

Management Discussion and Analysis

For the first quarter ended March 31, 2017

The Siam Commercial Bank Public Company Limited



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9 Ratchadapisek Road, Jatujak, Bangkok 10900 THAILAND

Tel. +66 2 544-1000, +66 2 937-7777

Website: www.scb.co.th

Investor Relations Email: investor.relations@scb.co.th

Tel. +66 2 544-4358

Reuter: SCB.BK, SCBf.BK, SCB_p.BK

Bloomberg: SCB TH, SCB/F TB, SCB/P TB, SCB/Q TB

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Siam Commercial Bank PCL reported (reviewed) consolidated **net profit** of Baht 11,912 million for the first quarter of 2017, a 13.0% yoy increase from Baht 10,546 million in 1Q16, which was attributable to both higher net interest income and higher non-interest income.

On a **quarter-on-quarter** basis, net profit decreased by Baht 804 million (6.3% qoq) from Baht 12,716 million in 4Q16 mainly due to higher loan loss provisions that reverted to the normal level of Baht 5,010 million in 1Q17. The reason for low loan loss provisions of only Baht 1,994 million in 4Q16 was because the Bank already set aside additional provisions in 2Q16 and 3Q16. Meanwhile, operating profits (before loan loss provisions) increased qoq.

The Bank's **operating profits** stood at Baht 19,723 million, an increase of 8.9% yoy from 1Q16 due to both higher net interest income and higher non-interest income. On a quarter-on-quarter basis, operating profits increased 11.0% mainly from higher non-interest income.

Net Profit and Total Comprehensive Income

Unit: Baht million

Net Profit and Total Comprehensive Income (Consolidated)	1Q17	4Q16	% qoq	1Q16	% yoy
Net interest income	22,561	22,804	-1.1%	21,670	4.1%
Non-interest income	10,624	9,797	8.4%	7,975	33.2%
Non-interest expenses	13,462	14,839	-9.3%	11,541	16.6%
Operating profit	19,723	17,762	11.0%	18,104	8.9%
Impairment loss on loans and debt securities	5,010	1,994	151.3%	5,010	-0.0%
Income tax	2,788	3,045	-8.4%	2,558	9.0%
Non-controlling interests	13	7	94.4%	(10)	NM
Net profit (attributable to shareholders of the Bank)	11,912	12,716	-6.3%	10,546	13.0%
Other comprehensive income (loss)	942	(4,148)	NM	3,694	-74.5%
Total comprehensive income	12,854	8,568	50.0%	14,240	-9.7%
EPS (Baht)	3.50	3.74	-6.3%	3.10	13.0%
ROAE	14.0%	15.4%		13.4%	
ROAA	1.6%	1.8%		1.5%	

NM denotes “not meaningful”

I. Income Statement for 1Q17 (Consolidated basis)

1. Net interest income

Unit: Baht million

Net Interest Income and Yield (Consolidated)	1Q17	4Q16	% qoq	1Q16	% yoy
Interest income	30,844	31,331	-1.6%	30,421	1.4%
- Loans	23,786	24,242	-1.9%	23,641	0.6%
- Interbank and money markets	1,242	1,153	7.7%	1,100	12.9%
- Hire-purchase and financial lease income	2,672	2,667	0.2%	2,589	3.2%
- Investments	3,122	3,247	-3.8%	3,066	1.9%
- Others	22	22	-3.6%	26	-16.8%
Interest expenses	8,283	8,527	-2.9%	8,751	-5.3%
- Deposits	4,826	4,998	-3.4%	5,407	-10.8%
- Interbank and money markets	253	231	9.2%	240	5.3%
- Borrowings	904	1,008	-10.3%	922	-1.9%
- Contribution to the Deposit Protection Agency/FIDF	2,290	2,280	0.5%	2,178	5.2%
- Others	10	10	-3.3%	4	161.3%
Net interest income	22,561	22,804	-1.1%	21,670	4.1%
Net interest margin	3.21%	3.33%	-0.12%	3.24%	-0.03%
Yield on earning assets	4.39%	4.57%	-0.18%	4.55%	-0.16%
Yield on loans	5.44%	5.59%	-0.15%	5.71%	-0.27%
Yield on interbank	1.82%	1.78%	0.04%	1.62%	0.20%
Yield on investment	2.12%	2.34%	-0.22%	2.16%	-0.04%
Cost of funds*	1.48%	1.56%	-0.08%	1.61%	-0.13%
Cost of deposits**	1.40%	1.49%	-0.09%	1.58%	-0.18%
Spread (yield on earning assets – cost of funds)	2.91%	3.02%	-0.11%	2.94%	-0.03%

Note Profitability ratios use the average of the beginning and ending balances as the denominator.

