

Management Discussion and Analysis

For quarter 3/2013 and nine months ending September 30, 2013

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For the third quarter and nine months ending September 30, 2013

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Siam Commercial Bank PCL reported (reviewed) consolidated **net profit** of Baht 12,721 million for the third quarter of 2013 - a 26.4% yoy increase of Baht 2,655 million from the Baht 10,066 million recorded in 3Q12. The significant **year-on-year** increase in net profit was largely attributed to: substantially higher net interest income from robust loan growth as well as a larger component of higher yielding loans; solid growth in net fee and insurance premium income; significantly higher dividend income and higher net trading and FX income. These gains were partly offset by substantially higher prudential provisions as a counter-cyclical buffer, although loan portfolio quality remains stable.

Operating profit (excluding impairment loss and/or provisions on loans and debt securities, income tax and non-controlling interest) increased by 29.9% yoy to Baht 19,832 million from Baht 15,269 million in 3Q12 due to the substantial increases in both net interest income and non-interest income as described above.

Total comprehensive income increased 10.9% yoy to Baht 12,136 million from Baht 10,941 million in 3Q12 as a result of the higher net profit but partly offset by a loss on the revaluation of the available-for-sale investment portfolio as a result of recent market volatility.

Following the higher net profit, earnings per share (EPS) rose by 26.4% to Baht 3.74 in 3Q13 from Baht 2.96 in 3Q12. Return on average equity (ROAE) and return on average assets (ROAA) increased from 20.2% and 1.9% in 3Q12 to 21.9% and 2.1%, respectively.

On a **quarter-on-quarter** basis, net profit increased by Baht 77 million (0.6% qoq) to Baht 12,721 million in 3Q13 from Baht 12,644 million in 2Q13, due to significantly higher dividend income as the Bank booked an exceptional dividend from an equity investment in its portfolio, higher net interest income and higher net fee income. These gains were offset by a substantial additional prudential provisions in 3Q13. Similarly, these items accounted for an increase in operating profit (excluding impairment loss and/or provisions on loans and debt securities, income tax and non-controlling interest) of 7.4% qoq to Baht 19,832 million in 3Q13 from Baht 18,471 million in 2Q13.

For the **first nine months of 2013**, net profit stood at Baht 38,481 million, a 28.6% increase yoy from Baht 29,928 million recorded in 9M12. This was the result of higher net interest income from robust loan growth, higher net fee and insurance premium income, significantly higher dividend income and higher net trading and FX income. These gains were partly offset by substantially higher prudential provisions, although loan portfolio quality remains stable. Operating profit (excluding impairment loss on loans and debt securities,

income tax and non-controlling interest) rose 26.9% yoy to Baht 57,027 million in 9M13 from Baht 44,943 million in 9M12.

Net Profit and Total Comprehensive Income

Unit: Baht Million

Net Profit and Total Comprehensive Income (Consolidated)	3Q13	% qoq	% yoy	9M13	% yoy
Net interest income	18,855	5.3%	16.5%	54,005	18.6%
Non-interest income	13,364	12.6%	34.6%	37,546	25.4%
Non-interest expenses	12,387	9.5%	14.2%	34,525	13.1%
Operating profit	19,832	7.4%	29.9%	57,027	26.9%
Impairment loss on loans and debt securities	4,191	56.0%	106.1%	9,396	60.8%
Income tax*	2,791	-6.7%	-10.5%	8,759	-2.4%
Non-controlling interest	129	-13.8%	149.4%	390	100.0%
Net profit (attributable to shareholders of the Bank)*	12,721	0.6%	26.4%	38,481	28.6%
Other comprehensive income*	(585)	37.5%	-166.8%	127	-91.7%
Total comprehensive income*	12,136	-0.7%	10.9%	38,608	22.7%
EPS (Baht)*	3.74	0.6%	26.4%	11.32	28.6%
ROE*	21.9%			22.8%	
ROA*	2.1%			2.2%	

* Following the adoption of deferred tax accounting in 2013, the prior year amounts for income tax, 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, net profit, other comprehensive income, total comprehensive income, and EPS would be -11.7%, 26.9%, -152.5%, 8.9% and 26.9% on a yoy basis for the quarterly comparison.

I. Income Statement for 3Q13 (Consolidated basis)

1. Net interest income

Net interest income rose 16.5% **yoy** to Baht 18,855 million in 3Q13 from Baht 16,187 million in 3Q12. The increase in interest income was primarily a result of the robust loan growth of 12.7% yoy, a larger component of higher yield loans and a larger liquid assets portfolio comprising mostly of government bonds. Interest expenses increased mainly from the higher volume of deposits (+12.7% yoy) and the higher contribution to FIDF/deposit insurance fees. The increase in interest expenses was partly offset by the continuing decline in the volume of Bills of Exchange (B/E) and the associated interest expenses on borrowings.

On a **quarter-on-quarter** basis, net interest income rose 5.3% qoq to Baht 18,855 million in 3Q13 from Baht 17,913 million in 2Q13. This increase was mainly from the higher interest income from loans which was driven by loan growth of 1.7% qoq and the decrease in interest expenses of 2.1% qoq mainly due to the reduction in the volume of subordinated debt and Bills of Exchange coupled with the maturity of higher cost fixed term deposits (most were rolled-over at a lower rate).

In the **first nine months of 2013**, net interest income rose 18.6% yoy to Baht 54,005 million from Baht 45,529 million in 9M12 primarily due to higher interest income from the robust loan growth of 12.7% yoy, a

larger mix of higher yield loans and higher interest income from a larger portfolio of government bonds. Interest expenses increased 19.2% yoy mainly from the increase in deposit costs on the back of a much higher deposit base (12.7% yoy) and higher cost of deposit which was partly offset by the decline in interest expenses on borrowings following the redemption of Baht 20 billion subordinated debt and the lower volume of Bills of Exchange.

Unit: Baht Million

Net interest income and Yield (Consolidated)	3Q13	% qoq	% yoy	9M13	% yoy
Interest income	30,789	2.3%	15.9%	89,407	18.9%
- Loans	23,611	4.4%	15.7%	67,788	17.4%
- Interbank and money markets	1,185	-23.1%	0.3%	3,926	14.3%
- Automobile and financial lease income	2,770	4.4%	29.0%	7,887	34.8%
- Investments	3,215	-2.2%	14.1%	9,797	19.7%
- Other	8	333.8%	321.0%	9	73.1%
Interest expenses	11,934	-2.1%	15.1%	35,402	19.2%
- Deposits	8,641	0.8%	22.3%	24,935	34.5%
- Interbank and money markets	452	-13.8%	14.2%	1,486	25.4%
- Borrowings	829	-23.0%	-30.5%	3,125	-39.6%
- Contribution to the Deposit Protection Agency/FIDF	2,012	0.2%	17.1%	5,850	22.1%
- Other	0	NM	NM	6	126.3%
Net interest income	18,855	5.3%	16.5%	54,005	18.6%
Net interest margin	3.24%	0.12%	0.01%	3.20%	0.03%
Yield on earning assets	5.28%	0.04%	-0.02%	5.30%	0.06%
Yield on loans	6.33%	0.10%	0.12%	6.25%	0.15%
Yield on interbank	2.28%	-0.47%	-0.21%	2.95%	0.38%
Yield on investment	2.82%	-0.10%	-0.31%	2.85%	-0.32%
Cost of funds*	2.43%	-0.08%	0.00%	2.48%	0.07%
Cost of deposits**	2.44%	-0.05%	0.08%	2.44%	0.18%
Spread (yield on earning assets – cost of funds)	2.85%	0.12%	-0.02%	2.82%	-0.01%

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.

