

FIRST
IS
ENDLESS

ANNUAL REPORT 2012



FIRST THAI BANK

CONTENTS

7
MESSAGE FROM THE BOARD OF DIRECTORS

11
BOARD OF DIRECTORS

25
ECONOMIC CONDITIONS AND INDUSTRY REVIEW

29
PERFORMANCE AND PLANS

47
RISK MANAGEMENT
AND RISK FACTORS

55
CORPORATE GOVERNANCE REPORT

85
HUMAN RESOURCES REPORT

95
CORPORATE SOCIAL RESPONSIBILITY
AND ENVIRONMENTAL MANAGEMENT

101
MANAGEMENT DISCUSSION AND ANALYSIS

127
FINANCIAL STATEMENTS AND NOTES

239
SUPPLEMENTARY INFORMATION

268
GRI CONTENT INDEX

IT HAPPENS TO EVERYONE EVERYDAY.

FIRST.

THE LAUNCH OF SCB'S CORPORATE CAMPAIGN IS ABOUT EXTRAORDINARY EVENTS,
THE PERSONAL EXPERIENCES THAT GIVE CHARACTER
AND MEANING TO OUR LIVES AND HOW LIFE CONNECTS US ALL.

FIRST IS ABOUT MOMENTS THAT IMPACT OUR VIEW OF THE WORLD AND STAY WITH US FOREVER.
FIRST HAPPENS TO ALL OF US, REGARDLESS OF AGE OR EXPERIENCE.
FIRST IS WHO WE ARE, IT MAKES US PROUD, IT MAKES US CONFIDENT.

THESE MEMORIES MAKE US.
DO YOU REMEMBER THE FIRST TIME?

YOUR MEMORIES OF FIRST, THE IMAGES OF A MOMENT, THE TAPESTRY OF OUR LIVES.

FIRST IS ENDLESS.

SCB
FIRST THAI BANK

OUR VISION

**TO BE THE BANK OF CHOICE FOR OUR
CUSTOMERS, SHAREHOLDERS, EMPLOYEES
AND THE COMMUNITY**

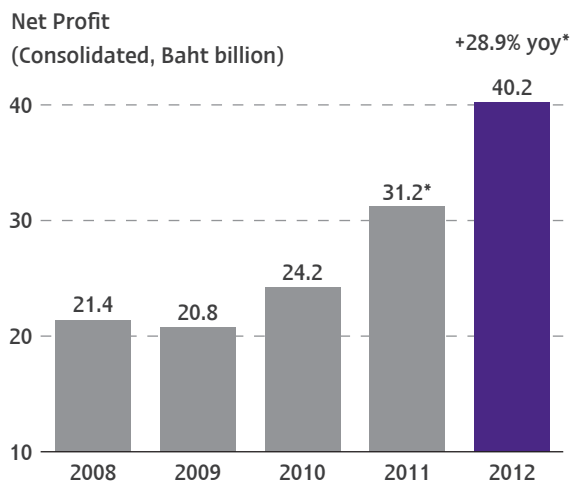
OUR MISSION

**TO BE THE BEST UNIVERSAL BANK
IN THAILAND**

2012
FINANCIAL HIGHLIGHTS

PROFITABILITY

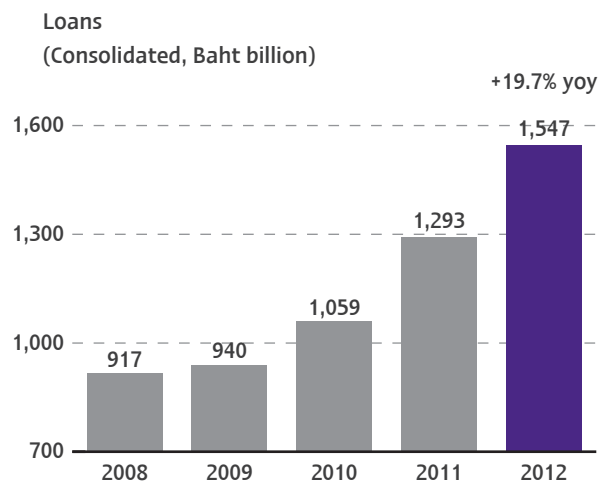
2012 profit driven by higher NII from robust loan growth and strong non-NII growth



* Excluding one-time investment gain on acquiring additional shares of SCB Life. If included, 2011 net profit would stand at Baht 36.3 billion while net profit growth for 2012 would stand at 10.9% yoy.

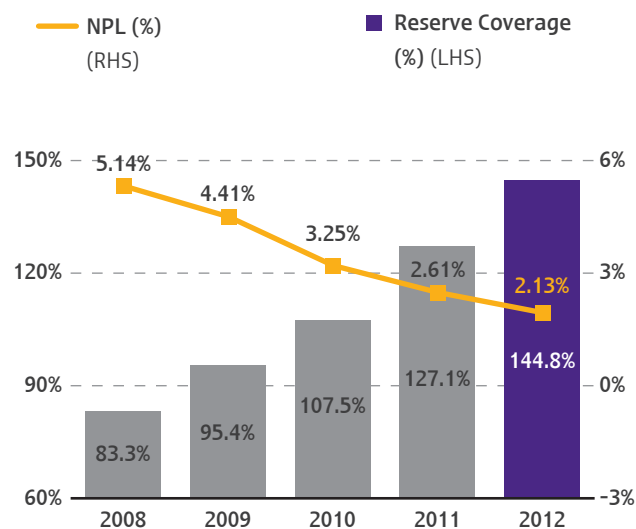
LOAN GROWTH

Strong loan growth in selected segments (SME, housing, and auto loans) resulting in market-share gains



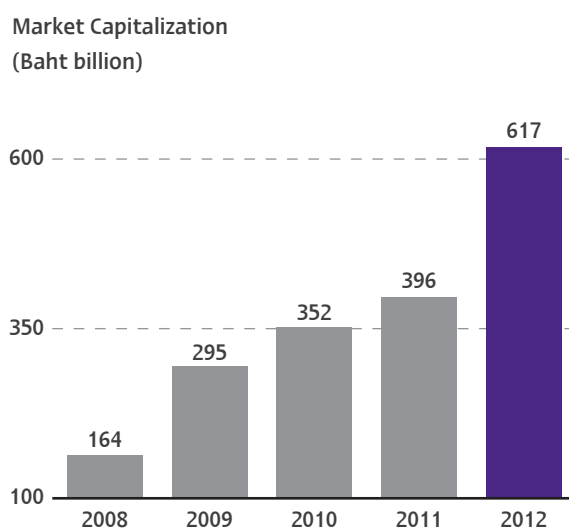
ASSET QUALITY

Non-performing loans ratio at the lowest level since 1997 crisis while reserve coverage continues to rise



MARKET CAPITALIZATION

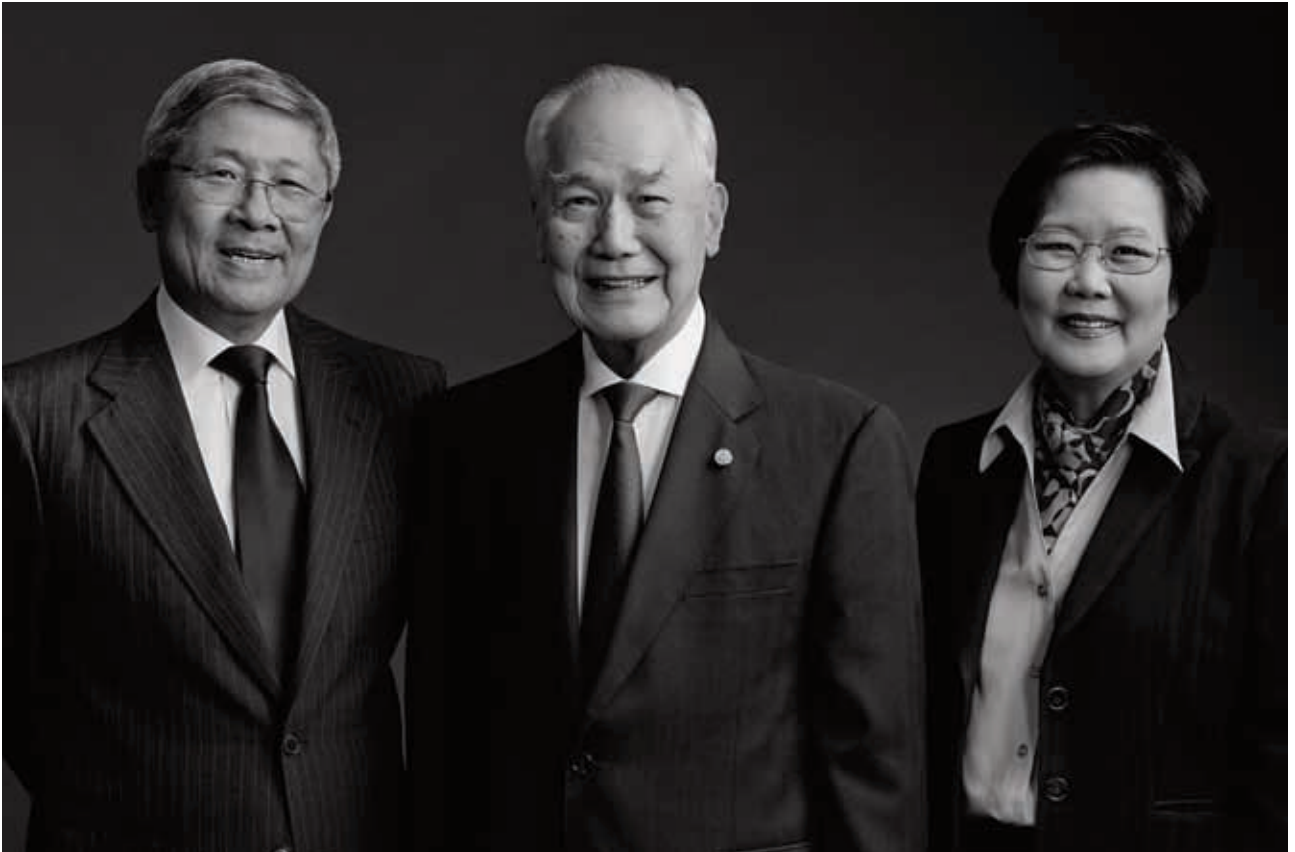
Market capitalization at a record high and the highest among Thai financial institutions





FIRST THAI BANK

MESSAGE FROM THE BOARD OF DIRECTORS



DEAR SHAREHOLDERS,

The Thai economy was challenged from the very start of 2012 as it faced the aftermath of the havoc caused by the massive flooding of late 2011 - a crisis which resulted in the quarterly GDP growth plunge to -9.0% year-on-year. This challenge was compounded by the continued and severe sovereign debt crisis in the eurozone economies, particularly at the periphery, and the dull outlook for the other major world economies.

Yet, despite these negative factors, Thailand's economic performance over the year was a story of resilience and rebuilding, with a backdrop of political stability. Private investment grew sharply on the back of the recovery from the post-flood reconstruction efforts, while consumer demand, spurred by a range of fiscal stimulus measures, remained robust throughout the year. On the back of these two growth engines, Thailand recorded GDP growth of 6.4% reflecting the underlying health and resilience of the Thai economy today.

In contrast to the domestic economic landscape, the eurozone remained embroiled in the public debt crisis and the ensuing impact on the national economies within and outside the zone, particularly on soaring unemployment levels and dismal economic

growth within the eurozone itself. Likewise, the economy of the United States was challenged by the political gridlock in measures that will curb the runaway fiscal deficit, and while some tentative accommodation between the rival factions has been reached in early 2013, a resolution to the conflict remains elusive. Thailand too felt a negative impact in terms of weaker manufacturing export growth, but this adverse shock was alleviated by the growing diversification of the nation's export markets, particularly within ASEAN itself. Fortunately, toward the end of 2012, there were initial signs that the worst was over and not only had the much-feared economic collapse of a major European economy been successfully avoided, but the measures in place were supporting a putative economic recovery in the U.S. and China.

Given the global economic conditions, the monetary policy for much of the year was skewed toward containing risks to growth, as inflation remained relatively benign. In particular, there were two policy interest rate cuts of 25bps each to bolster economic growth. Headline inflation in 2012 stood at 3.3%, a level lower than the previous year mainly on the back of relatively subdued oil prices throughout the year.

2012 FINANCIAL RESULTS

From a performance perspective, your Board is pleased to report that the **Bank had its third successive record year in terms of income**, profits and asset growth. As at December 2012, SCB maintained its pole position as the market leader among Thai financial institutions, with a market capitalization of Baht 617 billion, 55.8% higher than at the end of 2011.

In 2012 **net profit reached a historic high of Baht 40.2 billion**, representing growth of 28.9% year-on-year (excluding the one-time investment revaluation gain booked on the acquisition of additional shares in SCB Life in 1Q11). Alongside net profit, earnings per share (EPS) rose to Baht 11.83 in 2012 from Baht 9.18 in 2011. Return on average equity (ROAE) and return on average assets (ROAA) increased to 19.9% and 2.0% in 2012 from 18.4% and 1.9% in 2011 respectively (all excluding the one-time investment revaluation gain in 2011 referred to earlier). The increase in net profit was mainly attributable to the substantially higher net interest income from robust loan growth and the loan portfolio mix, the significant growth in net insurance premium income, the higher net trading and FX income, and the higher net fee and service income. To some extent these gains were offset by additional prudential provisions, set aside to provide a cushion against future uncertainties.

Net interest income grew 22.9% year-on-year mainly as a result of the robust loan growth of 19.7% and a larger component of higher yield loans. The loan growth stemmed from across all business segments but with sharp increases and market share gains in three pre-targeted segments: SME (up 25.5%), hire purchase (up 45.9%) and housing loans (up 21.3%). The strong loan growth and underlying market share gains reflected the sound execution of the Bank's announced strategies.

In 2012, **non-interest income** (excluding a one-time investment revaluation gain on the acquisition of shares in SCB Life in 2011) rose by 15.3%. This growth was the result of the solid growth in net fee and insurance premium income as well as higher net trading and FX income. In 2012, non-interest income accounted for 40% of total income, marginally lower than the 41% in 2011 (excluding the one-time investment revaluation gain in 2011).

Each year the Bank makes considerable investment in growing its retail franchise network, implementing new and emerging technologies and in developing the skills of its workforce. Yet, the Bank continues to maintain strong cost-control discipline as evidenced by its **cost-to-income** ratio: in 2012 this ratio stood at 41.2%, lower than the 42.9% level in 2011 (excluding the one-time investment revaluation gain in 2011).

In 2012, the Bank, using an abundance of caution, set aside Baht 9.4 billion of impairment loss on loans and debt securities. This was 41.7% higher than the previous year as **additional prudential provisions** were made to provide for any future unanticipated deterioration in loan quality. On the other hand, **loan quality** continued to improve and the non-performing loans (NPL) level dropped to 2.13% from 2.61% in the previous year - the lowest level since the Asian economic crisis of the 1990s. At the same time, due to the additional provisions and lower NPLs, the provision coverage level for NPLs stood at 144.8% in 2012, a sharp increase from 127.1% at the end of 2011.

Total capital funds (Tier 1 and Tier 2), on a bank-only basis, as at December 31, 2012 stood at a high of 16.5% of total risk-weighted assets, representing Tier 1 capital of 10.9% and Tier 2 capital of 5.6%. (The aforementioned ratios do not take into account the 2H12 net profit. Should the 2H12 net profit be taken into consideration, total capital ratio and Tier 1 capital ratio would be 17.6% and 12.0%, respectively.) This strong capital base positions the Bank to withstand any unanticipated shocks that may arise and, at the same time, support future growth.

CORPORATE SOCIAL RESPONSIBILITY

Given the scale and size of the Bank's activities, the Board has always been and remains deeply conscious of Bank's social responsibilities as an exemplary corporate citizen and, more specifically, for it to pursue policies and practices that contribute to the well-being and quality of life of the community.

In 2012, the focus and theme of these CSR activities has remained on 'youth development and learning enhancement.' The flagship event of the program, "**SCB Challenge**," consists of a series of contests for students at the primary, secondary and tertiary levels. The event provides an entertaining yet educational platform for young people to demonstrate their talent, creativity and team spirit. More than 8,000 students participate in the contests each year. In addition to the contest itself, the Bank has set up an online community for participants to communicate and collaborate in other CSR activities. Like with other CSR activities, the Bank invites other interested organizations to actively collaborate in this program, and it urges the broad participation of its nationwide employee network.

The Siam Commercial Foundation is a strategic arm of the Bank's CSR activities and it is used to drive and establish connections with other youth development networks. In 2012, a highlight was that the project began to support youth development through the learning of the concepts and practices relating to the sufficiency economy philosophy, first conceived by His Majesty the King. This project aims to successfully build character and a civic-sense among young learners across the country. As part of the project, **84 Sufficiency Economy Learning Centers (SELCS)** will be established to propagate the program on an ongoing basis and, at the end of 2012, 27 SELCS had been established and the rest should be set up in 2013.

Over the years, the Bank has supported the Thai Red Cross in **collecting blood supplies** from the public. During the past year, as a practical way to mark Her Majesty the Queen's 80th Birthday, the Bank donated two large vehicles, which were fully equipped for blood collection from potential donors, to the National Blood Center under the Thai Red Cross Society. The led to a nationwide campaign to raise blood donations from the public, culminating in a record 32 million ml. of new blood supplies for the Center.

Lastly, reflecting our efforts to be at par with international norms, the Bank developed a **non-financial report under the Global Reporting Initiative (GRI)**. This report underscores our goal to be a responsible financial partner in our society and contribute in a meaningful way to the long-term needs and benefits of our many stakeholders.

DEVELOPMENTS IN CORPORATE GOVERNANCE PRACTICES

In 2012 an external consultancy firm was engaged to review the **performance assessment** practices used for the Board, the chairman of the Board and individual directors. This firm is expected to make recommendations to increase the effectiveness and quality of the assessment process used for the Board and it is likely that the Board's future performance will be enhanced from these changes.

Also, the **Charter** of the Nomination, Compensation and Corporate Governance Committee was amended to reflect current best practice. One of the key responsibilities of the Committee is around the process for the selection and nomination of candidates to serve as directors, namely, to ensure that the nominees have the proper qualifications, competence, capability and experience to serve in the position. We expect this process will be improved as a result of the changes.

CHANGES IN BOARD COMPOSITION

In July 2012, the Board appointed Prof. Dr. Thosaporn Sirisumphand as a director, representing the Ministry of Finance, to fill the seat vacated by Mr. Thevan Vichitakul's resignation.

OUTLOOK FOR 2013

The Thai economy is projected by the Bank to grow at 4.9% in 2013, with household consumption and public investment as the key drivers. Household consumption will continue to expand due to the government stimulus programs and the low interest rate environment. Also, economic growth will benefit from the high level of public investment planned for 2013. The expected improvements in the global economic situation will likely lead to an improved climate for Thai exports in 2013.

The key macroeconomic risks to the Thai economy in 2013 arise from the effects of the large but short-term foreign capital inflows, the uncertainty over the U.S. debt ceiling negotiations, and the continued fragility of the eurozone economy.

Given the generally favorable domestic omens, the Bank will continue to broaden and deepen its revenue from specific segments through innovative, customer-centric products and strategies. At the same time, the Bank will improve its operations backbone and core IT systems to enhance capabilities and productivity. Importantly, it will continue to focus on developing the capabilities of its people so that there is broad alignment with the business direction.

In closing, we would like to express our appreciation to our shareholders and customers for their support and our gratitude to the management and staff for their efforts that have contributed to a third record year for earnings and growth. Your Board remains committed to building SCB as **the best universal bank in Thailand**.



Mr. Anand Panyarachun
Chairman of the Board



Dr. Vichit Suraphongchai
Chairman of the Executive Committee



Mrs. Kannikar Chalitaporn
President



FIRST THAI BANK

BOARD OF DIRECTORS



MR. ANAND PANYARACHUN

Chairman of the Board, Independent Director and Member of the Corporate Social Responsibility Committee

Khun Anand commenced his distinguished career at the Ministry of Foreign Affairs after completing his Bachelor of Arts degree (Hons.) in law from Trinity College, University of Cambridge, U.K. in 1955. Highlights of his career include service as ambassador to the United States, permanent representative to the United Nations at New York, U.S.A., and permanent secretary of the Ministry of Foreign Affairs. Since leaving the foreign service, Khun Anand has been active in the world of business and the international community, and was appointed by the former United Nations secretary general to chair its High-Level Panel on Threats, Challenges and Change, established to review the role of the United Nations in a rapidly changing global political environment during the period of 2003-2004.

Khun Anand is widely recognized for his pivotal role in the Kingdom's political development when he was called upon twice to serve as prime minister of Thailand, and leading the efforts to draft a new constitution for the Kingdom in 1997. Khun Anand has received 25 honorary degrees from various national and foreign universities for his distinguished roles in many areas. He is also a recipient of the prestigious Ramon Magsaysay Award.

Currently he serves as a UNICEF ambassador in Thailand, chairman of the Cambridge Thai Foundation, chairman of the Green Globe Institute and is a member of the Advisory Council of Transparency International.

Khun Anand has served as an independent director of the Bank since 1984, and was appointed chairman of the Board in 2007. He brings an unparalleled perspective on the macro-level challenges facing the Bank and plays an important role in promoting good governance and corporate social responsibility within the Bank.



DR. VICHIT SURAPHONGCHAI

Director, Chairman of the Executive Committee and Member of the Corporate Social Responsibility Committee

Dr. Vichit holds a bachelor's degree in engineering from Chulalongkorn University, a master's degree in engineering from the University of California, Berkeley and an MBA and a PhD from the University of California, Los Angeles (UCLA), U.S.A.

Dr. Vichit commenced his long and illustrious career in banking in 1977 at Bangkok Bank PCL, and at the time he left he was serving as its president. Later, he joined the Royal Thai Government as the minister of transport and communication (1994-1995). He returned to the banking world in 1998 as the chairman of Radanasin Bank PCL and thereafter, in 1999, he joined SCB as the chairman of its Executive Committee and a member of its Board of Directors. Dr. Vichit also serves, concurrently, as a member of the Supervisory Board of Kempinski AG in Switzerland, and as an advisor to the Bureau of Crown Property, Thailand.

Since joining SCB, he has provided the vision, drive and leadership to transform SCB's franchise and dramatically restore its competitiveness and profitability - one of the most successful corporate transformations in Thai economic history. Today, SCB has the highest market capitalization for a Thai financial institution, has received a number of international and domestic awards and accolades as the 'best Thai bank,' and is widely recognized as the premier universal bank in the country. With the Bank's stability and sustainable growth in mind, Dr. Vichit anchored its transformation on the formation of a high-caliber executive management team and the establishment of a program to nurture development of its next generation of leaders.

Dr. Vichit has made substantial contributions to the development of educational programs within the country. His many contributions were made through his former roles as a member of the Senate of Mahidol University, a member of the National Education Commission and as a council member of the National Institute of Development Administration Council (NIDA). He has also served as a trustee of the Asian Institute of Technology (AIT).



MR. MARIS SAMARAM
Independent Director and Chairman
of the Audit Committee

Khun Maris holds a bachelor's degree in accounting from the University of the East (Philippines), and attended Harvard Business School's Program for Leadership Development. Khun Maris commenced his auditing career in 1961 and qualified as a CPA with the SGV Group in the Philippines. In 1967, he was transferred to Bangkok with a mandate to develop a new location for the Group in Thailand. In 1974, he was admitted as a partner at SGV-Na Thalang, appointed country managing partner in 1978, and assumed the chairmanship in 1992. He retired from SGV-Na Thalang in 2001.

Besides his independent advisory assignments, he is also an independent director and member of the Audit Committee of Indorama Ventures PCL and TATA Steel (Thailand) PCL. He was appointed member of the Executive Committee of the Harvard Club of Thailand.

With his 40-year experience in a major regional audit firm and in his capacity as chairman of the Audit Committee, Khun Maris brings to the Bank outstanding credentials for enhancing the effectiveness of its audit policies, practices and procedures.



PROFESSOR VICHARN PANICH, M.D.
Independent Director and Chairman of the Corporate
Social Responsibility Committee

Prof. Vicharn holds an MD degree from the Faculty of Medicine, Siriraj Hospital and a master's degree in human genetics from the University of Michigan, U.S.A. He has held senior positions at Prince of Songkhla University, such as dean of the Faculty of Medicine and vice president of the University. Prof. Vicharn was the founding director of the Thailand Research Fund (TRF) and was re-elected to serve in the position for eight years. At TRF, he pioneered research management systems for Thailand. He continues to serve as a special advisor to the TRF and served as director of the Knowledge Management Institute (KMI), where he pioneered knowledge management development for Thailand, until 2008. Also, he has served as chairman of the Ministry of Education's Commission on Higher Education.

He currently serves as chairman of the Knowledge Management Institute (KMI) Foundation. He has been appointed as chairman of the Mahidol University Council, vice chairman of Arsomsilp Institute, and member of the council of Prince of Songkhla University.

Prof. Vicharn has also served on the boards of many organizations and foundations, including as chairman of the International Health Policy Program Foundation, member of the boards of the Health Intervention and Technology Assessment Program Foundation, the Medical Division of the Ananda Mahidol Foundation, and the Prince Mahidol Award Foundation Under Royal Patronage.

Prof. Vicharn brings his experience with projects linked to academia and the community, contributing a unique perspective to the Board in successfully carrying out its initiatives in knowledge management and corporate social responsibility.



MR. CHUMPOL NALAMLIENG
Independent Director and Chairman
of the Nomination, Compensation
and Corporate Governance Committee

Khun Chumpol holds a bachelor's degree in mechanical engineering from the University of Washington, U.S.A., and a master's degree in business administration from Harvard Business School, U.S.A. Khun Chumpol is widely recognized as a management expert with a strong and extensive background in business and finance, both at the local and international levels. He was president of Siam Cement PCL during 1993-2005 and was chairman of the Board of Directors of Singapore Telecommunications Ltd during 2004-2011.

Presently, Khun Chumpol is a member of the Board and member of the Remuneration Committee of Siam Cement PCL and director of Dole (Thailand) Co., Ltd., Siam Sindhorn Co., Ltd., CPB Equity Co., Ltd., Kempin Siam Co., Ltd., and Kempinski Hotels S.A.

As an independent director of Siam Commercial Bank and chairman of the Nomination, Compensation and Corporate Governance Committee, Khun Chumpol provides the Bank with an expert perspective on organizational development and corporate governance issues.



MR. SUMATE TANTHUWANT
Independent Director and Member
of the Audit Committee

Khun Sumate holds a Bachelor of Science (Hons.) degree in electrical engineering from Chulalongkorn University, and a Master of Science degree in management engineering from the Asian Institute of Technology. He has had a life-long career in shipping-related businesses. In 1980, he founded Regional Container Lines Co., Ltd. (RCL) to provide feeder services between Thailand and Singapore. The company was listed on the Stock Exchange of Thailand in 1988. Khun Sumate currently serves as the president of the Ngow Hock Group of companies, which includes Regional Container Lines PCL (RCL), Thai Prosperity Terminal Co., Ltd., and Sintanachote Co., Ltd., companies providing wharves, container freight stations, bonded warehouse facilities, etc. During 2006-2008, Khun Sumate was appointed by royal command as a member of the National Legislative Assembly.

