Management Discussion and Analysis

For the third quarter and first nine months ended

September 30, 2018

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1. Executive Summary

Siam Commercial Bank and its subsidiaries announced total operating income of Baht 104.4 billion, a 2.5% yoy increase, for the first nine months of 2018. This positive income growth was achieved despite the digital transaction fee waiver. Operating expenses remained elevated from new technology investments and customer acquisition initiatives under the Transformation Program. In the third quarter of 2018, the Bank registered a net profit of Baht 10.5 billion (based on reviewed consolidated financial statements), up 3.7% yoy. For the first nine months of 2018, net profit stood at Baht 33.0 billion, down by 2.9% on a yoy basis.

Non-performing loans (NPLs) stood at 2.80% at the end of September 2018, a slight decrease from 2.83% at the end of December 2017. In the third quarter of 2018, the Bank set aside Baht 5.1 billion of provision which further strengthened its NPL coverage ratio to 142.5%. Moreover, the Bank's capital adequacy ratio remained strong at 17.6%.

Performance Highlights for the Third Quarter of 2018

Total operating income increased 1.1% qoq and 0.1% yoy to Baht 34.7 billion in the third quarter of 2018. Net interest income increased 4.8% yoy to Baht 24.4 billion. This increase was driven by strong loan growth of 5.5% yoy and improved net interest margin from efficient deposit cost management. Non-interest income fell 9.5% yoy to Baht 10.3 billion mainly from the digital transaction fee waiver and a decline in net insurance premium. The weaker fee income was partially offset by higher gain on investments as well as higher net trading & FX income.

Operating expenses were elevated during the high investment cycle to support the Transformation program. Total operating expenses in the third quarter of 2018 increased by 13.6% yoy. This increase was driven by the implementation of the Transformation projects and investments in new technology platforms and new customer acquistions.

SCB Transformation Program

The Bank made significant progress on the execution of the Transformation Program which has begun to pay dividends in the form of an expanded customer base who are more digitally-engaged. Since the launch of the new mobile banking platform, “SCB EASY,” the Bank has gained positive momentum on digital acquisition with its digital customers reaching more than 7.9 million users in the third quarter of 2018, compared to 5.5 million users at the end of 2017. Also, the number of merchants with QR-code based payment has just crossed the one million milestone in less than a year.

Amidst challenges from digital disruption and organizational transformation, the Bank has been recognized for its success in environmental, social and governance initiatives by becoming a member of the Dow Jones Sustainability Indices (DJSI) 2018 in the Financial category of the World Index and Emerging Markets Index groups. This accomplishment clearly reflects the Bank’s commitment to corporate sustainability practices and to being the 'Most Admired Bank' for all its stakeholders.

2. Economic Outlook

In the first nine months of 2018, Thailand's economy grew strongly. The key evidence is real GDP growth of 4.8% yoy in the first half of the year, significantly higher than the 5-year (2013-2017) average of 2.8% per year. Global economic expansion continues to support Thailand's export sector which has expanded across almost all categories. Total export value grew by 8.1% yoy in the first nine months of the year, continuing from the strong record of 9.9% yoy in 2017. Over the same period, tourism sector also showed a strong performance with the number of foreign tourists growing at 9.2% yoy. These two sectors have been key contributors to the marked improvement in the overall economy recently, leading to a recovery in both private investment and employment. **However, growth contribution from exports began to dampen in the third quarter of the year** due to external growth slowdown and rising international trade protectionism. Moreover, tourism sector has been affected by a fall in the number of Chinese tourists which contributed to a slowdown in the overall growth.

Private consumption also showed a strong sign of recovery but remained concentrated. The Bank of Thailand's index of private consumption in the first nine months of the year increased 4.8% yoy, a significant improvement from last year's growth of 2.2% yoy, mainly due to robust growth in passenger car sales. **However, economic expansion appeared more limited among lower-income earners**. Consumption on non-durables which makes up a large part of low-income household expenditure only grew by 0.7% yoy over the same period. This is because their income has just started to pick up after stagnating in the previous year and household debt remains elevated for some low-income households. Therefore, the recovery in household income will need to continue for some time to build confidence in those people, which will lead to better spending in the future.

For the year 2018 and 2019, SCB EIC estimates that the Thai economy will continue to grow at 4.5% and 4.0% respectively. Export sector is expected to continue to grow but at a slower pace following deceleration in major economies and global trade. According to the International Monetary Fund's (IMF) World Economic Outlook in October 2018, Thailand's major trading partners, such as the US, Eurozone, Japan, and China, are all expected to experience slower growth than in 2018 as a consequence of trade war and tightening financial conditions globally. The IMF also forecasts global trade to grow at a decelerated pace.

Domestic spending will benefit from several supporting factors in 2019. Government megaprojects will be a key driver for investment growth while private sector will continue to invest to accommodate rising production and to catch up on new technology. Furthermore, foreign investment in the Eastern Economic Corridor (EEC) project also presents another potential upside. Private consumption has a potential to grow further but the impetus for growth lies in middle-to-high income consumers. SCB EIC expects only a gradual recovery in spending among low-income consumers given that income just begins to pick up after a long stagnant period while debt burden remains high.

SCB EIC foresees two major risks in 2019. First, global trade tensions have manifested in various protectionist measures affecting international trade and global supply chain. As a small open economy, Thailand is exposed to external demand conditions and a potential slowdown in global trade due to the trade tension could adversely affect both its investment climate and economic growth. In fact, Thailand's exports have already been affected by the ongoing trade war starting in the third quarter of this year. Second, global monetary tightening that has already disrupted some weak emerging markets (EMs) could have both a direct impact on volatility in the Thai financial markets as well as an indirect impact from the slowdown in affected EMs. Nonetheless, **SCB EIC views Thailand's overall economic stability to be sound given its current account surplus, large foreign reserves, and low reliance on external debt.** Therefore, the impacts from global tightening and potential spillovers from other EMs should be manageable.

Thailand is entering a tightening monetary cycle. As the economy continues to grow while average headline inflation is expected to be within the target range, SCB EIC expects the policy rate to be raised in the near future. The normalization is however expected to be gradual compared to past hikes because average headline inflation going forward is likely to be lower due to some structural factors. Also, ample domestic liquidity as well as strong external cushion will allow Monetary Policy Committee (MPC) to focus mainly on domestic economic need, and not on the interest gap with the US.

3. Industry and Competition Review

Gross loans held by Thai commercial banks[*] continued to expand in line with the economic condition. In 3Q18, Thai commercial banks loans grew 6.6% yoy mainly driven by retail segment while deposits increased 4.5% yoy from all types of deposits.

In addition, Thai commercial banks reported increased net profit yoy mainly due to higher net interest income from loan growth, higher non-interest income, and lower provisions. Net interest income (NII) remained the main source of total income for Thai commercial banks. The observed yoy increase in non-interest income (non-NII) for the overall sector was driven by an outlier in which a medium-size bank recorded a large gain from investments. In fact, net fee income for most banks experienced a decline as a result of the digital transaction fee waiver.