NM denotes “not meaningful”

Interest income in 3Q13 was Baht 30,789 million, a 15.9% **yoy** increase of Baht 4,231 million from Baht 26,558 million in 3Q12. Major highlights were as follows:

- **Interest income from loans** increased 15.7% yoy to Baht 23,611 million from both the robust loan growth of 12.7% yoy and a larger component of higher-yield loans;
- **Automobile and financial lease** income increased 29.0% yoy to Baht 2,770 million mainly from a 18.8% 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; though further growth has been sharply curtailed since the scheme lapsed at the end of June 2013;

- **Interest income from investments** increased by 14.1% yoy to Baht 3,215 million, mainly from the higher amount of liquid assets - comprised largely of government bonds.

At the same time, **interest expenses** increased 15.1% yoy to Baht 11,934 million in 3Q13, mainly from the growth of the deposit base by 12.7% yoy (which includes the progressive migration of some of the maturing B/E to term deposits) and the launch of several higher-rate deposit campaigns. Interest expenses from borrowings decreased 30.5% mainly due to the decline in the volume of B/E and the redemption of subordinated debt. Contribution to the FIDF and Deposit Protection Agency (DPA) fee increased 17.1% 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 2.3% qoq to Baht 30,789 million in 3Q13 from Baht 30,099 million in 2Q13. The highlights were as follows:

- **Interest income from loans** rose 4.4% qoq as a result of the 1.7% qoq loan growth in 3Q13 and a slightly higher average loan yield of 6.33%;
- **Interest income from interbank and money markets** decreased 23.1% qoq due to the lower volume of interbank and money market balances and the lower interbank rates following the policy rate cut in May 2013;
- **Automobile and financial lease** income rose 4.4% qoq mainly due to the relatively lower growth of 1.2% in the auto loans portfolio following the sharp slowdown in auto sales.

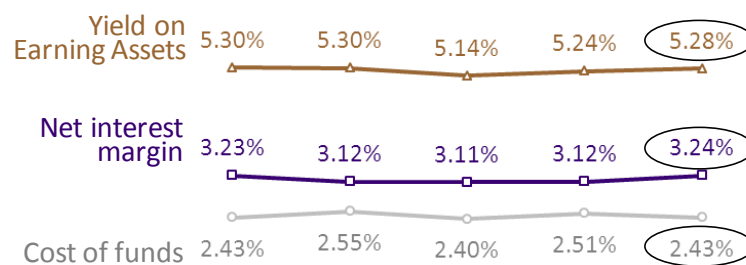
Interest expenses decreased 2.1% qoq to Baht 11,934 million in 3Q13 from Baht 12,185 million in 2Q13 largely from the decrease in interest expenses from borrowings following the reduction in the volume of subordinated debt and Bills of Exchange. Interest expense on deposits increased slightly by 0.8% qoq from deposit growth of 0.6% qoq. Contribution to the Deposit Protection Agency/FIDF increased slightly by 0.2% qoq in line with the expansion of the Bank's deposit base.

In the **first nine months of 2013**, interest income increased 18.9% yoy to Baht 89,407 million in 9M13 from Baht 75,224 million in 9M12. Details are as follows:

- **Interest income from loans** rose 17.4% yoy to Baht 67,788 million, due to the robust loan growth of 12.7% yoy and larger portion of higher yield loans;
- **Interest income from interbank and money markets** rose 14.3% yoy to Baht 3,926 million due to higher average interbank and money markets balances in 9M13 compared to a year earlier;
- **Automobile and financial lease** income increased 34.8% yoy to Baht 7,887 million, mainly from the growth in automobile loans of 18.8% yoy primarily arising from the government's tax rebate scheme for first-time car buyers (although the scheme ended last year, car delivered under the scheme were allowed through to 2Q13 due to the large backlog of orders at the end of 2012);
- **Interest income from investments** increased by 19.7% yoy to Baht 9,797 million, mainly due to the larger liquid assets portfolio comprising mostly government bonds.

Interest expenses rose 19.2% yoy to Baht 35,402 million in 9M13 from Baht 29,695 million in 9M12 largely due to a 34.5% yoy increase in cost of deposits as a result of the growth of the deposit base by 12.7% yoy and the impact of higher-rate deposit campaigns launched over this period. Interest expenses from borrowings decreased 39.6% yoy mainly due to the decline in the volume of B/E and reduction in the balance of subordinated debt since May 2013. Interest expenses from interbank and money markets increased 25.4% yoy following the higher volume of interbank borrowings. Contribution to the Deposit Protection Agency/FIDF increased 22.1% yoy, in tandem with the expansion of the Bank's deposit base.

Yield of Earning Assets, NIM and Cost (Percentage)



	3Q12	4Q12	1Q13	2Q13	3Q13
Yield on Loans	6.21%	6.20%	6.12%	6.23%	6.33%
Cost of Deposits	2.36%	2.49%	2.34%	2.49%	2.44%

The net interest margin (NIM) for 3Q13 of 3.24% was relatively flat yoy. On a **quarter-on-quarter** basis, NIM improved 12bps as a result of the higher average yield on loans and lower cost of deposits. Annualized NIM for 9M13 was 3.20% which was in line with the Bank's full year target range of 3.1-3.2% for 2013.

2. Non-interest income

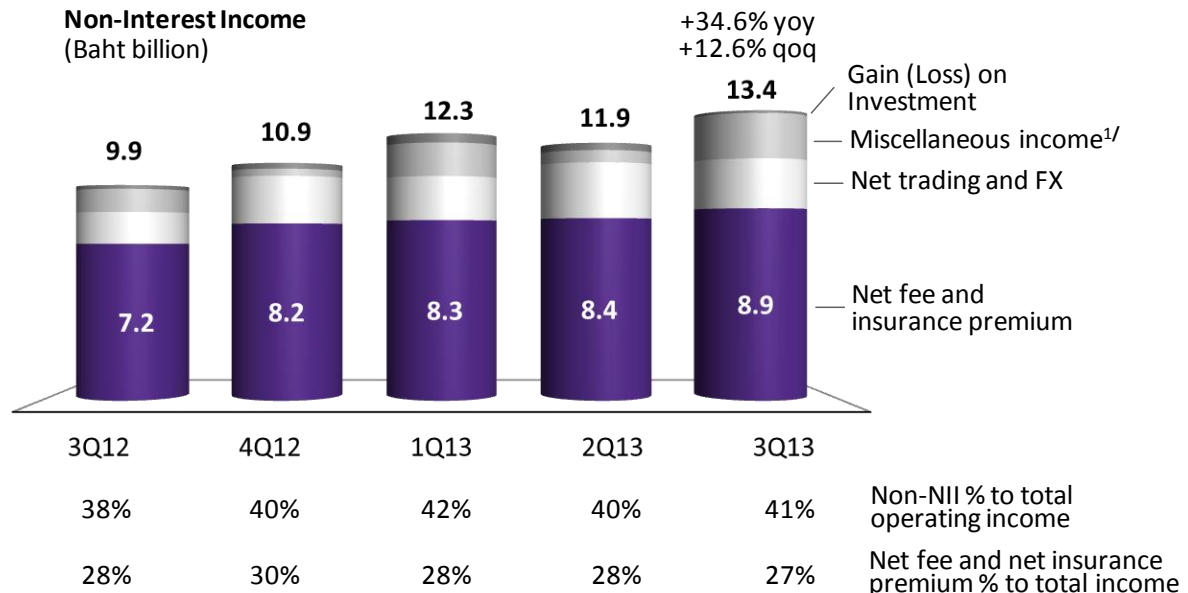
Non-interest income rose 34.6% yoy to Baht 13,364 million in 3Q13, which was the result of solid growth in net fee and insurance premium income, higher dividend income as well as higher net trading and FX income. Additional details of non-interest income yoy are as follows:

- **Net fee and insurance premium income** (net of claims) increased 22.8% yoy from higher net fee income (+25.9% yoy) from corporate finance fee, brokerage fee and card-related business together with higher insurance premium income (+15.9% yoy);
- **Net trading and FX income** increased 56.1% yoy, in part as a result of large customer transaction flow and activities in the financial markets;
- **Dividend income** increased significantly 271.1% yoy primarily as the result of an exceptional dividend from an investment in the Bank's equity portfolio and the seasonal dividend income from Vayupak Fund; and
- **Gain on investments** was Baht 114 million in 3Q13 compared to Baht 173 million in 3Q12.

Unit: Baht Million

Non-interest income (Consolidated)	3Q13	% qoq	% yoy	9M13	% yoy
<i>Fee and service income</i>	7,456	6.9%	24.2%	21,734	19.1%
<i>Less fee and service expenses</i>	1,236	-3.1%	16.2%	3,826	20.2%
Net fee and service income	6,220	9.2%	25.9%	17,908	18.9%
<i>Net earned insurance premiums</i>	13,784	23.0%	34.0%	36,777	22.6%
<i>Less net insurance claims</i>	11,147	31.2%	39.2%	29,110	24.1%
Net insurance premiums	2,638	-2.6%	15.9%	7,667	17.0%
Net fee and insurance premium	8,858	5.4%	22.8%	25,574	18.3%
Net trading and FX income	2,298	-10.7%	56.1%	6,898	29.7%
Share of profit of associates	(8)	NM	NM	(6)	NM
Dividend income	1,918	418.2%	271.1%	3,647	303.6%
Other income	186	-4.8%	-66.1%	558	-47.7%
Non-interest income excluding gain on investments	13,250	14.9%	35.9%	36,671	26.9%
Gain on investments	114	-65.9%	-34.4%	875	-15.0%
Total non-interest income	13,364	12.6%	34.6%	37,546	25.4%

NM denotes "not meaningful"



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

On a **quarter-on-quarter basis**, non-interest income increased 12.6% qoq to Baht 13,364 million in 3Q13 from Baht 11,870 million in 2Q13 largely due to higher dividend income together with robust growth in net fee income. Additional analysis is as follows:

- **Net fee and insurance premium income** (net of claims) increased 5.4% qoq from higher net fee income (+9.2% qoq) from the card-related business and brokerage fees while net insurance premium income fell 2.6% qoq mainly due to higher premium reserves for a particular product sold in the current quarter and a higher than expected number of surrendered policies for another product;
- **Net trading and FX income** decreased 10.7% qoq in part as a result of the lower volume of customer initiated FX and derivatives transactions compared to the previous quarter;
- **Dividend income** increased significantly 418.2% qoq to Baht 1,918 million as a result of an exceptional dividend from an investment in the Bank's equity portfolio as well as the seasonal dividend income from Vayupak Fund booked in 3Q13; and
- **Gain on investments** stood at Baht 114 million in 3Q13, a decline from the Baht 334 million achieved in 2Q13.

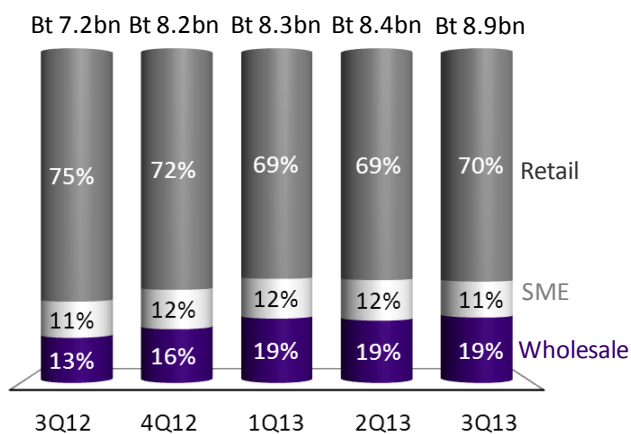
In the **first nine months** of 2013, non-interest income rose 25.4% yoy to Baht 37,546 million in 9M13, principally the result of strong growth in net fee and insurance premium income, higher dividend income and higher net trading and FX income. Additional details of non-interest income yoy are provided below:

- **Net fee and net insurance premium income** (net of claims) rose 18.3% yoy, driven by higher net fee income (+18.9%) from brokerage, the card-related business and corporate finance transactions together with higher net insurance premium income (+17.0%);

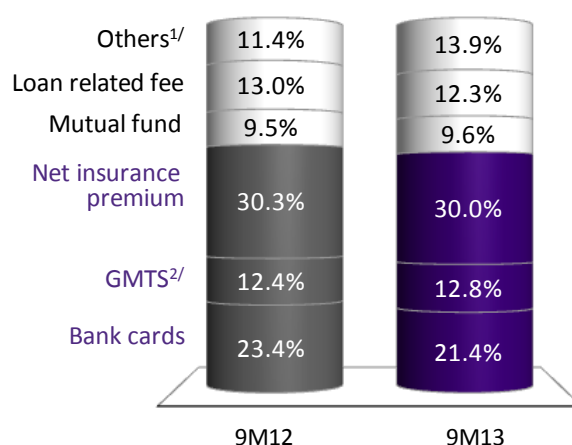
- **Net trading and FX income** increased 29.7% yoy mainly as a result of higher customer transaction flow and activities in the financial markets;
- **Dividend income** increased significantly 303.6% yoy mainly as a result of an exceptional dividend from an investment in the Bank's equity portfolio in both 1Q13 and 3Q13 and higher dividend income from the Vayupak Fund;
- **Other income** decreased 47.7% yoy primarily from lower gains from the sale of foreclosed properties;
- **Gain on investments** decreased 15.0% yoy to Baht 875 million in 9M13 from Baht 1,030 million in 9M12.