In recognition of his contributions, Khun Sumate has been conferred an Honorary Doctor of Philosophy degree in business administration from Mae Fah Luang University and an honorary doctorate in logistics management from Chulalongkorn University.

As a veteran of the shipping and logistics sectors and a well-regarded and successful local entrepreneur, he brings an important dimension to the Board from both trade and business development perspectives, particularly with respect to the Bank's international business plans.



ASSOC. PROF. DR. KULPATRA SIRODOM

Independent Director and Member
of the Audit Committee

Assoc. Prof. Dr. Kulpatra earned a BBA (First-Class Honors) in finance from Thammasat University under a King Bhumibol Scholarship; an MBA in finance from West Virginia University, U.S.A.; and a PhD in finance from the University of Pittsburgh, U.S.A.

Assoc. Prof. Dr. Kulpatra presently serves as dean, Faculty of Commerce and Accountancy, Thammasat University. She also serves as a committee member for a number of organizations and private companies; including as an independent director and chairperson of the Audit Committee of Thai President Foods PCL, an independent director and member of the Audit Committee of President Bakery PCL, an independent director of Thai Wacoal PCL, an advisor to the Federation of Accounting Professions, and a member of the Board of the Global Foundation for Management Education.

As an independent director and a member of the Audit Committee, Assoc. Prof. Dr. Kulpatra provides the Board with an expert perspective on financial matters.



MR. EKAMOL KIRIWAT

Independent Director and Member
of the Audit Committee

Khun Ekamol holds a bachelor's degree (Magna Cum Laude) in economics from Dartmouth College, U.S.A., and a master's degree in finance from the Harvard Graduate School of Business Administration, U.S.A.

Khun Ekamol is an expert in money and capital markets. During 1990-1995, he was an executive at the Bank of Thailand, serving in various capacities, including deputy governor, assistant governor and director supervising the International Strategy Office and Financial Institution Application and Examination Department. Khun Ekamol also served as secretary general of the Securities and Exchange Commission. He was a member of Parliament during 2001-2004. From 2004 until today, Khun Ekamol has held the position of chairman of K.C. Property PCL.

With his expertise in money and capital markets supervision, including financial, Khun Ekamol has had an important role in the Bank's financial management oversight, and he has also played a key role in the work of the Bank's Audit Committee.



DR. CHIRAYU ISARANGKUN NA AYUTHAYA
Director and Member of the Corporate Social
Responsibility Committee

Dr. Chirayu holds a degree in economics (Hons.) from the London School of Economics, U.K., and a PhD in economics from the Australian National University. Starting his career as an economist at the Department of Technical and Economic Cooperation, he went on to serve as dean of the School of Development Economics at the National Institute of Development Administration (NIDA). During 1981-1986, he was appointed to the cabinet of the Royal Thai Government and served as deputy minister of industry, minister of industry, and as a minister attached to the Prime Minister's Office. Since 1987, Dr. Chirayu has managed the diverse holdings and investments of the Crown Property Bureau as director general, and at the same time served in the prestigious position of grand chamberlain to the Royal Household.

Dr. Chirayu also serves as director for several organizations in Thailand, including the Chaipattana Foundation, the Phra Dabos Foundation, the Siriraj Foundation, secretary general of the Sai Jai Thai Foundation and the Royal Project Foundation, treasurer of the Foundation of the Promotion of Supplementary Occupations and Related Techniques of Her Majesty Queen Sirikit of Thailand, and chairman of the National Institute of Development Administration Council (NIDA). He has also been appointed as chairman of the boards of Siam Cement PCL and Deves Insurance PCL.

As a Bank director, Dr. Chirayu has reinforced the Bank's strong drive for sustainable social responsibility.



MOM RAJAWONGSE DISNADDA DISKUL
Director and Member of the Corporate Social
Responsibility Committee

Mom Rajawongse Disnadda Diskul holds a degree in business administration from Indiana University, U.S.A. He worked for the National Economic Development Board (later the National Economic and Social Development Board) until 1967, when His Majesty the King appointed him to serve as the private secretary to Her Royal Highness Somdej Phra Srinagarindra, the Princess Mother. Mom Rajawongse Disnadda served as private secretary to H.R.H. the Princess Mother until Her Royal Highness passed away.

Mom Rajawongse Disnadda is a director and secretary general of the Mae Fah Luang Foundation Under Royal Patronage, a position he has held since the Foundation was established in 1972 to carry out the development initiatives of the late H.R.H. the Princess Mother. Since 1988, he has also served as chairman and director general of the Doi Tung Development Project in Chiang Rai, a Royal Initiative of H.R.H. the Princess Mother. In recognition of his achievements, the Royal Thai Government requested him to extend his experience at the Doi Tung Development Project to the Union of Myanmar, Afghanistan and Aceh province in Indonesia.

Mom Rajawongse Disnadda also holds several other significant positions such as secretary general and director of the Royal Innovation Foundation, chairman of Rakkaew Foundation, director of The Princess Mother's Medical Volunteer Foundation, trustee of Japan-America Institute of Management Science, and advisor to the Crown Property Bureau.

As a director and member of the Corporate Social Responsibility Committee, Mom Rajawongse Disnadda provides the Bank with unmatched experience in sustainable development issues.



KHUNYING JADA WATTANASIRITHAM

Independent Director, Member of the Corporate Social Responsibility Committee, and Member of the Nomination, Compensation and Corporate Governance Committee

Khunying Jada holds bachelor's and master's degrees in natural sciences and economics from the University of Cambridge, U.K., and a master's degree in economic development from Williams College, U.S.A. Khunying Jada commenced her distinguished career in banking at the Bank of Thailand before joining the Siam Commercial Bank in 1975. Khunying Jada served as the Bank's president and CEO during the period of 1999 - 2007. She has the distinction of being the first woman to be appointed as president.

She was bestowed the Royal decoration of Chulachomklao with the title Khunying in May 2000. In 2006, Khunying Jada served as chairperson of the Thai Bankers Association and was appointed by Royal command as a member of the National Legislative Assembly during the period of 2006 - 2008. She received the prestigious "Best CEO of the Year 2006" award from the Stock Exchange of Thailand.

Khunying Jada currently serves as director on a number of boards, including as an independent director and member of the Audit Committee of Minor International Corporation PCL, as chairperson of the Thai Institute of Directors and Siam Paragon Development Co., Ltd., as an expert member, chairman of the Audit Committee, and member of the Performance Assessment and Remuneration Committee of the Government Pension Fund, and honorary member of the National Institute of Development Administration Council (NIDA).

Khunying Jada has utilized her in-depth knowledge and experience as a professional banker as well as active contributor to many non-profit organizations in providing the Bank a highly valuable perspective in her capacity as an independent director, member of the Corporate Social Responsibility Committee, and member of the Nomination, Compensation and Corporate Governance Committee.



MS. SUPA PIYAJITTI

Director and Member of the Nomination, Compensation and Corporate Governance Committee

Khun Supa holds bachelor's degrees in accounting and law from Thammasat University and a master's degree in public administration from the National Institute of Development Administration (NIDA).

Khun Supa has extensive experience of more than 20 years at the Ministry of Finance and has held various key positions at the Ministry and other organizations, namely as director general of the State Enterprise Policy Office (SEPO), deputy director general of the Comptroller General's Department, vice chairperson of the Financial Institutions Development Fund, director of the Agricultural Futures Trading Commission (AFTC) and director of Bangchak Petroleum PCL. Khun Supa presently serves as deputy permanent secretary for public expenditure and liability management, Ministry of Finance. She also serves as chairperson of the board of National Credit Bureau Company Limited (NCB) and a director of the Erawan Hotel PCL.

Khun Supa brings to the Board her extensive expertise and perspectives on fiscal and monetary matters, accounting and laws.



MR. ROBERT RALPH PARKS
Independent Director and Member
of the Nomination, Compensation and Corporate
Governance Committee

Mr. Parks earned a Bachelor of Arts degree from Rice University and an MBA degree from Columbia University Graduate School of Business, both of the U.S.A.

Mr. Parks has over 35 years of experience in investment banking and has held senior management positions in the Asia-Pacific region, Europe and the United States. He started his investment banking career with Merrill Lynch in 1970 and during his time there spent several years in Asia. Prior to becoming a partner of the Beacon Group, he was a partner of Goldman Sachs & Co., where he was involved in the establishment and management of the firm's investment banking services operations in Europe. He became chairman and CEO, Asia-Pacific, of J.P. Morgan in early 2001 and retired from the firm at the end of 2006.

During 2007-2012, Mr. Parks was appointed as the chairman of Oaktree Capital (Hong Kong) Limited covering the Asia-Pacific region. He is now serving as a director of Banyan Capital Mongolia Fund GP Limited, Pear Tree Point School, and Rice University.

With his extensive experience in financial business as a senior executive of these international firms, Mr. Parks has provided feedback and guidance for the Bank's management development and governance.



**PROFESSOR DR. THOSAPORN
SIRISUMPHAND**
Director and Member of the Nomination,
Compensation and Corporate Governance
Committee

Prof. Dr. Thosaporn received his bachelor's degree (Hons.) in public administration from Chulalongkorn University. He earned a master's degree in development administration and a PhD in policy analysis, public administration and comparative politics from Northern Illinois University, U.S.A.

Prof. Dr. Thosaporn has held several executive positions at leading academic institutes, including assistant to the president, Chulalongkorn University, and deputy secretary general of the King Prajadhipok Institute. He now serves as secretary general of the Office of the Public Sector Development Commission (OPDC) and as board member of several leading institutes, such as the Office of the Official Information Commission, the Personnel Policy Committee of the Chulalongkorn University Council, and the Monitoring, Audit and Evaluation Committee of the King Prajadhipok Institute. He is also an independent director of Thai Oil PCL.

As a director and a member of the Nomination, Compensation and Corporate Governance Committee, Prof. Dr. Thosaporn has contributed to the Board with his extensive experience and specialization in administration.



MRS. KANNIKAR CHALITAPORN

President, Member of the Executive Committee, and Member of the Corporate Social Responsibility Committee

Khun Kannikar holds a bachelor's degree in business from the University of Colorado, U.S.A., and attended the Advanced Management Program at Harvard Business School, U.S.A. Prior to joining the Bank, she worked with Unilever Thailand for 32 years. Over the years at Unilever, she played a critical role in dramatically improving its market share and profitability in Thailand, through the application of modern marketing concepts.

Khun Kannikar joined as a member of the Bank's Board in 2002, and the senior management team in 2003. In her role as head of the Retail Banking Group, she brought a fresh, invigorating and consumer-focused perspective to its retail business, and is widely recognized as the architect behind the hugely successful transformation of the Bank's retail franchise.

Khun Kannikar was appointed as the Bank's president in 2007. She received the prestigious "Financier of the Year 2007" award from *Money & Banking* magazine, "The Asian Banker Achievement Award for Women in the Financial Services Industry 2007" from The Asian Banker magazine, "ASEAN Outstanding Women Entrepreneurs" award from the Vietnam Chamber of Commerce and Industry in 2008, the "Best CEO Award - SET 2009" from the Stock Exchange of Thailand, "Best CEO" award in 2009 and the "Best CEO in Financial Group of Business" award from the Securities Analysts Association of Thailand in 2011.

Under her leadership, the Bank has grown steadily and vigorously to become Thailand's second-largest commercial bank in terms of total assets and loans, and the largest in terms of market capitalization.



MR. BODIN ASAVANICH

Director, Member of the Executive Committee, Senior Executive Vice President, and Group General Counsel

Khun Bodin holds a Bachelor of Laws degree from Thammasat University and a Master of Comparative Jurisprudence degree and Master of Laws (general) degree from New York University, U.S.A. He is also a barrister at law. He attended also the Stanford Executive Program at Stanford University, U.S.A.

Khun Bodin has over 30 years of experiences as a legal practitioner. In 1976, he was trained at a law firm in New York, and upon his return to Thailand in 1976 he became a managing partner of the B&N Legal Office. Subsequently, he joined the Petroleum Authority of Thailand as director of its Legal Division before joining Siam Cement PCL as its group general counsel. Later he was appointed managing director of Cemen Thai Legal Counsel Limited. During the period of 2006-2008, Khun Bodin was appointed by Royal command as a member of the National Legislative Assembly.

Khun Bodin currently serves as a director of SCG Legal Counsel Limited, a director and a member of the Nomination and Corporate Governance Committee of Shin Corporation PCL, senior vice chairman of the Federation of Thai Industries. He also serves as a member of several legal committees under various government and private agencies.

Khun Bodin has served as a member of the Board of Directors and the Executive Committee since 2002, and concurrently in 2008 was appointed as senior executive vice president and group general counsel to oversee legal and compliance matters. His past experiences in legal matters are of immense value to the Bank.

SENIOR EXECUTIVE OFFICERS

DR. VICHIT SURAPHONGCHAI
Chairman of the Executive Committee
Please refer to page 11
for Dr. Vichit's profile

MRS. KANNIKAR CHALITAPORN
President
Please refer to page 18
for Mrs. Kannikar's profile

MR. BODIN ASAVANICH
Senior Executive Vice President, Group General Counsel
Please refer to page 18
for Mr. Bodin's profile



MR. DEEPAK SARUP
Senior Executive Vice President, Chief Financial
Officer & Head, Finance Group and Change Program

Deepak Sarup serves as the senior executive vice president and chief financial officer (CFO) of Siam Commercial Bank. His specific responsibilities include managing the Group finance function and the Bank's ambitious and far-reaching transformational Change Program. Immediately prior to assuming the CFO responsibilities in 2008, he served as the group chief information officer of Siam Commercial Bank PCL. for about five years. During this period he led the successful drive to transform the Bank's IT platforms and related processes, as a result enabling substantial business growth and market share gains. Before joining the Bank in January 2002, he was managing director of the Asia-Pacific operations of a Fortune 500 multinational, with leadership responsibilities for offices in 10 countries across the region covering sales, services and major project implementation. He commenced his career in 1976 in the London office of Touche Ross & Co. (now Deloitte & Touche). He is a fellow of the Institute of Chartered Accountants in England and Wales, a Certified Information Systems Auditor, and a fellow of the Wharton School, University of Pennsylvania. He has served as the international president of the Information Systems Audit and Control Association Inc. (1991-1993), and on the IT committee of the International Federation of Accountants (1995-2001).



MR. SIRICHAJ SOMBUTSIRI

Senior Executive Vice President, Group Head,
Business Banking Group

Khun Sirichai holds a bachelor's degree (Hons.) in accounting from Thammasat University and an MBA in finance from the University of Southern California (U.S.A.). He also attended the Advanced Management Program at Harvard Business School in 2008. He joined the Bank in 1977 and worked in its foreign branch operations and treasury before serving as president of Thai Summit Finance and Securities Co., Ltd. from 1994-1998. He then served as managing director of Radanasin Bank PCL from 1998-1999. He rejoined the Bank in 2000 as executive vice president of the Treasury and Capital Markets Division. Subsequently, he was responsible for business lending, and was appointed head of the Corporate Banking Group in 2003. In 2006, he was appointed head of the newly established Business Banking Group responsible for managing the Bank's SME-related business. In January 2008, Khun Sirichai returned as head of the Corporate Banking Group to lead its operations to achieve the Bank's strategic plan. In September 2009, Khun Sirichai returned to the Business Banking Group, becoming its group head, in order to drive the growth of SME business, which is one of the major growth engines of the Bank.



MR. YOKPORN TANTISAWETRAT

Senior Executive Vice President, Chief Risk Officer

Khun Yokporn has been with the Bank since 1977, after earning a bachelor's degree in economics from Chulalongkorn University and a master's degree in economics from Thammasat University. His work experience covers the areas of economic research, credit and capital markets. Khun Yokporn was appointed senior executive vice president of the Risk Management Group in 2006, responsible for developing risk management as a core competency for the Bank. Khun Yokporn was appointed chief financial officer in 2007, and returned to the position of chief risk officer in April 2008.



MR. YOL PHOKASUB

Senior Executive Vice President, Group Head,
Retail Banking Group

Khun Yol holds a bachelor's degree (Hons.) in computer science and software engineering from Imperial College, University of London. Prior to joining the Bank in June 2007 as head of the Retail Banking Group, Khun Yol had extensive experience in the retail consumer product business. During 1989-2006 he worked with Unilever Thailand, where his last position was managing director of Unilever Foods and board member of Unilever Thailand. After that, Khun Yol joined the Dutch Mill Group, where he served as chief operating officer.



MR. ARTHID NANTHAWITHAYA

Senior Executive Vice President, Group Head,
Wholesale Banking Group

Khun Arthid earned his bachelor's degree in economics from Chulalongkorn University before going to Sasin Graduate Institute of Business Administration for his MBA in finance. He has a strong background in capital markets and treasury, having worked in the finance and banking industries for 15 years. He started his career at Siam Commercial Bank in 1994 before moving to Cargill Financial Services to become hedge fund manager in 1998. He then worked for Standard Chartered Bank for nine years, where he established a strong footprint with his capital markets team. His last position at Standard Chartered Bank was managing director and regional head of capital markets, South East Asia. Khun Arthid rejoined the Bank as senior executive vice president of Corporate Banking Group 2 in 2008, also acting as head of GMTS Group since September 2009. In January 2011, the Bank reorganized the Corporate Banking Group and related product and operation groups under a single umbrella to form the Wholesale Banking Group. This Group will meet customer needs across all wholesale market segments and increase the readiness of the Bank to face intensifying competition. Khun Arthid was assigned to take responsibility for this important Group from its formation.



MR. SARUNTHORN CHUTIMA

Senior Executive Vice President, Group Head,
Special Business Group

Khun Sarunthorn has 28 years of experience in corporate lending. He joined the Bank after graduating from Chulalongkorn University with a bachelor's degree in accounting and earning his MBA from Ohio University (U.S.A). He managed project finance and became manager of Corporate Department 4, where he was responsible for corporate lending to the energy and petrochemical sectors prior to his appointment to ITV Co., Ltd. in 1996 as that company's managing director and the Bank's representative. After completing his mission to divest the Bank's controlling stake in ITV, he returned to the Bank to resume his work with large corporate clients. He was promoted to the post of executive vice president, Corporate Division 1 in 2003. Subsequently, he was promoted to first executive vice president, Special Situations Group in February 2009 in order to provide practical advice for restructuring debts and develop a system to protect against formation of new non-performing loans (NPLs) among customers adversely affected by changes in the economic environment, as well as to manage the bulk of the Bank's portfolio of NPLs and non-performing assets (NPAs). In December 2010, Khun Sarunthorn was appointed to senior executive vice president, Special Business Group.

EXECUTIVE OFFICERS*

FIRST EXECUTIVE VICE PRESIDENT

Mrs. Sutharntip Phisitbuntoon
Mrs. Kannika Ngamsopee
Mrs. Ongorn Abhakorn Na Ayuthaya
Ms. Phanporn Kongyingyong
Mr. Grish Attagrish
Mr. Rungruang Sukkirdkijpiboon

Mr. Narong Srichukrin
Mr. Sarut Ruttanaporn
Mr. Thun Reansuwan
Mr. Kittiphun Anutarasoti
Ms. Araya Phuphanich

Mrs. Apiphan Charoenanusorn
Mrs. Bussakorn Puttinan
Mr. Krieng Wongnongtaey
Dr. Ellen Nora Ryan
Mr. Worawat Suvagondha

EXECUTIVE VICE PRESIDENT

Mr. Somchai Sanyalaksiri
Dr. Amarit Laorakpong
Mrs. Praralee Ratanapasartporn
Ms. Siripen Olanvijcharoen
Mr. Pongsit Chaichutpornasuk
Mrs. Wareemon Niyomthai
Mr. Chatri Sotangkur
Mr. Trirong Butragaht
Mr. Pises Sethsathira
Mr. Sopon Asawanuchit
Mr. Suthipat Serirat
Dr. Sutapa Amornvivat

M.L. Chiradej Chakrabandhu
Mr. Smith Banomyong
Mr. Chanmanu Sumawong
Ms. Lilly Ngamtrakulpanit
Mrs. Pikun Srimahant
Ms. Jamaree Ketrakool
Mr. Kiradit Arromdee
Mr. Wasin Saiyawan
Mrs. Pimolpa Suntichok
Mr. Sirote Vichayabhai
Dr. Arak Sutivong
Ms. Vorada Thangsurbkul

Ms. Pakachat Taychaburapanone
Mr. Manop Sangiambut
Mr. Tawatchai Cheevanon
Mr. Tse Tiong Lee
Ms. Kluaymai Devahastin
Mr. Nopadol Mungonchai
Ms. Saranya Vajakul
Ms. Soramon Inkatanuvatana
Mr. Rungsi Vongkitbuncha

Mrs. Siribunchong Uthayophas
Company Secretary

* As of December 31, 2012

ORGANIZATION STRUCTURE

Governance Structure

BOARD OF DIRECTORS

Board Committees

Executive Committee
(Chairperson: Dr. Vichit Suraphongchai)

Audit Committee
(Chairperson: Maris Samaram)

Nomination, Compensation and Corporate Governance Committee
(Chairperson: Chumpol NaLamlieng)

Corporate Social Responsibility Committee
(Chairperson : Prof. Vicharn Panich)

Management Committees

Management Committee
(Chairperson: Kannikar Chalitaporn)

People Development Committee
(Chairperson: Dr. Vichit Suraphongchai)

Change Program Steering Committee
(Chairperson: Kannikar Chalitaporn)

Risk Management Committee
(Chairperson: Kannikar Chalitaporn)

Assets and Liabilities Management Committee
(Chairperson: Dr. Vichit Suraphongchai)

Equity Investment Management Committee
(Chairperson: Kannikar Chalitaporn)

Management Structure

As of January 1, 2013

Executive Management

----- Audit and Compliance
——— Change Program



!! (with goats cheese) (+45)
Check out our specials
daily Salad & creations
Loa



FIRST BUSINESS

THAILAND'S ECONOMIC CONDITIONS IN 2012 AND THE OUTLOOK FOR 2013



With the ASEAN Economic Community set to start in 2015, Thai businesses are bracing for new regional opportunities and competition. SCB helped clients sharpen up through special seminars offering expert analysis and discussion.

Favorable domestic factors drove strong economic growth in Thailand during 2012 despite global weakening. The Thai economy expanded by a robust 6.4% in 2012 as a result of enhanced domestic demand. Private investment grew steadily in the aftermath of the nation's disastrous floods in the fourth quarter of 2011. This investment was driven especially by rebuilding of factories and replacement of damaged machinery. Too, household consumption rose on the back of rising credit and government stimulus programs, especially the tax rebate scheme for first-time buyers of new automobiles. These domestic factors more than offset Thailand's minimal growth in exports, which resulted from decelerating world demand for products and raw materials.

The manufacturing sector largely returned to post-flood normalcy in the second quarter. Better utilization of capital and new investment took place throughout the year. The automotives industry, which was severely affected by the 2011 flood, rapidly resumed normal operations, producing a record number of motor vehicles to meet the high level of domestic demand. In contrast, the electronics sector, which is highly export-oriented, has not yet returned to pre-flood levels, as it was hampered by shrinking orders from abroad.

The eurozone crisis adversely affected Thai exports. Thai exports to the European Union (EU-27) shrank in 2012, as the unresolved public debt issues in a number of eurozone countries translated into credit system dysfunctions and lackluster employment. The troubled eurozone economy inevitably hurt world manufacturers, including those in Thailand. Nonetheless, encouraging signs in other major economies emerged toward the end of 2012. Among the significant signs of improvement were the modest decline in the unemployment rate in the United States and the continuation of quantitative easing by the U.S. Federal Reserve, as well as a rebound in the Chinese economy in the final quarter.

Currently the Bank forecasts that the Thai economy will grow by 4.9% in 2013, with household consumption and public investment as key drivers. As was the case during 2012, household consumption will continue to expand on the back of low interest rates, the continuing impact of the first-car tax rebate scheme, and the hike in the national minimum wage; these three factors together will strengthen household purchasing power. Public investment should grow by as much as 18% this year due to the implementation of key water management projects and other planned infrastructure development. Thailand's export growth should improve to reach 7.5% on the back of the global recovery. These factors, together with a surge in foreign direct investment, will drive private investment to expand by around 8% in 2013.

Key macroeconomic risks for the Thai economy in 2013 are the effects of significant foreign fund inflows, uncertainty over U.S. debt-ceiling negotiations, and the continuing fragility of the eurozone economy. Part of the massive liquidity that is resulting from the unprecedented monetary easing in major world economies will likely flow into Asia's emerging economies in search of higher returns. This may pose a problem for Thai exports if it causes the Thai Baht to over-appreciate vis-à-vis other Asian currencies. In the meantime, the U.S. faces fiscal uncertainty as it again reaches its debt limit during the first quarter of 2013. The possibility that negotiators in Washington might ultimately fail to reach a timely compromise continues to cause concern regarding the U.S. and global economies. Two external uncertainties in the eurozone are the persistence of weak demand and the banking system's deleveraging cycle, which will continue to pose threats to world economic recovery.

On balance, barring unforeseen shocks, we expect the Thai economy to have moderate growth, all be it at a somewhat lower rate than in 2012.

INDUSTRY AND COMPETITION REVIEW

2012 was a good year for Thailand's banking industry mirroring the strength of the domestic economy. The industry's overall financial results reflected robust growth in terms of assets, loans, deposits, operating profits and net profits. By year-end, the number of Thai banks stood at 16, comprised of 14 commercial banks, one retail bank and one foreign subsidiary.

Comparison of SCB's Performance with Thai Commercial Banking Sector* as at December 31, 2012

Unit: Baht billion

Financial statement (consolidated)	Thai commercial banking sector*		Change % yoy	SCB 2012	SCB market share %
	2012	2011			
Assets	12,676	10,865	16.7	2,270	17.9
Gross loans	8,684	7,646	13.6	1,547	17.8
Deposits	8,976	6,979	28.6	1,614	18.0
Shareholders' equity	1,151	974	18.2	218	17.1
Net interest income	342	306	11.8	62	18.2
Non-interest income	192	168	13.9	41	21.3
Non-interest expenses	249	227	9.8	42	17.0
Operating profits	285	247	15.0	61	21.3
Loan loss provision	68	61	12.5	9	13.7
Corporate income tax	46	50	-8.4	11	23.4
Net profits	163	131	25.0	40	24.7

* The Thai commercial banking sector defined as the 11 commercial banks listed on the Stock Exchange of Thailand.

In 2012, the Thai commercial banking sector's aggregate net profits increased 25.0% to Baht 163.1 billion, from Baht 130.5 billion in 2011. Thai banks reported improved net profits except for one medium-size bank, which reported a decline in net profits mainly due to higher provisions. The improvement in net profits was due to the combined effects of robust growth in net interest income (11.8% yoy), and strong growth in non-interest income (13.9% yoy). In 2012, some banks set aside additional provisions as a cushion for future uncertainties.