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

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

Net interest income in 1Q17 increased by 4.1% yoy to Baht 22,561 million from Baht 21,670 million in 1Q16 due to loan growth of 6.2% yoy and interest income from interbank and money markets rose with growing interbank and money market portfolios along with higher yields on interbank and money markets compared to the previous year.

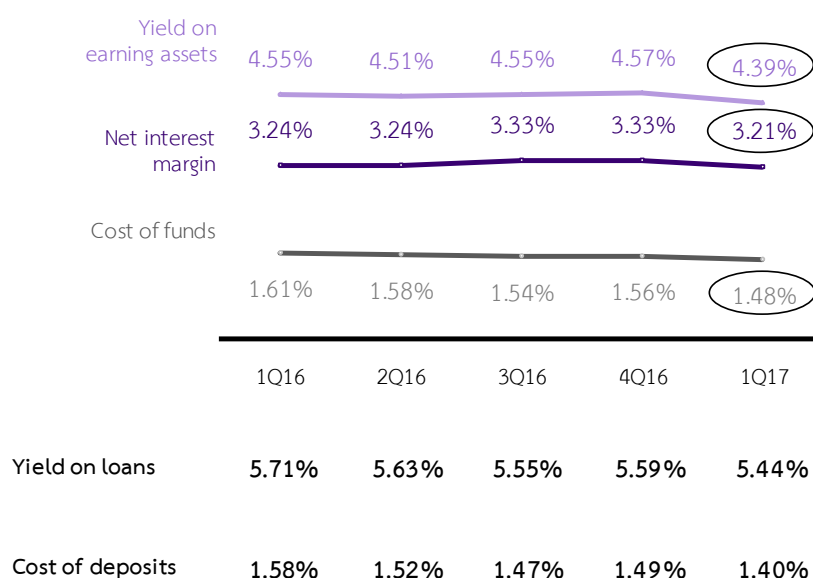
On a **quarter-on-quarter** basis, net interest income in 1Q17 fell by 1.1% qoq to Baht 22,561 million from Baht 22,804 million in 4Q16, due to a decrease in loan yield, fewer calendar days, and lower interest income from investments.

SCB Interest Rates	Mar 25, 15	Apr 29, 15	May 21, 15	Jul 20, 15	Dec 21, 15	Mar 1, 16	Apr 7, 16	Apr 25, 16	Oct 12, 16
Lending rate (%)									
MLR	6.625	6.625	6.525	6.525	6.525	6.525	6.275	6.275	6.275
MOR	7.425	7.50	7.40	7.37	7.37	7.37	7.37	7.12	7.12
MRR	8.10	8.12	7.82	7.87	7.87	7.87	7.87	7.62	7.62
Deposit rate* (%)									
Savings rate	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
3-month deposits	0.90-0.95	0.90-0.95	0.90	0.90	0.90-1.60	0.90	0.90	0.90	0.90
6-month deposits	1.15-1.20	1.15-1.20	1.15	1.15	1.15	1.15	1.15	1.15	1.15
12-month deposits	1.50	1.50	1.50	1.50	1.30	1.30	1.30	1.30	1.40

	Aug 24, 11	Nov 30, 11	Jan 25, 12	Oct 17, 12	May 29, 13	Nov 27, 13	Mar 12, 14	Mar 11, 15	Apr 29, 15
Policy rate (%)	3.50	3.25	3.00	2.75	2.50	2.25	2.00	1.75	1.50

* Excludes special campaigns which generally offer significantly higher rates but have different terms and conditions from the 3, 6, 12 month term deposits.

Yield on Earning Assets, NIM and Cost of Funds (Percentage)



