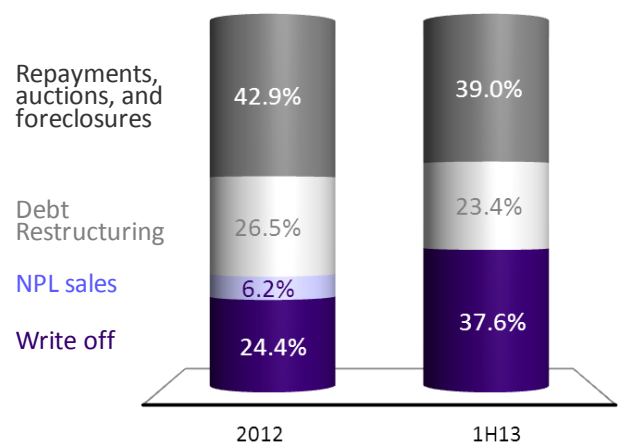
Classified Loans and Allowance for Doubtful Accounts (Consolidated)	Jun 30, 13		Dec 31, 12		Jun 30, 12	
	Loan and accrued interest	Allowance for classified loans	Loan and accrued interest	Allowance for classified loans	Loan and accrued interest	Allowance for classified loans
Normal	1,585,847	15,246	1,489,739	14,284	1,362,291	13,201
Special mention	31,670	1,525	25,278	1,211	20,952	403
Substandard	9,959	4,501	9,878	4,099	4,996	2,376
Doubtful	5,992	1,989	4,463	1,541	4,043	1,637
Doubtful loss	22,410	14,377	21,591	13,359	25,704	14,904
Total	1,655,878	37,638	1,550,949	34,494	1,417,986	32,521
Allowance established in excess of BoT regulations		17,428		17,016		15,490
Total allowance		55,066		51,510		48,011

As shown in the chart below, at the end of June 2013, NPLs that were restructured and being serviced accounted for the largest proportion of the total NPLs, followed by NPLs under negotiation for restructuring and NPLs in foreclosure process. In 1H13, the Bank reduced its NPLs mainly through repayments, auctions and foreclosures followed by write-offs and debt restructuring. In 2Q13, new NPL formation rose slightly to 0.27%, from 0.24% in 1Q13 and the 0.18% recorded in 2Q12. The increase yoy in new NPL formation in 2Q13 was partly due to the proactive 'qualitative' reclassification of certain customers and the gradual increase in higher yielding loans where the risk/return dynamics are different to the Bank's traditional products (for example used car vs. new car lending, home equity loan vs. new housing loans).

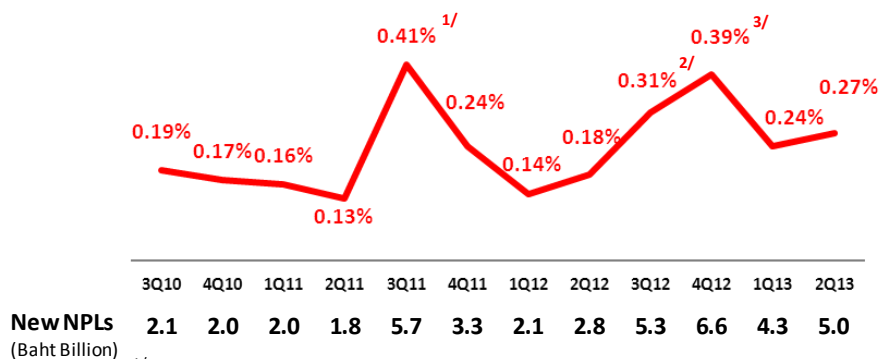
NPL Breakdown by Status (Bank only)



NPL Reduction Methodology



New NPLs Formation



^{1/}The increase is attributed to the delinquency of a single borrower which had previously been classed as a special mention loan and had been fully provided for in anticipation of the default.

^{2/}The increase is attributed to the qualitative reclassification of a few commercial accounts.

^{3/}The increase is attributed to the qualitative reclassification of flood impacted housing loan and auto loan customers.

Troubled Debt Restructuring

The Bank uses various methods for debt restructuring, including transfers of assets and equity securities, changes in repayment conditions, and combinations thereof.

As of June 30, 2013, the Bank and its financial subsidiaries had outstanding restructured loans amounting to Baht 37.1 billion both in the consolidated and Bank-only financial statements, a Baht 4.4 billion increase from Baht 32.7 billion at the end of 2012. Some of these restructured loans are NPLs and are already included in the NPL levels, as noted in the table below.

Restructured Loans (Consolidated)		Jun 30, 13	Dec 31, 12	Jun 30, 12
Loans to restructured debtors	Bt, million	37,054	32,734	33,149
- Restructured loans which are classified as NPL	Bt, million	11,915	7,846	8,064
- Restructured loans which are not classified as NPL	Bt, million	25,139	24,888	25,085

The Bank's foreclosed properties for sale as at June 2013 stood at Baht 10.1 billion, a decrease of Baht 0.3 billion (3.0% yoy) from Baht 10.4 billion level at the end of June 2012.

VI. Sources and Uses of Funds

As at June 30, 2013, deposits accounted for 71.3% of SCB's funding base. Including bills of exchange (or B/Es) which are akin to uninsured deposits, deposits and B/Es accounted for 71.8% of the funding base. Other major sources of funds were: 9.4% from shareholders' equity; 5.4% from interbank borrowings; 4.8% from liabilities under insurance contracts recorded by the Bank's insurance subsidiaries (SCB Life Assurance PCL and Siam Commercial Samaggi Insurance PCL); and 3.6% from the issuance of debt instruments (excluding bills of exchange). The funds were applied as follows on June 30, 2013: 67.7% was used for loans; 18.6% was applied to net investments in securities; and 9.1% was lent in the interbank and money markets.