Capital position of the overall sector remained strong with total capital adequacy ratio (CAR) on a bank-only basis at 17.5% at the end of September 2018, a level higher than the minimum capital required under Basel III. Non-performing loans ratio and coverage ratio of Thai commercial banks improved yoy to 3.2% and 147% respectively in 3Q18.

For the rest of the year, Thai commercial banks are likely to maintain a high level of capital to accommodate future regulatory changes from the new accounting standards (IFRS) and new Basel capital requirements. Furthermore, changing customer behavior, rapid technological advancement toward digitization, and new entrants to the financial business present Thai commercial banks with intensified competition from both bank and non-bank players. Thai commercial banks are working toward becoming technology-driven banks by adopting technology to lower cost base and capture revenue from the new business model.

[*] Refer to 11 commercial banks listed on the Stock Exchange of Thailand.

4. Strategy and SCB Transformation Update

The financial service industry continues to face constant changes from external factors ranging from shifts in customer behavior, competition from digital players and fintechs to regulatory and government policy changes. In addition, these changes have intensified over recent years. Rapid technological advancement (e.g., Blockchain, Big Data Analytics, Artificial Intelligence) has significantly changed the way people live and the way businesses are run. Today's banking competition is no longer limited to competition among traditional banks as global technology players, telecoms and fintech companies have started to offer financial products and services that compete with banks, blurring the boundaries of the banking sector. These shifts have prompted the Bank to rethink its business model to remain relevant to customers and thrive under the new paradigm.

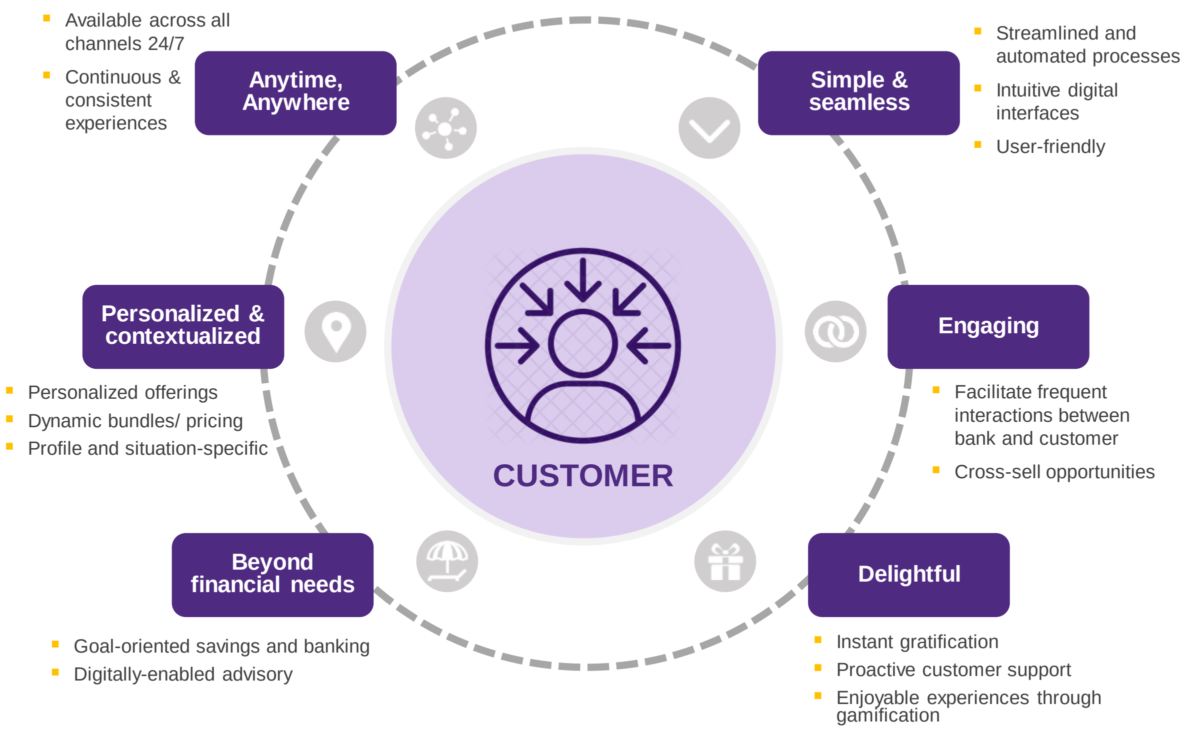
The Bank has embarked on the transformation journey since mid-2016 to further strengthen its leadership position in the industry and achieve the vision of becoming "The Most Admired Bank". During the initial phase of the Transformation program over the past 2 years, the Bank's focus has been on creating strong organizational foundations. Going forward, the Bank will also be working toward becoming a technology-driven bank by adopting technology to lower its cost base and capture new revenue streams as well as delivering better customer experience. Therefore, in parallel with the ongoing foundation transformation, the Bank's focus will shift to transforming the organization and the business model to prepare the Bank for the new paradigm under the "Going upside down" strategy which comprises 5 key strategic priorities listed below.

1. Lean the Organization: Leverage digital technology to lower the cost base and create agility/immunity under the new paradigm
2. Digital Acquisition: Revolutionize digital acquisition model to upscale digital/customer base
3. High-Margin/Alternative Lending: Capture blue ocean growth in high margin/alternative lending
4. Data Capabilities: Build data analytics capabilities across organization
5. New Business Model: Explore new business model to become 'Bank as a platform'

In response to changes in customer behavior that increasingly gravitates toward digital channel, "SCB EASY Freenomenon" campaign was launched in March 2018 which makes SCB the first bank to waive fees for a variety of digital transactions. Specifically, there is no fee for 5 following transactions on SCB EASY app: money transfers across clearing zones, real-time interbank transfers, top-ups, bill payments, and cardless cash withdrawals across clearing zones. The digital fee waiver strategy aims to facilitate Thailand's transition toward cashless society, deepen customer relationship, establish SCB EASY as the platform-of-choice for customers' lifestyle in the digital age, and lower the Bank's costs in the long run. Although this strategy leads to lower fee income from payment and transaction banking, one of the Bank's core services, than in the past, the Bank has increased its market share in digital transaction banking which enables the Bank to deepen customer engagement and to collect data for in-depth analysis to deliver products and services that truly meet customers' needs.