2. Non-interest income

Unit: Baht million

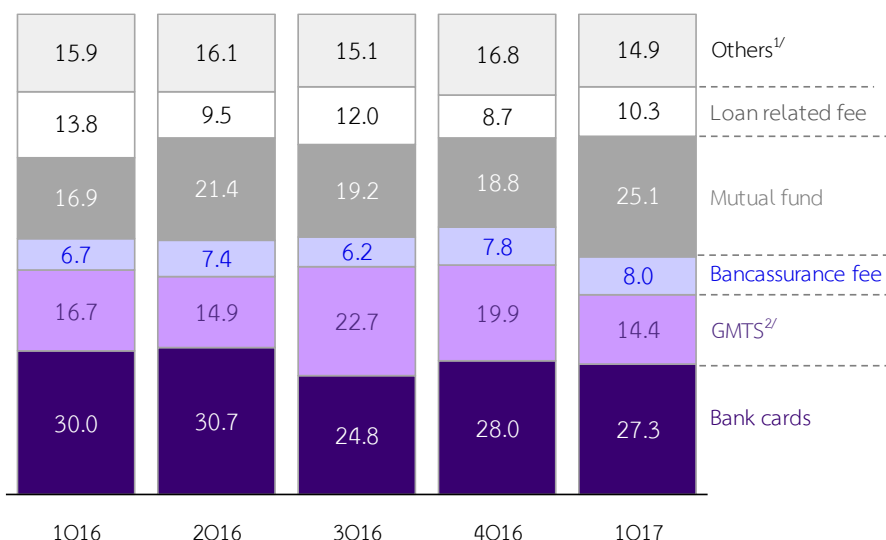
Non-Interest Income (Consolidated)	1Q17	4Q16	% qoq	1Q16	% yoy
<i>Fee and service income</i>	8,918	8,583	3.9%	8,616	3.5%
<i>Less fee and service expenses</i>	1,626	1,445	12.5%	1,576	3.2%
Net fee and service income	7,292	7,138	2.2%	7,040	3.6%
<i>Net earned insurance premiums</i>	13,335	10,046	32.7%	13,803	-3.4%
<i>Less net insurance claims</i>	12,140	9,666	25.6%	15,667	-22.5%
Net insurance premiums	1,195	381	213.8%	(1,864)	NM
Net fee and insurance premium	8,487	7,518	12.9%	5,176	64.0%
Net trading and FX income	1,674	1,936	-13.5%	1,664	0.6%
Share of loss of associates	(4)	(4)	NM	(0)	NM
Dividend income	196	159	23.0%	278	-29.4%
Other income	98	92	6.7%	143	-31.2%
Non-interest income excluding gain on investments	10,451	9,701	7.7%	7,260	44.0%
Net gain on investments	173	96	80.7%	715	-75.8%
Total non-interest income	10,624	9,797	8.4%	7,975	33.2%

NM denotes "not meaningful"

Non-interest income increased by 33.2% yoy to Baht 10,624 million in 1Q17 from Baht 7,975 million in 1Q16 due to higher net fee and service income from mutual fund fees and bancassurance fees (from the sale of third-party bancassurance products). Furthermore, net insurance claims decreased significantly following the additional policy reserves that SCB Life set aside in 1Q16.

On a **quarter-on-quarter** basis, non-interest income increased by 8.4% from the previous quarter largely due to an increase in net fee and service income and net insurance premium income despite a qoq decline in net trading and FX income.

Net Fee Income 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

Unit: Baht million

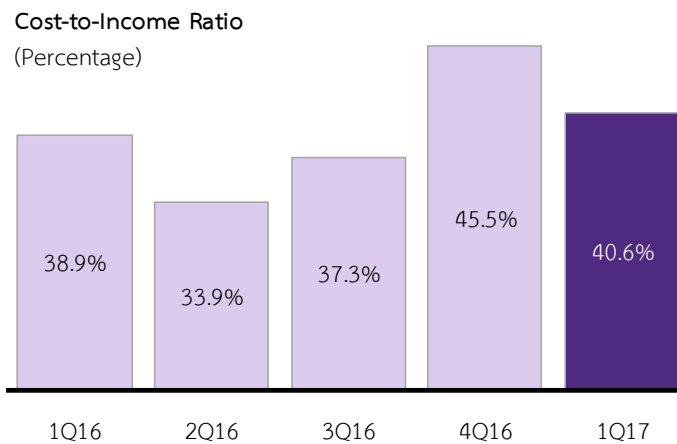
Non-Interest Expenses (Consolidated)	1Q17	4Q16	% qoq	1Q16	% yoy
Staff costs	6,862	6,242	9.9%	5,849	17.3%
Premises and equipment expenses	2,652	2,993	-11.4%	2,532	4.7%
Tax and duties	1,096	1,053	4.1%	1,098	-0.2%
Director remuneration	25	25	1.2%	24	6.9%
Other expenses	2,827	4,526	-37.5%	2,038	38.7%
Total non-interest expenses*	13,462	14,839	-9.3%	11,541	16.6%
Cost to income ratio	40.6%	45.5%		38.9%	

* Including loss on the sale of repossessed cars of Baht 118 million in 1Q17, Baht 161 million in 4Q16 and Baht 206 million in 1Q16.