In the first nine months 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 70% of total net fee and insurance premium income in 9M13. 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 14.2% yoy to Baht 12,387 million in 3Q13 from Baht 10,843 million in 3Q12. The increase is attributable to the following reasons:

- **Staff costs** increased 19.8% yoy mainly as a result of annual salary adjustments, a higher level of accrued performance bonus and the increase in the number of employees over this period;

- **Premises and equipment expenses** increased 10.1% yoy as a result of continued investments in network expansion and the on-going systems enhancement initiatives;
- **Taxes and duties** increased 11.5% yoy as the higher interest income from loans attracted a corresponding increase in special business tax;
- **Other expenses** increased 9.0% yoy mainly due to higher marketing and promotion expenses and losses from the sale of foreclosed assets.

Unit: Baht Million

Non-interest expenses (Consolidated)	3Q13	% qoq	% yoy	9M13	% yoy
Staff costs	5,841	10.8%	19.8%	16,149	16.4%
Premises and equipment expenses	2,411	0.0%	10.1%	7,055	5.0%
Tax and duties	1,022	2.9%	11.5%	2,976	11.2%
Director remuneration	23	NM	0.2%	73	-10.2%
Other expenses	3,090	17.5%	9.0%	8,272	15.4%
Total non-interest expenses	12,387	9.5%	14.2%	34,525	13.1%
Cost to income ratio	38.4%			37.7%	

NM denotes "not meaningful"

On a **quarter-on-quarter** basis, non-interest expenses increased 9.5% to Baht 12,387 million in 3Q13 from Baht 11,313 million in 2Q13. Key explanations are as follows:

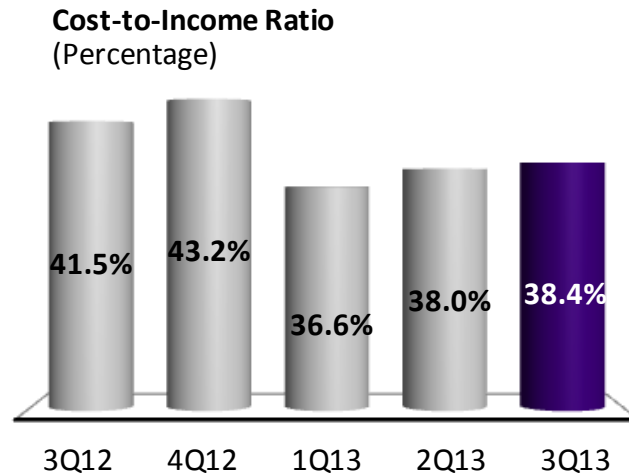
- **Staff costs** increased 10.8% qoq mainly as a result of the higher level of accrued performance bonus and to a lesser extent an increase in the number of employees;
- **Taxes and duties** increased 2.9% qoq as the higher interest income from loans attracted a corresponding increase in special business tax; and
- **Other expenses** increased 17.5% qoq to Baht 3,090 million primarily from higher marketing and promotion expenses, and higher redemption expenses from special campaigns of the credit card rewards program at premier shopping malls. Also, losses from the sale of foreclosed assets contributed to this increase.

In the first nine month of 2013, non-interest expenses rose 13.1% yoy to Baht 34,525 million from Baht 30,521 million in 9M12, mainly due to (1) higher personnel expenses as a result of the annual salary adjustments, higher number of employees and higher level of accrued performance bonus; (2) higher marketing and promotion expenses; (3) higher premises and equipment expenses; and (4) higher taxes and duties following the higher interest income from loans.

In 3Q13, the cost-to-income ratio was 38.4%, an improvement from the 41.5% recorded in 3Q12 and but a slight increase from the 38.0% achieved in 2Q13. In 9M13, the cost-to-income ratio was 37.7%, a significant improvement from 40.4% in 9M12. Also, this ratio was much 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 incorporate a reasonable quantum of prudential provisions for future uncertainties. In this quarter, the Bank has set aside additional prudential provision of Baht 1,500 million as a further counter-cyclical provisioning buffer, bringing the total impairment loss provisions to Baht 4,199 million on a bank basis. On a **consolidated** basis, the provision was Baht 4,191 million in 3Q13, which was lower than provisions on a bank only basis, mainly due to a clawback of provisions at the Bank's subsidiaries.

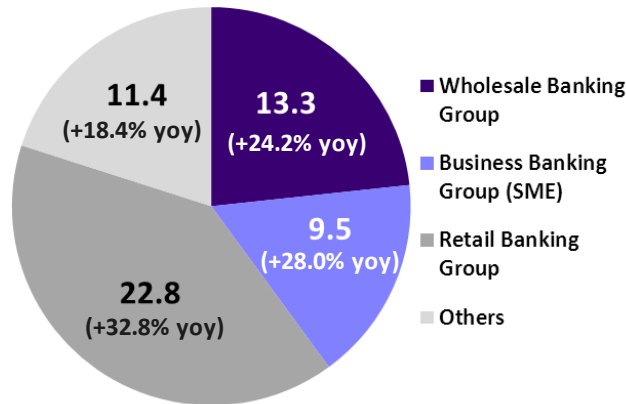
The Bank's total allowance for doubtful accounts at the end of September 2013 stood at Baht 57,769 million, an increase from Baht 51,956 million at the end of December 2012, while total NPLs increased by Baht 2,271 million from end-2012 to Baht 38,144 million at the end of September 2013. The ratio of NPL-to-loans fell from 2.13% at end-2012 to 2.08% at end-September 2013. At the same time, the coverage level for NPLs has increased from 144.8% at the end 2012 to 151.5% at the end of September 2013.

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.

9M13 Operating profit by segments (Baht billion)



“Others” comprises of operating profit from the Bank’s subsidiaries, investment, interbank and money market which are not allocated to a specific segment.
“Operating profit” is net profit excluding impairment loss, provisions on loans and debt securities, income tax and non-controlling interest.

In 9H13, 40% of the Bank’s operating profit was contributed by Retail Banking Group followed by Wholesale Banking Group (23%), Business Banking Group (17%) and “Others” (20%). Key explanations are as follows:

- Operating profit from Retail Banking Group increased significantly by 32.8% yoy to Baht 22.8 billion as a result of higher interest income from robust loan growth (18.2% yoy) especially from housing and automobile loans as well as higher fee from card-related business.
- Operating profit from Wholesale Banking Group was Baht 13.3 billion, an increase of 24.2% yoy mainly from higher fee from corporate finance and loan-related transactions coupled with higher trading and FX income, and to a lesser extent due to higher interest income from loan growth of 2.7% yoy.
- Operating profit from Business Banking Group rose 28.0% yoy to Baht 9.5 billion partly due to higher interest income from robust loan growth (21.5% yoy) and partly from higher fee from loan-related transactions.
- Operating profit from “Others” increased 18.4% mainly due to higher income from the Bank’s subsidiaries (SCB Life Assurance PCL and SCB Securities Co., Ltd.)

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

As of September 30, 2013, the Bank's total assets stood at Baht 2,423 billion, an increase of Baht 250 billion (11.5%) yoy from Baht 2,173 billion at the end of September 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 September 30, 2013, total outstanding loans stood at Baht 1,680 billion, an increase of Baht 190 billion (12.7%) yoy from Baht 1,490 billion at the end of September 2012, and an increase of Baht 28 billion (1.7%) qoq from Baht 1,652 billion at the end of June 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. However, deliveries of new cars under the incentive scheme for first-time new car buyers were completed by 2Q13. Thus, the pace of growth for auto loans has slowed sharply in 3Q13 and is likely to remain subdued well into next year.