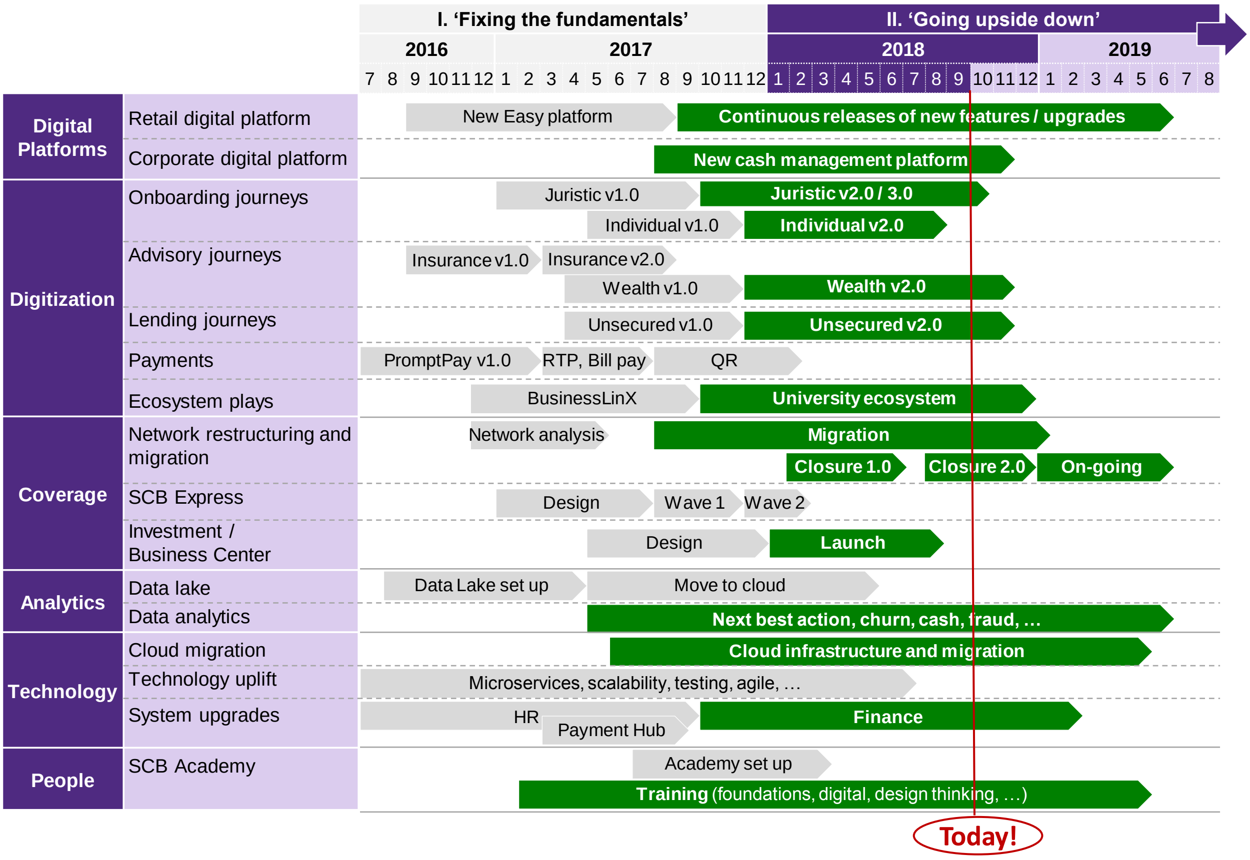
Progress of SCB Transformation Program

SCB Transformation program aims to deliver distinctive customer propositions with customer-centric strategy. The diagram below illustrates how value propositions are applied across journeys;



To-date, the implementation of SCB Transformation program is on track as shown in the timeline of key projects below.

Table 1 - Overview of SCB Transformation program's progress



- **Digital platforms:** Since the launch of SCB Easy App in August 2017, the Bank has continuously added new features to enhance customers' digital experiences and accommodate their digital-age lifestyles. One of the new features launched in the third quarter of 2018 is "EASY E-KYC" which allows customers to open saving accounts on their smartphones using biometrics technology. The E-KYC feature is currently under BOT's regulatory sandbox. Other additional features on SCB EASY App are travel insurance purchase and account opening for second deposit accounts. In September 2018, the Bank launched "SCB Business Anywhere" as a new digital banking platform to deliver superior financial management experience for corporate clients with initial focus on cash management services. The new business platform offers data visualization features to facilitate clients' cash flow management and allows seamless connectivity among all kinds of devices, including personal computer, tablet, mobile phone (Android, iOS) and smart watch. In addition, corporate customers can check and manage accounts effortlessly with transfer and payment functions on a highly secure platform.
- **Digitization:** The Bank leverages technology to improve customer service experience as well as internal operational processes. Highlights of key initiatives are as follows:

- **Onboarding journey:** The Bank has deployed technology to improve its account opening process (digital onboarding). For individual customers, digital onboarding halves servicing time for account opening at branch from 20 minutes to 10 minutes. For corporate and SME customers, a newly launched innovative juristic onboarding platform, "StartBiz" streamlines back-office processes, reduces required documentation, and ultimately cuts down servicing time for account opening time from 15-30 days to merely 30 minutes to provide corporate clients with better customer experience.
- **Advisory journey:** New technology has been adopted to enhance the Bank's advisory capabilities for wealth, insurance and corporate customers. The Bank uses digital devices and advanced analytics to identify customer needs, conduct analysis, and provide appropriate advice as well as the right products and services.
- **Lending journey:** The Bank's digital lending platform has been integrated into SCB EASY app to give customers convenient, fast, and secure access to a wider range of loan products. Particularly, the Bank's data analytics capability gives insights into individual customers and makes personalized offering possible. Currently, digital lending with straight through process is available for speedy loan, speedy cash and credit card products.

▪ **Coverage:** The Bank is committed to providing comprehensive nationwide coverage by offering products and services that address the needs of all customer segments through traditional branches, digital channels, and other service touchpoints such as Investment Center, Business Center, Service Center and SCB Express. The Bank analyzes customers' channel usage behavior, channel density, growth potential, transaction mix, and other factors to continually optimize its channel mix.

Table 2 – Summary of SCB coverage and network

	No. of locations/units	
	Dec-17	**Sep-18**
Branch, nationwide	1,153	1,028
New branch format		
Investment Center	4	11
Business Center	3	5
Service Center	1	1
SCB Express	15	48
Overseas branch	5	6
Affiliated Bank (Cambodian Commercial Bank)	4	4

	No. of locations/units	
	Dec-17	Sep-18
Representative Office	2	2
Business Relation Center	55	55
International Trade Service Center	47	46
Foreign Exchange Service Center	102	72
Automated Teller Machines (ATM)	9,560	9,564
Cash Deposit Machines (CDM)	2,293	2,679

- **Analytics:** The Bank has upgraded the data storage system and built a data lake to improve data accessibility across the organization. In addition, the Bank focused on building data analytics tools to best utilize existing data, e.g. behavior-based risk analytics, marketing analytics to identify target customers and next best action for customers, network analytics and fraud analytics.
- **Technology:** The Bank has developed a cloud infrastructure and a microservices/API architecture while continually upgrading core technology platforms across the organization, e.g. accounting system, human resource management platform, and payment hub.
- **People:** The Bank has set up SCB Academy in 2017 to enhance people capabilities and prepare them for changing roles in the digital age. Also, the Bank continued to provide training to develop new skills necessary for the digital age, e.g. design thinking, data analytics, digital-related skills, by first focusing on executives, next generation talent, and middle management.

Creating Value from SCB Transformation Program

The ultimate goal of SCB Transformation program is to leverage new capabilities from the Bank's investment in foundational transformation during the past 2 years to create new revenue streams, lower cost base, and deliver distinctive customer experiences. Key value drivers towards the success of SCB Transformation program and their progress to-date are as follows.