Non-interest expenses increased by 16.6% yoy to Baht 13,462 million in 1Q17 from Baht 11,541 million in 1Q16 primarily driven by higher staff costs (+17.3% yoy) as well as higher other expenses (+38.7% yoy). Staff costs rose because of both annual salary adjustments and a larger number of staff while other expenses increased due to higher marketing and promotion expenses and higher advisor service fees.

On a **quarter-on-quarter** basis, non-interest expenses decreased by 9.3% to Baht 13,462 million in 1Q17 from Baht 14,839 million in 4Q16 primarily due to a seasonal pattern in marketing and promotional expenses

as well as lower premises and equipment expenses because of branch renovation expenses recorded in 4Q16. Meanwhile, staff costs increased qoq from annual salary adjustments.



4. Loan loss provisions

The Bank set aside loan loss provisions in 1Q17 in the amount of Baht 5,010 million or 103 bps of total loans which was adequate based on prudential provisions for future uncertainty. Loan loss provisions were flat yoy but increased from a low level of Baht 1,994 million in 4Q16 because the Bank already set aside additional provisions in 2Q16 and 3Q16. The coverage ratio rose to 133.4% at the end of March 2017 from 122.8% at the end of March 2016.

II. Balance sheet as of March 31, 2017 (Consolidated basis)

As of March 31, 2017, the Bank's total assets stood at Baht 2,938 billion, an increase of 3.4% yoy from the end of March 2016. Details on the consolidated balance sheets are provided in the following sections:

1. Loans

As of March 31, 2017, total outstanding loans (net of deferred revenue) stood at Baht 1,952 billion, a 6.2% yoy increase from the end of March 2016 and a slight increase of 0.7% qoq from the end of December 2016. The overall yoy loan growth was contributed by all segments except for SME loans which declined marginally. On a qoq basis, loan growth was mainly driven by the corporate segment and auto loans despite a decline in SME loans.

At the end of March 2017, total loan volume grew by 0.7% from the end of 2016, which was below the Bank's loan growth target for 2017 of 4-6%.

Unit: Baht million

Loans by Segment (Consolidated)	Mar 31, 17	%	Dec 31, 16	%	% qoq	Mar 31, 16	%	% yoy
Corporate	725,624	37.2%	712,271	36.7%	1.9%	645,591	35.1%	12.4%
SME	360,260	18.5%	364,544	18.8%	-1.2%	362,190	19.7%	-0.5%
Retail	866,014	44.4%	862,232	44.5%	0.4%	830,833	45.2%	4.2%
- Housing loans*	608,880	31.2%	607,440	31.3%	0.2%	582,312	31.7%	4.6%
- Auto loans	171,839	8.8%	168,684	8.7%	1.9%	168,564	9.2%	1.9%
- Other loans	85,295	4.4%	86,109	4.4%	-0.9%	79,957	4.3%	6.7%
Total loans	1,951,898	100.0%	1,939,048	100.0%	0.7%	1,838,614	100.0%	6.2%

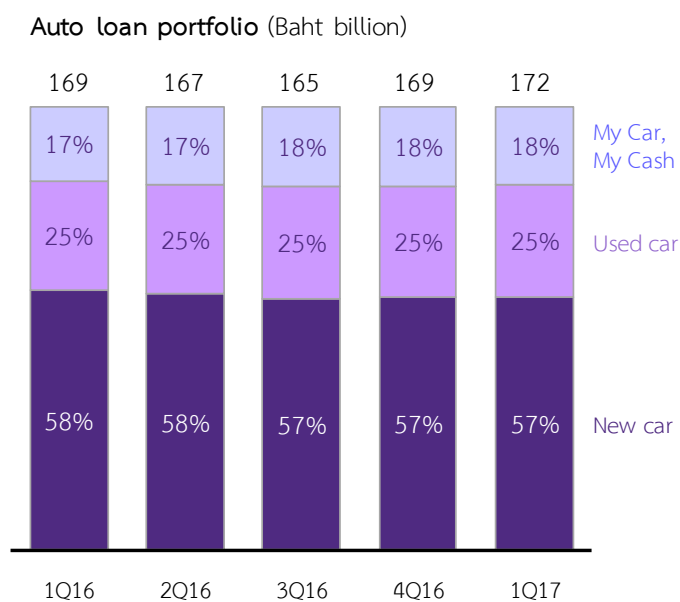
* Includes all home mortgage loans, some of which are from segments other than retail. This is different from the sectorial loans listed on table VI: Addition Financial Information.