The loan growth of 12.7% yoy in 3Q13 was in line with the Bank's full year target of 12-15% and the Bank has reaffirmed its guidance on the expectation of a much slower rate of loan growth for the remainder of the year for the market, particularly in specific segments such as auto lending where the government's incentive scheme has lapsed.

1.1 Loans by segment

Unit: Baht Million

Loans by segments (Consolidated)	Sep 30, 13	Jun 30, 13	% qoq	Sep 30, 12	% yoy	Dec 31, 12	% ytd
Wholesale	602,394	603,826	-0.2%	586,298	2.7%	594,889	1.3%
SME	343,403	331,001	3.7%	282,627	21.5%	299,166	14.8%
Retail	734,225	717,535	2.3%	621,119	18.2%	653,431	12.4%
- Housing loans*	468,771	453,985	3.3%	395,544	18.5%	407,582	15.0%
- Automobile	191,905	189,627	1.2%	161,490	18.8%	172,735	11.1%
- Others loans	73,549	73,923	-0.5%	64,085	14.8%	73,114	0.6%
Total loans	1,680,021	1,652,363	1.7%	1,490,043	12.7%	1,547,486	8.6%

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

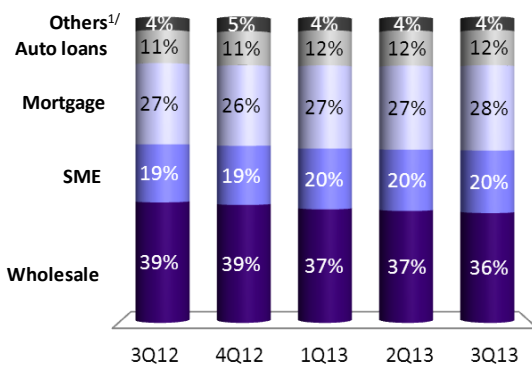
Details of the loan breakdown by customer segment are as follows:

- **Wholesale** loans increased by 2.7% yoy but declined 0.2% qoq in line with the Bank's specific focus on growing fee income rather than interest income in this segment;
- **SME** loans rose 21.5% yoy and 3.7% qoq. This strong growth was the result of the successful execution of the Bank's strategy to better penetrate the SME marketplace, particularly at the mid-to-smaller end of this segment. The introduction of new products, better use of data analytics and the expansion of the nationwide footprint to broaden the reach to SME clientele have contributed to the improved market positioning of the Bank in the SME segment;

- **Retail** loans grew robustly by 18.2% yoy and 2.3% qoq:
 - **Housing loans** increased 18.5% yoy and 3.3% 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 18.8% yoy and 1.2% qoq as deliveries of new cars from the incentive scheme for first-time new car buyers were mostly completed by 2Q13. Thus, the pace of growth for auto loans has slowed down significantly in 3Q13;
 - **Other loans** (largely personal and credit card loans) increased 14.8% yoy but were relatively flat qoq in line with consumer demand and the Bank’s strong retail footprint.

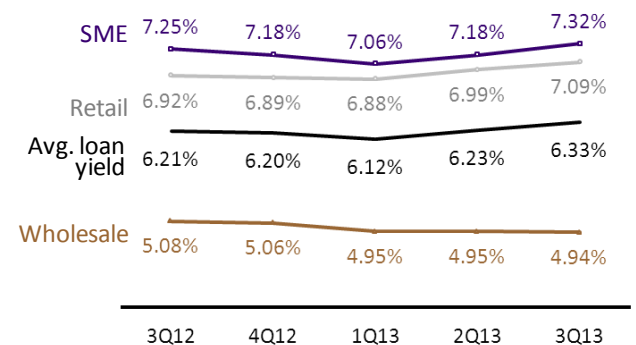
As a result of the strategic focus and consequent market share gains in the Retail and SME segments, 64% of total loans are now in these segments as compared to 61% in 3Q12. Furthermore, within the Retail segment, the proportion of higher yield products such as home equity loans have also increased. These two factors have led to a 12bps increase in overall yield to 6.33% in 3Q13 from 6.21% in 3Q12 despite two policy rate cuts over this period (in October 2012 and May 2013).

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	3Q12	4Q12	1Q13	2Q13	3Q13
Mortgage	6.10%	6.08%	6.05%	6.11%	6.20%
Auto Loans	5.63%	5.56%	5.58%	5.74%	5.87%

1.2 Loans by sector/product

Unit: Baht Million

Loans by sector (Consolidated)	Sep 30, 13	Jun 30, 13	% qoq	Sep 30, 12	% yoy	Dec 31, 12	% ytd
Agricultural and mining	20,940	21,036	-0.5%	12,976	61.4%	12,889	62.5%
Manufacturing and commercial	575,801	569,752	1.1%	514,081	12.0%	519,896	10.8%
Real estate and construction	123,994	118,237	4.9%	114,288	8.5%	115,502	7.4%
Utilities and services	220,384	221,006	-0.3%	192,679	14.4%	200,982	9.7%
Housing loans*	412,246	401,067	2.8%	364,704	13.0%	371,254	11.0%
Other loans	326,656	321,265	1.7%	291,315	12.1%	326,963	-0.1%
Total loans	1,680,021	1,652,363	1.7%	1,490,043	12.7%	1,547,486	8.6%

* Classified by sector/product (excludes retail loans where customers use their home as collateral for general purpose borrowings). These loans are classified under "Other loans" in accordance with regulatory guidelines. Elsewhere in this report, all housing loans are aggregated under mortgage loans and the balance of these loans at the end of September 2013, June 30, 2013, September 30, 2012, and December 31, 2012 was Baht 469 billion, Baht 454 billion, Baht 396 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 55.9 billion (+10.8%), housing loans grew by Baht 41.0 billion (+11.0%), while utilities and services sectors grew by Baht 19.4 billion (+9.7%). However, 'other loans' declined Baht 0.3 billion (-0.1%) from December 31, 2012 as a result of repayments exceeding new loans.