1. Acquire & Migrate

The Bank aims to acquire new digital users and migrate existing customers to digital platforms. The Bank has gained positive momentum on digital acquisition and successfully expanded its digital customer base to 7.9 million users at the end of third quarter. In addition, the Bank has developed and promoted QR code payment under the lifestyle payment concept by launching "SCB EASY PAY – Mae Manee Money Solution" campaign targeting 5 merchant groups: retail shops, universities, fresh markets, transportation, and temples. The number of merchants within the QR-code payment system has just crossed the one million users milestone in less than a year. For PromptPay (National e-payment initiative) registration, the Bank has over 7.9 million retail PromptPay users with the highest market share for mobile users among all commercial and Specialized Financial Institutions (SFI) while having the second highest market share for total users (Citizen ID and mobile user) among commercial banks.

Table 3 – Summary of digital customers and merchant base

	Dec-16	Dec-17	Sep-18
No. of digital users - SCB EASY (million users)	3.1	5.5	7.9
No. of QR merchants (million merchants)	-	0.1	1.0
No. of retail PromptPay users (million users)	1.1	5.4	7.9

2. Transact & Engage

SCB Transformation program aims to encourage customers to transact and engage with the Bank via the digital platform. The Bank analyzed last quarter's data of retail customers for main operating account holders (MOA) and active digital users and found that MOA customers who are also active digital users (Digital MOA) created higher revenue, used more products, and had higher credit card spending than MOA customers who are not digital users (Traditional MOA) and customers who do not have main operating accounts with the Bank (Non-MOA). This finding led to the Bank's view that active digital users tend to have higher engagement and thus are the key driver to generate higher revenue and lower the Bank's cost base. As of September 2018, the Bank's digital users had reached 7.9 million with more than 60% being active digital users. Going forward, the Bank will focus on continually growing this customer base of active digital users.

Moreover, digital channel has increasingly become an important channel for customers to access to the Bank's products, especially for mutual funds. In the first nine months of 2018, customers who purchased, sold, and switched mutual funds via digital channel accounted for 45% of total mutual fund active customers, a 16-percentage point increase yoy. At the same time, the number of mutual fund transactions (purchasing, selling, and switching) via digital channel accounted for 46% of total mutual fund transactions, a 14-percentage point increase yoy.

SCB EASY App which offers convenience, simplicity, seamless and pleasant experience has led the Bank to achieve above market-average growth in digital financial transactions. Moreover, customer engagement with the Bank via digital channels also grew significantly as shown in the table below.

Table 4 – Summary of financial transactions through digital channel

	Jan-17	Aug-17	Jun-18	Sep-18
No. of financial transactions thru SCB EASY *(million transactions)*	12	20	53	67
SCB's market share on financial transactions thru digital channel *(%)**	13%	15%	23%	n/a
No. of financial transactions thru SCB EASY per active financial user per month	n/a	8	13	15

** Source: Market data from the Bank of Thailand. Latest market data available were as of June 2018*

3. Transform cost structure

The Bank recognizes the importance of transforming the business model to lower its cost base to keep pace with evolving customer behavior and the changing competitive landscape. The Bank's analysis of customer behavior has shown increasing digital channel usage resulting in a higher share of digital transaction volume and a decline in branch transactions as illustrated in Table 5. In response to this trend, the Bank closed 129 traditional branches during the first nine months of 2018 and has introduced new branch formats, shifting away from the traditional one-size-fits-all branch model, to continuously address diverse customer needs.

Table 5 – Summary of SCB's transaction volume mix (monthly)

Channels	Transaction volume mix (monthly)*			
	Jan-2017	Jan-2018	Jun-2018	Sep-2018
Digital (SCB EASY App and its web)	14%	33%	42%	53%
Electronics (ATM/CDM)	69%	54%	49%	41%
Branch	17%	13%	9%	6%

* Including financial transactions (payment, transfer and top-up)

5. Sustainability at SCB

The Bank believes that sustainable growth cannot be achieved by focusing solely on performance. A sustainable business must be highly adaptive to the changing environment while striking the right balance in delivering fair and sustainable value to all stakeholders. Highlights of the Bank's corporate sustainability practices in 2018 are as follows:

- **Business operations:** The Bank's business approach takes social and environmental impacts into account by having a high standard for responsible lending. Specifically, the Bank incorporates international best practices, such as the Equator Principles and International Finance Corporate's (IFC) policies and guidelines, into its **Credit Policy Guide** as deemed appropriate. The Bank maintains an exclusion list based on ESG* considerations, such as the use of compulsory or child labor with detrimental effects on education, manufacturing or distributing weapon of mass destruction. Moreover, the Bank's credit appraisal process for project finance contains an environmental and social risk assessment component whereby loans classified as high ESG risk require a higher level of approval authorization than other loans of equivalent amounts. In addition, the Bank has established the **Sector Specific Guide** to provide guidance on key environmental and social considerations for lending to sectors such as alternative energy industries, dams, thermal power plants, and infrastructure development.

- **Social:** The Bank focuses on promoting **financial inclusion** for individuals and SMEs through its digital platforms. The Bank continues to upgrade and add new features to its SCB EASY App to provide greater access to financial services, such as account opening, loan and credit card application, travel insurance purchasing, for individual customers. Moreover, the Bank also aims to provide personal finance knowledge and promote **financial literacy** to the society through its service and communication channels using simple and easy-to-understand presentation formats, such as infographic, words of wisdom, articles, short films etc.

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* Environmental, Social and Governance (ESG)

- **Governance:** The Bank pursues good governance and transparency and operates in accordance with banking regulation with an emphasis on **market conduct practice**. The Bank has a fair dealing policy with strict enforcement measures covering the entire process from before-sales, during-sales to after-sales services. Backed by both the Board of Directors and senior management, the Bank assigns clear accountabilities and responsibilities for market conduct management with penalties for misconduct. For further service improvement, the Bank has assessed its service quality using mystery shopping methods performed by a third party to ensure that customers receive high-quality as well as fair services.

Furthermore, in September 2018, RobecoSAM, who conducts corporate sustainability assessment of global companies, together with S&P Dow Jones Indices, included SCB in both the Dow Jones Sustainability Indices **(DJSI) World Index** and the **DJSI Emerging Markets Index** in the banking category. The Bank was ranked number 6 among 133 evaluated global banks, demonstrating the Bank's outstanding business performance as well as ESG management.

6. Awards and Achievement

(Awards granted during the third quarter of 2018)

FORBES MAGAZINE (U.S.)

- SCB was ranked No.1 among Thai Commercial Banks from "Forbes Global 2000"

MONEY & BANKING MAGAZINE

- Financier of the Year 2017 (Mr. Arthid Nanthawithaya)
- Best Public Company of the Year (Financial Industry) 2018
- Best Retail Bank of the Year for Personal Loan
- Best Retail Bank of the Year for Credit Card
- Best Mutual Fund of the Year 2018 (Long Term Fund)

THE ASIAN BANKER (SINGAPORE)

- The Best Frictionless Social Media Initiative, Application or Programme
- The Best Branch Digitisation Initiative, Application or Programme
- The Best API Initiative, Application or Programme

RETAIL BANKER INTERNATIONAL/PRIVATE BANKER INTERNATIONAL (U.K.)