Net interest income (NII) remained the main source of the sector's income, and as a proportion to total income it was relatively flat at 64% in 2012. In absolute terms, net interest income increased by 11.8% to Baht 342 billion in 2012, from Baht 305.9 billion in 2011, mainly driven by robust loan growth (13.6% yoy) and partly from higher average lending rates in 2012. In 2012, most banks reported declines in their net interest margins (NIM) as a result of the higher cost of funds. The higher cost was due partly to the Bank of Thailand's imposition of a new Financial Institution Development Fund (FIDF) fee on certain types of borrowings and the higher FIDF/DPA contribution rate of 47bps compared to 40bps previously.

Non-interest income increased by 13.9% to Baht 191.8 billion in 2012, from Baht 168.3 billion in 2011, mainly due to: (1) robust growth in fee and service income; (2) higher insurance underwriting income; and (3) higher net trading income. Non-interest income contributions remained flat at 36% of total income in 2012.

As at December 31, 2012, the aggregate assets of the Thai commercial banking sector stood at Baht 12,676 billion, the equivalent of 111.6% of Thailand's 2012 GDP. Total assets, a key growth index for banking institutions, grew by Baht 1,811 billion, a 16.7% year-on-year increase, attributable largely to robust loan growth.

Gross loans rose significantly by 13.6% to Baht 8,684 billion, from the higher loan demand following the post-flood economic recovery, a more stable political environment and the government's tax incentive scheme. The growth in loans classified by business type for commercial banks registered in Thailand including foreign bank branches, was as follows: Personal/consumer loans (25.8% of total loans), grew sharply at 21.6% yoy, mainly from hire-purchase loans, which rose 33.9% following higher vehicle sales due largely to the government's tax incentive scheme for first-time buyers of new cars. Home loans also grew 12.4% on the back of continuing demand in the residential homes market. On the commercial side, manufacturing/production loans which accounted for 17.8% of total loans, increased by 4.2% while loans for wholesale and retail businesses increased by 15.8%. In 2012, the central bank cut its policy rate by 50 bps, from 3.25% at the end of 2011, to 2.75% in 2012. The sector's minimum lending rates (MLRs) dropped from 7.25%-8.95% the year before to 7.00%-8.72% at the end of 2012.

Deposits in the Thai commercial banking sector rose significantly by 28.6% to Baht 8,976 billion. In 2012, competition for deposits was relatively strong, as banks responded to the higher loan demand and the progressive shift from maturing bills of exchange (B/Es) to deposit products following the new regulation requiring banks to pay a FIDF fee on B/Es. In 2012, the three-month fixed deposit rates decreased from 1.75%-3.40% at the beginning of the year to 1.60%-3.15% at year-end. The gross loan-to-deposit ratio of the Thai commercial banking sector decreased to 96.7% at the end of 2012, from 109.5% at end of 2011, as deposits grew faster than loans mainly due to the migration of B/Es. Also, the combined loan-to-deposit and B/E ratio of the Thai commercial banking sector increased to 94.8% at the end of 2012, from 93.7% at end of 2011, given the higher growth rate of loans.

As at December 31, 2012, the Thai commercial banking sector's gross NPLs on a consolidated basis, including substandard, doubtful, doubtful loss and loss accounts, stood at Baht 262.9 billion or 2.7% of total loans, down from Baht 286.7 billion or 3.4% of total loans at the end of 2011, as asset quality improved following the rapid economic recovery. The improvement was mainly attributable to debt restructuring, write-offs and NPL sales.

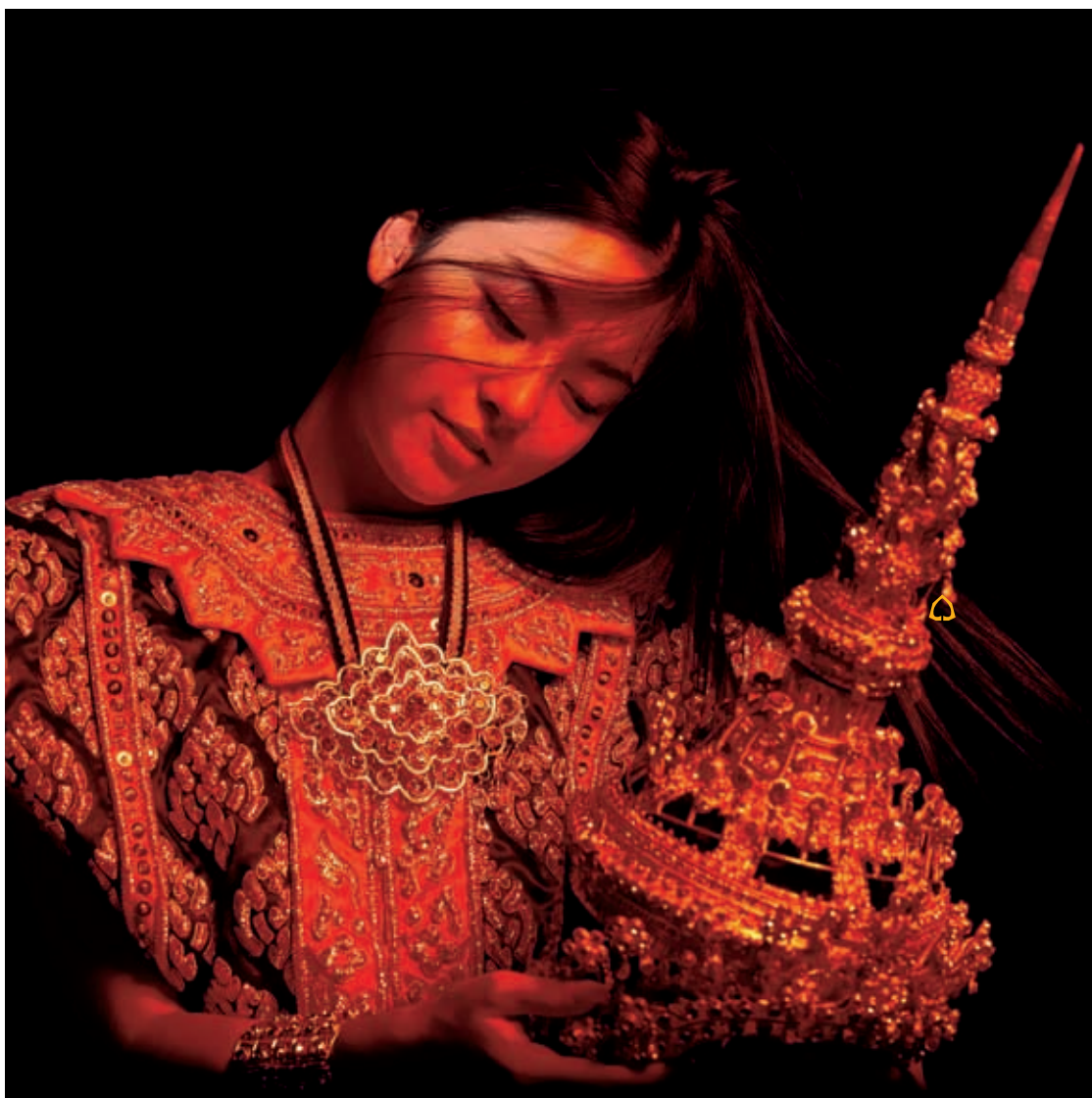
The operating results of Thai banks were supported by the robust fundamentals of the Thai economy itself. The major improvements in the Thai banking sector in 2012 were driven by (1) strong income growth in both NII and non-NII; (2) strong capital positions; and (3) improved asset quality.

Thai banks are likely to continue to strengthen their capital adequacy in order to meet the impact of future regulatory changes, which will arise from implementation of international accounting standards (IFRS and IAS) and the Basel III framework, and push towards the Asean Economic Community (AEC).

In 2013 and beyond, Thai banks will likely strengthen their income-generating capabilities in both fee and interest income. Too, banks are likely to face rigorous competition for deposits given continued healthy loan demand following the launch of the government's infrastructure program. At the forefront of the Thai banking sector, SCB stands well positioned to benefit from the opportunities that may arise in this economic environment.



Leadership in innovation and strong performance have helped SCB win the "Best Bank in Thailand" award seven years in a row from *Global Finance* magazine of the U.S.



FIRST SHOW

PERFORMANCE AND PLANS

Business Overview



"First Is Endless" - The slogan of SCB's corporate branding campaign hails the Bank's vision to keep premiering the innovations that meet customer needs.

Siam Commercial Bank PCL is a leading universal banking group in Thailand, providing a wide array of financial products and services to meet the needs of a broad range of customers. As befits its status as a universal bank, it has a large footprint across the financial services landscape in Thailand covering all customer and product segments.

In addition to core services such as deposit and credit services, the Bank also provides tailored services to meet specific customer needs. Retail services include home loans, personal credit, car hire purchase, credit cards, ATM cards, debit cards, currency exchange facilities, and overseas remittances as well as investment and bancassurance products. Beyond core services, for corporate and business customers the Bank offers business cash-management related services, international trade financing, treasury products, debt and capital market products, corporate advisory, investment banking and other related financial services. The services available from the Bank's subsidiaries and associates for both corporate and retail clients include securities trading, asset management and life and general insurance.

Siam Commercial Bank PCL has four business groups: the Wholesale Banking Group; the Business Banking Group (serving SME clients); the Retail Banking Group (serving individuals and small businesses); and the Special Business Group (handling mainly NPL workout). In addition, the Bank has four major subsidiaries: SCB Securities Co., Ltd.; SCB Asset Management Co., Ltd.; Siam Commercial Samaggi Insurance PCL; and SCB Life Assurance PCL. Each of these companies provides a range of financial services to meet the specific needs of its customers.

Units within the Bank responsible for supporting and managing the Bank's operations comprise seven function-oriented groups. These are: Risk Management Group, Finance Group, Human Resources Group, Information Technology Group, Group General Counsel, Corporate Communications Division, and the Audit & Compliance Group. In addition, the Bank has established a Change Program Management Office whose role is to drive and monitor the implementation of critical initiatives.

Percent of revenue for each business unit (Consolidated)	2012	2011	2010
Wholesale Banking Group	21%	25%	25%
Business Banking Group (SME)	15%	11%	11%
Retail Banking Group	56%	55%	58%
Others*	8%	9%	7%

* Including subsidiaries and affiliates, but excluding one-time investment gains.

2012 Performance

2012 was another successful year for SCB, the third successive year in a row during which the Bank reported a record-high net profit. SCB performed well above its targets announced at the start of the year, despite global economic uncertainties that slowed growth in Thailand's cross-border trade transactions, especially growth in exports. SCB's strong results reflected, in part, the resilience of its operating platform and business model as well as the soundness of its business strategies.

In 2012, the Bank registered a return-on-equity (ROE) of 19.9% with a record-high net profit of Baht 40.2 billion, a 28.9% yoy increase of Baht 9 billion from the net profit of Baht 31.2 billion recorded in 2011 (excluding the one-time investment revaluation gain booked on the acquisition of additional shares in SCB Life in 1Q11). This growth in profit reflects the effectiveness of the Bank's strategy and its execution capability.

Total income, at Baht 103 billion, increased 19.8% from 2011 (excluding the one-time investment revaluation gain booked on the acquisition of additional shares in SCB Life in 1Q11) due to both robust loan growth and solid non-interest income growth. In particular, the non-interest income growth was boosted by higher underwriting income and higher net trading and FX income.

To maintain profitability, the Bank maintained a strong focus on expense control and productivity improvements, resulting in a lower cost-to-income ratio of 41.2%, falling from 42.9% in 2011 (excluding 2011's one-time investment revaluation gain booked on the acquisition of additional shares in SCB Life in 1Q11).

The Bank reported total assets of Baht 2.27 trillion, an increase of Baht 422 billion (or 22.8%) from the end of 2011. It is the first time that the Bank's asset size has surpassed the Baht 2 trillion threshold.

Total loans grew by 19.7%, with better underlying asset quality. The ratio of NPLs to total loans fell to 2.13%, as a result of effective work-out strategies such as repayments, auctions and foreclosures, NPL sales and debt restructuring, as well as ongoing prevention of new NPL formation.

The Bank maintained its leadership in a range of retail products and services, as well as its leading position in the number of branches and ATMs throughout the country, in part as a result of continued expansion. At the end of 2012, the Bank had 1,142 branches, 8,700 ATMs, and 108 foreign exchange kiosks - the largest financial services footprint in Thailand.

As a business in the services industry, the Bank believes in the critical importance of sustaining a high level of employee engagement, together with a high level of customer engagement. This robust engagement model, which has helped to generate industry-high levels of customer and employee engagement, provides the Bank a unique competitive edge today and the best assurance of sustainable profitability in the years ahead.

2012 Highlights

SCB retains a strong market position among the big Thai banks:

- High net profits at Baht 40.2 billion, a new record level for SCB.
- High ROE at 19.9% and ROA at 2.0%, levels that rank among the highest of the big Thai banks.
- The highest market capitalization among financial institutions in Thailand (at Baht 617 billion on December 28, 2012).
- The largest branch and ATM footprint, with 1,142 branches and 8,700 ATM units.



With the largest branch network in Thailand, SCB opened its 1,111th location at Bangkok's Gateway Ekamai shopping center, catering to Japanese expatriates and other customers in the Sukhumvit Road area.

Plans for 2013

- Continue strong drive toward customer segment-based strategies with new and innovative products and a shift toward a more granular focus on high-growth sub-segments.
- Develop and launch capabilities in selected regional markets to support trade and investment flows to/from Thailand.
- Start a group-wide program to overhaul the operations backbone with the goal of creating a lean operations environment with scalability and end-to-end services quality.
- Begin initiative called "iSCB" to better instill the company's core values and launch skill-building programs, both on a group-wide basis, to enhance capabilities and competencies of its people.

Anchored on the above elements, the business plan will ensure that the Bank achieves above-average profitability, return-on-equity (ROE), and return-on-assets (ROA), while maintaining strong growth momentum on the back of Thailand's continued economic growth.

The Bank will continue to place strong emphasis on sustaining a high level of employee engagement and maintaining SCB as a great place to work. Likewise the Bank will continue to maintain world-class levels of customer engagement, to ensure that it further optimizes shareholder value and maintains its competitive edge.

The Bank will continue to adhere to best-practice corporate governance principles. Also it will encourage its employees to participate in its CSR activities, especially in projects related to the sustainable development of youth and communities.



SCB opened a representative office in Yangon, Myanmar as the Bank expands its regional footprint, starting among the Mekong countries.

Key Performance Targets Announced for 2013:

- Return-on-equity (ROE) of 19-22% (compared to 19.9% in 2012).
- Return-on-assets (ROA) at 1.9-2.2% (compared to 2.0% in 2012).
- Net loan growth between 12-15% (compared to 19.7% in 2012).
- Cost-to-income ratio of 40-42% (compared to 41.2% in 2012).
- NPL ratio below 2.0% (compared to 2.13% in 2012).

Wholesale Banking Group

(Billion Baht)	2011	2012	yoy
Loans	541.7	594.9	9.8%
Net fees and net insurance premiums*	5.6	4.8	-15.5%
NPL ratio	2.4%	2.0%	

Remark: Classified by segments

* The yoy decrease in wholesale fee income was largely caused by a decline in corporate finance fees due to the absence of large deals in 2012

Building upon the strong business momentum it generated during the three years from 2009 to 2011, the Wholesale Banking Group (WBG) took new strides toward enduring growth in 2012. The WBG is moving to attain increasingly robust and steady fee-income and reinforce the foundations of its success, namely its people, knowledge, process and platform.

In 2012 the WBG strengthened and deepened partnerships in its client segments, through its Corporate Banking and Commercial Banking Divisions. The Corporate Banking Division continued to create value, build upon customer relationships and win landmark deals, while maintaining growth as well as disciplined risk management amid economic uncertainties. In parallel, the Commercial Banking Division stood as the WBG's powerful base for expanding the transactional banking clientele, a major source of new and recurring income.

The WBG's customer-centric approach and innovative products and services helped it keep building growth and market leadership in 2012, despite non-conductive global conditions. Looking beyond the near horizon, the WBG began new initiatives to establish itself as a significantly more potent force later this decade and beyond, by further developing the capacities of its people, transforming itself into a truly knowledge-based organization, and upgrading its operational excellence.



SCB provided PTT, the huge oil and gas corporation, with the first Bank Payment Obligation service in Southeast Asia. The BPO service helps importers and exporters by offering a letter of credit in digital form.

2012 Performance

- Sustained sizeable expansion for the third straight year, strengthening momentum to attain average income growth from 2009-2012 of 16% p.a. and fee-income growth of 30% p.a.
- Continued to improve balance-sheet efficiency with non-NII contribution of more than 40% of total income.
- Extended momentum for 15% yoy acceleration of recurring fee income, with growth of Financial Market Division exceeding 30% in 2012.
- Achieved fee income from the Investment Banking and Capital Markets Divisions in excess of Baht 1,000 million for the second consecutive year.
- Expanded loan portfolio by Baht 53,148 million, or 10% yoy, in line with the overall corporate loan market, while managing the NPL level to under 2%.



SCB's Hong Kong Branch issued a successful offering of 5.5-year senior unsecured notes worth USD 600 million.



SCB met the tough criteria of the Government Pension Fund, which mandates international standards and technological readiness, such as for secure data transmission via smart phone and tablet. The GPF appointed the Bank as custodian of assets worth Baht 470 billion for another three years.

2012 Highlights

- Strengthened market leadership position by winning landmark deals including large-scale property fund IPOs, cross-border management buyout (MBO) and merger & acquisition (M&A) deals, and ASEAN's first Bank Payment Obligation (BPO) service, which digitalizes letters of credit.
- Successfully acquired new commercial banking client base, increasing proportion of income from new clients to 10%.
- Won industry honors in key wholesale products and services:
 - "Best Domestic Investment Bank" and "Best Domestic Bond House" awards from *The Asset* magazine.
 - "Best Foreign Exchange Bank in Thailand" award from *FinanceAsia* magazine.
 - "Best Overall Domestic/Cross-Border Cash Management Service in Thailand" award from *Asiamoney* magazine.
- Opened representative office in booming Myanmar to begin extending a regional reach well before the Asean Economic Community (AEC) comes into effect.
- Began long-term initiatives that will ensure superior quality of service and transform the WBG into a more dynamic, knowledge-driven organization.



SCB backed Rojana Industrial Park Public Company Limited with Baht 1.73 billion in financial support for expansion in Rayong Province. The site serves manufacturers in the auto and electronics sectors.

Plans for 2013

- Drive balance-sheet efficiency through disciplined loan portfolio management and fee income generation.
- Continue to create differentiation through product capabilities, focusing on Investment Banking and Financial Market Divisions to help clients capture opportunities and manage risks as economic uncertainties persist.
- Leverage transaction banking as a strategic product to mobilize low-cost funding and build recurring fee-income base.
- Strengthen international business foundation by expanding regional footprints and strategic alliances in key countries.
- Continue to build a foundation for enduring growth and quality: people, knowledge, process and platform.

Business Banking Group (BBG)

(Billion Baht)	2011	2012	yoy
Loans	238.4	299.2	25.5%
Net fees and net insurance premiums	2.3	3.4	45.4%
NPL ratio	5.7%	4.2%	

Remark: Classified by segments



The Business Banking Group caters to Thailand's most dynamic SMEs through branded loans and trade financing designed to support fast growth.

Small and medium-size enterprises are a major growth driver for Thailand's economy, and the Business Banking Group (BBG) aims to achieve a strong and growing presence in serving the SME market. BBG provides innovative product solutions and efficient services in this market, so as to emerge as the bank of choice for SMEs in Thailand. (The smallest segment of the SME segment is managed under the Retail Banking Group).

In 2012, BBG succeeded in expanding its market share on the back of 26% growth in commercial lending and a 58% increase in total income, particularly through fee-based income. In recognition of its outstanding performance across all business indicators, *Alpha Southeast Asia*, a leading financial magazine in Hong Kong, named SCB the "Best SME Bank 2012," while Singapore's *Asian Banking & Finance* chose SCB as "the SME Bank of the Year 2012."

The mission of BBG is to serve as a customer-centric bank that truly understands SMEs. This means that BBG focuses on closely analyzing customer needs in various industry groups and by level of business maturity. This has allowed BBG to successfully develop innovative solutions and financial service offerings, as well as to implement an end-to-end credit process, that together efficiently respond to the diverse needs of SME customers of the Bank.

2012 Performance

- Maintained a leading position in the SME market:** After successfully increasing loans by 35% in 2011, credit volumes rose by 26% in 2012. In addition, total income increased by 58% with healthy growth in both net interest income and non-interest income. Also, asset quality improved with a significant reduction in NPLs from 5.7% in 2011 to 4.2% in 2012, due to effective preventive measures and better NPL management.
- Achieved robust growth in the small and medium-size business segments:** Loans to the medium-size business segment grew by 19% in 2012, with total income increasing by 25%. Loans to the small-business segment strengthened by a sizeable 36%, with total income rising by 55% on the back of a 39% expansion in fee-based income.
- Leadership in market innovation:** To address the challenge of catering to specific customer requirements and respond to intense competition in the SME market, the Business Banking Group developed and launched innovative solutions that cover the entire spectrum of financial needs, from the traditional business credit line to transactional banking solutions. Among these innovations are: 1) Lending solutions such as SME products for gold jewelers and long term loans which provide greater leverage from collateral; 2) International trade service solutions that provide an easy-to-use facility; 3) Business cash management's 'Lite & Value' package.
- Improved credit-underwriting process:** As the speed of the credit approval process is one of the critical factors for SME customers in selecting a primary bank, BBG analyzed its existing end-to-end credit process for the small business segment in order to accelerate approval speed and eliminate inefficiencies without compromising the underwriting standards. As a result, BBG sped up its credit underwriting process to just two business days from the previous average of four working days in 2011, which has contributed to greatly improved overall customer satisfaction.
- Served as a true partner to SMEs in Thailand:** Beyond providing financing and services to Thailand's SMEs, the Business Banking Group has supported the nation's small and medium-size enterprises in both surviving business downturns and nurturing growth in good times. For example, in 2012 the Group:



SCB celebrated the nation's innovative small businesses via the 7th annual Bai Po Business Awards co-organized by Sasin Graduate Institute of Business Administration at Chulalongkorn University. The awards honor five top SMEs.



SCB set up www.scbsme.com to promote sharing among SME entrepreneurs in terms of social networking, knowledge exchange and inspiration.

- 1) Cooperated with the National Innovation Agency (NIA) to provide low-cost funding for SMEs to support research and development activities among these businesses.
- 2) Developed a flood rescue program to support SMEs hit by floods in 2011 through providing low-cost funding for reconstruction and recovery, extension of payment period and/or reduction in loan repayment installments.
- 3) Supported development of a stronger knowledge base among SMEs through organizing the SCB SME Intelligent Entrepreneur Program (SCB SME-IEP) to enhance SME potential in practical business management, business strategy and operational solutions. This program has also helped SMEs prepare for debut of the Asean Economic Community (AEC) in 2015.
- 4) Helped build capacities among young business operators by organizing the SCB Young Entrepreneur Program (SCB SME-YEP), which develops management skills and aims to ensure that family businesses benefit from steady management as a new generation of owners takes charge.

Plans for 2013

- **Create and deliver optimized financial solutions and services** based on better understanding of SME customers through insightful analysis of financial needs and use of a customer segmentation approach.
- **Drive to be the main operating bank for SME customers** through innovative financial solutions and credit process efficiency.
- **Fine-tune the end-to-end credit processes** to further shorten the average turnaround time for approvals and drawdowns.
- **Proactive risk management** to serve each customer segment effectively.
- **Develop human capital**, particularly leadership, together with effective systems for measurement and rewards.

2012 Highlights

- **Dramatic growth in business credit:** Compared to other banks active in the market, BBG achieved the highest business credit growth rate, and gained market share as a result.
- **Increased fee-based income substantially:** In 2012, fee-based income grew by 45%, primarily through trade finance & FX, business cash management, and bancassurance.
- **Strengthened SCB's SME brand:** By launching innovative solutions, marketing campaigns and marketing events, SCB raised marketplace awareness of its SME brand to #2 rank in 2012, from #3 the previous year, according to a customer survey by a leading research agency in Thailand.

Retail Banking Group (RBG)

(Billion Baht)	2011	2012	yoy
Loans	512.6	653.4	27.5%
Net fees and net insurance premiums	18.0	21.5	19.5%
NPL ratio	1.9%	1.8%	

Remark: Classified by segments

The Retail Banking Group successfully held its #1 position in key retail products such as mortgages and bancassurance, and also maintained its overall market leadership in retail banking, anchored on the nation's most extensive network of branches and ATMs.

The Retail Banking Group offers a complete range of financial products and services to all individual and small-business customer segments. The Group caters to a broad range of customer lifestyles and needs by working closely with the Bank's subsidiaries like SCB Asset Management Co. Ltd., Siam Commercial Samaggi Insurance PCL, and SCB Life Assurance PCL, as well as other business units of the Bank itself. Branches provide transactional services to clients in all of the Bank's customer segments.



Paperless service speeds counter transactions by 25%, a first in Thailand.



The Bank launched SCB FIRST Privilege Banking to provide wealth management services to high-net-worth individuals, executives and business owners.

2012 Performance

- **Reinforced the national leadership of SCB's distribution network** by adding more branches and ATMs. Today SCB has 1,142 branches, 8,700 ATMs and 108 foreign-exchange kiosks nationwide.
- **Expanded the "smart sales" system**, initiated 18 months ago to cover effective lead management tailored to customer requirements. In line with the Bank's core promise to be seen as an insightful partner, the branches rolled out consultative selling to all front-line branch staff and used the system as an integral tool in meeting customer needs.
- **Rolled out a new and faster process** for customers to do transactional banking without manual form filling. The new process improves the customer experience by reducing service time by 25%, and has further optimized the already high customer satisfaction score.
- **Transformed branches to service and support affluent customers** by training and recruiting wealth relationship managers. As of December 30, RBG had a large number of relationship managers in place at 75 branches that have high concentrations of affluent customers. In addition, RBG opened "SCB First," SCB's first affluent branch, at the Siam Paragon shopping center, offering a lounge with advisory service provided by wealth relationship managers. (Roll-out of this new branch concept will take place in 2013.)
- **Accelerated build-up of alternative channels: direct sales, telesales and e-channels.** Among the major initiatives in 2012 were the implementation of a key account management model in mortgage lending, scaling up the commission-based sales force to support customer acquisition in both secured and unsecured lending, and boosting e-channels, especially SCB Easy (SCB's mobile banking application) and SMS Sabai Jai (SCB's SMS alert service).
- **Enhanced customer relationship management capabilities and operations.** The Bank introduced a new "SCB FIRST - Privilege Banking" program to improve services and grow the affluent and high-net-worth customer segments. In addition, RBG continued to improve the effectiveness and efficiency of its operations and internal processes to enable support of aggressive growth targets for loan originations and the opening of new customer accounts.