Details on the changes in loan volume by customer segments are as follows:

- **Corporate** loans increased by 12.4% yoy, due mainly to M&A deals of large corporate customers in 3Q16. On a qoq basis, this segment also grew by 1.9%.
- **SME** decreased slightly by 0.5% yoy and 1.2% qoq, due mainly to lower loan demand amid slow economic recovery, as well as the Bank's adoption of more stringent underwriting criteria.
- **Retail** loans grew by 4.2% yoy and 0.4% qoq.

- **Housing loans** rose by 4.6% yoy and 0.2% qoq. Growth in this sector was driven by SCB's strong presence in the housing loans market as well as a more effective marketing strategy based on a customer segmentation approach.

- **Auto loans** increased by 1.9% both yoy and qoq, following an increase in car sales in parallel with the Bank's focus on growing auto loans by expanding the "My Car, My Cash" loan segment, which offers higher yields than new car loans but has lower credit risk than the used car segment. ("My Car, My Cash" is a personal loan product which is structured as a hire-purchase contract, using the borrower's automobile as the underlying collateral).



- **Other loans** (largely personal loans and credit card receivables) increased by 6.7% yoy but fell by 0.9% qoq. The qoq decline was mainly driven by a seasonal effect of borrowers paying off their credit card balance after high credit card spending at the year end.

2. Deposits

Unit: Baht million

Deposits (Consolidated)	Mar 31, 17	%	Dec 31, 16	%	% qoq	Mar 31, 16	%	% yoy
Demand	71,244	3.5%	61,585	3.0%	15.7%	60,845	3.1%	17.1%
Savings	1,194,547	59.0%	1,148,768	56.7%	4.0%	1,154,289	59.2%	3.5%
Fixed	758,816	37.5%	815,919	40.3%	-7.0%	735,822	37.7%	3.1%
- Less than 6 months	166,488	8.2%	201,141	9.9%	-17.2%	173,333	8.9%	-3.9%
- 6 months and up to 1 year	330,554	16.3%	392,309	19.4%	-15.7%	330,607	16.9%	-0.0%
- Over 1 year	261,774	12.9%	222,469	11.0%	17.7%	231,882	11.9%	12.9%
Total deposits	2,024,607	100.0%	2,026,272	100.0%	-0.1%	1,950,956	100.0%	3.8%
Gross loans to deposits ratio	96.4%		95.7%			94.2%		
CASA - Current & Savings Accounts (%)	62.5%		59.7%			62.3%		

As of March 31, 2017, total **deposits** stood at Baht 2,025 billion, a 3.8% yoy increase from the end of March 2016. The yoy increase mainly came from higher savings and current deposits as well as higher fixed term deposits following the Bank's campaigns to raise long-term deposits. On a qoq basis, deposits remained relatively flat while savings and current deposits increased following the Bank's strategy to increase the proportion of low cost deposits (CASA). Consequently, the Bank's CASA stood at 62.5% at the end of March 2017 which went up both yoy and qoq.

As loans grew by 6.2% yoy while deposits rose by 3.8% yoy, the loan-to-deposit ratio on a consolidated basis rose to 96.4% at the end of March 2017 from 94.2% at the end of March 2016. Furthermore, the Bank's liquidity ratio stood at a high level of 28.7%. In this regard, the Bank continues to ensure that there is adequate liquidity to cushion against unexpected shocks and challenges.

The Bank's policy on liquidity management, as formulated by the Assets and Liabilities Management Committee, is to find adequate funding sources to facilitate loan growth at acceptable costs. The Bank currently maintains a daily liquidity ratio of 20% or higher as measured by total liquid assets (at a bank-only level) to total deposits. If the ratio falls below 20%, a corrective action will be immediately taken.

3. Shareholders' equity

As of March 31, 2017, shareholders' equity stood at Baht 347 billion, a 7.8% yoy increase from the end of March 2016, driven by net profit in 2016. Net profit was appropriated for the dividend payment of Baht 4.00 per share in accordance with the resolution of the Annual General Meeting of Shareholders in April 2016, and the interim dividend payment of Baht 1.50 per share in accordance with the resolution of the Board of

Directors meeting in August 2016. On a qoq basis, shareholders' equity grew by 3.8% qoq, mainly driven by the 1Q17 net profit and gain on remeasuring available-for-sale investments.

The book value per share as of March 31, 2017 was Baht 102.07 (3,399 million ordinary and preferred shares at the end of March 2017), up by 7.8% yoy from Baht 94.64 at the end of March 2016 and by 3.8% qoq from Baht 98.28 at the end of December 2016, for the reasons noted above.