2. Deposits

Unit: Baht Million

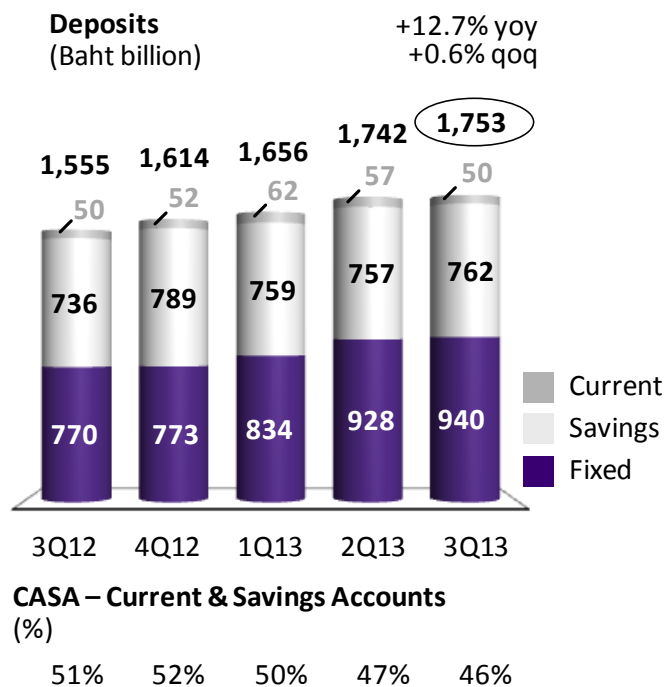
Deposits (Consolidated)	Sep 30, 13	Jun 30, 13	% qoq	Sep 30, 12	% yoy	Dec 31, 12	% ytd
Demand	50,468	56,625	-10.9%	49,844	1.3%	51,730	-2.4%
Savings	761,958	757,383	0.6%	735,623	3.6%	789,048	-3.4%
Fixed	940,201	927,615	1.4%	769,547	22.2%	773,281	21.6%
- Less than 6 months	199,564	191,161	4.4%	98,888	101.8%	170,408	17.1%
- 6 months and up to 1 year	294,719	303,853	-3.0%	368,812	-20.1%	319,637	-7.8%
- Over 1 year	445,918	432,601	3.1%	301,847	47.7%	283,236	57.4%
Certificate of deposits	-	-	NM	32	NM	-	NM
Total Deposits	1,752,627	1,741,623	0.6%	1,555,046	12.7%	1,614,059	8.6%
Bill of Exchange (B/E)	6,734	12,184	-44.7%	26,987	-75.0%	25,765	-73.9%
Total Deposits + B/E	1,759,361	1,753,807	0.3%	1,582,033	11.2%	1,639,824	7.3%
Gross Loans to Deposits Ratio	95.9%	94.9%		95.8%		95.9%	
Gross Loans to Deposits and B/E	95.5%	94.2%		94.2%		94.4%	

NM denotes "not meaningful"

As at September 30, 2013, total **deposits** stood at Baht 1,753 billion, up 12.7% yoy from Baht 1,555 billion at the end of September 2012. On a quarter-on-quarter basis, deposits grew 0.6%. The strong yoy growth in

deposits was the result of the deposit campaigns launched over the period and the progressive shift of maturing bills of exchange (B/E) to fixed term deposit products. As at September 30, 2013, deposits plus B/E grew 11.2% yoy and 0.3% qoq to Baht 1,759 billion.

Bills of exchange (B/E), 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 requirements effective from January 2012, banks were required to pay FIDF fees on B/E and, essentially, this new levy negated the value proposition of B/E. As a result, the Bank sharply curtailed the growth and/or renewal of B/E, resulting in a 75.0% yoy and 44.7% qoq decline in B/E in 3Q13. Many of these B/E have been channeled to the Bank's fixed term deposit products upon maturity. Fixed deposits, demand deposits and savings deposits increased (yoy) by 22.2%, 1.3% and 3.6% respectively, with the growth in the fixed term deposits benefiting from the shift of funds from B/E.



In 3Q13, the Bank was successful in growing its funding base to match its loan growth through its strong retail franchise. The **loan-to-deposit** ratio on a consolidated basis stood at 95.9% as at September 30, 2013, relatively flat from 95.8% in 3Q12. The 'loan-to-deposit and B/E' ratio of 95.5% was higher than 94.2% at end 3Q12, but is within the Bank's target loan-to-deposit (including B/E) 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.

The regulations of Bank of Thailand on liquid assets, with which the Bank is in compliance, require commercial banks to 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 (at a bank-only level) to total deposits and B/E. If the ratio falls below 20%, immediate corrective action is considered. As at September 30, 2013, the liquidity ratio, on a bank-only basis, stood at 24.9% 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, at a bank-only level, consists almost entirely of Thai government bonds.

3. Investments

At the end of September 2013, the Bank’s total net investments stood at Baht 460 billion, an increase of 25.5% 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 aim to maintain, at a bank-only level, 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 328 billion, an increase of 21.7% 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 117 billion at September 30, 2013, an increase of 27.2% 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)	Sep 30, 13	Jun 30, 13	% qoq	Sep 30, 12	% yoy	Dec 31, 12	% ytd
Net investment	458,937	454,523	1.0%	365,520	25.6%	458,297	0.1%
- Trading securities	43,606	43,746	-0.3%	26,872	62.3%	20,243	115.4%
- Available-for-sale securities	289,097	290,490	-0.5%	235,411	22.8%	327,750	-11.8%
- Held-to-maturity securities	125,483	119,537	5.0%	102,557	22.4%	109,550	14.5%
- General investments	751	750	0.1%	680	10.4%	754	-0.4%
Net investment in associated companies	655	658	-0.5%	650	0.8%	647	1.3%
Total net investments	459,592	455,181	1.0%	366,170	25.5%	458,944	0.1%

4. Debt securities in issue and borrowings

Debt securities in issue and borrowings decreased by 29.7% yoy to Baht 94 billion at the end of September 2013. This was largely due to the substantial decline in the volume of B/E (-75.0% yoy). Although B/E were not rolled over, most of the holders of these instruments were successfully persuaded to migrate to deposit products of the Bank. Debt securities in issue and borrowings decreased 5.1% qoq due to maturing B/E.

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. This was partly offset by the early redemption in May 2013 of Baht 20

billion of subordinated debt issued in 2008 as this debt no longer qualified as Tier II capital under the Basel III framework. 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 the demand for foreign currency loans.

Unit: Baht Million

Debt securities in issue and borrowings (Consolidated)	Sep 30, 13	Jun 30, 13	% qoq	Sep 30, 12	% yoy	Dec 31, 12	% ytd
Short term debt securities in issue and borrowings	6,789	12,248	-44.6%	20,546	-67.0%	20,752	-67.3%
Long term debt securities in issue and borrowings	87,624	87,257	0.4%	113,687	-22.9%	111,825	-21.6%
Total debt securities in issue and borrowings	94,413	99,505	-5.1%	134,233	-29.7%	132,577	-28.8%

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 September 2013.

6. Shareholders' equity

As at September 30, 2013, shareholders' equity stood at Baht 235 billion, a 15.7% yoy increase of Baht 32 billion from Baht 203 billion at the end of September 2012, mainly from the 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 5.1 billion (Baht 1.50 per share) in accordance with the resolution of the Board of Directors meeting in August 2013.

Book value per share as of September 30, 2013 was Baht 69.24 (3,399 million ordinary and preferred shares at the end of September 2013), up 10.1% from Baht 62.89 at the end of 2012 and an increase of 15.7% from Baht 59.84 at the end of 3Q12.

III. Off Balance Sheet: Contingent Liabilities

As at September 30, 2013, the Bank and its subsidiaries had combined contingencies of Baht 328 billion, up by Baht 29 billion (9.8% yoy) from Baht 299 billion at the end of September 2012 but a decline of 2.4% qoq. The changes in contingencies was mainly from guarantees, undrawn bank overdraft facilities, letters of credit and aval to bills as indicated in the table below.