The Bank aims to double its affluent client base with new services like a branded luxury lounge at Siam Paragon shopping center, for customers of SCB First Privilege Banking.



SCB is branding more and more products, even deposit accounts. The Bank naturally chose Thailand's favorite comedian, Goh Tee, to promote the popular "555 Deposit." The catchy name of this 555-day account is pronounced "ha-ha-ha" in Thai.

- **Maintained strong business relationships with key property developers, which continued to play a significant role in growing the mortgage portfolio.** RBG also developed internal strategies to expand the customer base where it perceived the potential for enhancing revenue from meeting customer needs, including multi-purpose loans, My Home My Cash (a home equity type product), corporate welfare home loans, and loans for the secondary home market. Optimizing the retail portfolio mix gained not only income, but also yields a better return to the Bank and enhances customer engagement with the Bank.
- **Retained #1 position in bancassurance** by maximizing cross-selling via the Bank's retail banking platform and building direct sales and telesales efforts to capture hitherto untapped customer opportunities.
- **Grew auto lending portfolio by a substantial Baht 55 billion from 2011.** A focus on building relationship management with key dealers increased new car loans. This business unit expanded very successfully with an improvement in the portfolio mix towards the higher yield segment, through gaining a higher proportion of used car loans in the total portfolio. The floods of 2011 have had a minimal impact on portfolio quality so far, resulting in NPL levels at a low rate of around 1% at the year end.

- **Substantial growth in the personal loan portfolio** by offering risk-based pricing as well as leveraging from the extensive branch network and alternative channels to better penetrate the market and create sustainable business momentum.
- **SCB credit cards led the market in spending.** The main efforts of RBG in credit cards included the continuation of special privileges to promote everyday usage. Also, RBG strengthened the customer experience by offering a chance to "dine with SCB," a celebrity-based promotion, at dream destinations, both international and local restaurants, which followed through on the series named "Let's Dine With Dome" begun in 2011. SCB dominated credit card spending in the dining category. SCB credit cards also offered other promotions tailored to the lifestyles of customers in various key segments.

2012 Highlights

- Maintained the largest distribution network in Thailand (1,142 branches and 8,700 ATMs).
- Ranked #1 in key retail products (mortgage loans and bancassurance).
- Substantial, above-market growth in the auto loans segment.

Plans for 2013

- **Continue to strengthen distribution network** through improvements in service quality and a stronger segment focus; expand the affluent-oriented "SCB FIRST" branches in Bangkok and major provinces; recruit, train and strengthen the capabilities and numbers of wealth relationship managers.
- **Connect multiple channels using the "smart sales" approach** to enhance the overall customer experience.
- **Improve and streamline processes** to make them more convenient for customers, such as when opening a new account, depositing a check, etc.
- **Strengthen staff capabilities and skills**, with a focus on understanding customer needs and offering solutions that better meet their requirements.
- **Enhance service standards** and continue to lead the industry with world-class service levels.
- **Upgrade the SCB Easy Net channel for more convenience and simplicity.** The Bank plans to launch a new version of the SCB mobile application to cover more functions, including access to SCB Group companies with a single log-in.
- **Maintain strong relationships with core property developers** in order to sustain mortgage business success achieved in the previous year.
- **Accelerate use of social media as an alternative channel** for customers to access selected services.
- **Prolong average portfolio duration** by matching products to the appropriate stage of the customer's life.
- **Regain a leadership position in the mutual fund business** by expanding the product range to add variety and choice in each customer segment based on risk appetite and optimized portfolio allocation.



SCB Easy App gives customers a powerful and secure channel for banking anytime, anywhere, via smartphone or tablet.

- **Continue to grow new-car loans**, in line with market growth, to build up overall portfolio, while continuing to expand used-car and other high-yield products to improve portfolio mix. A number of planned product enhancements will facilitate this drive.
- **Continue to grow the personal loan portfolio** with prudent underwriting criteria while maximizing cross-sales across the Bank's retail banking platform.
- **Deepen customer relationships** by using the SCB credit card as a platform aligned with all SCB products. Increase understanding of each customer segment and reemphasize differentiated reward points and product design to best suit each segment in terms of the key drivers of choice, customer value and lifestyle.

Special Business Group

(Billion Baht)	2011	2012	yoy
NPLs (Gross)	36.2	35.9	-0.9%
NPA	11.8	9.5	-19.6%
NPL ratio	2.61%	2.13%	
NPL coverage ratio	127.1%	144.8%	

The Special Business Group (SBG) is responsible for managing the bulk of the Bank's portfolio of non-performing loans (NPLs) and non-performing assets (NPAs). Since late 2008, the SBG broadened its responsibilities to include the prevention of new non-performing loans. Its key functions include identifying probable delinquent loans from either internal or external factors, and providing customers with debt restructuring solutions to prevent formation of new NPLs. These solutions are achieved through early intervention whenever customers are faced with difficulties in meeting payment obligations.

2012 Performance

- **NPL reduction:** The SBG played a key role in reducing the Bank's consolidated gross NPL ratio from 2.6% at the end of 2011 to 2.1% at the end of 2012, or to 1.0% on a net basis. This successful reduction in NPLs was achieved by adopting various resolution methods including debt restructuring, transferring of assets and equity securities, modifying repayment terms and conditions, and combinations thereof. Other methods in use are NPL portfolio sales and foreclosure.
- **NPA sales:** The SBG has successfully disposed of 1,848 asset items in 2012 with an aggregate value of approximately Baht 4.7 billion.
- **Prevention:** The SBG started implementing an "early warning sign" system in 2008 to detect loans at risk that might turn into non-performing ones. This prevention measure uses proactive triggers to identify debts as well as vulnerable industries that may require special attention, to help customers handle difficult financial situations promptly.

In 2012 the SBG upgraded the preventive methods to "special attention" by classifying risk levels of loans-at-risk in order to apply pre-emptive measures with the proper level of control. The SBG also extended prevention coverage to include loans with more moderate risk levels.

- **Process & system improvement:** The SBG is implementing a new debt collection management system to help prevent formation of new NPLs and improve collection practices for existing NPLs.

2012 Highlights

- NPLs dropped to 2.1%, the lowest level since the 1997 crisis, from 2.6% in 2011.
- Sales of NPAs totaled Baht 4.7 billion during 2012.

Plans for 2013

- **NPL prevention:** The SBG will continue to focus its effort on the prevention of NPLs by developing additional triggers for industries that may be facing difficult business conditions. The Group will also set up a team to supervise and monitor selected industries holistically.
- **Expedite NPL reduction:** The SBG is modifying its organizational structure to drive higher productivity, leveraging through process redesign that facilitates workload management flexibility. In addition, it will continue to canvass investors interested in purchasing NPL portfolios. The Group will continue to seek to implement the most effective approaches to work-outs. Finally, the Group will strive to contain the relapse of NPLs to a minimum, while collaborating with business units on establishing preventive controls to improve the Bank's overall debt quality.
- **NPA sales:** The SBG plans to accelerate disposal of NPAs via the Bank's extensive branch network, brokers, NPA marketing events, and its website (BuyatSiam.com) to reach a broad range of prospective buyers.
- **Process and system improvements:** To enhance capabilities in NPL reduction and improve responsiveness regarding new NPL formation, the Group will continue to roll out its "special attention" system in various strategic business areas while capturing benefits from more effective portfolio management. Also, it will commence implementing the second phase of its new integrated debt collection management system.

SCB Securities Co., Ltd. (SCBS)

(Billion Baht)	2011	2012	yoy
Trading value	373.7	383.0	2.5%
Market share	2.99%	2.78%	

Established in 1995, SCB Securities Co., Ltd. (SCBS) is strategically positioned as the brokerage and equity capital market arm of Siam Commercial Bank PCL. The company operates a securities business and offers financial products and services to institutional and retail investors. It is a 100%-owned subsidiary of SCB.

With seven branches (SCB Park Plaza Head Office, Sindhorn, Chalermnakorn, Ratchayothin, Chiangmai, Tha Phae, and Had Yai) and an online channel (www.scbonline.com), SCBS has won the trust of investors to emerge as one of Thailand's leading securities companies.

2012 Performance

- The securities industry as a whole experienced declining brokerage margins as a result of full liberalization in 2012. Because general market conditions and several external factors did not favor the company's brokerage business, SCBS's market share stood at 2.78%, a decline of 0.21% from 2.99% in 2011. Nevertheless, the company achieved its plan to increase its retail client base, boosting its market share among retail investors to 2.50%, up by 31% from the previous year.
- In anticipation of an adverse impact on the brokerage business from full liberalization, the company has worked to diversify its revenue stream by introducing new non-brokerage products and to better manage its cost structure. 2012 revenue was at Baht 826 million, a marginal 1% decline from the preceding year, and net profit after tax was Baht 209 million, a 12% decline from 2011.

2012 Highlights

- Fitch Ratings upgraded SCBS's national long-term rating from A+ (tha) to AA- (tha) with a stable outlook.
- The Securities Analyst Association of Thailand (SAA) recognized SCBS research analysts for the past year with awards in four major specializations: Best Strategist; Best Analyst - Property and Construction Materials, Retail Investors; Best Analyst - Banking Sector, Retail Investors; and Best Analyst - Telecommunication Sector, Retail Investors.
- The company sold over Baht 1.7 billion worth of equity-linked notes within the first year of launch of this product.



Customers of SCB Securities gain the convenience of opening a trading account at SCB branches, with the fastest approval process in the brokerage industry.

- SCBS launched a market break-through "Express Trading Account," an innovative initiative that lets clients open a trading account in as little as 30 minutes at more than 144 SCB branches.
- The company launched its pioneering "Technical Chart" tool, an app for iPad and iPhone.
- The company opened a new branch, Ratchayothin, to service high-net-worth clients.

Plans for 2013

- SCBS will continue to leverage the SCB distribution network, both physical branches and online channels, to expand its retail client base.
- The company will expand its non-brokerage business by introducing new structured products, derivative warrants, and a private portfolio service to enhance its profit margin.
- SCBS research will cover more small- and mid-cap stocks, providing in-depth fundamental and quantitative analysis for retail and institutional clients.
- SCBS will also invest in IT infrastructure to increase productivity and efficiency so as to better service clients.

SCB Asset Management Co., Ltd. (SCBAM)

(Billion Baht)	2011	2012	yoy
Assets under management	582.9	666.2	14.3%
Market share	19.3%	18.3%	

SCB and selected investment partners established SCB Asset Management Company Limited (SCBAM) in 1992 to provide a full range of asset management services, namely mutual funds, provident funds and private funds. SCBAM, now wholly owned by SCB, has grown rapidly since its formation, in part as a result of its solid investment performance and in part from its distribution capability through the 1,100 plus SCB branches and its large customer base.

2012 Performance

- SCBAM's assets under management (including country funds and funds for resolving financial institution problems) grew by 14.3% to Baht 666 billion, comprising mutual funds, provident funds and private funds. The company now has more than 686,100 unitholders.
- SCBAM had a 21.3% share of the total market in mutual funds, with assets under management of Baht 556 billion.
- Provident funds' assets under management were Baht 72 billion, with a market share of 10.3%, compared to Baht 66 billion and 10.7% market share last year.
- Private funds' assets under management were Baht 39 billion, with a market share of 12.0%, compared to Baht 34 billion and 10.8% market share last year.

2012 Highlights

- Named "Best Asset Management Company in Thailand 2012" in The Asset Triple A Investment Awards 2012 by *The Asset* magazine
- Awarded the "Trusted Brands Gold Award 2012" for the category of investment fund companies in Thailand, from *Reader's Digest* magazine.
- Fitch Ratings (Thailand) affirmed a rating of "M2+ (tha)" in recognition of SCBAM's strong domestic market position and leading role in Thailand's asset management industry.



SCB Asset Management was named "Best Asset Management Company in Thailand" in 2012 by *The Asset* magazine.

Plans for 2013

Highlights of SCBAM's plans for 2013 are to:

- Deliver complete investment advisory services covering both fundamental and alternative investments.
- Continue to introduce new investment products to the market to maximize customer satisfaction.
- Expand the customer base by cross-selling products and services.
- Focus on up-selling products to existing customers.
- Provide comprehensive training on relevant knowledge and expertise to the sales team so that they better understand customer needs.
- Improve internal working processes for better and faster service to all customers.

SCB Life Assurance PCL (SCB Life)

(Billion Baht)	2011	2012	yoy
Total premiums	30.3	41.9	38.3%
Market share	9.2%	10.7%	

SCB Life Assurance Public Company Limited (SCB Life) is a life insurance company listed on the Stock Exchange of Thailand that is 94.66% owned by SCB, with the remaining 5.34% owned by public investors.

SCB Life focuses on the sale of traditional non-participating life and health insurance products through different distribution channels: SCB branches; SCB Life agency offices; and non-traditional sales outlets.

2012 Performance

SCB Life had another very successful year, in which first-year written premium income increased by 13%, total revenue grew 37%, and net profit rose 37% over the previous year. This success was achieved in spite of a difficult investment environment that saw bond yields remain at historic low levels. The year's highlights include:

- **New business:** Total company sales increased 54% to Baht 19,237 million (annualized), with bancassurance sales increasing by 69% to Baht 17,433 million (annualized); special market sales decreased by 20% to Baht 890 million (annualized); while sales of agency-based insurance products decreased by 10% to Baht 914 million (annualized).
- **Total written premiums:** Total premiums increased by 38% during 2012, far outpacing the 19% growth rate of Thailand's overall life insurance industry. SCB Life ranked 4th out of 24 life insurance companies, based on total premiums, with a 10.7% market share (2011: 5th of 24 companies, 9.2% market share).

2012 Highlights

- Net profits jumped 37% to Baht 3,430 million.
- Total premiums increased 38% yoy to Baht 41,909 million in 2012.
- SCB Life was the 4th largest life insurance company in Thailand based on total premiums.



SCB Life Assurance offers special policies and long-term savings plans that support the government's effort to prepare Thais for retirement.

Plans for 2013

SCB Life will continue to offer innovative life and health insurance products through multiple distribution channels and will focus on growing its non-bank distribution channels.

- **Increase sales penetration of non-bank channels:** The agency force is traditionally the main marketing channel for most life insurance companies, and the company will continue to focus on increasing the size, quality, profitability and geographical footprint of its agency business.
- **Strengthen product persistency:** SCB Life has established programs to improve policy persistency through the use of better call center technology and other customer retention methods.
- **Leverage information technology:** SCB Life will continue to leverage its existing policy administration system to automate more processes and procedures. As a result, it will improve service cycle time and/or reduce operational expenses.
- **Reinforce lead in bancassurance:** SCB Life will continue to work closely with SCB to remain a leader in the bancassurance market by developing new and innovative products, enhancing customer service capabilities, and making effective use of technology.

The Siam Commercial Samaggi Insurance PCL (SCSMG)

(Billion Baht)	2011	2012	yoy
Total premiums	3.4	4.3	25.6%
Market share	2.42%	2.38%	

Established in 1947, the Siam Commercial Samaggi Insurance Public Company Limited (SCSMG) is a subsidiary of the Bank and has a strong performance record over 65 years. Today it stands among the nation's leading bancassurance providers for all classes of non-life services, i.e., fire insurance, motor insurance, accident and health insurance, marine insurance, and miscellaneous insurance products such as industrial all-risks insurance, engineering insurance, trade credit insurance, directors-and-officers insurance, and product liability insurance. The company's products and services are offered through a broadly based nationwide network comprising brokers, agents, and financial institutions, and particularly through SCB branches.

2012 Performance

- **Substantially settled all flood-insurance claims covering a massive 17,735 home policyholders** following the flood crisis in 2011.
- **Fortified capital position following the huge number of flood-related claims** by raising registered capital by Baht 660 million to Baht 1,114 million, thereby achieving a capital adequacy ratio of 481% (*unaudited*) - significantly in excess of the statutory requirement of 125%.
- **Achieved strong organic growth and retained its position as one of the most successful bancassurance providers for retail products.** SCSMG ranked 11th out of 65 domestic non-life insurers for direct premiums (according to the Office of Insurance Commission's December 2012 statistics), recording gross premiums written of Baht 4,276 million for 2012, up by 26% from Baht 3,404 million in 2011. The company also continued to grow in the personal products business especially in the motor and personal accident segments, and maintaining its position as one of the country's top five insurers in the personal accident segment.

- **Restructured the organization to provide for greater specialism, and through recruiting skilled personnel to key positions together with streamlining functional processes to meet business growth demand.** Throughout the year, the company took several significant actions that resulted in an improvement in effectiveness of its management team and internal processes, particularly product development, insurance underwriting, and claims management. It also provided ongoing training to enhance actuarial and risk management skill level.
- **Regained profitability after a year hard hit by floods.** SCSMG's performance reflected a quick recovery, with a profit from underwriting of Baht 262 million and a net profit of Baht 297 million for 2012.
- **Strengthened enterprise risk management:** The company successfully implemented an enterprise risk management framework in line with SCB's consolidated supervision policies, which cover risk management policy guides for credit risk, liquidity risk, operational risk and reputational risk.

2012 Highlights

- Attained strong capital adequacy ratio of 481%.
- Strengthened enterprise risk management in line with SCB's consolidated supervision policy and framework.

Plans for 2013

- Continue to expand underwriting of personal lines business through increased collaboration with the Bank to create value-added benefits and the development of segment-specific products. Also strengthen cooperation with major partners to boost growth in non-Bank business channels.
- Focus on increasing efficiency through specialist-oriented staff development programs as well as improvement in internal processes, especially within underwriting and claims management. These efforts are aimed at raising service standards and incorporating risk prevention within major functional areas.
- Enhance business intelligence capability in anticipation of future market liberalization.
- Maintain capital strength for operational needs and implement risk-based capital allocation to efficiently monitor performance of each product line.

Change Program

In 2001, the Bank adopted a bold plan for transformation, referred to as the Change Program. This bank-wide agenda for reform sought to fundamentally improve the competitive position and profitability of SCB's banking franchise.

Under the umbrella of the Change Program, the Bank has launched and successfully completed many important change initiatives: new business and operating models; radical business-process redesign initiatives; and implementation of major new information systems. The timely and successful completion of these change initiatives has been critically important to the Bank's growth and profitability in the past and will continue to be so in the future.

All Change Program initiatives are managed by the Change Program Steering Committee (CPSC) on a project-by-project basis. The main administrator of the governance processes is the Change Program Management Office (CPMO). It coordinates all initiatives, provides resources and guidance, consolidates all status reports, and directs communications about the Program throughout the SCB Group.

At the top of the Change Program governance structure is the Board of Directors, which periodically reviews the Program's overall direction, its capacity to increase the Bank's growth and performance, and the outcomes of the change initiatives.

2012 Performance

- Transformed retail banking to reach the next level through deep customer insights, tailored products and services, and enhanced customer experience.
- Completed the migration of all systems to the new data center. It is the first data center in Thailand that is built to Tier 4 specifications, the highest international classification rating for data centers. It is also among the most robust and state-of-the-art data centers in Asia.
- Leveraged from the existing state-of-the-art technology of the SCB Enterprise Data Warehouse to capture all sources of income and expenses at root level to facilitate MIS reporting and more penetrating analytics.
- Completed the nationwide rollout of the SCB Smart Sales System to all branches and the Call Center to create a single view of each customer's information for both channels. "Smart Sales," a cutting-edge CRM Software program that utilizes cloud computing, is positioned to help front-line staff in the Retail Banking Group transform their sales approach toward "consultative" selling that boosts sales by focusing on customers' needs first.
- Completed image-based cheque system including interbank cheques clearing at all branches in Bangkok metropolitan area and Suphanburi in accordance with the plans of the Bank of Thailand. This system reduces cheque clearing time, storage needs and transportation costs associated with handling of physical cheques.

- Implemented a new system for the treasury function, interest rate derivatives and fixed income, to provide additional support for future treasury product offerings and market growth.
- Completed nationwide rollout of debt collection management system for mortgage loan customers. This is the first important step toward an integrated collection system that will increase collection efficiency by placing all activities and products of the Bank on a single platform.

2012 Highlights

- Celebrated the successful 11th year anniversary of SCB's transformational Change Program.
- Accelerated the build-up of new capabilities required to maintain the Bank's competitive edge.

Plans for 2013

- Upgrade the core ATM system to support future business growth and increase both reliability and functionality.
- Complete the implementation of a portfolio asset management suite, aiming to increase efficiency for fund managers and enable support for new financial products and services in the asset management business.
- Enhance credit-risk models through nurturing more accuracy in predicting future losses.
- Implement a new customer-centric risk scoring model and corresponding underwriting policies to support customer focus initiatives in the Retail Banking Group.
- Complete the implementation of single loan-origination system for all Retail Banking Group products to increase customer satisfaction and operational efficiencies.
- Implement an advanced credit card loyalty management system to better serve credit card customers with instant point redemption.
- Implement LEAN methodology to transform IT development capabilities and to increase productivity and reduce time to market.
- Continue a major retail transformation by overhauling backend processes and operations.
- Continue with the implementation of large-scale IT-related projects; upgrade the core banking system to support future business growth and enhance product capabilities; implement a central repository for risk and control functions that will enhance the overall operational risk management, audit and compliance functions; replace the existing core insurance system to support new business capabilities in the life insurance business; introduce a new payment system and a new trade system for corporate products; introduce a new front-end trading system for the securities business.

65 AWARDS OF PRIDE



FinanceAsia, Money & Banking Magazine, The Banker, Global Finance, Euromoney, The Asset
FIRST THAI BANK WITH 6 BEST BANK IN THAILAND AWARDS, 2012

BEST BANK IN THAILAND AWARDS FROM SIX INSTITUTIONS

- Euromoney (UK) 2nd year
- The Banker (UK)
- Global Finance (US) 7th consecutive year
- The Asset (HK) 5th consecutive year
- FinanceAsia (HK) 2nd year
- Money & Banking Magazine

SCB was also ranked first among Thai commercial banks in Forbes magazine's "Forbes Global 2000" and named the "Strongest Bank in Thailand" from The Asian Banker's annual ranking.

FINANCIAL PERFORMANCE AND MANAGEMENT (EXCELLENCE) AWARDS

- Asia's Best CEO and Asia's Best CFO by Corporate Governance Asia (HK)
- Best CEO and Best CFO in the Financial Institution categories by the Securities Analysts Association
- Corporate Governance Asia Recognition Award (6th consecutive year) from Corporate Governance Asia (HK)

AWARDS WON BY BUSINESS GROUPS

WHOLESALE BANKING GROUP

FROM THE ASSET (HK)

- Best Domestic Investment Bank
- Best Domestic Bond House
- Top Bank in the Secondary Market for Government Bonds
- Top Bank Arranger - Quality & Number of Primary Corporate Bond Deals
- Best Transaction Bank (6th consecutive year)
- Best Domestic Custodian (6th consecutive year)

FROM FINANCEASIA (HK)

- Best Local Currency Bond
- Best Thailand Deal
- Best Foreign Exchange Bank

FROM ASIAMONEY (HK)

- Best Local Cash Management Bank (7th consecutive year)

FROM GLOBAL FINANCE (US)

- Best Foreign Exchange Provider (5th consecutive year)

FROM IFR ASIA (HK)

- Thailand Bond House of the Year and Thailand Capital Market Deals

FROM THOMSON REUTERS (HK)

- Best Exchange Rate Contributor (2nd year)

FROM THAI BOND MARKET ASSOCIATION

- Top Underwriter (3rd consecutive year)
- Deal of the Year (5th consecutive year)
- Dealer of the Year
- Most Creative Issue

BUSINESS BANKING GROUP

- Best SME Bank from Asian Banking & Finance and Alpha SEA

RETAIL BANKING GROUP

- Best Private Wealth Management Bank (3rd consecutive year) from Alpha SEA (HK)
- Best Private Bank from The Asset (HK)

OTHER AWARDS

- Outstanding Corporate Social Responsibility Award (CSR) from Stock Exchange of Thailand
- Thailand's Top Corporate Brand Values from Chulalongkorn University
- Corporate Improvement Excellence from Thailand Management Association
- Most Admired Brand in Bank and Credit Card from BrandAge
- Trusted Brand Gold Award in Bank (7th consecutive year) from Reader's Digest

The Bank also won 27 other awards from leading domestic and international institutions.



FIRST MILLION

RISK MANAGEMENT AND RISK FACTORS

Risk Management

SCB's track record of rising performance in recent years has underscored the importance of sustainability, because the Bank's assets, operations and workforce have grown in both size and complexity, while success itself has generated rising expectations on the part of customers, shareholders and other stakeholders. Yet success sometimes has potential to foster complacency within an organization. With these realities in mind, the Bank believes that optimizing its risk management capabilities is as critical as ever, playing a key role in SCB's mission to sustain its current growth and profitability in both good times and bad.

The Bank therefore focuses on continually strengthening risk management in dual terms of structural quality and ongoing performance. Positioning risk management as a core competency, SCB has established a comprehensive risk management framework backed by a strong and clear governance structure. This circumspect approach ensures that the Bank manages risks efficiently and effectively, supporting sustainable growth while adhering to the principles of corporate governance and transparency.

Risk Management System

SCB's risk management system has four components:

1. Risk identification

The risk management system identifies seven types of risk in the Bank's overall operations including transactions and activities with customers and counterparties. These types are strategic risk, credit risk, market risk, liquidity risk, operational risk, interest rate risk in the banking book, and reputation risk. These seven risk factors are discussed in detail below under the heading titled "Key Risk Factors for Banking Operations."

2. Risk measurement

To measure each risk, the Bank applies a variety of quantitative and qualitative methods based on internal rating based approaches and/or other appropriate internal models:

- For **credit** risk, the measures include risk rating to gauge the probability of default, credit scoring such as application scores, and behavioral scores to assess the risk profiles of retail clients.
- **Market** risk measurement includes both statistical tools—namely value at risk (VaR), and non-statistical methods such as risk factor sensitivity analysis—and position measures for trading book exposures.
- For **interest rate** risk in the banking book (IRRBB), the Bank measures risk of interest rate fluctuations by measuring the impact to net interest income and economic value of equity (EVE) under assumptions of interest rate fluctuation in normal and stress situations and incremental 1% interest rate fluctuations as per Bank of Thailand regulations.

- For **liquidity** risk, the Bank measures cashflow of its assets and liabilities, and performs liquidity gap analysis incorporating behavioral cashflows and liquidity ratio analysis.
- For **operational** risk measurement, the Bank analyzes incident and loss data, and uses risk and control self-assessments, to gauge the broad risk from operations within each business unit. Moreover, as part of its business continuity program, the Bank conducts an annual business impact analysis (BIA) to align business process and IT disaster recovery
- For assessing both **strategic** risk and **reputational** risk, the Bank relies primarily upon qualitatively set risk factors and indicators.

To obtain risk management that is more forward-looking, the Bank utilizes an increasing number of stress-testing approaches, in particular for market risk, credit risk and liquidity risk.

3. Risk monitoring and control

The Bank controls risk by establishing key risk indicators and risk limits for the exposure faced by the Bank at different levels: organization-wide, customer, product, transaction and others. The Bank has a variety of internal control mechanisms in place to manage, contain or eliminate risks in accordance with the Bank's policies and procedures.