III. Statutory Capital

From January 1, 2016, the Bank of Thailand (BOT) requires commercial banks to hold a capital conservation buffer according to Basel III. This additional capital requirement is to be gradually added to the Common Equity Tier 1 capital requirement at the rate of 0.625% p.a. until reaching the 2.5% target in 2019.

Minimum regulatory capital requirement (%)	2016	2017	2018	2019
Common Equity Tier-1	5.125%	5.75%	6.375%	7.00%
Tier-1 capital	6.625%	7.25%	7.875%	8.50%
Total capital	9.125%	9.75%	10.375%	11.00%

The Bank's total capital ratio under Basel III at the end of March 2017 on a consolidated basis and bank-only basis are shown in the table below.

Statutory Capital under Basel III* (As of March 31, 2017)	Consolidated	Bank-only
Common Equity Tier-1 / Tier 1	14.7%	14.4%
Tier-2 capital	2.1%	2.1%
Total capital	16.8%	16.5%

* If net profit for 2H16 and 1Q17 were included, the total capital ratio and CET1 capital ratio on a consolidated basis would have been 18.4% and 16.3% and on bank-only basis would have been 18.1% and 16.0%.

The Bank believes that its strong capital position, which is currently well above the minimum regulatory requirement, together with higher loan loss provisions will enable the Bank to withstand any adverse shocks, be it Bank-specific or economy-wide. Moreover, its solid capital position will also facilitate the Bank to pursue any future growth opportunities.

Statutory Capital (Consolidated Supervision) (Basel III)		Mar 31, 17	Dec 31, 16	Mar 31, 16
Common Equity Tier-1 / Tier 1*	Baht million	294,314	294,566	273,428
	% of RWA	14.7%	14.8%	14.2%
Tier-2 capital	Baht million	41,799	57,752	56,609
	% of RWA	2.1%	2.9%	3.0%
Total capital	Baht million	336,113	352,318	330,037
	% of RWA	16.8%	17.7%	17.2%
Risk-weighted assets	Baht million	1,996,299	1,986,927	1,924,154
Statutory Capital (Bank only) (Basel III)		Mar 31, 17	Dec 31, 16	Mar 31, 16
Common Equity Tier-1 / Tier 1*	Baht million	279,194	280,108	262,386
	% of RWA	14.4%	14.5%	14.0%
Tier-2 capital	Baht million	41,156	57,165	56,123
	% of RWA	2.1%	2.9%	3.0%
Total capital	Baht million	320,350	337,273	318,509
	% of RWA	16.5%	17.4%	17.0%
Risk-weighted assets	Baht million	1,938,791	1,933,848	1,869,822

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

IV. Non-Performing Assets

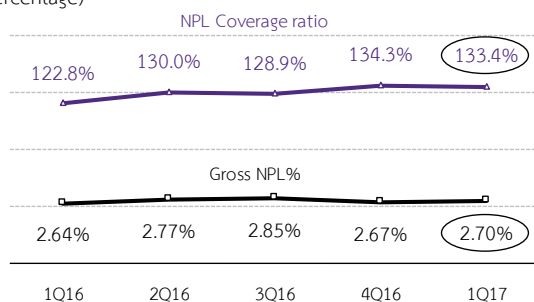
Gross NPLs on a consolidated basis stood at 2.70% of total loans at the end of March 2017, increased from 2.64% of total loans at the end of March 2016. The yoy increase was mainly driven by NPLs from the SME segment and from housing loans for self-employed borrowers.

Non-Performing Loans and Allowance (Consolidated)		Mar 31, 17	Dec 31, 16	Mar 31, 16
Non-Performing Loans (Gross NPLs)	% of total loans	2.70%	2.67%	2.64%
	Baht million	59,649	57,593	55,137
Non-Performing Loans (Net NPLs)	% of total loans	1.42%	1.38%	1.14%
	Baht million	30,959	29,309	23,444
Allowance for doubtful accounts and debt restructuring ¹	Baht million	79,545	77,357	67,697
Total allowance to NPLs		133.4%	134.3%	122.8%

¹ Excluding interbank and money market items.