Contingent liabilities (Consolidated)	Sep 30, 13	Jun 30, 13	% qoq	Sep 30, 12	% yoy	Dec 31, 12	% ytd
Aval to bills	5,107	5,819	-12.2%	4,083	25.1%	3,487	46.5%
Guarantees of loans	237	217	9.1%	300	-21.0%	578	-59.0%
Liability under unmatured import bills	6,957	7,101	-2.0%	8,088	-14.0%	8,413	-17.3%
Letters of credit	26,989	19,353	39.5%	17,305	56.0%	16,502	63.5%
Other contingencies							
Receivables/payables from investments	6,779	23,157	-70.7%	11,566	-41.4%	6,482	4.6%
Other guarantees	153,847	153,433	0.3%	139,493	10.3%	159,907	-3.8%
Amount of unused bank overdraft	128,295	127,121	0.9%	117,900	8.8%	122,089	5.1%
Others	48	60	-20.0%	141	-66.0%	95	-49.5%
Total contingent liabilities	328,259	336,261	-2.4%	298,876	9.8%	317,553	3.4%

IV. Statutory Capital

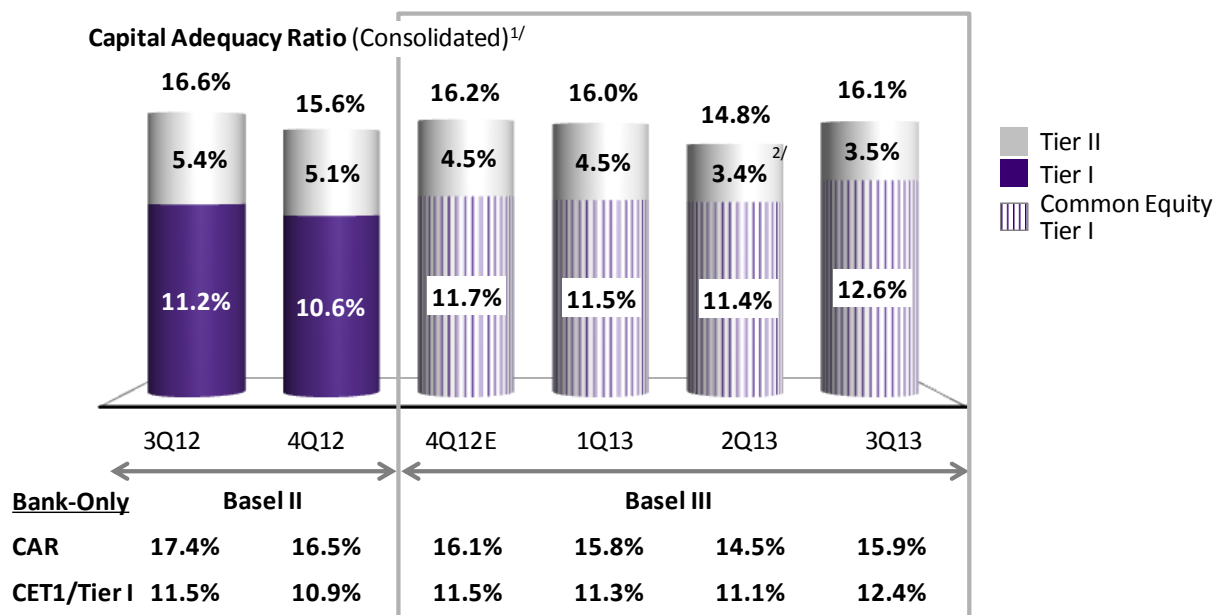
The Bank has adopted Basel III on a consolidated basis since January 1, 2013. The impact from adopting Basel III is positive to the Bank's Common Equity Tier 1 (CET1) as the Bank is exempted from capital deductions for qualifying 'investment outside scope' of up to 10% of CET1 under Basel III (in Basel II there was no such exemption). Furthermore, 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 16.10% of total risk-weighted assets, comprising CET1 capital of 12.64% and Tier-2 capital of 3.46%. On a bank-only basis, total capital funds at end-3Q13 stood at 15.86% of total risk-weighted assets, of which CET1 was 12.37% and Tier-2 capital was 3.49%. Compared to end of 2012, Tier-2 capital declined mainly due to the redemption in May 2013, of Baht 20 billion subordinated debt issued in 2008. The aforementioned ratios do not take into account the 3Q13 net profit. Should the 3Q13 net profit be taken into consideration, the total capital ratio and CET1 capital ratio under Basel III on a consolidated basis would be 16.86% and 13.40% respectively and for the Bank it would be 16.63% and 13.13% respectively.

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 the 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)		Sep 30, 13 (Basel III)	Dec 31, 12 (Basel II)	Sep 30, 12 (Basel II)
Common Equity Tier-1 / Tier 1*	Bt, million	205,508	165,038	165,032
	% of RWA	12.37%	10.85%	11.51%
Tier-2 capital	Bt, million	57,998	85,515	85,008
	% of RWA	3.49%	5.62%	5.93%
Total capital	Bt, million	263,506	250,553	250,040
	% of RWA	15.86%	16.47%	17.45%
Risk-weighted assets	Bt, million	1,661,504	1,521,035	1,433,225

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



^{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.

^{2/} The Bank redeemed non-compliant Basel III Tier 2 subordinated debenture amounting to Bt 20bn in May 2013.

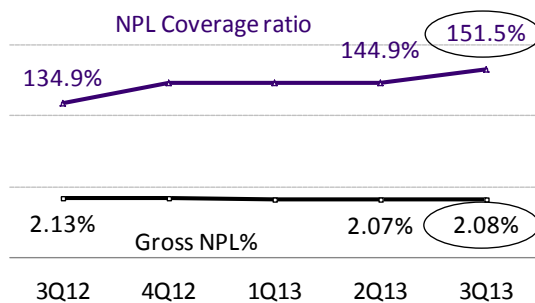
V. Non Performing Assets

Gross NPLs on a consolidated basis fell to 2.08% of total loans (Baht 38.1 billion) at the end of September 2013 from 2.13% (Baht 36.2 billion) of total loans at the end of September 2012, and from 2.13% of total loans (Baht 35.9 billion) at the end of 2012. Net NPLs stood at 0.99% (Baht 18.0 billion) at the end of September 2013 from 0.94% (Baht 15.7 billion) at the end of September 2012.