4. Risk reporting

Risks are reported to relevant business units and executive management so that they can be managed appropriately and promptly. The Bank has developed risk reporting to cover risk at different levels: product, business-unit and bank-wide.

Governance Structure

The risk management system is complemented by a risk management governance structure with ten parts:

1. Policies

The Board of Directors has the responsibility to develop and authorize the Bank's major risk management policies. Among eight of the key policies are the Credit Policy Guide; Market Risk Policy; Trading Book Policy; Interest Rate Risk in Banking Book Policy; Operational Risk Policy; Business Continuity Management Policy; Strategic Risk Policy; and Liquidity Risk Policy.

Beyond these, the Board of Directors authorizes two other key related policies: the Risk Management Policy for the SCB Financial Group; and Intra Transaction Policy of SCB Financial Group.

2. Authority

The Board of Directors has the authority and responsibility for approving the delegation of authority to management and other committees. The authority includes credit approvals and decisions to underwrite different types of risks based on the underlying risk level (risk-based authority). Under the approval authority framework, SCB has designated credit approval authority to individual employees based upon their specific knowledge and experience, which is subject to the president's consideration.

3. Committees with significant roles in risk management

3.1 The Board of Directors has assigned three committees to deal with risk management matters as follows:

3.1.1 **The Executive Committee** is responsible for, among other matters, reviewing risk management policies and recommending them to the Board of Directors. In addition, the Executive Committee is authorized to approve loans and investments, and to administer related functions as determined by the Board of Directors.

3.1.2 **The Audit Committee** is comprised of independent members of the Board who are responsible for reviewing the adequacy of the Bank's risk management processes and policies and the effectiveness of implementation of the Bank's and SCB Financial Group's risk management systems.

3.1.3 **The Risk Management Committee** is responsible for reviewing risk management policies and recommending them to the Executive Committee and the Board of Directors; determining risk management strategies consistent with guidance by the Board of Directors; and managing overall risks of the Bank.

3.2 The Bank has several other committees to manage specific areas of risk:

3.2.1 **The Assets and Liabilities Management Committee** is responsible for managing market price risk, interest rate risk and liquidity risk.

3.2.2 **The Equity Investment Management Committee** is responsible for managing risk arising from the Bank's equity investment portfolio.

3.2.3 **The Credit Committee, Retail Credit Committee, and Special Assets Committee** are authorized to approve lending according to the level of approval authority that is specified for each committee. The Executive Committee has authority to approve loan amounts that are higher than amounts within the approval authority of these three committees. However, if a loan is granted to a Bank-related business, a major shareholder, or a party related to a member of the Board of Directors, the credit approval authority rests with the Board of Directors.

3.2.4 **The Underwriting Risk Committee** is responsible for considering, reviewing and approving the limit for security underwriting from a market risk perspective, while also making recommendations for consideration by the Executive Committee or the Board of Directors in cases where an underwriting risk limit is beyond its approval authority or for any high-risk transaction.

4. Credit risk governance

The Bank has long emphasized the establishment of a sound system of checks and balances in its credit organization. The credit origination functions and the credit approval functions are clearly segregated. The credit approval authority is determined in accordance with risk level or expected loss, which will depend on credit line, borrower risk rating, and severity class. For wholesale credit, the Bank assigns approval authority to both credit committees and individuals. For the approval of retail credit lending facilities, the Bank manages and controls the assessment of retail credit lending under the governance of underwriting criteria, which are approved by the Executive Committee or Retail Credit Committee. Additionally, the Bank assesses and measures retail credit portfolio risks through portfolio segmentation analysis in both product and customer segments.

5. Market risk governance

The Bank has determined market risk tolerance limits for its trading portfolios. Limits for each book are approved by the Executive Committee and the Board of Directors. The main market risks taken by the Bank are interest rate risk and foreign exchange risk. The Committee uses a number of risk monitoring and assessment tools to set limits on the trading risk exposures, including statistical measures, value at risk (VAR), risk sensitivity measures (basis point value), and position measures. Additional controls include use of loss-action triggers and stress loss triggers.

6. Interest rate risk in banking book (IRRBB) governance

The Bank sets risk thresholds for IRRBB by measuring impact to net interest income and economic value of equity (EVE) from the interest rate fluctuations under normal and stress situations. To monitor the IRRBB, the Bank produces a repricing gap report to analyze and estimate the risk. The analysis, risk estimates and risk management strategies are then reported to the Assets and Liabilities Management Committee (ALCO).

7. Liquidity risk governance

The Bank maintains adequate sources of liquidity in order to have sufficient cash flow to cover its activities under both normal and stressed conditions by using cash flow forecasts and projected liquidity gap. These cashflow and projected liquidity gap forecasts are then used to monitor and control the Bank's overall liquidity risks. The Bank's policy is to maintain a high liquidity ratio (liquid assets, as a percentage of total deposits including BE), and to monitor its net cash outflow (on a one-month basis) in order to ensure that it will be able to meet its liquidity needs on a timely basis.

8. Operational risk governance

SCB has established a governance framework for operational risk management, applying the principle of "three lines of defense" with an aim to ensure effective operational risk management. The three lines of defense are as follows:

- **The first line of defense:** The business units and the functional/supporting units are responsible for their own risk management, because they are best informed about their operations and consequent risks. Therefore, the business and support units manage their operational risk through risk identification, assessment, control and monitoring, and report the results to senior executives responsible for each unit.
- **The second line of defense:** The centralized risk and control divisions such as Operational Risk Management, Compliance, as well as specialized units (such as IT Security and Fraud Management, etc.) are responsible for both supporting the first line of defense, such as by developing techniques and methodologies to improve operational risk management over time, as well as reviewing the reports of the business and support/functional units.
- **The third line of defense:** The Audit Division is responsible for carrying out an independent review of business processes and operations and reporting their conclusions to the Audit Committee in order to provide assurance that the internal controls are efficient and effective.

9. Risk management for subsidiary companies

The Bank's subsidiaries are responsible for establishing risk and internal control policies and practices to ensure effective risk management at a level that is compatible with the Bank and consistent with the consolidated supervision policy of the Bank of Thailand. The Board of Directors has approved an overall Risk Management Policy for the SCB Financial Group mandating that, where appropriate, each of the Bank's subsidiaries shall: formulate a risk management policy; implement an appropriate organizational structure; set risk tolerance limits; establish risk management methods; and prepare risk reports according to the risk management guidelines of the Bank. Each subsidiary is required to implement this policy framework, the level and complexity of which depends on the nature of its business.

Furthermore, the Bank requires prompt reporting and prior agreement for transactions involving a Solo Consolidation Group-related party (major shareholders and others with a beneficial interest), including loans, investments, and contingent liabilities made available to customers under a single lending limit. For related party transactions within the SCB Financial Group, the Bank applies good governance principles. These transactions shall not have special conditions which are different from those of ordinary business transactions. Any company that is wholly owned by the Bank may operate in the same way as the Bank's business units, and it can use the Bank's shared services/resources or provide services to the Bank at commercially reasonable terms and conditions that are acceptable to both sides.

10. Risk Management Group

The Risk Management Group reports to the president and is responsible for determining the framework for risk management, recommending risk management policies, monitoring and reporting on major types of risk. The Risk Management Group has the responsibility to upgrade the risk management policies and practices within the Bank to be at par with international standards, and to ensure that the Bank and its subsidiaries have a comprehensive and cohesive risk management framework.

Key Risk Factors for Banking Operations

1. Risks pertaining to economic uncertainties

The Thai economy enjoyed robust growth in 2012 on the back of reconstruction of production facilities after the severe nationwide floods of 2011 and enhanced household consumption reinforced by the first-car tax rebate scheme, which also drove the highest output in years for the automotive industry. However, Thai exports were relentlessly depressed by the eurozone crisis, with electronic products, integrated circuits and rubber being among the major losers due to shrinking world demand.

The Bank forecasts that the Thai economy will expand by 4.9% in 2013. The key drivers are household consumption, which will be helped by higher household purchasing power, and increased public investment in the form of water management projects and other infrastructure - the effects of which depend on disbursement efficiency. Exports will improve as the world economy is on course to recovery, but exchange rate risks remain due to foreign capital flows that may push the Thai baht to over-appreciate. Externally, the ongoing and possibly prolonged negotiations over the U.S. debt ceiling and budget cuts might trigger a credit downgrading or, in a worst-case scenario, a U.S. sovereign default. Meanwhile, the eurozone economy is expected to have another year of contraction in 2013. This will pose a continued threat to global recovery.

To manage the risk arising from economic fluctuation, the Bank regularly reviews its credit quality to ensure sufficient loan loss provisions, and regularly monitors its portfolio for potential credit concentration that can jeopardize the Bank's solvency in the event of a severe economic loss. Following regulatory guidelines, the Bank has also established an internal capital adequacy assessment process or ICAAP to help the Bank ensure capital adequacy by assessing the types and levels of risks facing the Bank. Stress testing is one of the key capital assessment techniques that the Bank employs under ICAAP to ensure that the Bank can cope with economic downturns and will have adequate capital to absorb unexpected losses.

2. Concentration risk

Concentration risk relates to any single exposure or group of exposures in an entity or sector having potential to produce large losses for the Bank in the event of problems in that entity or sector.

The Bank manages credit concentration risk by determining proper ratios for potential losses in each customer group for control and monitoring as follows:

- Lending, investment, contingent liabilities or lending-like transactions to any major borrower or project must not exceed 25% of capital of full Consolidation companies.
- Lending, investment, contingent liabilities or lending-like transactions to all major borrowers with total debts exceeding 10% of the Bank's total capital must not exceed three times the Bank's total capital.

Additionally, lending must not be concentrated in a particular industry, which is determined from industry trends, the proportion for the banking industry, probability of loss, and probability of default. The Bank has applied statistical tools to determine industry limits, such as the Herfindahl-Hirschman Index (HHI), which is an index adopted for measuring industry concentration.

3. Counterparty credit risk

Counterparty credit risk is the risk associated with default by counterparties related primarily to derivatives contracts. The Bank's domestic counterparties are customers that need to square their positions and minimize their risk exposure, and that have entered into derivative contracts with the Bank, such as interest rate swaps, currency swaps, equity instruments and forward rate agreements. To maintain the Bank's market risk exposure within the designated limits, the Bank may hedge its risk exposure in part or whole (back-to-back) by entering into off-setting agreements with foreign banks active in the OTC derivatives markets. This creates counterparty credit risk exposure to these banks.

The Bank specifies a policy line credit limit for each counterparty, which is submitted for approval in the same manner as those of credit customers. In order to set the maximum acceptable policy limit for each counterparty, the Bank takes into consideration counterparty credit ratings and Tier 1 capital, while also establishing sovereign risk limits for each country. In monitoring the risk, the Bank closely monitors the credit status of counterparties in terms of aggregate exposure, credit default swap (CDS) spread, change of credit rating, and the changes in market capitalization of its counterparties. This information is reported to senior management on a daily basis for use in making decisions or for making any adjustments, in order to maintain the Bank's risk within acceptable levels, both in normal situations and during times of elevated risk.

To mitigate the credit exposure to its main foreign bank counterparties, the Bank has entered into ISDA credit support annexes (CSA) with a majority of these counterparties. These require placement of collateral in the form of cash or highly liquid securities in the event that the fair market value of any contract deviates beyond an agreed threshold.

4. Country risk

The Bank monitors its exposure to both direct and indirect country risks arising from its business operations in order to identify in a timely fashion any potential large losses that may arise due to adverse conditions occurring in other jurisdictions or hostile actions by sovereign entities. The Bank manages country risk by determining a limit policy and country limit for each country, based on a sovereign scorecard and external credit ratings.

5. Non-performing loan (NPL) risk (bank basis)

NPLs arise when a debtor fails to repay debts according to an agreed schedule. The Bank stands to lose not only interest income, but sometimes also the principal balance, whether wholly or in part, and as a result this risk affects the Bank's profitability and capital adequacy.

At the end of 2012, Bank-only NPLs stood at Baht 33,590 million, up in absolute terms from Baht 31,544 million in 2011, but down in terms of percent of total credit, to 2.0% in 2012, falling from 2.3% in 2011. These NPLs can be classified into four categories: restructured debts (41.8%), debts pending completion of restructuring negotiations (20.1%), debts pending the outcome of legal proceedings (20.2%), and debts pending legal execution (17.9%).

The Bank manages its NPL risk by setting aside adequate loan loss provisions for expected losses. At the end of 2012, the Bank had total loan loss provisions of Baht 50,186 million, covering 149.4% of NPLs.

6. Off-balance-sheet risk

In adherence to generally accepted accounting standards, some of the Bank's obligations with customers and counterparties are classified as off-balance-sheet items together with the underlying credit risk and market price risk that will arise in event of contractual failures caused by customers, counterparties or the Bank.

At the end of 2012, the Bank's obligations arising from aval and guarantees, liability under unmatured import bills, and letters of credit amounted to Baht 28,980 million (a 15.3% decrease from the year before).

In managing off-balance sheet exposure, the Bank treats such obligations as a form of credit risk, and business units are required to follow the normal credit approval process in addition to assessing the cumulative exposure against the risk tolerance limit set for each customer, counterparty and country. Furthermore, the Bank assesses the fair value of derivatives by using the mark-to-market method.

Also, the Bank hedges its derivatives risk exposure to market price volatility by setting limits using a variety of risk indicators such as VaR, risk sensitivities including option greeks, loss action triggers, and stress testing.

7. Risk from impairment in value of real property collateral

Since most collateral placed with the Bank is in the form of real estate, the Bank's collateral will be negatively affected by a sluggish property market with declining property prices. As a result, the Bank may suffer higher losses from its NPLs. The Bank has therefore developed a Collateral and Non-Performing Assets Appraisal Policy as part of the Credit Risk Management Policy to ensure that collateral and NPA values reflect fair market value especially for loan loss provision, capital calculation and for debt restructuring.

The Bank has managed impairment risk by establishing this Collateral and Non-Performing Assets Appraisal Policy. Collateral is reassessed every five years for credit lines higher than Baht 20 million. For non-performing loans (NPLs), the collateral value is reassessed every three years; however, if collateral value affects the decision-making process such as restructuring a loan, the collateral price must reflect fair market value and be reassessed within one year. For non-performing assets (NPA), collateral is re-appraised every year. Regarding choice of appraiser, the Bank is allowed by BOT to use its internal appraiser for loans of any size.

8. Foreign exchange risk

Fluctuation in exchange rates affects the value of the Bank's foreign currency denominated assets and liabilities. The Bank's transactions exposed to foreign exchange risk include proprietary trading transactions, as well as customer transactions for money transfers, and payments relating to international trade and foreign investment. These transactions may result in a change of the Bank's foreign currency position to a net creditor or a net debtor at any point in time. If the Thai baht appreciates against other currencies, when the Bank is a net creditor, the Bank will suffer a foreign exchange loss, while the depreciation of the Thai baht will enable the Bank to reap the benefit of foreign exchange gains. On the other hand, if the Bank is in a net-debtor position, the appreciation of the Thai baht means a foreign exchange gain for the Bank; and conversely, the depreciation of Thai baht means foreign exchange losses.

It is the Bank's practice to hedge against foreign exchange risk by setting risk limits on foreign exchange risk exposure. These limits are determined by the use of statistical methods such as VaR, as well as monetary limits, such as net open position, open position by currency and management action triggers, etc.

As of December 31, 2012, the Bank's foreign currency position was as a net creditor of USD 286 million (USD equivalent), and VaR was Baht 35 million.

9. Interest rate risk

The fluctuation of interest rates will affect the Bank's interest income and expenses. Interest rate risks can be classified into four categories:

- **Repricing risk** is the risk that arises from timing differences or mismatches in maturity, and interest rate changes relating to the Bank's assets and liabilities, caused primarily by shifts in major interest rates. For example, if the Bank's assets can be repriced faster than liabilities (positive gap), interest margins increase when interest rates rise. On the other hand, if the Bank's ability to reprice assets is slower than liabilities (negative gap), then interest margins narrow when interest rates rise.
- **Yield curve risk** is the risk that changes in market interest rates may have different effects on yields or prices on similar instruments with different maturities.
- **Basis risk** occurs when the Bank's assets and liabilities are based on different benchmark interest rates, e.g., fixed-deposit rates, interbank lending rates, THBFX interest rates, etc. Therefore, any change in benchmark interest rates will affect interest rates tied with assets and liabilities differently.
- **Options risk** arises from implicit and explicit options in the Bank's assets and liabilities, and off-balance-sheet items. The exercise of options may affect the Bank's revenues and costs. For example, the option on three-month or six-month deposits that allows a depositor to withdraw funds before the due date will, if exercised early, cause the Bank to bear sooner-than-expected costs.

In managing its interest rate risk, the Bank sets risk tolerance limits for both the trading book and banking book. For trading book exposures, there are limits on VaR, and sensitivities to yield curve and basis shifts (basis point value). For banking book exposures, limits are determined based on percentage of income and capital.

As of December 31, 2012, VaR of interest rate risk exposure in the trading book was Baht 175 million. For the banking book, a 1% increase of interest rates for a period of one year will increase interest income by Baht 1,101 million, and will decrease economic value by Baht 1,464 million.

10. Liquidity risk

Liquidity risk is a critical risk area, because the Bank, being a commercial bank, raises a substantial portion of its funds from short-term instruments, e.g., three-month and six-month deposits, and demand deposits such as savings accounts and current accounts. The Bank uses funding from such sources to extend loans. Since loan terms are generally of a longer tenure than deposits, and/or cannot be called before the scheduled due dates, the Bank faces an ongoing liquidity risk from not being able to convert assets into cash to match them with liability due dates.

To manage liquidity risk, the Bank has to monitor cash flows from balance sheet movements, i.e., deposits, withdrawals, loan disbursements and debt repayments, to determine the amount of funds needed each day, and maintain enough liquid assets or prepare liquidity sources to support loan growth at an acceptable cost.

Additionally, the Bank has a policy to maintain its daily liquidity ratio at 20%, measured as total liquid assets to total deposits and bills of exchange. At the end of December 2012, the Bank had liquid assets at 26.48% of total deposits and bills of exchange, thus assuring the Bank of ample liquidity under both normal situations and crisis type scenarios.

11. Strategic risk

Strategic risk refers to the risk of a current and/or prospective impact on the Bank's earnings, capital, and survival arising from changes in the environment the Bank operates in, adverse strategic decisions, improper implementation, and lack of responsiveness to industry, economic and technological changes.

The Board of Directors has adopted strategic risk management guidelines as the framework to provide a formalized and structured approach in managing strategic risk. The strategic risk is managed through the strategy process and the strategic risk assessment. The strategy process - including strategic planning, alignment and change management, implementation and monitoring and performance evaluation and feedback - is set to ensure the sufficiency of information taken into consideration in formulating strategy, and proper strategy implementation. The risk assessment, which is a part of the Bank's risk materiality assessment framework, is performed to monitor potential strategic risk occurring from both external and internal factors.

The Corporate Strategy Division (CSD) is the strategy process owner responsible for supporting the Board and senior management to formulate and review the strategy as well as decide on a prompt action (if required). Also, CSD is responsible for risk assessment on a regular basis.

12. Operational risk

According to the Basel Committee of the Bank of International Settlements (Basel II), operational risk refers to "the risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events," including legal risk, and reputation impact arising from operational risk, but not including strategic risk. Risk factors can arise from both internal and external environments, such as changes to key personnel, organizational structure, processes, systems or products; force majeure; riot; etc.

The Bank realizes that operational risk is a key risk arising from its business operations and therefore emphasizes operational risk management, aiming to improve its operational risk management over time.

Business and support units within the Bank are responsible for managing their operational risk by applying the methodologies and approaches that the Bank is continually developing. The respective units perform risk and control self-assessments; identify key risks; evaluate the effectiveness of controls; and establish action plans in order to reduce or prevent these risks and ensure that their operational risks are at an acceptable level and also appropriate for their business profiles.

In 2012, the risk and control from the previous assessment were reassessed in order to identify any new key risk and assess existing performances. In addition, key operational risks were aggregated to a Bank-wide level and assessed from both bottom-up and top-down views, then presented to senior management for agreement and setting of action plans.

Key risk indicators are established and reviewed regularly in order to monitor key risks and to ensure that they remain at an acceptable level and that corrective action is taken, when required, on a timely basis. In addition, the Bank maintains an operational risk loss and incident data record for further study, to help prevent re-occurrence.

The Bank has established effective and international-standard business continuity management (BCM) such as developing a crisis management plan (CMP), business continuity plan (BCP) and business impact analysis (BIA) in order that all critical businesses continue to operate during any crisis with minimal impact on customers.

The floods that struck in 2011 proved the success of those plans in actual execution. The Bank continuously brings lessons learned from local and international crisis events in order to enhance flexibility and adaptability of those plans to any unexpected crisis situation. SCB has established not only BCM, but also new product approval process (NPP), insurance management and outsourcing/insourcing management, so that each unit will have effective risk management.

Lastly, key operational risks are analyzed, summarized and reported to the Risk Management Committee on a monthly basis to support effective risk management and sound business decisions.

13. Risk pertaining to changes in statutory policies, laws, rules and regulations

It is the Bank's responsibility to comply with statutory rules and regulations issued by various authorities, e.g., the Bank of Thailand, the Securities and Exchange Commission, the Stock Exchange of Thailand, and other relevant authorities.

The Bank has established a Compliance Unit under the Audit and Compliance Group, which directly reports to the Audit Committee. This Compliance Unit is responsible for providing advice, recommendations and opinions on various issues in connection with laws and regulations to ensure that the Bank's operations are in compliance therewith.

14. Reputation risk

Reputation risk can arise from adverse public perception of the Bank. Given its nature, it is difficult to identify or assess this type of risk since it is influenced by political, economic and social issues during a particular period, including specific public expectations of the Bank.

To manage reputation risk, the Bank relies upon the participation of the Board of Directors and senior management in order to obtain different opinions for assessing reputation risk and establishing safeguards.

The Board of Directors has established procedures for the Bank in dealing with businesses or issues which may be subject to public criticism whereby, in the first instance, if the Bank and its subsidiaries engage in any such business or issues, the management concerned must seek approval from the chairman of the Executive Committee or the president before initiating or participating in any such transaction, in order to determine the appropriateness of the Bank's involvement. The matter is then reported to the chairman of the Board, the chairman of the Audit Committee, and the chairman of the Nomination, Compensation and Corporate Governance Committee. In the second stage, the Executive Committee has the authority to approve the transaction with the consent of the chairman of the Board, the chairman of the Audit Committee, and the chairman of the Nomination, Compensation and Corporate Governance Committee.

The Corporate Communications Division (CCD) is responsible for coordinating with business and non-business units within the Bank to identify and monitor reputation risk factors such as:

1. Transactions which might affect the Bank's reputation.
2. Incidents of regulatory non-compliance.
3. Customer complaints.
4. Adverse impact from employee-related issues.
5. Incidents of negative media coverage.
6. Financial standing and integrity of the Bank.

The CCD also conducts an assessment of overall reputation risk and reports the findings to the Bank's Risk Management Committee and Executive Committee.

15. Capital adequacy risk

Following the financial crisis of 2008, the Basel Committee on Banking Supervision announced a new set of regulatory guidelines for strengthening the resilience of the banking sector, better known as Basel III, in December 2010. The new guidelines aimed to strengthen the capital position as well as to set a new standard of liquidity risk management framework for banks worldwide. The Bank of Thailand has indicated its willingness to adopt this framework with minor local adjustments in order to ensure Thai banks meet the stringent international standards.

In line with the Basel III timeline, all Thai commercial banks, from 1 January 2013, are required to maintain total capital adequacy ratio of not less than 8.5%; of which no less than 4.5% must be in common equity Tier 1 (CET 1) and no less than 6% in total Tier 1 capital. There are two other capital buffers that BOT plans to adopt in the coming years. The first buffer is a capital conservation buffer of up to 2.5% of CET 1 which will be phased-in at 0.625% p.a. starting from 1 January 2016 to 1 January 2019. Banks that cannot meet this minimum requirement may be subject to earnings-distribution restrictions, i.e., on dividend payouts, discretionary bonus payments, share buybacks, etc. The second buffer that BOT may impose is a countercyclical buffer ranging from 0% - 2.5% of CET 1.

From 1 January 2013, SCB adopted the Basel III guidelines for the bank-only basis and early adopted Basel III guidelines for the consolidated basis. The Bank continues to apply the standardized approach as a guideline for maintaining capital adequacy for credit risk, market risk in the trading book, and operational risk. The Bank also continues to manage, monitor and report its capital adequacy position through the internal capital adequacy assessment process (ICAAP), which also includes conducting capital forecasts and stress testing. The Bank also defines its proposed target capital ratios in the ICAAP report to reflect the Bank's capital targets vis-à-vis its overall risk appetite. The Bank submits the ICAAP report to the BOT by end of March each year.

At 31 December, 2012, under the Basel II standard, the Bank has total capital of Baht 250.6 billion, of which Baht 165 billion is classified as Tier 1 capital (10.9% of risk-weighted assets) and Baht 85.5 billion (5.6% of risk-weighted assets) is classified as Tier 2 capital. For SCB Financial Group, the total capital stood at Baht 235.6 billion, of which Baht 159.2 billion is classified as Tier 1 capital (10.6% of risk-weighted assets) and Baht 76.4 billion (5.0% of risk-weighted assets) is classified as Tier 2 capital.

Had the Basel III guidelines been applied to calculate new capital adequacy ratios at 31 December 2012, the Bank would report a total capital of Baht 245.7 billion, of which Baht 176.1 billion is classified as CET 1 capital (11.5% of risk-weighted assets) and Baht 69.6 billion (4.6% of risk-weighted assets) is classified as Tier 2 capital. For SCB Financial Group, the total capital would be Baht 249.7 billion, of which Baht 180.2 billion is classified as CET 1 capital (11.7% of risk-weighted assets) and Baht 69.6 billion (4.5% of risk-weighted assets) is classified as Tier 2 capital.

Hence, the Bank is confident its current level of capital is more than adequate to support its planned business growth and to respond to potential impact from economic uncertainties.



FIRST THAI BANK

BEST BANK IN THAILAND, 2012

CORPORATE GOVERNANCE REPORT



The 2012 Annual General Meeting of Shareholders

The Board has always recognized the critical importance of corporate governance in supporting the Bank's sustainable growth, creating shareholder value, and securing trust from all stakeholders, including shareholders, customers, employees, the community. The Board has therefore adopted good corporate governance practices on a continuing basis, reflected in the Bank's awards from several organizations, including, "Best CG Report" for the third year in a row from the Stock Exchange of Thailand (SET Awards 2012), and "The Best of Asia 2012 Award" for the sixth year in a row from Corporate Governance Asia, the leading magazine for Asian corporate governance. The CG assessment results announced by the Thai Institute of Directors (IOD) for 2012 recognized the Bank for the continued development of excellent corporate governance practices for eight years covering the period from 2005 to 2012. Also, the Thai Investors Association scored the Bank at a full 100 points for the third consecutive year for its shareholders' meeting assessment during 2010-2012.