- Best CX Business Model (Highly Commended)
- Best Brand Engagement (Highly Commended)
- Best Use of Social Media (Highly Commended)

DIGITAL BANKER (SINGAPORE)

- Outstanding Digital Marketing Initiative
- Excellence in Social Media Marketing
- Best Customer Relations & Brand Engagement Initiative

ASIAN BANKER AND FINANCE (SINGAPORE)

- Service Innovation of the Year-Thailand
- Branch Innovation of the Year – Silver

PRIME MINISTER'S DIGITAL AWARD 2018

- Digital Organization of the Year

CHULALONGKORN UNIVERSITY'S FACULTY OF COMMERCE AND ACCOUNTANCY

- Thailand's Top Corporate Brand Value – Hall of Fame 2018 (Banking)

7. Management Discussion and Analysis

For the third quarter and first nine months ended September 30, 2018

Siam Commercial Bank PCL reported (reviewed) consolidated **net profit** of Baht 10,508 million in the third quarter of 2018, a 3.7% yoy increase mainly due to lower provisions compared to 3Q17. **Operating income** was Baht 34,722 million which was relatively flat yoy as net interest income growth of 4.8% yoy offset the pressure from lower non-interest income. Operating expenses remained elevated from new technology investments and customer acquisition initiatives under the Transformation Program.

On a **quarter-on-quarter** basis, net interest income, gain on investments and net trading and FX income went up while net fee income and net insurance premium dropped from the previous quarter. The net result was a decline in net profit of 5.4% qoq.

For the **first nine months of 2018**, net profit stood at Baht 32,984 million, a 2.9% yoy decrease from Baht 33,953 million in 9M17. The primary cause of this decline, which was partly offset by lower provisions compared to 9M17, was higher operating expenses of 14.8% yoy from transformation-related investments.

Net Profit and Total Comprehensive Income

Consolidated Unit: Baht million	3Q18	% qoq	% yoy	9M18	% yoy
Net interest income	24,390	2.3%	4.8%	71,571	4.3%
Non-interest income	10,332	-1.5%	-9.5%	32,872	-1.1%
Total operating income	34,722	1.1%	0.1%	104,443	2.5%
Operating expenses	16,500	4.6%	13.6%	48,510	14.8%
Operating profit	**18,222**	**-1.8%**	**-9.7%**	**55,934**	**-6.2%**
Impairment loss on loans and debt securities	5,134	2.5%	-32.0%	15,152	-13.8%
Income tax	2,573	5.8%	4.1%	7,764	-3.5%
Non-controlling interests	7	-46.9%	-50.6%	34	-19.1%
Net profit (attributable to shareholders of the Bank)	**10,508**	**-5.4%**	**3.7%**	**32,984**	**-2.9%**
Other comprehensive income (loss)	199	NM	-92.5%	(5,029)	NM
Total comprehensive income	**10,707**	**39.0%**	**-16.3%**	**27,955**	**-28.3%**
ROAE	11.4%			11.9%	
ROAA	1.4%			1.4%	

NM denotes “not meaningful”

Share Information

Unit: Baht	3Q18	% qoq	% yoy	9M18	% yoy
EPS	3.09	-5.4%	3.7%	9.70	46.8%
BVPS	109.65	1.5%	5.2%	109.65	1.5%
Closing price	149.00	25.7%	-4.2%	149.00	25.7%
Shares outstanding* (Million shares)	3,399	0.0%	0.0%	3,399	0.0%
Market capitalization (Baht billion)	506.5	25.7%	-4.2%	506.5	25.7%

* The Bank's share includes ordinary shares and preferred shares

Income Statement for the third quarter and first nine months ended September 30, 2018 (Consolidated basis)

Net interest income

Consolidated Unit: Baht million	3Q18	% qoq	% yoy	9M18	% yoy
Interest income	**32,541**	**1.8%**	**3.3%**	**95,796**	**2.5%**
Loans	24,801	1.8%	2.9%	72,921	1.8%
Interbank and money markets	1,262	-4.0%	1.6%	3,863	2.2%
Financial leases	3,064	3.3%	9.8%	8,878	8.3%
Investments	3,358	1.8%	-0.1%	10,027	2.3%
Others	56	103.0%	119.1%	107	63.2%
Interest expenses	**8,151**	**0.4%**	**-1.1%**	**24,225**	**-2.4%**
Deposits	4,528	0.2%	-4.3%	13,520	-6.0%
Interbank and money markets	375	-2.2%	10.2%	1,161	34.9%
Borrowings	806	10.5%	3.5%	2,153	-14.4%
Contribution to the Deposit Protection Agency & FIDF	2,406	-1.6%	1.5%	7,261	3.3%
Others	36	-8.9%	76.7%	130	228.7%
Net interest income	**24,390**	**2.3%**	**4.8%**	**71,571**	**4.3%**

- **Net interest income** in 3Q18 rose 4.8% yoy to Baht 24,390 million largely due to strong loan growth of 5.5% yoy and improved net interest margin from effective deposit cost management.
- On a **quarter-on-quarter** basis, net interest income increased by 2.3% qoq to Baht 24,390 million mainly from improved net interest margin as a result of both higher return on investment as well as a shift toward higher yield lending in the Bank's loan portfolio.

- For the **first nine months of 2018**, net interest income increased 4.3% yoy to Baht 71,571 million due to loan growth of 5.5% yoy and the Bank's effective deposit cost management as mentioned above.

Yield and cost of funding

Consolidated Unit: Percentage	3Q18	2Q18	1Q18	4Q17	3Q17	9M18	9M17
Net interest margin	3.26%	3.21%	3.18%	3.28%	3.23%	3.22%	3.24%
Yield on earning assets	4.34%	4.31%	4.26%	4.39%	4.38%	4.31%	4.42%
Yield on loans	5.30%	5.25%	5.19%	5.36%	5.43%	5.27%	5.41%
Yield on interbank	1.30%	1.53%	1.57%	1.58%	1.47%	1.38%	1.76%
Yield on investment	2.66%	2.43%	2.42%	2.43%	2.41%	2.57%	2.30%
Cost of funds*	1.40%	1.40%	1.39%	1.41%	1.45%	1.40%	1.48%
Cost of deposits**	1.30%	1.31%	1.31%	1.36%	1.39%	1.31%	1.41%

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

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

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

SCB Interest Rates	Apr 29, 15	May 21, 15	Jul 20, 15	Dec 21, 15	Mar 1, 16	Apr 7, 16	Apr 25, 16	Oct 12, 16	May 16, 17
Lending rate (%)									
MLR	6.625	6.525	6.525	6.525	6.525	6.275	6.275	6.275	6.025
MOR	7.50	7.40	7.37	7.37	7.37	7.37	7.12	7.12	6.87
MRR	8.12	7.82	7.87	7.87	7.87	7.87	7.62	7.62	7.37
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	0.90	0.90-1.60	0.90	0.90	0.90	0.90	0.90
6-month deposits	1.15-1.20	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15
12-month deposits	1.50	1.50	1.50	1.30	1.30	1.30	1.30	1.40	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