Non-Performing Loans and Allowance (Consolidated)		Sep 30, 13	Dec 31, 12	Sep 30, 12
Non-Performing Loans (Gross NPLs)	% of total loans	2.08%	2.13%	2.13%
	Bt, million	38,144	35,873	36,170
Allowance for doubtful accounts*	Bt, million	57,363	51,510	48,250
Allowance for revaluation of debt restructuring	Bt, million	407	446	541
Total allowance for doubtful accounts and revaluation of debt restructuring	Bt, million	57,769	51,956	48,791
Total allowance to NPLs		151.5%	144.8%	134.9%

* Excluding interbank

Gross NPL ratio & NPL Coverage ratio (Percentage)

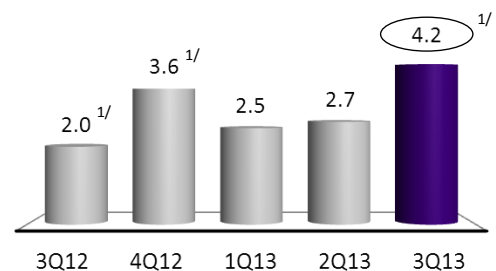


NPL by Segment and by Product

	3Q12	4Q12	1Q13	2Q13	3Q13
Wholesale	2.0%	2.0%	2.0%	1.9%	1.8%
SME	4.6%	4.0%	3.6%	3.5%	3.5%
Retail	1.8%	1.9%	2.0%	2.1%	2.1%
Mortgage	1.9%	2.0%	2.0%	2.1%	2.1%
Auto Loans	1.9%	2.1%	2.2%	2.3%	2.3%

Provisions (Consolidated, Baht billion)

+106.1% yoy
+56.0% qoq



^{1/} Includes additional one-time provisions of Baht 1.0 billion in 3Q12, Baht 2.0 billion in 4Q12, and Baht 1.5 billion in 3Q13 on a bank basis.

	3Q12	4Q12	1Q13	2Q13	3Q13
Credit Costs (bps)	56	94	64	66	101

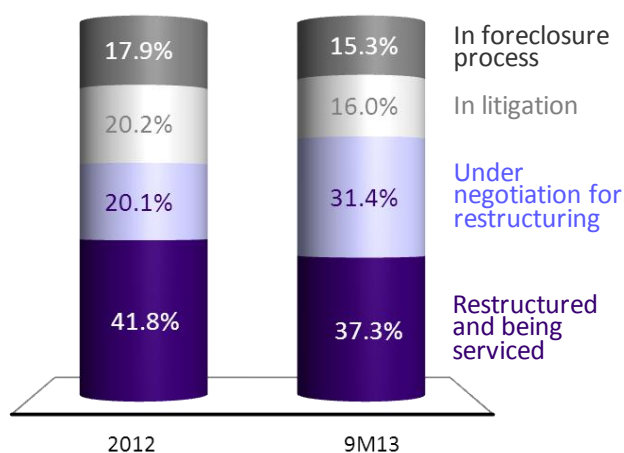
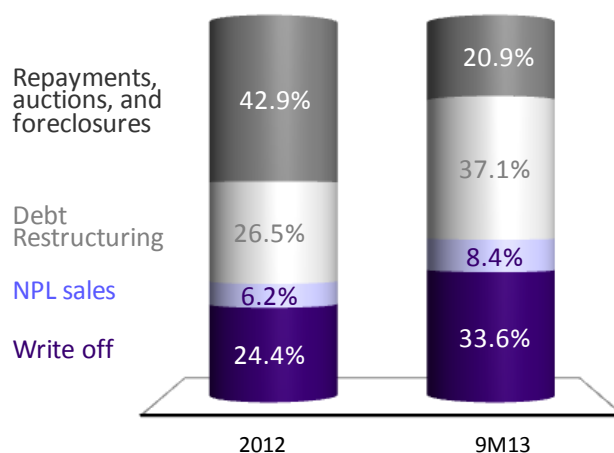
Allowance for doubtful accounts as of September 30, 2013 stood at Baht 57.8 billion, an increase of Baht 5.8 billion from Baht 52.0 billion at the end of 2012. The coverage ratio (total allowance to non-performing loans) of 151.5% was an increase from 144.8% from end-2012.

Gross NPLs on a bank-only basis rose to 1.98% (Baht 36.1 billion) at the end of September 2013 from 1.90% (Baht 32.0 bn) at the end of September 2012, and fell from 2.01% (Baht 33.6 billion) at the end of 2012. Net NPLs rose to 0.97% (Baht 17.4 billion) at the end of September 2013 from 0.89% (Baht 14.8 billion) at the end of September 2012.

Special mention loans stood at Baht 29.8 billion at end September 2013, an increase of Baht 4.5 billion from end of 2012. On a quarter-on-quarter basis, however, special mention loans decreased by Baht 1.9 billion.

Classified Loans and Allowance for Doubtful Accounts (Consolidated)	Sep 30, 13		Jun 30, 13		Sep 30, 12		Dec 31, 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	Loan and accrued interest	Allowance for classified loans
Normal	1,615,544	15,620	1,585,847	15,246	1,433,445	13,675	1,489,739	14,284
Special mention	29,751	1,577	31,670	1,525	23,828	990	25,278	1,211
Substandard	12,259	6,002	9,959	4,501	8,968	4,851	9,878	4,099
Doubtful	5,834	1,793	5,992	1,989	4,332	1,719	4,463	1,541
Doubtful loss	20,114	12,576	22,410	14,377	22,935	14,040	21,591	13,359
Total	1,683,502	37,568	1,655,878	37,638	1,493,508	35,275	1,550,949	34,494
Allowance established in excess of BoT regulations		19,795		17,428		12,975		17,016
Total allowance		57,363		55,066		48,250		51,510

As shown in the chart below, at the end of September 2013, NPLs that were restructured and being serviced accounted for the largest proportion of the total NPLs, followed by NPLs under negotiation for restructuring, NPLs under litigation, and NPLs in the foreclosure process. In 9M13, the Bank reduced its NPLs mainly through debt restructuring, write-offs, repayments, auctions and foreclosures followed by NPL sales. In 3Q13, new NPL formation rose to 0.35%, from 0.27% in 2Q13 and the 0.31% recorded in 3Q12. The yoy increase in new NPL formation in 3Q13 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



	4Q10	1Q11	2Q11	3Q11	4Q11	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13
New NPLs (Baht Billion)	2.0	2.0	1.8	5.7	3.3	2.1	2.8	5.3	6.6	4.6	5.1	6.4

^{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 certain housing loan and auto loan customers.

^{4/}The increase is from a few wholesale banking and SME accounts as a result of customer-specific issues.

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 September 30, 2013, the Bank and its financial subsidiaries had outstanding restructured loans amounting to Baht 37.9 billion both in the consolidated and Bank-only financial statements, a Baht 5.2 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)		Sep 30, 13	Dec 31, 12	Sep 30, 12
Loans to restructured debtors	Bt, million	37,939	32,734	33,099
- Restructured loans which are classified as NPL	Bt, million	10,882	7,846	9,206
- Restructured loans which are not classified as NPL	Bt, million	27,057	24,888	23,893

The Bank's foreclosed properties available for sale as at September 2013 stood at Baht 10.7 billion, an increase of Baht 0.4 billion (4.3% yoy) from Baht 10.3 billion level at the end of September 2012.

VI. Sources and Uses of Funds

As at September 30, 2013, deposits accounted for 72.3% of SCB's funding base. Including bills of exchange (or B/E) which are akin to uninsured deposits, deposits and B/Es accounted for 72.6% of the funding base. Other major sources of funds were: 9.7% from shareholders' equity; 4.6% from interbank borrowings; 5.2%

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 September 30, 2013: 69.3% was used for loans; 19.0% was applied to net investments in securities; 7.9% was lent in the interbank and money markets; and 1.1% was held in cash.