Corporate Governance Policy

The Board has assigned the Nomination, Compensation and Corporate Governance Committee to formulate corporate governance policy and monitor compliance. The Committee also reviews and adapts the policy to ensure that it is in line with guidelines issued by supervisory authorities for commercial banks and listed companies, as well as the internationally accepted standards for corporate governance. The Bank's goal is to adhere to world-class practices in order to benefit stakeholders and retain their confidence.

The Bank has applied its current Corporate Governance Policy since early 2012. The Policy was updated to be more comprehensive by encompassing the issues below:

- 1) The Policy requires that the Bank has in place a clear vision, mission and code of conduct for the Board and its employees.

The Board has approved the Bank's vision to serve as "The Bank of Choice for Our Customers, Shareholders, Employees and Community," as well as its mission to be Thailand's premiere universal bank, with a strong focus on key financial markets and customer segments, maximizing the synergies from its group franchise, together with a strong commitment to meeting its social obligations as an exemplary corporate citizen.

- 2) The Corporate Governance Policy formalizes, among others, the structure, inclusive of role and responsibility, composition, and tenure of members of the Board and the Board Committees, the Board's meeting procedure, nomination and appointment of members of the Board, orientation for the Board's new members, the holding of positions by the Board's members in other companies, separation of positions among the chairman of the Board, the chairman of Executive Committee, and the president, remuneration of directors and persons with authority to manage its operations, assessment of performance of the Board and persons with authority to manage its operations, succession planning, and the role of the company secretary.
- 3) The Policy enumerates the right and treatment of stakeholders (shareholders and other stakeholders) in terms of arrangement of shareholders' meeting, dividend payments, and transparency through disclosure of information.
- 4) The Policy restricts the use of confidential and non-public information by directors and employees, and specifies rules for connected transactions, conflict of interest, and conflict-of-interest reporting.

In this regard, the updated Corporate Governance Policy is shown at the general public at the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," and then "Corporate Governance Policy."

2012 Corporate Governance

The Bank's corporate governance practices in 2012 were as follows:

1. Right of Shareholders

The Bank has complied with the Corporate Governance Policy with an aim to ensure that shareholders enjoy their rights and exercise such rights in an equitable manner, such as buying or selling shares, receiving dividends, receiving adequate, timely and complete information about the Bank via easily accessible channels. In addition, shareholders are entitled to take part in material business decisions, e.g., payment of dividends, appointment and removal of directors, determination of directors' remuneration, appointment of auditors, fixing the audit fees, determination on amendment to provisions of the Memorandum and Articles of Association, and approval on special transaction engagement (if any) (e.g., capital increase or reduction, acquisition or disposal of assets, or certain connected transactions, etc.) The shareholders can cast their votes in the aforesaid matters according to details provided in the Notice of the Annual General Meeting of Shareholders. The principles applied by the Bank in respect of treatment of shareholders are shown in detail at the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," "Corporate Governance Policy," and then "Rights and Treatment of Stakeholders."

1.1 Shareholders' Meeting

In 2012, the Bank held its Annual General Meeting of Shareholders (AGM) No. 189 on 5 April 2012. The following proceedings were carried out by the Bank to ensure that the shareholders could exercise their rights in accordance with laws and other relevant regulations, including good governance practices.

- 1) In accordance with the Bank's policy to ensure that shareholders receive clear and adequate information and have sufficient time to consider agenda items of the AGM as well as be able to easily access the Notice of the AGM and its accompanying documents, the Bank disseminated the Notice of the AGM and proxy forms prepared both in Thai and English through the Bank's website 31 days prior to the meeting date. Then, the Notice of the AGM both in Thai and English, together with the 2011 Annual Report (in the form of a CD-ROM) was sent via post to shareholders 14 days in advance of the meeting date. The aforesaid Notice of the AGM contained information, such as date, time and venue of the meeting, and details of each agenda item, (including, factual background and rationale, and opinions or recommendations of the Board) as well as accompanying documents, e.g., minutes of the previous meeting, remuneration of Board members, personal profiles of candidates proposed for election as directors, and audit fees, etc., including details of meeting procedures, voting and proxy appointments. Further, the Bank posted the Notice of the AGM on bulletin boards at the Bank's head office and all branches. The Meeting Notice was also advertised for three consecutive days in newspapers no fewer than three days prior to the date of the AGM. If any shareholders wished to obtain the 2011 Annual Report in printed form before the date of the meeting, they were entitled to receive it from the company secretary upon request.
- 2) With a policy to encourage all shareholders (individuals, juristic persons and institutional investors) to attend the AGM to exercise their rights in an equitable manner, the Bank delivered the Notice of the AGM together with the Proxy Form B to the shareholders to appoint any other persons as proxies of such shareholders to attend the meeting on behalf of them, for use if they were unable to attend the AGM in person. Furthermore, institutional investors, which are funds or custodians, were

invited to appoint their representatives and inspect their rights for the meeting attendance in advance.

- 3) To facilitate attendance by all shareholders and proxy holders in an equitable manner, the Bank has a policy to set the date and time of the AGM on a working day and hold the meeting at the Bank's head office. On the meeting day, the registration counters were available for document and voting entitlement for a period of two hours in advance of the meeting time. The Bank's meeting registration service made use of a bar code system whereby different counters were set-up for each type of shareholder, i.e., individuals, juristic persons, and funds or custodians. For timely and convenient registration, the Bank allocated to each shareholder and proxy holder the ballots to be used for casting votes for each agenda item with the same barcode as that which the shareholders used for meeting registration. Further, the meeting registration remained open to shareholders during the meeting, allowing shareholders to register and attend the meeting at any time and vote on any agenda item yet to be considered.
- 4) During the meeting, the chairman of the Board presided as the chairman of the meeting and, last year, all 16 directors of the Bank attended the meeting together with the Bank's senior executives and the external auditors, in order to clarify and answer the issues and questions raised. Prior to starting with the agenda of the meeting, the company secretary informed the meeting regarding the voting procedure for each agenda item. Holders of the Bank's ordinary and preferred shares, including the proxy holders, who attended the meeting, were entitled to cast their votes on the basis of one share for one vote. In order to increase the efficiency and speed of the voting process, only the ballots in which the disapproval and abstention votes are cast were collected. Voting and ballot counting were conducted openly, which were computed based on the bar code system jointly with PDA (Personal Digital Assistant). SCG Legal Counsel Limited was assigned by the Bank to review and inspect the accuracy of proxy appointment, quorum, and vote casting at the meeting. As a consequence, the Bank could report the voting result to the meeting on an agenda item per item basis in a timely, accurate and transparent manner.
- 5) For shareholders' convenience and easy understanding, multi-media presentations were shown at the meeting. The chairman of the meeting allowed shareholders full opportunity to ask questions and make recommendations on an equitable treatment basis, and provided comprehensive clarification and/or replied to all questions. The directors and management persons jointly responded to shareholder questions and clarified issues while the company secretary took minutes of the meeting and recorded the votes cast under each agenda item. Additionally, the agenda of the meeting was not switched, added to, or revised during the meeting.
- 6) Following the meeting day in 2012, the 2011 AGM's resolutions in both Thai and English were posted on websites of the Stock Exchange of Thailand and the Bank on the working day following the meeting. Such resolutions were posted at least one hour in advance of trading hours of the Stock Exchange of Thailand. In addition, the minutes of the 2011 AGM were submitted to the Stock Exchange of Thailand within 14 days of the meeting, and disclosed on the Bank's website in both Thai and English to allow shareholders early access to the information and for other persons with an interest to note and study the Bank's AGM proceedings. The minutes were retained for future reference and inspection. Each material matter proposed at the meeting, including the name list of directors and senior executives who attended the meeting, the vote casting procedure, the broad nature of the questions raised by shareholders, and where appropriate, the Board's clarification or response, the resolutions made together with

the number of votes for approval, disapproval and abstention, were recorded in such minutes.

1.2 Dividend Payment

The Bank has a policy to pay dividends at the rate of 30-50% of net profit according to the consolidated financial statements by taking into account the long-term return to all shareholders. The dividends will be paid in any year in which the Bank posts a profit, provided there are no accumulated losses, and the Bank has set aside all statutory and other reserves and is able to maintain adequate capital funds in compliance with the regulatory requirements. The interim dividends are paid within 30 days after the date of approval for the dividend payment by the Board or at the shareholders' meeting.

At the 189th AGM held on 5 April 2012, the shareholders' meeting resolved to approve the dividend payment from the Bank's operational results in the financial year 2011. The dividends were paid to holders of the Bank's preferred and ordinary shares at the rate of Baht 3.50 per share equivalent to Baht 11,897 million or approximately 38.3% of the 2011 net profit, according to the Bank's consolidated financial statements, excluding extraordinary profit. The dividend payment can be described in detail as follows:

- 1) The Board in its meeting No. 12/2011 dated 23 August 2011 resolved to approve for the interim dividend payment from the Bank's operational results in the first-half year of 2011, and the interim dividends at the rate of Baht 1.00 per share were paid to holders of the Bank's preferred and ordinary shares on 16 September 2011 (24 days after the date of approval for the interim dividend payment by the Board), and
- 2) The remaining dividends were paid at the rate of Baht 2.50 per share to holders of the Bank's preferred and ordinary shares on 4 May 2012 (30 days after the date of approval for the dividend payment by the shareholders' meeting).

1.3 Communication Among the Bank's Shareholders

The Bank has a policy of not preventing shareholders from communicating or coordinating with one another. The Bank's shareholders can freely access information regarding other shareholders by way of requesting a copy of the list of names of the Bank's shareholders from the Ministry of Commerce.

2. Equitable Treatment of Shareholders

As stipulated in the Bank's Corporate Governance Policy, all shareholders, i.e., major, minor, institutional and foreign shareholders, enjoy their shareholder rights and are treated on an equitable and fair basis. The principles applied by the Bank in respect of equitable treatment of shareholders are shown in detail at the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," "Corporate Governance Policy," and then "Rights and Treatment of Stakeholders."

2.1 Invitation to Shareholders to Propose Agenda Items, Candidates for Directorship and Questions in Advance of the Shareholders' Meeting

To ensure that all shareholders are equally treated, the Bank's shareholders are invited to propose significant matters in advance of the shareholder's meeting, i.e., agenda items considered important and beneficial to be included in the shareholders' meeting, qualified candidates for directorship, and questions, criteria of which is posted in detail on the Bank's website. The

aforsaid proposals can be submitted to the company secretary via post or E-mail: company_secretary@scb.co.th. The Nomination, Compensation and Corporate Governance Committee will consider and screen the shareholders' proposals and propose them to the Board for consideration. The decision on whether the Bank accepts the proposals will be notified to the proposing shareholders for information. The accepted proposals will be included as agenda items at the next AGM.

In the 2012 AGM, the Bank invited shareholders to propose agenda items, candidates for directorship, and questions three months in advance of the end of the Bank's accounting period, i.e., during 1 October to 31 December 2012. In this regard, no shareholders submitted proposals to the Bank.

2.2 Proxy Appointment for Shareholders' Meeting

At every shareholders' meeting, should there be shareholders who find it inconvenient to attend the meeting in person, they can appoint proxies to attend on their behalf and exercise their rights as shareholders. Three types of proxy forms (Form A, Form B, and Form C) set by the Department of Business Development, Ministry of Commerce, are made available to shareholders.

In the 2012 AGM, proxy Form B in which various items of power delegation in clear detail were specified, together with the Notice of the Annual General Meeting of Shareholders, were delivered to shareholders. As an option to shareholders for proxy appointment, the Bank also made available two independent directors, who did not have any conflict-of-interest issue in the relevant agenda items, to shareholders for their appointment as proxy for attending and voting in the meeting. Personal information in detail regarding such independent directors; such as, historical record, residing address, educational background, position in other business that might have had a conflict of interest with that of the Bank, relationship with the Bank or the Bank's subsidiaries, and interest in relation to the agenda items, were given. The shareholders may therefore select either one of the two independent directors or any other person as their proxy as they deemed appropriate. In addition, shareholders who wanted to use proxy Form A and Form C could download the forms at the Bank's website.

2.3 Ballots for Shareholders' Meeting

In the 2012 AGM, the ballots were used in every agenda item and only the ballots in which the disapproval and abstention votes casted, were collected. In order to ensure that the voting process was conducted in an efficient, accurate, speedy and verifiable manner, voting and ballot counting were computed based on a bar code system conducted jointly with PDA. Prior to starting the meeting, the company secretary informed the meeting of the voting procedure of each agenda item. In addition, the ballots casted for each agenda item were kept for further verification.

2.4 Election of Director on an Individual Basis

In every Annual General Meeting of Shareholders, one-third of the directors will retire by rotation. Five directors were due to retire at the 2012 AGM. The Bank arranged for shareholders to elect each director to replace the outgoing directors one by one by casting their vote in the ballot. Those who voted for disapproval or abstention had their ballots collected and counted, as in vote counting on other agenda items. The AGM minutes also showed the results of each director's election individually.

2.5 Determination of Directors' Remuneration

As stipulated in the Bank's Articles of Association, a director is entitled to remuneration from the Bank, namely gratuities, meeting

allowance, rewards, bonuses, or any other nature of interests pursuant to the consideration of the shareholders' meeting. The Nomination, Compensation and Corporate Governance Committee is assigned by the Board to propose remuneration of directors and provide recommendation to the Board for consideration and proposal to the shareholders' meeting for annual approval. The Board has formulated and adopted a policy that provides remuneration to the directors at an appropriate level and in line with their functional duties.

2.6 Internal Control

The Board places emphasis on preventing Board members and management from using confidential and non-public information for illegitimate gains. The Board had enhanced the Corporate Governance Policy relating to internal control to prevent use of inside information by Board members and employees as well as adopted procedures for connected transactions, prevention of conflicts of interest, including disclosure of beneficial interest, to comply with regulatory requirements and the Bank's Corporate Governance Policy, details of which are as follows and also available on www.scb.co.th under the sequence of menu headings "About SCB," "Corporate Governance," "Corporate Governance Policy" and then "Internal Control."

1) Internal Control on the Use of Inside Information by Directors and Staff

The Board formulates measures designed to disclose and prevent conflicts of interest and prevent the use of non-public information by laying down policy, operational guidelines and supervision through the following means:

- Setting up codes of conduct for both the members of the Board and employees, covering such matters as the use of non-public information and the confidentiality of customer information. The Bank disseminates such codes to all staff and Board members.
- Laying down guidelines for members of the Board and regulations for employees that prohibit directors and relevant staff from using or disclosing non-public information for any personal interest related to securities trading.
- Imposing non-trading periods on directors, executives and employees involved in financial statement preparations, prohibiting them from trading the Bank's securities during a 14-day period preceding the announcement of quarterly, semi-annual, and annual financial statements, and also from investing in any securities to which the Bank's ordinary shares are linked.
- Requiring directors and persons with management authority (as defined in the Financial Institutions Business Act, A.D. 2008) to disclose information on their shareholdings and to report their trading transactions related to the Bank's shares to the Bank and the Securities and Exchange Commission within three days, pursuant to which the company secretary is responsible for collecting data on any change in such shareholding for reporting as part of the regular agenda of the Board meeting.

2) Connected and Conflict-of-Interest Transactions

The members of the Board and executives recognize, and are well aware of, the Bank's policy and guidelines regarding the approval process and engagement in any connected or conflict-of-interest transaction as follows:

- To strictly follow the regulations and notifications of the Stock Exchange of Thailand, the Securities and Exchange Commission and the Capital Market Supervisory Board whereby directors and executives are prohibited from participating in consideration of any matter in which they might have a beneficial interest, and the company secretary takes notes of their related interests in the minutes of the meeting.
- To set a policy for price quotation and other conditions for related-party transactions to ensure that such pricing and conditions are in line with those of other regular business.
- To set forth that the Board (excluding interested members) has a duty to consider and grant approval on any provision of credit facilities or investment the interest or benefit of which relates to the Bank, any director, or person with management authority (as defined in the Financial Institutions Business Act, A.D. 2008).
- To prescribe the regulations regarding appropriate securities trading by employees who are senior executives and/or persons in the units where access to inside information might be misused for their own benefit or the benefit of any other person. Such regulations must also cover any persons related to such executives.

Detailed information regarding transactions between the Bank and related persons is shown on page 74 of this Annual Report.

3) Conflict-of-Interest Report

The Bank requires directors and persons with management authority (as defined in the Financial Institutions Business Act, A.D. 2008) to report to the company secretary on a quarterly basis regarding their interests and interests by persons related to them, as well as subsequent changes in such information. The company secretary has a duty to collect such information, prepare a report in connection therewith, and then inform the chairman of the Board and the chairman of the Audit Committee in compliance with the Securities and Exchange Act, B.E. 2535 (A.D. 1992), whereby that information will further be used for monitoring the transactions between the Bank and directors, persons with management authority, and/or persons related to directors and managers.

Moreover, the Bank has a policy to appoint an independent adviser whose role is to provide opinion on any connected transaction, acquisition or disposal of a significant asset of the Bank and its subsidiary, merger, or such transactions as prescribed in the laws. The Board assigned the Audit Committee to review the procedures and oversight of these transactions to ensure that they are compliant with the laws and regulations.

3. Role of Stakeholders

3.1 Principles and Treatment of Stakeholders

The Bank always recognizes the rights of stakeholders as encapsulated in the Bank's vision of being "The Bank of Choice for Our Customers, Shareholders, Employees and Community." Besides, the Bank continually upholds the principles dealing with stakeholders as specified in the Bank's Code of Conduct, details of which are available on www.scb.co.th under the sequence of menu headings "About SCB," "Corporate Governance," and then "Code of Conduct." In this connection, the Bank's principles and practices under its Code of Conduct regarding stakeholders can be summarized as follows:

Customers: To provide suitable benefits and satisfaction to the Bank's customers through delivery of quality products and services, fair treatment, and safeguards on the confidentiality of information.

The Bank's implementation of this principle, which reflects its responsibility towards its customers, is set out in the section titled "Performance and Plans" on page 29 of this Annual Report.

Shareholders: To deliver satisfactory returns to the Bank's shareholders through sustained, superior operating results as well as effective internal control, auditing systems and risk management.

Implementation of this principle and the Bank's Corporate Governance Policy, which recognizes shareholders' rights and transparent information disclosure, contributed to increasing the Bank's total market capitalization (calculated from ordinary and preferred shares) to Baht 616.9 billion at end 2012 and is the highest among Thai financial institutions.

Employees: To recruit and retain excellent and capable personnel, continually implement employee development programs, and provide job security and career advancement opportunities.

The Bank's implementation on this principle, respect of human rights, equitable treatment of employees, and appropriate employee benefits and development opportunities, are described in the section titled "Human Resources Report" on page 85 of this Annual Report.

Business Partners and Competitors: To conduct business with the Bank's partners and competitors with fairness and confidentiality, in compliance with applicable laws and regulations, not using dishonest or unethical means to gain information about the Bank's partners and competitors.

Creditors and Suppliers: To honor the agreements that the Bank makes with its creditors and suppliers in accordance with the agreed terms and relevant laws and regulations.

Social Responsibility: To conduct the Bank's business with responsibility toward society and with sensitivity regarding issues relevant to the public interest; and to regularly support and participate in activities that are beneficial to the community and society.

In addition to the above-mentioned principle, emphasis was also placed on supporting employees' involvement in activities that benefit society or communities where the Bank's branches are situated, details of which are available in the section titled "Corporate Social Responsibility and Environmental Management" on page 95 of this Annual Report.

Environment: To abide by environmental laws and regulations; implement effective safety and environmental management measures to prevent negative impacts on local communities; and promote employees' awareness of and concern for the environment.

The Bank's emphasis on environmental issues are described in the section titled "Corporate Social Responsibility and Environmental Management" on page 95 of this Annual Report.

Furthermore, to express its willingness on the implementation of anti-corruption efforts, the Bank has jointly signed the "Declaration of Intent in View of Establishing Thailand's Private Sector Collective Action Coalition Against Corruption". To reach that goal, the Bank stands ready to work in cooperation with all segments of the Thai society to foster cleaner business practices and strengthen ethical behavior in all business activities.

3.2 Contact Channels for Stakeholders

The Bank provides channels for various groups of stakeholders to directly contact with its relevant units as follows:

- Customers can communicate with the Bank's branches or the officer/relationship manager in charge.
- Employees are fully informed that the Bank has established channels to accept complaints and reports of employee misconduct. Employees can voice their opinions, report or complaints on any unfair matters, fraud, or misconduct directly to their supervisors or through other channels anonymously as follows:
 - The "Ethics Hot Line" at 0-2544-2500 is a channel to receive complaints or provide answers about unethical practices or misconduct.
 - "Purple People Talk" (purple_talk@scb.co.th) is another channel to anonymously voice opinions, complaints or fraud reports via e-mail. Submitted matters will be treated as confidential.
 - The HR Call Center at 4444 is a channel for inquiries or submitting opinions or complaints.

All matters reported by employees or appellants are treated as confidential, and the Bank has set up a working team to accept opinions and investigate complaints about fraud. If grounds for complaints are proven, the matter will be escalated for disciplinary process. Procedures to report complaints are as follows:

- The employee proposes opinions, reports, or fraud complaints via determined channels whereby he/she can choose to remain anonymous and the reported matter will be kept confidential.
- The Complaint Acceptance Working Team conducts a primary investigation of facts or investigates relevant parties confidentially and reports progress to the appellant if the appellant chooses to be identified.
- The Complaint Acceptance Working Team submits matters supported by sufficient grounds to relevant units in order to appoint an investigation committee according to the Bank's regulations or report matters to the Fraud Management Committee for further action.
- The Bank approaches matters on a case-by-case basis and will not disclose its sources of information to ensure the confidentiality and protection of the appellants.

Moreover, any complaints, suggestions or comments from any stakeholder can also be addressed through the Bank's central channel to the Board and the management of the Bank by contacting:

- SCB Easy Call Center at Phone: 0-2777-7777
- Board Secretariat and Shareholder Services Office at Company Secretary
Board Secretariat and Shareholder Services Office
The Siam Commercial Bank PCL,
9 Ratchadapisek Road, Kwang Jatujak,
Khet Jatujak, Bangkok 10900
Phone: 0-2544-4221
Fax: 0-2937-7931
E-mail: company_secretary@scb.co.th

In this connection, the Bank has formulated a clear policy and practical guidelines for handling complaints from customers, employees and other stakeholders. All complaints received are kept confidential, investigated and resolved and a public report made to the Audit Committee and the Board.

4. Disclosure of Information and Transparency

4.1 Policy and Practices on Information Disclosure

The Bank's policy and procedures on information disclosure are incorporated into its Corporate Governance Policy. Major principles can be summarized as follows:

- 1) information to be disclosed must be accurate, complete and clear as well as disclosed in a timely fashion;
- 2) disclosure of information must fully comply to all applicable rules;
- 3) all of the Bank's stakeholders, including shareholders, investors, analysts and other interested persons must have equal right to know or receive information disseminated by the Bank; and

- 4) any information that could effect the price of the Bank's shares influence investors' decision making, or could affect the rights of shareholders must be disclosed abruptly through the Stock Exchange of Thailand.

The Bank has also designated persons and/or units responsible for information disclosure, including the period during which the Bank's operating result must be disclosed, as specified in the Corporate Governance Policy. Audited annual financial statements are released within 60 days from the end of each financial year. For each quarterly financial statement, an explanatory section titled "Management Discussion and Analysis" (MD&A) is provided to help investors to better understand the Bank's operating results.

In addition, the Bank's Corporate Governance Policy requires the directors and management to disclose their holdings in the Bank's shares. Changes in the directors' and management's holdings of the Bank's shares in year 2012 are shown on page 266 of this Annual Report.

In 2012, activities by the Investor Relations Division for disclosure of the Bank's information can be summarized as follows:

Forms of Activities	Number of Times
One-on-one meetings/conference calls, with investors and equity analysts	160
General meetings with equity analysts	4
Investor conferences	9
Global road shows	4

Furthermore, the Bank always holds press conferences and media events as well as to issue press releases to publicize and promote its activities.

Interested persons can contact the Investor Relations Division at: Investor Relations Division, 19th Floor, Zone B
The Siam Commercial Bank PCL, Head Office
9 Ratchadapisek Road, Kwang Jatujak, Khet Jatujak, Bangkok 10900
Phone: 0-2544-4358
Fax: 0-2544-2658
E-mail: investor.relations@scb.co.th
Website: www.scb.co.th

4.2 Auditors

The auditors' qualifications are scrutinized by the Audit Committee with regard to their independence, suitability, professional responsibility, and absence of conflict of interest with the Bank and its subsidiary companies, management, major shareholders or connected persons. The Audit Committee also determines the appropriateness of the annual audit fee based on the scope of audit. The Audit Committee is responsible to propose the list of qualified auditors and the audit fees to the Board for consideration in order to seek approval of shareholders for the auditors' appointment and the determination of audit fees in the AGM.

Details regarding the audit fees and other service fees as well as the auditor's report for year 2012 are available in the sections titled "Audit Fees" and "Audit Report of Certified Public Accountant" of this Annual Report.

5. Responsibilities of the Board

5.1 Board Composition

At the end of 2012, there were 16 Board members. The number of Board members commensurates with the Bank's size and business. The Bank's policy on its Board composition is to comply with the criteria set forth by relevant regulators as well as to possess diversity in terms of knowledge, capabilities and gender.

The 16 Board members comprises four women and 12 men who are professionals with diversified backgrounds in finance, banking, business management, marketing, law, auditing and accounting, corporate governance, social and community responsibility, and other experience considered beneficial to supervising banking business. The Bank has nine independent directors* (representing 56% of the total directors), namely Mr. Anand Panyarachun, Mr. Maris Samaram, Mr. Chumpol NaLamlieng, Prof. Vicharn Panich M.D., Mr. Sumate Tanthuwani, Assoc. Prof. Dr. Kulpatra Sirodom, Mr. Ekamol Kiriwat, Khunying Jada Watthanasiritham, and Mr. Robert Ralph Parks, three executive directors (representing 19% of the total directors), namely Dr. Vichit Suraphongchai, Mrs. Kannikar Chalitaporn, and Mr. Bodin Asavanich, According to the Bank's Articles of Association, a director, either Dr. Vichit Suraphongchai, chairman of the Executive Committee, or Mrs. Kannikar Chalitaporn, president, is authorized to sign on behalf of the Bank.

The names of the Bank's Board members and their respective number of years in positions are provided in Table 1.

* The terms "independent director" shall have the same meanings as those specified in the Bank of Thailand's Notification No. SorNorSor. 13/2009, Re: Corporate Governance of Financial Institutions, and the Capital Market Supervisory Board's Notification No. TorJor. 28/2008, Re: Application and Approval on the Offering for Sale of Newly Issued Shares, including any amendment to such Notifications (if any). Moreover, an independent director may not hold shares of the Bank in excess of 0.5% of the total number of voting shares of the Bank, or the Bank's parent, subsidiary, or associate company, or the Bank's major shareholder, or the person having controlling power over the Bank, while the number of shares held by any person related to the independent director must also be included for this calculation purpose. This shareholding restriction of not more than 0.5% is the Bank's standard, which is higher than that set by the Capital Market Supervisory Board, which prohibits an independent director to hold more than 1% of the total voting shares of the company of which he/she is a director.