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

Non-interest income

Consolidated Unit: Baht million	3Q18	% qoq	% yoy	9M18	% yoy
Net fee and service income	6,528	-7.9%	-17.2%	21,756	-2.5%
Fee and service income	8,792	-4.0%	-7.0%	27,992	3.3%
Fee and service expenses	2,265	9.2%	43.6%	6,235	30.1%
Net insurance premiums	(31)	NM	NM	955	-67.0%
Net earned insurance premiums	10,999	-24.4%	-13.3%	39,249	-0.9%
Net insurance claims	11,030	-22.2%	-7.6%	38,294	4.3%
Net fee and insurance premium	**6,497**	**-13.0%**	**-24.7%**	**22,711**	**-9.9%**
Net trading and FX income	2,203	29.7%	17.9%	6,482	21.9%
Share of profit from investment in associate	167	NM	NM	167	NM
Dividend income	288	-42.9%	5.7%	1,085	24.7%
Other income	83	-67.4%	-4.5%	428	-50.6%
Non-interest income excluding gain on investments	**9,238**	**-6.9%**	**-14.9%**	**30,873**	**-4.3%**
Net gain on investments	1,094	90.7%	93.3%	1,999	102.4%
Total non-interest income	**10,332**	**-1.5%**	**-9.5%**	**32,872**	**-1.1%**

NM denotes "not meaningful"

- **Non-interest income** decreased by 9.5% yoy to Baht 10,332 million in 3Q18 due to lower net fee income from the digital transaction fee waiver and a decline in net insurance premium (as new sales in 3Q18 was not able to offset the maturing of policies sold in prior years) which outweighed higher gain on investments and higher net trading and FX income.
- On a **quarter-on-quarter** basis, non-interest income decreased by 1.5% qoq mainly due to lower net fee income from corporate finance fees and bancassurance fees and lower net insurance premium while gain on investments and net trading and FX income increased qoq.
- For the **first nine months of 2018**, non-interest income decreased by 1.1% yoy to Baht 32,872 million. A significant decrease in net insurance premium and lower net fee income from the digital transaction fee waiver were partly offset by an increase in both net trading and FX income and gain on investments.

Net fee income breakdown

Consolidated Unit: Baht million	3Q18	% qoq	% yoy	9M18	% yoy
Net Fee and Service Income	6,528	-7.9%	-17.2%	21,756	-2.5%
Bank cards	2,065	4.0%	4.8%	6,004	2.0%
GMTS*	1,061	-26.5%	-42.8%	3,940	-1.9%
Bancassurance fee	630	-15.6%	22.2%	2,125	22.4%
Mutual fund	1,454	-5.9%	-12.0%	4,870	-5.1%
Loan related fee	648	-2.6%	1.4%	2,108	0.4%
Others**	670	-4.1%	-46.3%	2,708	-21.3%

* GMTS stands for Global Markets and Transaction Services, which includes cash management, trade finanace, corporate finance and corporate trust.

** Others include brokerage fee, fund transfer and remittance.

Operating expenses

Consolidated Unit: Baht million	3Q18	% qoq	% yoy	9M18	% yoy
Staff costs	7,296	-0.2%	6.5%	22,057	6.4%
Premises and equipment expenses	3,334	2.8%	13.7%	9,715	14.3%
Tax and duties	1,106	-2.1%	1.4%	3,335	2.4%
Director remuneration	27	27.8%	6.1%	74	1.6%
Other expenses	4,737	16.3%	30.8%	13,328	37.7%
Total operating expenses	**16,500**	**4.6%**	**13.6%**	**48,510**	**14.8%**
Cost to income ratio	**47.5%**			**46.4%**	

- **Operating expenses** increased by 13.6% yoy to Baht 16,500 million in 3Q18 primarily due to investments in new technology platforms as part of the Transformation Program and new customer acquisition activities. Higher other expenses were mainly from marketing expenses to support new customer acquisition, marketing campaigns, and new product launch. Staff costs went up mainly as a result of annual salary adjustments. Moreover, premises and equipment expenses increased from higher depreciation on the Bank's investment program coupled with an increase in software rental.
- On a **quarter-on-quarter** basis, operating expenses increased by 4.6% qoq to Baht 16,500 million in 3Q18 mainly due to higher other expenses from marketing expenses asssociated with a new credit card launch (SCB M).

- For the **first nine months of 2018**, operating expenses increased by 14.8% yoy to Baht 48,510 million due to an increase in other expenses, higher staff costs, and higher premises and equipment expenses as explained earlier.

With modest top-line growth amid this high investment cycle, cost-to-income ratio reached 46.4% in the first nine months of 2018 which was in line with the revised target of 45-47% in 2018. The Bank expects the cost-to-income ratio to peak around 4Q18 to 1Q19.

Impairment loss on loans and debt securities

Consolidated Unit: Baht million	3Q18	% qoq	% yoy	9M18	% yoy
Impairment loss on loans and debt securities	5,134	2.5%	-32.0%	15,152	-13.8%
Credit cost (bps)	98			98	
Coverage ratio	142.5%			142.5%	

- **Impairment loss on loans and debt securities** were set at Baht 5,134 million in 3Q18 or 98 bps of total loans which was adequate to maintain coverage ratio at a prudent level. Impairment loss on loan and debt securities declined significantly yoy but increased slightly qoq. The coverage ratio improved to 142.5% in 3Q18 from 136.4% in 3Q17.

Balance sheet as of September 30, 2018 (Consolidated basis)

As of September 30, 2018, the Bank's total assets stood at Baht 3,098 billion, an increase of 5.1% yoy. Details on the consolidated balance sheets are provided in the following sections:

Loans

By Segment (Consolidated) Unit: Baht million	Sep 30, 18	Jun 30, 18	% qoq	Dec 31, 17 (Restated)	% ytd	Sep 30, 17 (Restated)	% yoy
Corporate*	812,301	827,835	-1.9%	782,523	3.8%	765,459	6.1%
SME*	344,388	344,357	0.0%	342,411	0.6%	338,587	1.7%
Retail	947,075	930,447	1.8%	909,798	4.1%	889,519	6.5%
Housing loans**	643,551	636,725	1.1%	630,079	2.1%	622,619	3.4%
Auto loans	195,722	192,187	1.8%	179,933	8.8%	176,555	10.9%
Other loans	107,802	101,535	6.2%	99,786	8.0%	90,345	19.3%
Total loans	**2,103,764**	**2,102,639**	**0.1%**	**2,034,732**	**3.4%**	**1,993,565**	**5.5%**

* In 2Q18, some SME customers experienced sales turnover growth and were reclassified as Corporate loans. Data for Sep 30, 2017 and Dec 31, 2017 are restated figures.

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

As of September 30, 2018, loans grew yoy across all customer segments, especially for corporate and retail segments, while the qoq loan growth was relatively flat.