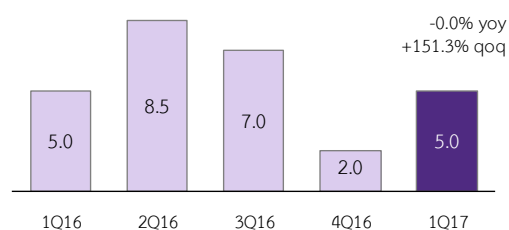
Gross NPL ratio & NPL Coverage ratio

(Percentage)



Provisions

(Consolidated, Baht billion)



NPL by Segment and by Product

	1Q16	2Q16	3Q16	4Q16	1Q17
Corporate	3.4%	3.3%	3.4%	2.3%	2.3%
SME	5.0%	5.1%	5.2%	6.4%	6.5%
Retail	1.8%	2.0%	2.2%	2.1%	2.3%
Housing loans	1.9%	2.1%	2.4%	2.2%	2.6%
Auto loans	1.9%	1.8%	1.9%	1.8%	1.6%

	1Q16	2Q16	3Q16	4Q16	1Q17
Credit Costs (bps)	109	184	149	41	103

Allowance for doubtful accounts as of March 31, 2017 stood at Baht 79.5 billion, a 2.8% qoq increase from Baht 77.4 billion at the end of December 2016. The coverage ratio (total allowance to non-performing loans) was 133.4%, a marginal decline from 134.3% at the end of December 2016 but an increase from 122.8% at the end of March 2016.

Gross NPLs on a bank-only basis stood at Baht 58.6 billion (2.68%) at the end of March 2017, an increase from Baht 56.5 billion (2.65%) at the end of December 2016.

Special mention loans stood at Baht 43.7 billion at the end of March 2017, up significantly by 43.7% yoy from the end of March 2016. The yoy increase was mainly driven by one large corporate loan being reclassified from non-performing to special mention loan in 4Q16. On a qoq basis, special mention loans declined by 2.0%.

Unit: Baht million

Classified Loans and Allowance for Doubtful Accounts (Consolidated)	Mar 31, 17		Dec 31, 16		Mar 31, 16	
	Loan and accrued interest	Allowance for doubtful accounts	Loan and accrued interest	Allowance for doubtful accounts	Loan and accrued interest	Allowance for doubtful accounts
Normal	1,852,387	19,379	1,840,936	19,184	1,757,075	18,265
Special mention	43,742	2,962	44,618	3,000	30,444	2,358
Substandard	17,463	6,886	20,698	9,654	11,978	6,497
Doubtful	14,390	5,949	9,707	3,153	24,237	15,536
Doubtful loss	27,824	16,004	27,217	15,641	18,970	9,830
Total	1,955,806	51,180	1,943,176	50,632	1,842,704	52,486
Allowance established in excess of BOT regulations		24,359		22,721		15,211
Total allowance		75,539		73,353		67,697

In 1Q17 new NPL formation was at 0.41%, a decline from 0.52% in 4Q16, which was mainly driven by lower new NPLs from all segments except for housing loans that had seen an increase in new NPL formation largely among self-employed borrowers.

New NPLs by Segment and by Product

	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16	1Q17
Total loans	0.44%	0.40%	1.18% ^{3/}	0.50%	0.41%	0.40%	0.50%	0.52%	0.41%
Corporate	0.24%	0.05%	2.28% ^{3/}	0.14%	0.05%	0.00%	0.28%	0.18%	0.04%
SME	0.78%	1.03%	0.94%	1.04%	0.86%	0.60%	0.70%	1.08%	0.60%
Housing loans ^{1/}	0.29%	0.35%	0.68%	0.55%	0.51%	0.65%	0.68%	0.61%	0.76%
Auto loans ^{2/}	0.70%	0.60%	0.58%	0.56%	0.41%	0.43%	0.40%	0.50%	0.41%
New NPLs (Baht billion)	8.8	8.3	24.3 ^{3/}	10.1	8.6	8.2	10.8	11.2	9.1

^{1/} Most of the growth in new NPLs in mortgages arose from customers who are self-employed, have a high level of leverage and a relatively high loan-to-value. The Bank had tightened its underwriting rules in these segments since early 2014.

^{2/} The new NPLs for auto loans in the table above do not include new NPLs where the auto was repossessed before the end of the month in which the customers turned NPL. The loss on sale of repossessed autos is then booked as an expense, as noted under the non-interest expenses section.

^{3/} Excluding new NPL of SSI-UK which was written-off in September 2015. If included new NPL formation for total loans in 3Q15 would be 1.79% and for corporate would be 4.21%.

V. Sources and Uses of Funds

As of March 31, 2017, deposits accounted for 68.9% of SCB's funding base. Other major sources of funds were: 11.8% from shareholders' equity, 7.7% from liabilities under insurance contracts recorded by the Bank's insurance subsidiary (SCB Life Assurance PCL), 4.1% from interbank borrowings, and 3.3% from the issuance of debt instruments. As of March 31, 2017, the funds were deployed as follows: 66.4% for loans, 20.1% for investments in securities, 9.8% for interbank and money markets lending, and 1.2% held in cash.