Table 1: Board of Directors

Name	Positions	Number of Years in Positions⁴⁾
1. Mr. Anand Panyarachun	Chairman of the Board, Independent Director, and Member of the Corporate Social Responsibility Committee	1 st Round: 7 years (1984 - 1991) 2 nd Round: 20 years 2 months (1992 - Present)
2. Dr. Vichit Suraphongchai	Director, Chairman of the Executive Committee, and Member of the Corporate Social Responsibility Committee	13 years
3. Mr. Maris Samaram	Independent Director and Chairman of the Audit Committee	9 years 10 months
4. Prof. Vicharn Panich M.D.	Independent Director and Chairman of the Corporate Social Responsibility Committee	6 years 3 months
5. Mr. Chumpol NaLamlieng ³⁾	Independent Director and Chairman of the Nomination, Compensation, and Corporate Governance Committee	1 st Round: 1 years 8 months (1998 - 1999) 2 nd Round: 5 years 11 months (2007- Present)
6. Mr. Sumate Tanthuwani	Independent Director and Member of the Audit Committee	9 years 9 months
7. Assoc. Prof. Dr. Kulpatra Sirodom	Independent Director and Member of the Audit Committee	3 years 6 months
8. Mr. Ekamol Kiriwat	Independent Director and Member of the Audit Committee	1 years 9 months
9. Dr. Chirayu Isarangkun Na Ayuthaya ¹⁾	Director and Member of the Corporate Social Responsibility Committee	25 years 3 months
10. M.R. Disnadda Diskul ¹⁾	Director and Member of the Corporate Social Responsibility Committee	1 st Round: 3 years 2 months (1996 - 1999) 2 nd Round: 13 years 9 months (1999 - Present)
11. Khunying Jada Wattanasiritham ³⁾	Independent Director, Member of the Corporate Social Responsibility Committee, and Member of the Nomination, Compensation, and Corporate Governance Committee	13 years 11 months
12. Miss Supa Piyajitti ¹⁾	Director and Member of the Nomination, Compensation, and Corporate Governance Committee	3 years 8 months
13. Mr. Robert Ralph Parks	Independent Director and Member of the Nomination, Compensation, and Corporate Governance Committee	2 years 9 months
14. Prof. Thosaporn Sirisamphand ^{1) and 2)}	Director and Member of the Nomination, Compensation, and Corporate Governance Committee	6 months
15. Mrs. Kannikar Chalitaporn	Director, President, Member of the Executive Committee, and Member of the Corporate Social Responsibility Committee	10 years 11 months
16. Mr. Bodin Asavanich	Director, Member of the Executive Committee, and Senior Executive Vice President, Group General Counsel	10 years 11 months

Remarks:

1) Dr. Chirayu Isarangkun Na Ayuthaya, M.R. Disnadda Diskul, Miss Supa Piyajitti, and Prof. Thosaporn Sirisamphand represent the majority shareholders.

2) Prof. Thosaporn Sirisamphand was appointed by the Board of Directors as a director on 6 July 2012.

3) Mr. Chumpol NaLamlieng and Khunying Jada Wattanasiritham have been appointed as independent directors since 2009.

4) Information as of 31 December 2012.

5.2 Directors' Term of Position

One-third of the total number of members of the Board must retire by rotation at every Annual General Meeting of Shareholders. The directors who have held office longest since date of election or last reelection shall retire. If the number of directors to retire is not a multiple of three, the number of directors closest to one-third shall retire. However, any retiring director may be re-elected to continue his/her office.

In addition, for transparency and corporate governance purpose, the Bank has set forth the principle that the tenure of an independent director in general should normally not exceed three consecutive terms.

5.3 Segregation of Positions

The Bank has segregated the positions and capacities of the chairman of the Board, the chairman of the Executive Committee, and the president to enhance governance and transparency of internal operations as follows:

Chairman of the Board - The chairman of the Board of Directors is an independent director and shall not be the chairman of the Executive Committee or the president of the Bank, nor be involved in the Bank's routine management. This is in compliance with the principle of segregation of roles in policy formulation and oversight from those in operation management. The key roles of the chairman of the Board are to ensure that board meetings are conducted effectively, that matters that are vital and essential to the Bank's operations are placed on the meeting agenda, particularly corporate strategy related issues, allocate time for management to present clear information, support and allow attending board members to voice their opinions and ask questions, and ensure that board resolutions are clear and the meeting minutes are correct. The chairman of the Board also presides over the shareholders' meeting. Another key role of the chairman is to ensure that the Bank's governance practices are in compliance with adopted policies, such as the composition of the Board, directors' performance of duties, and chief executive succession planning.

Chairman of the Executive Committee - The Board has appointed one of its members as chairman of the Executive Committee with powers and duties to manage and control the business of the Bank as assigned by the Board. The chairman of the Executive Committee is empowered to develop and review key strategies and practices with roles and responsibilities relating to business of the Bank and other Board committees as appointed by the Board of Directors, including overseeing the Executive Committee's compliance with its charter, and signing on behalf of the Bank. The Executive Committee Charter is available to the public on www.scb.co.th under the sequence of menu headings "About SCB," "Corporate Governance," and then "Charter of the Board and Board Committee."

President - Under the Articles of Association, the president is an ex-officio member of the Executive Committee. The president is also an authorized director with powers and duties, as assigned by the Board. The powers and duties of the president in general are in accordance with those stated in the Bank's Corporate Governance Policy.

5.4 Membership of Other Company Boards

The Bank has laid down a clear policy regarding membership of other company boards, which is in line with ethical practices as prescribed by the relevant supervisory bodies, such as the Bank of Thailand and the Stock Exchange of Thailand. The Stock Exchange of Thailand has recommended that a director of a listed company shall not hold positions in more than five listed companies, while the Bank of Thailand has announced that a director of any commercial bank shall not be the chairman, executive director, or an authorized director of limited companies of more than three business groups.

In addition, the Bank has established internal practical guidelines for directorship of other companies, requiring directors to notify the Nomination, Compensation and Corporate Governance Committee in advance before assuming any position in companies or organizations so that the Nomination, Compensation and Corporate Governance Committee may review the appropriateness of the appointment and compliance with relevant laws and regulations. The company secretary shall regularly inform the Board of the membership status of each director. Information on membership in the Boards of other listed companies is disclosed to shareholders on page 244 of this Annual Report and it shows that no directors are holding positions in more than five other listed companies and there are no executive directors holding positions in more than two other listed companies that are not in the SCB group.

5.5 Roles and Responsibilities of the Board of Directors

Directors are committed to pursue the highest standards of ethical conduct. The Board's roles, duties and responsibilities shall be in accordance with those specified by laws, the Bank's Memorandum and Articles of Association, and the resolutions of the shareholders. In addition, the Board's roles and responsibilities are stipulated in the Charter of the Board of Directors, which includes determining, approving, and overseeing the implementation of policies, strategies, financial objectives, operational directions proposed by the management, with the aim of maximizing overall economic value and shareholders' wealth after taking into account the interests of all relevant stakeholders. The Board is also tasked with reviewing and ensuring the appropriateness of the risk management system, the audit and compliance, and the overall internal control processes. Details of the roles, responsibilities, and authority of the Board are available on www.scb.co.th under the sequence of menu headings "About SCB," "Corporate Governance," "Charter of the Board and Board Committee," and then "Charter of the Board of Directors."

In addition to complying with the relevant laws and regulations as mentioned above, the Board shall abide by the following principles as stipulated in the Directors Code of Conduct; a) Honesty, Fairness and Integrity, b) Personal Transactions, c) Confidentiality of Information, d) Disclosure of Interests, e) Abiding by the Law, and 5) Payments, Gifts, Entertainment and Travel. Moreover, the Board, including the Bank's executives, and employees, are committed to pursue the principles under the Corporate Code of Conduct as well. Details regarding the Directors Code of Conduct and the Corporate Code of Conduct are shown on www.scb.co.th under the sequence of menu headings "About SCB," "Corporate Governance," and then "Code of Conduct."

5.6 Board Committees

The Board has appointed the following committees to study and review specific matters.

5.6.1 Board Committees

At present, the Bank has four committees appointed by the Board of Directors comprising: the Executive Committee; the Audit Committee; the Nomination, Compensation and Corporate Governance Committee; and the Corporate Social Responsibility Committee. Each of these committees has its roles and responsibilities clearly defined in its charter. A summary of each committee's operations in 2012 is as follows:

- **Executive Committee**

Members of the Executive Committee are appointed by the Board, comprising a number of directors and executives at the level of senior executive vice president. The executive directors hold concurrent tenure with that of their directorships. Currently, the Executive Committee has nine members comprising three directors, namely Dr. Vichit Suraphongchai (chairman), Mrs. Kannikar Chalitaporn, Mr. Bodin Asavanich, and another six persons who are the Bank's senior executive vice presidents.

The major functions and responsibilities of the Committee are to manage the Bank's business by following the Bank's strategies and policies, including screening issues prior to their submission to the Board as well as approving issues within the scope as assigned by the Board. There were 41 meetings held by the Committee in 2012.

- **Audit Committee**

The Board initially appointed an Audit Committee in 1998 with responsibilities to review the financial statements and consider whether they are accurate and adequate, to ensure that the Bank has efficient systems in internal control and internal audit, to review whether the Bank complies with the laws and regulations imposed by relevant regulatory agencies, as well as to consider and review other issues as stipulated in the Charter of the Audit Committee. Another vital role of the Audit Committee is to consider and propose qualified auditors and audit fees to the Board for consideration prior to seeking approval from the shareholders' meeting. Furthermore, the Audit Committee is tasked to assess the auditors' performance on an annual basis.

In 2012, the Audit Committee comprised four independent directors, namely Mr. Maris Samaram (chairman), Mr. Sumate Tantuvanit, Assoc. Prof. Dr. Kulpatra Sirodom, and Mr. Ekamol Kiriwat, whose tenure as members of the Audit Committee is concurrent with that of their directorships. Mr. Maris Samaram, Assoc. Prof. Dr. Kulpatra Sirodom, and Mr. Ekamol Kiriwat are the Board members who possess strong knowledge and experience in reviewing financial statements. In 2012, the Audit Committee held 13 meetings and details of its activities are shown on page 82 of this Annual Report.

- **Nomination, Compensation and Corporate Governance Committee**

The main responsibilities of the Nomination, Compensation and Corporate Governance Committee are to nominate directors and senior management staff as well as to determine and propose appropriate remuneration of the Board and the Board

Committees in order for the Board to consider and endorse prior to referring the matter to the shareholders' meeting for approval. In addition, the Nomination, Compensation and Corporate Governance Committee is assigned to assure that the senior management staff are adequately compensated based on their roles and responsibilities, and to formulate the Bank's policy in respect of corporate governance and propose it to the Board for consideration and approval.

The Nomination, Compensation and Corporate Governance Committee is currently composed of five members, namely Mr. Chumpol NaLamlieng (chairman), Khunying Jada Wattanasiritham, Miss Supa Piyajitti, Mr. Robert Ralph Parks, and Prof. Thosaporn Sirisamphand. Three of them (including the Chairman) are independent directors and the remaining two members are non-executive directors. Tenure of the Committee members is concurrent with that of their directorships. In 2012, the Nomination and Corporate Governance Committee held eight meetings, and details of its activities are provided on page 72 of this Annual Report.

- **Corporate Social Responsibility Committee**

The roles and responsibilities of the Corporate Social Responsibility Committee are to develop the Bank's direction, and to monitor, supervise, and assess the Bank's business, and activities engaged by the Bank, for the betterment of the country in terms of economic and social welfare and the environment. The Committee performs its roles by laying the foundations of good policy and practice, developing networks, and sustaining them, with an emphasis on the following three principles: 1) developing human resources, especially among the youth, 2) establishing volunteer networks in order to promote the importance of participation on a collaborative basis, which can more effectively drive social betterment, and 3) developing quality of life and protecting the environment, which are crucial factors for sustainable development.

All seven members of the Corporate Social Responsibility Committee are Board members, comprising Prof. Vicharn Panich M.D. (chairman), Mr. Anand Panyarachun, Dr. Chirayu Isarangkun Na Ayuthaya, Dr. Vichit Suraphongchai, Khunying Jada Wattanasiritham, M.R. Disnadda Diskul, and Mrs. Kannikar Chalitaporn. Tenure of the Corporate Social Responsibility Committee members is concurrent with that of their directorships. In 2012, the Corporate Social Responsibility Committee held eight meetings resulting in the success of the Bank's social activity projects within the framework and policy set by the Board, details of which are shown on page 95 of this Annual Report.

5.6.2 Committees Related to Management

There are six committees related to management, namely the Management Committee, the People Development Committee, the Change Program Steering Committee, the Risk Management Committee, the Assets and Liabilities Management Committee, and the Equity Investment Management Committee. The composition, roles and responsibilities of each Committee are described in the Bank's Corporate Governance Policy, which can be summarized as follows:

- **Management Committee**

As from early of 2011, the Bank has restructured and renamed the Strategy and Review Committee as the Management Committee. There were 19 meetings held by the Committee in 2012 for its members to discuss and exchange views in relation to the Bank's business operations, and to consider and/or

approve new products, services and operational processes.

- **People Development Committee**

The People Development Committee was set up in 2010 to formulate policies and strategies of the Bank's human resource management as well as to supervise, monitor and review these policies and strategies. In 2012 the Committee held 11 meetings.

- **Change Program Steering Committee**

The Change Program Steering Committee is in charge of developing and laying down the program or project framework for the Bank's development, including monitoring each of the projects. There were 14 meetings held by the Committee in 2012.

- **Risk Management Committee**

The Board of Directors established the Risk Management Committee in 2002. In 2012, the Committee held 11 meetings to set out the policy and guidelines in respect of risk management of the Bank's financial group of companies as well as to supervise, monitor, inspect and assess the risk management results, and to ensure that the Bank's financial group of companies comply with policy and criteria of the risk management as imposed by the Bank and the Bank of Thailand.

- **Assets and Liabilities Management Committee**

The Assets and Liabilities Management Committee is part of the Bank's market risk management framework. The Committee held 14 meetings in 2012 to formulate strategies to manage the Bank's risks in liquidity, interest rates and exchange rates.

- **Equity Investment Management Committee**

The Equity Investment Management Committee, which is in charge of formulating the Bank's equity investment strategy for the Board's approval, upon which the committee is tasked with implementing the approved policy. The committee held 4 meetings in 2012.

5.7 Board Meetings

Meetings of the Board of Directors and the Board committees were held in accordance with the meeting rules specified in the Charter of the Board and the charters of the relevant Board committees, including the Corporate Governance Policy. The meeting schedules of each Committee are planned in advance throughout the year. In addition, the Board set a policy that non-executive directors shall meet on a semi-annual basis. At each Board meeting, the meeting documents will be delivered to the directors seven days in advance of the meeting day.

In 2012, there were 12 Board meetings (including two Board Retreats) and two non-executive directors' meetings. Details of each meeting in 2012 are shown in Table 2.

Table 2: Details of Director Attendance Records in 2012

Name	The Board of Directors	The Executive Committee	The Audit Committee	The Corporate Social Responsibility Committee	The Nomination, Compensation, and Corporate Governance Committee	The Annual General Meeting No. 189
1. Mr. Anand Panyarachun	12/12			8/8		1/1
2. Dr. Vichit Suraphongchai	12/12	37/41		7/8		1/1
3. Mr. Maris Samaram	12/12		13/13			1/1
4. Prof. Vicharn Panich M.D.	10/12			7/8		1/1
5. Mr. Chumpol NaLamlieng	12/12				8/8	1/1
6. Mr. Sumate Tanthuanit	12/12		13/13			1/1
7. Assoc. Prof. Dr. Kulpatra Sirodom	12/12		12/13			1/1
8. Mr. Ekamol Kiriwat ¹⁾	12/12		10/12		1/1	1/1
9. Dr. Chirayu Isarangkun Na Ayuthaya	12/12			8/8		1/1
10. M.R. Disnadda Diskul	12/12			6/8		1/1
11. Khunying Jada Wattanasiritham ²⁾	12/12			6/8	7/7	1/1
12. Miss Supa Piyajitti	12/12				8/8	1/1
13. Mr. Robert Ralph Parks	9/12				5/8	1/1
14. Prof. Thosaporn Sirisamphand ³⁾	5/5				3/3	-
15. Mrs. Kannikar Chalitaporn	11/12	39/41		7/8		1/1
16. Mr. Bodin Asavanich	12/12	31/41				1/1
17. Mr. Thevan Vichitakul ⁴⁾	6/6				4/4	1/1

Remarks:

- 1) Mr. Ekamol Kiriwat, who had been a member of the Nomination, Compensation and Corporate Governance Committee, was transferred to a new appointment as a member of the Audit Committee on 20 January 2012.
- 2) Khunying Jada Wattanasiritham, already a member of the Corporate Social Responsibility Committee, was appointed to an additional position as a member of the Nomination, Compensation and Corporate Governance Committee on 20 January 2012.
- 3) Prof. Thosaporn Sirisamphand was appointed as a director on 6 July 2012 and a member of the Nomination, Compensation and Corporate Governance Committee on 20 July 2012.
- 4) Mr. Thevan Vichitakul resigned from a director position effective from 1 June 2012.

5.8 Board and Senior Executive Assessment

5.8.1 Board Assessment

Board assessment is divided into three parts covering: 1) self-assessment of individual Board members; 2) assessment of the chairman of the Board; and 3) assessment of the Board as a whole.

The Board assessment is conducted on an annual basis. The Bank takes the comments or recommendations received from the assessment into account in order to enhance the effectiveness of the Board performance and for the best interest of the Bank in respect of good corporate governance. Furthermore, the performance assessment can be used as information to support the Board's recommendation to shareholders to reflect directors who retire by rotation.

In 2012, changes were made to the Board performance assessment. Rather than conducting internal assessments as in the previous years, the Board hired an external consulting firm that has the expertise and experience in this field to conduct these assessments to enhance their effectiveness and quality. The assessment forms, which were revised by the consultant, were sent to each director to complete. The consultant also conducted one-to-one interviews with the directors to gain in-depth opinions. The results were then analyzed and circulated to the Board. The main components in the performance assessment of the whole board are: board structure, strategy and planning, monitoring and oversight, effectiveness of Board committees, corporate governance, director and executive development, and the succession plan for the position of president. The Board chairman's performance was also assessed in aspects such as his conduct of Board meetings and shareholders' meetings.

5.8.2 Senior Executive Assessment

The Nomination, Compensation and Corporate Governance Committee is responsible for the performance assessment of the chairman of the Executive Committee, the president, and senior executives at the level of executive vice president and above on an annual basis, details of which are shown in the "Human Resources Report" on page 85 of this Annual Report.

5.9 Procedure for Nomination of Directors and Executives

The Nomination, Compensation and Corporate Governance Committee is tasked to screen and propose to the Board qualified candidates to serve as directors and members of Board committees. The Committee's recommendations are based on the candidates' knowledge, capabilities, and past experience required to meet the Bank's requirements in filling vacant positions. The Nomination, Compensation and Corporate Governance Committee will consider a list of candidates proposed by shareholders, and individual directors and, after scrutiny to ensure that their qualifications are in compliance with the related laws and regulations, make recommendations to the Board. After the Board acknowledges a candidate, management will seek approval from the Bank of Thailand prior to proposing the candidate to the Board and the shareholders for approval.

The Nomination, Compensation and Corporate Governance Committee is responsible for reviewing and screening senior executive positions at the levels of chairman of the Executive Committee, president, senior executive vice president, first executive vice president, and executive vice president. The Committee, thus, proposes the screened candidates to the Board of Directors for approval. After approval by the Board of Directors, management will finally seek approval from the Bank of Thailand prior to the appointment process.

For the appointment of senior management below the level of executive vice president, the group head of each relevant unit and the Human Resources Group are responsible for considering, screening and proposing such appointment to the president for approval.

The above-mentioned processes for nomination, selection and appointment of directors and senior executives are conducted by the Nomination, Compensation and Corporate Governance Committee and the management team without any discrimination.

5.10 Succession Planning

The Board has assigned the Nomination, Compensation and Corporate Governance Committee to be responsible for succession planning to ensure that the Bank has a succession plan in place for key positions. Details of succession planning are described in the section titled "Human Resources Report" on page 85 of this Annual Report.

5.11 Director and Management Remuneration

The Board had adopted the policy that director remuneration should be at an appropriate level and reflect the duties and responsibilities to fulfill stakeholder expectations and comply with applicable laws and regulations. It is implicit that the Bank's directors must possess appropriate experience and qualifications and must receive appropriate remuneration corresponding to their contributions and responsibilities. The Nomination, Compensation and Corporate Governance Committee is responsible for the proposing remuneration of directors and members of Board committees to the Board for consideration, and proposal to shareholders for annual approval.

5.11.1 Remuneration of Board Members

The current Board remuneration was approved at the 2012 AGM. The chairman of the Board receives a remuneration of Baht 1.8 million per year, and Board members receive Baht 1.2 million per year. This rate was adopted since 2000. In 2012, the Board of Directors, totaling 17 persons, received an aggregate remuneration of Baht 19.69 million.

Furthermore, at the 2012 AGM, shareholders approved a bonus payment to directors at the rate of not more than 0.5 percent of the dividend, and authorized the Board to determine how the bonus should be distributed. As shareholders approved a dividend payment of Baht 11,897 million or Baht 3.50 per share for the Bank's 2011 operating results, the total directors' bonus for 2011 performance was Baht 59.48 million.

Remuneration of the current Board committee members, based on the approval of the 2012 AGM, was as follows:

Board of Directors	Monthly remuneration (Baht)	Meeting allowance (Baht / Time)
Executive Committee		
Chairman	-	-
Members	-	-
Audit Committee		
Chairman	75,000	15,000
Members	50,000	10,000
Nomination, Compensation and Corporate Governance Committee		
Chairman	45,000	15,000
Members	30,000	10,000
Corporate Social Responsibility Committee		
Chairman	45,000	15,000
Members	30,000	10,000

Remark: The chairman of the Executive Committee, president, and director and senior executive vice president, Group General Counsel do not receive remuneration for serving on Board committees.

In 2012, members of the following Board committees, i.e., the Executive Committee, the Audit Committee, the Nomination, Compensation and Corporate Governance Committee and the Corporate Social Responsibility Committee, amounting to a total of 14 persons, received remuneration in the total amount of Baht 7.95 million.

Individual remuneration of the Board is shown in Table 3.

Table 3: Details of Individual Remuneration of the Directors in 2012.

Unit: Million Baht

Name	The Board of Directors	The Executive Committee	The Audit Committee	The Corporate Social Responsibility Committee	The Nomination, Compensation, and Corporate Governance Committee	The Directors' Bonus for 2011 Operations
1. Mr. Anand Panyarachun	1.80			0.44		5.43
2. Dr. Vichit Suraphongchai	1.20					3.62
3. Mr. Maris Samaram	1.20		1.11			3.62
4. Prof. Vicharn Panich M.D.	1.20			0.59		3.62
5. Mr. Chumpol NaLamlieng	1.20				0.66	3.62
6. Mr. Sumate Tanthuwanit	1.20		0.74			3.62
7. Assoc. Prof. Dr. Kulpatra Sirodom	1.20		0.73			3.62
8. Mr. Ekamol Kiriwat ¹⁾	1.20		0.67		0.03	2.72
9. Dr. Chirayu Isarangkun Na Ayuthaya	1.20			0.50		3.62
10. M.R. Disnadda Diskul	1.20			0.42		3.62
11. Khunying Jada Wattanasiritham ²⁾	1.20			0.42	0.41	3.62
12. Miss Supa Piyajitti	1.20				0.44	3.62
13. Mr. Robert Ralph Parks	1.20				0.41	3.62
14. Prof. Thosaporn Sirisamphand ³⁾	0.59				0.19	
15. Mrs. Kannikar Chalitaporn	1.20					3.62
16. Mr. Bodin Asavanich	1.20					3.62
17. Mr. Thevan Vichitakul ⁴⁾	0.50				0.19	3.32
18. Mr. John William Hancock ⁵⁾						0.91
Total	19.69		3.25	2.37	2.33	59.48

Remarks:

- 1) Mr. Ekamol Kiriwat, who had been a member of the Nomination, Compensation and Corporate Governance Committee, was transferred to a new appointment as a member of the Audit Committee on 20 January 2012.
- 2) Khunying Jada Wattanasiritham, already a member of the Corporate Social Responsibility Committee, was appointed to an additional position as a member of the Nomination, Compensation and Corporate Governance Committee on 20 January 2012.
- 3) Prof. Thosaporn Sirisamphand was appointed as a director on 6 July 2012 and a member of the Nomination, Compensation and Corporate Governance Committee on 20 July 2012.
- 4) Mr. Thevan Vichitakul resigned from the position of director, effective from 1 June 2012.
- 5) Mr. John William Hancock was retired from the position of director, effective from 5 April 2011.

5.11.2 Remuneration of Executives

The Nomination, Compensation and Corporate Governance Committee is responsible for proposing remuneration for senior executives to the Board of Directors so that the Board will consider and approve an appropriate amount of remuneration according to the Bank's policy. Remuneration must reflect performance of the Bank and individual performance determined under transparent criteria, scope of responsibilities, and competitiveness when compared to leading financial institutions and companies in Thailand.

In accordance with the definition provided by the Office of Securities and Exchange Commission, the word "executives" means "the executives at the senior executive vice president level and up including the executive of the finance and accounting department." In 2012, according to that definition, the remuneration of the 11 relevant executives was Baht 337.87 million. In accordance with the definition provided by the Bank of Thailand, the word "executives" means "the executives at the executive vice president level and up." In 2012, according to that definition, the remuneration for the relevant 74 executives was Baht 966.58 million.

5.11.3 Other Benefits for Directors and Executives

Directors and executives are entitled to receive other benefits in accordance with the Bank's regulations. In 2012, three executive directors of the Bank obtained welfare benefits in the total amount of Baht 1.51 million. As for the Bank's senior executives, they were entitled to welfare and other benefits similar to those provided to other employees; such as, medical welfare, life and accidental insurance, travel and related accommodation expense reimbursement plus the provident fund contribution. The Bank's provident fund contribution in 2012 to eight executives as defined by the Office of Securities and Exchange Commission (i.e., the senior executive vice president level and up including the executive of the finance and accounting department) was Baht 8.06 million, and to 69 executives at the executive vice president level and up including the executive of finance and accounting department according to the definition of the Bank of Thailand was Baht 29.98 million.

5.12 Director Orientation

The Bank holds orientation meetings for new board members. In these meetings, briefings on the Bank's vision, strategies, and key business targets and operations plans are given by the chairman of the Executive Committee, president, and senior executives. Important documents are also provided to new directors, including the Director's Manual, the Memorandum and Articles of Association of the Bank, and the Banks' latest Annual Report and the Directors' Code of Conduct. The main areas of focus are roles and responsibilities of directors, policy statement on corporate governance, approval authorities, prohibitions under applicable laws, and roles and responsibilities of the Board committees.