- The 5.5% yoy loan growth was slightly lower than the Bank's loan growth target of 6-8% for 2018. However, the Bank expects full year loan growth to be within the guidance.
- Details on changes in loan volume by customer segments are as follows:
  - **Corporate** loans grew by 6.1% yoy owing to large corporate customers' drawdowns; however, on a qoq basis, corporate loans fell 1.9% from loan repayments.
  - **SME** loans increased by 1.7% yoy but was flat qoq.
  - **Retail** loans rose 6.5% yoy and 1.8% qoq.
    - **Housing loans** grew by 3.4% yoy and 1.1% qoq, slower than the overall market growth as the Bank refocuses its loan portfolio towards high margin loans.
    - **Auto loans** grew by 10.9% yoy and 1.8% qoq, largely driven by higher car sales.
    - **Other loans** (mostly personal loans and credit card receivables) surged 19.3% yoy and 6.2% qoq, following the Bank's strategy to grow high margin loans.

Deposits

Consolidated Unit: Baht million	Sep 30, 18	Jun 30, 18	% qoq	Dec 31, 17	% ytd	Sep 30, 17	% yoy
Demand	72,314	69,964	3.4%	78,274	-7.6%	69,032	4.8%
Savings	1,378,995	1,390,897	-0.9%	1,281,892	7.6%	1,241,202	11.1%
Fixed	672,159	684,731	-1.8%	732,291	-8.2%	716,563	-6.2%
Less than 6 months	129,248	161,774	-20.1%	164,034	-21.2%	165,935	-22.1%
6 months and up to 1 year	188,350	148,924	26.5%	176,335	6.8%	177,977	5.8%
Over 1 year	354,561	374,033	-5.2%	391,922	-9.5%	372,651	-4.9%
Total deposits	**2,123,468**	**2,145,592**	**-1.0%**	**2,092,457**	**1.5%**	**2,026,797**	**4.8%**
CASA - Current & Savings Accounts	68.3%	68.1%		65.0%		64.6%	
Gross loans to deposits ratio	99.1%	98.0%		97.2%		98.4%	
Liquidity ratio	25.4%	24.9%		26.9%		23.9%	

As of September 30, 2018, total **deposits** rose 4.8% yoy from higher savings and current deposits as a result of the Bank's strategy to increase the proportion of low cost deposits (CASA). On a quarter-on-quarter basis, deposits contracted mainly from lower fixed deposits given the end of the 15-month fixed deposit campaign. However, the Bank's CASA proportion continued to increase qoq.

Statutory Capital

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

Furthermore, the Bank has recently been classified by the BOT, along with 4 other major Thai commercial banks, as Domestic Systemically Important Banks (D-SIBs) which are required to maintain higher minimum Common Equity Tier 1 capital to provide additional stability and resilience. This 1% Higher Loss Absorbency requirement applied to D-SIBs will be phased in starting at 0.5% in 2019 and increasing to 1.0% in 2020.

The minimum regulatory capital requirements which include the capital conservation buffer and the D-SIBs buffer (Higher Loss Absorbency) are shown in the table below.

Minimum regulatory capital requirement (%)	2016	2017	2018	2019	2020
Common Equity Tier 1	4.50%	4.50%	4.50%	4.50%	4.50%
Tier 1 capital	6.00%	6.00%	6.00%	6.00%	6.00%
Total capital	8.50%	8.50%	8.50%	8.50%	8.50%
Additional buffers					
Capital Conservation Buffer	0.625%	1.25%	1.875%	2.50%	2.50%
D-SIB Buffer	-	-	-	0.50%	1.00%
Common Equity Tier 1	5.125%	5.75%	6.375%	7.50%	8.00%
Tier 1 capital	6.625%	7.25%	7.875%	9.00%	9.50%
Total capital	9.125%	9.75%	10.375%	11.50%	12.00%

Both current and upcoming regulatory changes have been incorporated into the Bank's long-term capital management plan well in advance. The Bank believes that its strong capital position, which is currently above the minimum regulatory requirement, together with high loan loss provisions will enable the Bank to withstand any adverse shocks, be it Bank-specific or economy-wide. Also, its strong capital position will facilitate the Bank to pursue any future growth opportunities.

The table below shows the Bank's total capital ratios under Basel III at the end of September 2018.

	Consolidated			Bank-only		
Unit: Baht million, %	Sep 30, 18	Jun 30, 18	Sep 30, 17	Sep 30, 18	Jun 30, 18	Sep 30, 17
Statutory Capital						
Common Equity Tier 1/ Tier 1*	331,484	321,550	324,983	309,000	298,679	301,740
Tier 2 capital	43,417	43,462	42,230	42,587	42,659	41,464
Total capital	**374,901**	**365,012**	**367,213**	**351,587**	**341,338**	**343,204**
Risk-weighted assets	2,133,655	2,134,369	2,022,816	2,058,640	2,059,739	1,954,927
Capital Adequacy Ratio	**17.6%**	**17.1%**	**18.2%**	**17.1%**	**16.6%**	**17.6%**
Common Equity Tier 1/ Tier 1*	15.6%	15.1%	16.1%	15.0%	14.5%	15.5%
Tier 2 capital	2.0%	2.0%	2.1%	2.1%	2.1%	2.1%

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

Asset Quality

At the end of September 2018, gross NPLs on a consolidated basis increased yoy, which was concentrated in the SME segment and housing loans for self-employed borrowers. However, housing loans' asset quality improved qoq.

Unit: Baht million, %	Sep 30, 18	Jun 30, 18	Mar 31, 18	Dec 31, 17	Sep 30 ,17
Consolidated					
Non-Performing Loans (Gross NPLs)	69,762	67,391	65,840	65,560	62,760
Gross NPL ratio	2.80%	2.81%	2.77%	2.83%	2.75%
Non-Performing Loans (Net NPLs)	37,075	36,281	35,929	35,592	32,889
Net NPL ratio	1.51%	1.53%	1.53%	1.56%	1.46%
Gross NPL ratio by segment/product					
Corporate	1.90%	1.70%	1.77%	1.80%	1.85%
SME	8.51%	8.25%	8.24%	8.08%	8.01%
Retail	2.64%	2.67%	2.55%	2.62%	2.42%
Housing loans	3.17%	3.21%	3.01%	3.08%	2.76%
Auto loans	1.71%	1.67%	1.69%	1.82%	1.75%
Allowance for doubtful accounts and debt restructuring*	99,438	96,697	93,443	89,990	85,599
Total allowance to NPLs (Coverage ratio)	142.5%	143.5%	141.9%	137.3%	136.4%
Credit cost (bps)	98	96	98	149	152
Bank-only					
Non-Performing Loans (Gross NPLs)	68,756	66,374	64,817	64,537	61,721
Non-Performing Loans (Net NPLs)	36,780	35,982	35,626	35,289	32,575
Gross NPL ratio	2.78%	2.80%	2.75%	2.81%	2.73%
Net NPL ratio	1.51%	1.53%	1.53%	1.56%	1.46%

* Excluding interbank and money market items.