VI. Additional Financial Information

(Baht million, %)

(Consolidated)	Mar 31, 17	Dec 31, 16	% qoq	Mar 31, 16	% yoy
Loans by Sector	1,951,898	1,939,048	0.7%	1,838,614	6.2%
Agricultural and mining	16,354	15,166	7.8%	16,035	2.0%
Manufacturing and commercial	617,135	605,350	1.9%	586,606	5.2%
Real estate and construction	133,802	132,755	0.8%	141,075	-5.2%
Utilities and services	323,974	325,286	-0.4%	267,783	21.0%
Housing loans*	523,550	521,869	0.3%	500,416	4.6%
Other loans	337,083	338,622	-0.5%	326,699	3.2%
Investment**	590,722	590,921	-0.0%	597,636	-1.2%
Trading securities and securities measured at fair value through P/L	22,724	28,876	-21.3%	34,449	-34.0%
Available-for-sale securities	445,414	438,473	1.6%	429,617	3.7%
Held-to-maturity securities	121,149	122,166	-0.8%	132,950	-8.9%
General investments	1,105	1,072	3.1%	276	300.4%
Investment in associate	330	334	-1.1%	344	-4.1%
Debt securities in issue and borrowings	97,984	106,838	-8.3%	119,571	-18.1%
Bonds	76,913	65,840	16.8%	78,625	-2.2%
Subordinated bonds	20,000	40,000	-50.0%	40,000	-50.0%
Structured notes	938	914	2.6%	854	9.9%
Others	133	84	58.8%	92	44.4%
NPL breakdown by status (Bank-only)					
Restructured and being serviced	69.5%	69.0%	0.5%	68.9%	0.6%
Under negotiation for restructuring	8.3%	7.7%	0.6%	12.5%	-4.2%
In litigation	10.6%	11.2%	-0.6%	8.7%	1.9%
In foreclosure process	11.6%	12.0%	-0.4%	10.0%	1.6%
Troubled debt restructured loans	39,457	40,490	-2.6%	35,220	12.0%
Restructured loans which are classified as NPL	10,257	9,651	6.3%	5,872	74.7%
Restructured loans which are not classified as NPL	29,200	30,839	-5.3%	29,348	-0.5%
	1Q17	4Q16	1Q16		
Yield on loans by segment					
Yield on loans	5.44%	5.59%	5.71%		
Corporate	4.14%	4.30%	4.27%		
SME	6.05%	6.20%	6.55%		
Retail	6.45%	6.56%	6.64%		
Housing loans	5.33%	5.47%	5.68%		
Auto loans	6.30%	6.43%	6.28%		
NPL reduction methodology					
Repayments, auctions, and foreclosures	39.0%	20.3%	40.7%		
Debt restructuring	4.7%	40.3%	35.5%		
NPL sales***	39.4%	23.9%	11.6%		
Write off	16.9%	15.5%	12.2%		

* Classified by sector/product and excludes retail loans where customers use their home as collateral. (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 March 31, 2017, December 31, 2016 and March 31, 2016, was Baht 609 billion, Baht 607 billion, and Baht 582 billion, respectively.

** 84.3% were investments in government and state-enterprise securities. The Bank held a high proportion of government securities to fulfill its goal of maintaining, at a bank-only level, a liquidity ratio (liquid assets/deposits) of at least 20%.

*** The Bank sold NPLs of Baht 4.0 billion in 1Q17, Baht 4.4 billion in 4Q16 and Baht 1.8 billion in 1Q16.

VII. Credit Ratings

As of March 31, 2017, the Bank's credit ratings by Moody's Investors Service, S&P Global Ratings and Fitch Ratings are shown below.

Credit Ratings of Siam Commercial Bank PCL	March 31, 2017
Moody's Investors Service	
Outlook	Stable
Bank deposits	Baa1/P-2
Senior unsecured MTN	(P) Baa1
Other short term	(P) P-2
S&P Global Ratings	
Counterparty Credit Rating	BBB+/A-2
<i>ASEAN Regional Scale Rating</i>	axA+/axA-1
Outlook	Stable
Senior Unsecured (Long Term)	BBB+
Senior Unsecured (Short Term)	A-2
Fitch Ratings	
Foreign Currency	
Long Term Issuer Default Rating	BBB+
Short Term Issuer Default Rating	F2
Outlook	Stable
Senior Unsecured	BBB+
Viability Rating	bbb+
National	
Long Term Rating	AA+(tha)
Short Term Rating	F1+(tha)
Outlook	Stable
Subordinated Debenture	AA(thai)