Consolidated Unit: Baht million	Sep 30, 18		Jun 30, 18		Dec 31, 17		Sep 30, 17	
	Loan and accrued interest	Allowance for doubtful accounts	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	1,987,388	20,250	1,984,931	20,299	1,920,725	19,964	1,885,470	19,537
Special mention	50,378	3,424	53,438	3,472	51,721	3,225	48,873	3,203
Substandard	17,324	9,120	16,136	7,742	17,161	7,961	16,018	6,899
Doubtful	13,743	4,338	13,623	4,700	13,429	4,163	14,777	4,592
Doubtful loss	38,730	19,600	37,667	19,052	35,024	18,206	31,996	18,580
Total	**2,107,563**	**56,732**	**2,105,795**	**55,265**	**2,038,060**	**53,519**	**1,997,134**	**52,811**
Allowance established in excess of BOT regulations		38,521		37,175		32,180		28,491
Total allowance		**95,253**		**92,440**		**85,699**		**81,302**

Special mention loans decreased qoq following the Bank's qualitative classification of one corporate customer to NPL.

New NPLs by Segment and by Product

	2018			2017				2016			
	3Q18	2Q18	1Q18	4Q17	3Q17	2Q17	1Q17	4Q16	3Q16	2Q16	1Q16
Total loans	**0.49%**	**0.44%**	**0.41%**	**0.49%**	**0.38%**	**0.45%**	**0.41%**	**0.52%**	**0.50%**	**0.40%**	**0.41%**
Corporate*	0.25%	0.02%	0.06%	0.09%	0.01%	0.03%	0.03%	0.18%	0.28%	0.00%	0.05%
SME*	0.73%	0.68%	0.79%	0.67%	0.58%	1.08%	0.63%	1.08%	0.70%	0.60%	0.86%
Housing loans**	0.81%	0.93%	0.70%	0.96%	0.70%	0.70%	0.76%	0.61%	0.68%	0.65%	0.51%
Auto loans***	0.57%	0.51%	0.43%	0.54%	0.50%	0.50%	0.41%	0.50%	0.40%	0.43%	0.41%
New NPLs (Baht billion)	**12.2**	**10.6**	**9.7**	**11.4**	**8.8**	**10.4**	**9.1**	**11.2**	**10.8**	**8.2**	**8.6**

* In 2Q18, some SME customers experienced sales turnover growth and were reclassified as Corporate customers. Data as of 1Q17, 2Q17, 3Q17, 4Q17, and 1Q18 are restated figures.

** Most of new NPLs in housing loans were highly concentrated among customers who are self-employed with high levels of leverage and high loan-to-value ratios. The Bank has tightened its underwriting standards for these segments since early 2014.

*** Exclude the cases in which cars had been repossessed before the end of the month on the month that loans were classified as NPL. Losses on sale of repossessed cars are booked as expenses as others in the operating expenses section.

In 3Q18, new NPL formation rose marginally from the end of June 2018, mainly from the qualitative classification of one corporate customer in the mining industry (for which full provisions have been made). Excluding this qualitative classification, the overall new NPL formation was relatively stable. NPL ratio at year end is likely to be within the Bank's full year guidance (≤ 3%) barring any unforeseen circumstances

Sources and Uses of Funds

As of September 30, 2018, deposits accounted for 68.5% of SCB's funding base. Other major sources of funds were: 12.0% from shareholders' equity, 8.8% from liabilities under insurance contracts recorded by the Bank's insurance subsidiary (SCB Life Assurance PCL), 3.6% from interbank borrowings, and 3.1% from debt issuance. As of September 30, 2018, the funds were deployed as follows: 67.9% for loans, 15.1% for investments in securities, 13.9% for interbank and money markets lending, and 1.3% held in cash.

Additional Financial Information

(Baht million, %)

Consolidated	Sep 30, 18	Jun 30, 18	% qoq	Sep 30, 17	% yoy
Loans by Sector	**2,103,764**	**2,102,639**	**0.1%**	**1,993,565**	**5.5%**
Agricultural and mining	20,046	20,990	-4.5%	18,375	9.1%
Manufacturing and commercial	606,070	626,535	-3.3%	601,573	0.7%
Real estate and construction	167,146	164,065	1.9%	152,250	9.8%
Utilities and services	365,692	363,146	0.7%	336,040	8.8%
Housing loans*	554,316	549,552	0.9%	535,612	3.5%
Other loans	390,494	378,351	3.2%	349,715	11.7%
Investment**	**468,267**	**541,717**	**-13.6%**	**543,545**	**-13.8%**
Trading securities and securities measured at fair value through P/L	17,435	22,033	-20.9%	21,931	-20.5%
Available-for-sale securities	326,665	398,299	-18.0%	401,106	-18.6%
Held-to-maturity securities	122,133	119,700	2.0%	119,169	2.5%
General investments	1,866	1,685	10.7%	1,339	39.4%
Investment in associate	167	0	NM	0	NM
Debt securities in issue and borrowings	**94,707**	**80,304**	**17.9%**	**60,325**	**57.0%**
Bonds	72,110	56,835	26.9%	38,478	87.4%
Subordinated bonds	20,000	20,000	0.0%	20,000	0.0%
Structured notes	2,322	3,190	-27.2%	1,679	38.3%
Others	275	279	-1.4%	168	63.7%
NPL breakdown by status (Bank-only)					
Restructured and being serviced	70.9%	66.2%	4.7%	57.3%	13.6%
Under negotiation for restructuring	4.0%	4.0%	0.0%	9.5%	-5.5%
In litigation	12.6%	15.0%	-2.4%	14.6%	-2.0%
In foreclosure process	12.5%	14.8%	-2.3%	18.6%	-6.1%
Troubled debt restructured loans	**33,853**	**33,387**	**1.4%**	**36,977**	**-8.4%**
Restructured loans which are classified as NPL	7,131	7,316	-2.5%	8,997	-20.7%
Restructured loans which are not classified as NPL	26,722	26,071	2.5%	27,980	-4.5%

	3Q18	2Q18	3Q17	9M18	9M17
Yield on loans	**5.30%**	**5.25%**	**5.43%**	**5.27%**	**5.41%**
Corporate	4.20%	4.13%	4.19%	4.17%	4.16%
SME	5.96%	5.92%	6.12%	5.92%	6.17%
Retail	6.21%	6.18%	6.45%	6.17%	6.40%
Housing loans	4.98%	4.98%	5.31%	4.98%	5.28%
Auto loans	6.33%	6.29%	6.41%	6.33%	6.36%
Auto loans portfolio					
New car	56.4%	56.8%	56.3%	56.4%	56.3%
Used car	27.1%	27.0%	26.3%	27.1%	26.3%
My car, My cash	16.5%	16.2%	17.3%	16.5%	17.3%
NPL reduction methodology					
Repayments, auctions, foreclosures and account closed	56.5%	41.4%	44.5%	59.2%	39.7%
Debt restructuring	7.7%	14.0%	4.3%	8.0%	5.3%
NPL sales***	22.4%	29.3%	5.0%	20.2%	29.6%
Write off	13.3%	15.3%	46.2%	12.6%	25.4%

* 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 September 30, 2018, June 30, 2018, and September 30, 2017, was Baht 644 billion, Baht 637 billion, and Baht 623 billion, respectively.

** 82.0% 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 Bath 3.3 billion in 3Q18, Baht 3.0 billion in 2Q18, Baht 0.4 billion in 3Q17, Baht 8.2 billion for 9M18 and Baht 9.0 billion in 9M17.

Credit Ratings

Credit Ratings of Siam Commercial Bank PCL	September 30, 2018
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
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(tha)