5.13 Director and Executive Development

The Bank considers director and management development important, and has set a policy to encourage learning activities for directors and management. The Bank encourages its directors to attend courses or join activities aimed at enhancing their performance on the Board and Board committees. Such activities are organized by the Thai Institute of Directors, the Stock Exchange of Thailand, and the Office of Securities and Exchange Commission. The Bank always keeps directors informed of training courses well in advance.

To ensure sustainable growth, the Bank has placed a priority on qualified human resource development for employees at all levels to support business growth and encourage executives and staff to fully utilize their knowledge and capabilities, while receiving opportunities to progress in their careers together with the Bank. Details of executive development are shown in the section titled "Human Resources Report" on page 85 of this Annual Report.

5.14 Board's Support Units

The Bank provides support and attaches importance to units and personnel with responsibility to ensure that the Bank duly complies with laws and regulations in order to support the Board on statutory and good corporate governance matters. Relevant units and personnel are as follows:

5.14.1 Chief Audit and Compliance Officer

The Audit and Compliance Group has been set up and tasked with responsibilities to ensure that the Bank's and the Financial Group's conducts are in compliance with the laws and regulatory requirements as well as with the Bank's own compliance policy. The Group also functions as an independent and neutral unit in auditing tasks and providing systematic advice, enhancement of internal control and risk management systems, and corporate governance. Mrs. Kannika Ngamsopee, first executive vice president, is the Group head and chief audit and compliance officer responsible for ensuring that the Group's responsibilities are carried out. The chief audit and compliance officer reports directly to the president operationally, and reports functionally to the Audit Committee in an independent manner. The Audit Committee has the authority for the appointment, removal, transfer, or dismissal of the chief audit and compliance officer, including merit pay increase.

5.14.2 Company Secretary

The Board of Directors appointed Mrs. Siribunchong Uthayophas, first senior vice president and manager, Board Secretariat and Shareholder Services Office, as company secretary with the responsibilities to support the Board on statutory and good corporate governance matters as set forth by law and those set forth in the Bank's Corporate Governance Policy. The company secretary reports functionally to the chairman of the Board of Directors and operationally to the senior executive vice president, Group General Counsel. Functions and responsibilities of the company secretary are shown on the Bank's website under the sequence of menu headings "About SCB," "Corporate Governance," and then "Company Secretary."

Educational background, work experiences, and records on attending relevant training programs of the two persons mentioned above are shown on page 256 of this Annual Report.

THE REPORT OF THE NOMINATION, COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE

The Nomination, Compensation and Corporate Governance Committee comprises five directors from the Board of Directors (three independent directors and two non-executive directors). The chairman of the Committee is an independent director. The Committee has duties and responsibilities as prescribed in the Nomination, Compensation and Corporate Governance Committee Charter and the Corporate Governance Policy.

In 2012, the Committee held eight meetings, and took the following actions:

1. Amended the Nomination, Compensation and Corporate Governance Committee Charter to raise its standard and make it more consistent with the Bank's actual practices. The main points amended concern the composition and member qualifications, meetings, functions and responsibilities, and the definitions of independent director.
2. Improved the performance assessment process of the Board, the Board chairman, and individual directors. Rather than conducting self-assessment as in the previous years, the Board hired an external consulting firm which has expertise and experience in this field to conduct these assessments to enhance their effectiveness and quality.
3. Selected and nominated the candidates who are to serve as directors based on the list of candidates proposed by shareholders and directors in order to ensure that they have proper qualifications, competence, capability and experience. The Committee gave precedence to checking the qualifications of persons who were nominated before proposing them to the Bank of Thailand for approval. Qualified candidates were then proposed to the Board and subsequently to shareholders for election and appointment.
4. Considered the amount of compensation of the chairman and members of the Board and Board committees prior to proposing the amount to the Board and shareholders for approval by taking into account the suitability and reasonableness based on their scope of duties and responsibilities, the Bank's operating results, and the overall economic situation. In 2012, the maximum rate of director's bonus was set at 0.5% of dividend.
5. Proposed the candidates to be appointed as the Bank's senior executives for approval by the Bank of Thailand and Board of Directors.
6. Arranged for the performance assessment of the chairman of the Executive Committee, the president, and the senior executives against the plan targets and the performance criteria, and then proposed this assessment to the Board for use in consideration and approval of the suitable remuneration framework. The Committee was of the opinion that the proposed compensation and benefits are appropriate given the assigned duties, responsibilities and performance of these executives, and considering the economic situation in general, and are generally consistent with compensation and benefits in the industry.
7. Proposed to the Board and the Bank's management in respect of the succession plan and continuity of the chairman of the Executive Committee, the president, and senior executives, and the talent development program for executives at various levels. The program is comprised of two main components: the Executive Development Program (EDP) for senior executives (level of executive vice president and higher) and Leadership Development Program (LDP) for managers (assistant vice president - first senior vice president).



Mr. Chumpol NaLamlieng
Chairman of the Nomination,
Compensation and Corporate Governance Committee

AUDIT FEES

Audit Fees

The Bank and its subsidiaries incurred audit fees of Baht 25.9 million payable to the auditors for the 2012 fiscal year.

Non-Audit Fees

The Bank and its subsidiaries paid fees for services other than statutory audits as follows:

1. Special audit in accordance with a notification by the Bank of Thailand.
2. Examination of foreign exchange booths.
3. Information technology review covering electronic money transfer system.
4. Comfort letter in connection with bond issuance.
5. Special audit in accordance with a notification by the Office of the Insurance Commission.
6. Audit of the Risk-Based Capital Reports.
7. Examination of banking returns of the branch as required by the regulator.
8. Tax services.

Non-audit fees amounted to Baht 12.5 million for the 2012 fiscal year, of which Baht 5.5 million was paid in 2012, and Baht 7 million is due subsequently.

RELATED PARTY TRANSACTIONS

The Bank's related party transactions are conducted and approved in a manner to ensure that fair prices will be obtained, to the same extent as transactions generally concluded with the public, so that the full benefit of the transaction will accrue to the Bank and its shareholders, and to prevent any conflict of interest. Further, controls have been established to ensure that related party transactions comply with the regulatory guidelines of the Bank of Thailand and other regulatory bodies, including the Securities and Exchange Commission and the Stock Exchange of Thailand. The transactions with related parties or persons are as follows:

Loans, deposits, borrowings and contingencies to related parties or persons as at 31 December 2012 and 2011 were as follows:

	Consolidated								Director/Executive
	2012				2011				
	Loans	Depo- sits	Borrow- ings	Contin- gencies	Loans	Depo- sits	Borrow- ings	Contin- gencies	
	<i>(in million Baht)</i>								
Associated companies									
Finance & Insurance									
SCB Leasing PCL**	-	-	-	-	-	16	-	-	
VinaSiam Bank (Vietnam)	-	5	-	-	-	7	-	-	Mr. Yokporn Tantisawetrat Mrs. Kannika Ngamsoppee
Total associated companies related companies (Shareholding through debt restructuring process)	-	5	-	-	-	23	-	-	
Phoenix Land Development Co., Ltd.	-	71	-	32	-	64	-	32	Mr. Sirichai Sombutsiri Mr. Krieng Wongnongtaey Mr. Seri Wattanavarangsikul Mr. Seksom Intralawan Mr. Songchai Borisut
Total related companies (Shareholding through debt restructuring process)	-	71	-	32	-	64	-	32	
Related companies (Shareholding through other companies' debt restructuring process)									
Siam Media and Communication Co., Ltd. and affiliate***	-	-	-	1	-	-	-	1	
Total related companies (Shareholding through other companies' debt restructuring process)	-	-	-	1	-	-	-	1	
Major shareholder (more than 10% ownership)									
The Crown Property Bureau	-	4,612	500	-	-	1,523	900	-	
Total major shareholders (more than 10% ownership)	-	4,612	500	-	-	1,523	900	-	
Entities in which the directors, management or close members of their families have significant influence									
Directors and key executive officers	114	620	27	-	133	476	155	-	
Total	114	5,901	597	35	146	2,252	1,325	35	

* Net of specific provision (1%).

** Sold in 2012.

*** Discontinued operations or in the process of dissolution.

	The Bank								Director/Executive
	2012				2011				
	Loans	Deposits	Borrowings	Contingencies	Loans	Deposits	Borrowings	Contingencies	
	(in million Baht)								
Subsidiaries									
Finance & Insurance									
Rutchayothin Assets Management Co., Ltd.	-	77	-	-	-	202	-	-	Mr. Sarunthorn Chutima Mr. Krieng Wongnongtaey Mrs. Virasana Boonyasai
Cambodian Commercial Bank Ltd. (Cambodia)	-	93	-	-	-	116	-	-	Mr. Aphsak Kiewkarnkha Mr. Natthawut Chakanan
SCB Securities Co., Ltd.	-	59	1,215	242	-	100	1,158	166	Mr. Arthid Nanthawithaya Mr. Yokporn Tantisawetrat Mr. Pises Sethsathira Mr. Sopon Asawanuchit Mr. Krieng Wongnongtaey
The Siam Commercial Samaggi Insurance PCL and affiliates	-	271	150	48	-	96	150	48	Miss Phanporn Kongyingyong Mr. Rungruang Sukkirkijpiboon Mr. Chiravuthi Bunyasiri
SCB Asset Management Co., Ltd.	-	307	-	-	-	284	-	-	Mr. Yol Phokasub Mr. Thun Reansuwan Mr. Chanmanu Sumawong Mr. Smith Banomyong Miss Ellen Nora Ryan Mrs. Apiphan Charoenanusorn Miss Saranya Vajakul
Siam Commercial Leasing PCL and affiliate	-	707	-	-	-	2,145	310	-	Miss Araya Phuphanich Mrs. Apiphan Charoenanusorn Mr. Narong Srichukrin Mr. Pises Sethsathira
SCB Life Assurance PCL	-	2,766	384	1,229	-	1,906	-	416	Mr. Yol Phokasub Mr. Arthid Nanthawithaya Mr. Narong Srichukrin Miss Phanporn Kongyingyong Mr. Deepak Sarup Mr. Verachai Tantikul
Services									
SCB Training Centre Co., Ltd.	-	7	-	-	-	3	-	-	Mr. Worawat Suvagondha Mr. Krieng Wongnongtaey Mr. Phansak Khaoprasert Miss Nichapat Chotiphitakkul Mr. Sasaphon Shoowong Mr. Boonkiat Wisittigars

The Bank									
	2012				2011				Director/Executive
	Loans	Depo- sits	Borrow- ings	Contin- gencies	Loans	Depo- sits	Borrow- ings	Contin- gencies	
<i>(in million Baht)</i>									
Siam Phitiwat Co., Ltd.	-	73	-	-	-	69	-	-	Mr. Sarunthorn Chutima Mr. Paiboon Tangkanokpairoj Mr. Somphop Amonrattanasak Mr. Sakesom Srirungruangdeja Mr. Seri Wattanavarangsikul Mrs. Pikun Srimahant Mr. Maitree Chaimongklanont
Siam Niti Law Office Co., Ltd.**	-	-	-	-	-	7	-	-	
SCB Plus Co., Ltd.	-	37	-	-	-	67	-	-	Mr. Krieng Wongnongtaey Miss Araya Phuphanich Mrs. Apiphan Charoenanusorn
Real estate									
Mahisorn Co., Ltd.***	-	100	-	-	-	150	-	-	Mr. Krieng Wongnongtaey Mr. Phansak Khaoprasert Mr. Athichart Mukdaprakorn Mr. Boonkiat Wisittigars
Other									
Sor.Or.Kor. PCL****	-	3,170	-	-	-	33	-	1	Mr. Krieng Wongnongtaey Mrs. Apiphan Charoenanusorn Mr. Chanmanu Sumawong
Total subsidiaries	-	7,667	1,749	1,519	-	5,178	1,618	631	
Associated companies									
Finance & Insurance									
SCB Leasing PCL*****	-	-	-	-	-	16	-	-	
VinaSiam Bank (Vietnam)	-	5	-	-	-	7	-	-	Mr. Yokporn Tantisawetrat Mrs. Kannika Ngamsopee
Total associated companies	-	5	-	-	-	23	-	-	
Related companies (Shareholding through debt restructuring process)									
Phoenix Land Development Co., Ltd.	-	71	-	32	-	64	-	32	Mr. Sirichai Sombutsiri Mr. Krieng Wongnongtaey Mr. Seri Wattanavarangsikul Mr. Seksom Intralawan Mr. Songchai Borisut
Total related companies (Shareholding through debt restructuring process)	-	71	-	32	-	64	-	32	
Related companies (Shareholding through other companies' debt restructuring process)									
Siam Media and Communication Co., Ltd. and affiliate*****	-	-	-	1	-	-	-	1	

	The Bank								
	2012				2011				Director/Executive
	Loans*	Depo- sits	Borrow- ings	Conti- nencies	Loans*	Depo- sits	Borrow- ings	Conti- nencies	
	<i>(in million Baht)</i>								
Total related companies (Shareholding through other companies' debt restructuring process)	-	-	-	1	-	-	-	1	
Major shareholder (more than 10% ownership)									
The Crown Property Bureau	-	4,612	500	-	-	1,523	900	-	
Total major shareholders (more than 10% ownership)	-	4,612	500	-	-	1,523	900	-	
Entities in which the directors, management or close members of their families have significant influence									
Directors and key executive officers	114	620	27	-	133	476	155	-	
Total	114	13,568	2,346	1,554	146	7,430	2,943	666	

* Net of specific provision (1%).

** Dissolution in 2012.

*** Change in shareholder's structure under the SCB Financial Group.

**** The entire business was transferred to the Bank on 1 October 2012 and discontinued on 27 November 2012. (Former name: The Siam Industrial Credit PCL).

***** Sold in 2012.

***** Discontinued operations or in the process of dissolution.

Income and expenses

Income and expenses between the Bank and its subsidiaries, associated and related companies for the years ended 31 December 2012 and 2011 were as follows:

	Consolidated							
	2012				2011			
	Income		Expenses		Income		Expenses	
	Interest	Others	Interest	Others	Interest	Others	Interest	Others
	<i>(in million Baht)</i>							
Associated companies	-	16	-	-	2	607	1	127
Major shareholder	-	-	65	18	-	-	31	16

	The Bank							
	2012				2011			
	Income		Expenses		Income		Expenses	
	Interest	Others	Interest	Others	Interest	Others	Interest	Others
	<i>(in million Baht)</i>							
Subsidiaries	30	14,099	144	1,601	70	11,669	105	1,047
Associated companies	-	16	-	-	-	606	1	122
Major shareholder	-	-	65	18	-	-	31	16

Investments in subsidiaries and associated companies

As at 31 December 2012 and 2011, the Bank and its subsidiaries have investments in associates, net of any impairment provisions, as follows:

	Type of business	Type of share	Direct and indirect		Consolidated			
			shareholding		Investment value			
			2012	2011	Cost method		Equity method	
			(%)		2012	2011	2012	2011
(in million Baht)								
Associated companies								
Finance & Insurance								
VinaSiam Bank (Vietnam)	Banking	Ordinary	33.0	33.0	697	697	647	687
SCB Leasing PCL*	Leasing, hire-purchase and factoring	Ordinary	-	44.9	-	3	-	13
Total investments in associated companies, net					697	700	647	700

* Sold in 2012.

As at 30 December 2012 and 2011, the Bank has investments in subsidiaries and associates, net of impairment provisions, as follows:

	Type of business	Type of share	The Bank			
			Investment value			
			Direct shareholding		Cost method	
			2012	2011	2012	2011
(in million Baht)						
Subsidiaries						
Finance & Insurance						
Cambodian Commercial Bank Ltd. (Cambodia)	Banking	Ordinary	100.0	100.0	634	634
Rutchayothin Assets Management Co., Ltd.	Asset management	Ordinary	100.0	100.0	25	25
SCB Securities Co., Ltd.	Securities	Ordinary	100.0	100.0	2,107	2,107
SCB Asset Management Co., Ltd.	Asset management	Ordinary	100.0	100.0	222	222
The Siam Commercial Samaggi Insurance PCL	Insurance	Ordinary	60.9	58.9	967	547
Siam Commercial Leasing PCL	Leasing, hire-purchase and factoring	Ordinary	99.1	99.1	10,719	10,719
SCB Life Assurance PCL	Life insurance	Ordinary	94.7	94.7	9,033	9,033
Services						
SCB Training Centre Co., Ltd.	Training center	Ordinary	100.0	100.0	390	390
Siam Phitiwat Co., Ltd.	Appraisal services	Ordinary	100.0	100.0	10	10
Siam Niti Law Office Co., Ltd.*	Legal consultant	Ordinary	-	100.0	-	15
SCB Plus Co., Ltd.	Collection company	Ordinary	100.0	100.0	1	1

		The Bank					
		Investment value					
		Direct shareholding		Cost method			
	Type of business	Type of share	2012 (%)	2011	2012 (in million Baht)	2011	
Real estate							
	Mahisorn Co., Ltd.**	Property management	Ordinary	-	100.0	-	1,138
Other							
	Sor. Or. Kor. Public Company Limited***	Commercial	Ordinary	99.7	99.7	3,765	3,764
Associated companies							
Finance & Insurance							
	VinaSiam Bank (Vietnam)	Banking	Ordinary	33.0	33.0	697	697
	SCB Leasing PCL****	Leasing, hire-purchase and factoring	Ordinary	-	37.6	-	3
Total					28,570	29,305	
<i>Less allowance for impairment</i>					<i>(667)</i>	<i>(1,172)</i>	
Total investments in subsidiaries and associated companies, net					27,903	28,133	

* Dissolution in 2012.

** Change in shareholder's structure under the SCB Financial Group.

*** The entire business was transferred to the Bank on 1 October 2012 and discontinued on 27 November 2012. (Former name: The Siam Industrial Credit PCL).

**** Sold in 2012.

Measures and Procedures for Approving Related Party Transactions

The Bank has formulated policies, regulations, and procedures for consideration and approval of related party transactions in compliance with all applicable regulations set out by the Bank of Thailand, the Stock Exchange of Thailand, and the Securities and Exchange Commission. The main aim is to ensure that its related party transactions with connected entities, including subsidiaries, affiliates, relevant companies, third parties, and/or interested parties, are in line with reasonable criteria and procedures to ensure that fair prices and conditions are applied in the same manner as transactions generally concluded with the public. Not only do these measures result in optimum benefit to the Bank and its shareholders, but they will also prevent any conflict of interest. Significant transactions with connected entities in 2012 and 2011 are detailed in the notes to financial statements.

The Bank has also established a policy that approval authority shall rest only with the Board of Directors for any loans to, or investment in, businesses in which the Bank or its directors or management (at the level of executive vice president and above) and other interested parties may be involved, either directly or indirectly, or for any loans to the Bank's major shareholders in the amounts not exceeding the ratio prescribed by the Bank of Thailand. Further, the Bank's directors or management (at the level of division head and above) having an involvement with any such transaction which may lead to a conflict of interest shall be excluded from the process used for consideration and approval of any related party transaction.

The Bank's connected transactions concluded with its controlling parties, major shareholders, directors, senior executive vice presidents, and management (at the level of division head and higher, whose direct responsibilities involve matters related to the Bank's financial statements), and other relevant persons as prescribed by connected transactions regulations, are considered based on certain criteria, e.g., type of transaction, volume, specific commercial conditions, etc. Connected transactions are approved only by a committee to ensure that fair prices and/or conditions are adopted for the Bank's benefit, and interested committee or Board members are required to be excluded from any meeting (or applicable agenda item of a meeting) where these matters are considered and approved. Approval of small and medium-size connected transactions with specific commercial conditions requires that these be approved by the Board of Directors. Approval of large connected transactions with specific commercial conditions is required to be initially proposed to the Board of Directors and then to the Shareholders' Meeting for final approval. If the matter is submitted to the Shareholders' Meeting, prior opinions must be sought from the Audit Committee and an independent financial advisor appointed for this purpose.

The Bank has established procedures to ensure that SCB Financial Group's related party transaction policies are used as a framework for supervising all companies in its Financial Group so that they conform with relevant regulatory requirements and avoid a conflict of interest when conducting lending, investment, quasi-credit, and any other transactions, including purchase, sale, and the renting or letting of assets or incurring a contingent liability.

Apart from formulating related party transaction policies and regulations, the Bank has also implemented a process to ensure that any such transactions comply with the Bank's internal control framework and relevant regulatory requirements. This has been accomplished by adopting proactive prevention and monitoring approaches, such as implementing a system to list the names of individuals regarded as related parties for verification before entering into transactions, and arranging transaction reviews to ensure conformity with relevant regulations.

Given the need for appropriate disclosure of any transactions which may lead to a conflict of interest, or connected transactions, or related party transactions according to regulations of the Stock Exchange of Thailand, the Securities and Exchange Commission, and the Bank of Thailand, the Bank has made such disclosures in its Annual Report as are appropriate based on predetermined criteria and conditions. In this regard, the Bank has assigned the unit responsible for the preparation of financial statements to collect information from all relevant units for disclosure within its Annual Report.

The Disclosure of Intra-Group Transaction Policy

Governance on Intra-Group Transactions

In order to enhance transparency for intra-group transactions between companies in the SCB Financial Group and to avoid any conflict of interest between SCB and other shareholders in businesses which are not wholly owned by SCB, an Intra-Group Transaction Policy has been approved and is annually reviewed by the SCB Board of Directors and this serves as a guideline for the control of intra-group transaction risk management. In particular, a materiality ratio for lending, investment, contingent liabilities or lending-related transactions, is applied in a manner consistent with the Bank of Thailand's quantitative supervision guidelines.

In addition, this policy provides that every transaction must be concluded in writing with legal enforceability, and must not include special conditions that materially differ from similar business transactions with unrelated parties. Also, the policy requires that all documentary evidence must be retained in accordance with customary business practices, and that approval authorization shall be determined in a manner consistent with the risk level of each transaction.

Policies and Trends of Related Party Transactions

The Bank conforms to good governance principles for related party transactions and ensures compliance with all applicable regulatory requirements, including applicable laws, SET announcements, and Bank of Thailand regulations regarding transactions with connected entities and the acquisition or sales of assets in listed companies.

It is likely that the Bank will continue to have related party transactions arising from general business operations in the future. These will be subject to the Bank's policies and approval processes that apply to such transactions.

Connected Transactions

During 2012, the Bank had no significant connected transaction that had a value greater than 0.03% of net tangible assets of the Bank as defined by the internal compliance rules of the Bank.

REPORT OF THE BOARD OF DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board of Directors is responsible for the Bank's financial statements and the consolidated financial statements of the Bank and its subsidiaries that are provided in this Annual Report. These financial statements are prepared in accordance with generally accepted accounting standards in Thailand using appropriate accounting policies that are applied on a consistent basis. The financial statements are also prepared after careful consideration and, when applicable, use of appropriate estimates and judgments. All significant information related to the accounting policies and the financial statements, including the conventions and practices used for the preparation of these financial statements are adequately disclosed in the notes to the financial statements in order to facilitate understanding and use. These financial statements have been audited by independent auditors and the audit opinion is stated within the audit report.

The Board of Directors has required the management of the Bank to adopt and maintain an effective and efficient internal control system, including risk management policies and procedures such that there is reasonable assurance on: the integrity and reliability of the Bank's accounting records; the safeguarding of its assets; and the prevention of fraud and errors in the operations of the Bank.

The Audit Committee, comprising independent directors, has been appointed by the Board, and it has the responsibility for overseeing the quality of the Bank's financial reports and its internal control system. In this respect, the Audit Committee's view regarding such matters is stated in the Annual Report under the Audit Committee's Report.

The Board is of the view that the Bank's overall internal control system is adequate in the context of the nature and scale of the Bank's business, and that the financial statements of the Bank, including the consolidated financial statements of the Bank and its subsidiaries as of 31 December 2012, reflect the financial state of the Bank and its subsidiaries at the said date and its financial results for the year ending 31 December 2012.



(Mr. Anand Panyarachun)
Chairman of the Board



(Mrs. Kannikar Chalitaporn)
President

AUDIT COMMITTEE'S REPORT

The Audit Committee of Siam Commercial Bank PCL comprises four qualified independent members, including Mr. Ekamol Kiriwat appointed by the Board of Directors on 19 January 2012. The members of the Audit Committee are as follows:

- | | |
|--------------------------|---------------------------------|
| 1. Mr. Maris Samaram | Chairman of the Audit Committee |
| 2. Mr. Sumate Tanthuwani | Member of the Audit Committee |
| 3. Dr. Kulpatra Sirodom | Member of the Audit Committee |
| 4. Mr. Ekamol Kiriwat | Member of the Audit Committee |

Mrs. Kannika Ngamsopee, first executive vice president and chief audit and compliance officer, is the secretary to the Audit Committee.

The Audit Committee performed duties in accordance with the scope and responsibilities defined in the Audit Committee Charter approved by the Board of Directors. In 2012, the Audit Committee held 13 meetings with management and selected senior executives. A meeting with external auditors without management's involvement was held at least once a year. Summaries and recommendations from each Audit Committee meeting were presented to the Board of Directors to seek directives for issues as it may think fit.

Highlights were as follows:

- **Financial Statements**

The Audit Committee, jointly with the auditors and Finance Group executives, regularly reviewed SCB's quarterly, half-year, and annual financial statements, and consolidated financial statements of SCB and its subsidiaries, to ensure that the preparation of financial statements is materially accurate and complete and in accordance with generally accepted financial reporting standards, and that the disclosure of information in financial statements is adequate. The Audit Committee also considered key audit findings, risk issues, and the bank's risk management plan.

- **Internal Control and Audit**

The Audit Committee considered results of internal control assessment by the Audit Division, the external auditors, the Bank of Thailand, and regulators overseeing the bank and its subsidiaries. On a monthly basis, the Audit Committee followed up corrective actions regarding critical risk issues, to ensure the internal control appropriateness and adequacy for the Bank's business operations. The Audit Committee considered the independence of the review of internal control and approved the Audit Division's audit plans. In 2012, the audit plans were required to cover both manual controls and automated controls in terms of operational process control, or integrated audit approach. A greater number of continuous auditing was also recommended, resulting in more comprehensive risk management and more effective internal control.

- **Regulatory Compliance**

The Audit Committee monitored SCB and its subsidiaries' compliance with laws and regulations, and the Compliance & Operational Control Division's performance on a monthly basis. This is to ensure that corrective actions have been taken and issues are closely monitored. The Audit Committee regularly reported critical issues and regulatory changes affecting the Bank's operations to the Board of Directors. The Audit Committee reviewed and approved the 2012 annual compliance report, before submission to the Bank of Thailand and the Securities and Exchange Commission.

In 2012, the Audit Committee reviewed the compliance policy, performance review plans, and issues with significant impact on SCB and its subsidiaries' business operations. An application was also developed to assist in ensuring that the Bank's activities will not violate the law or regulations.

- **Risk Management**

The Audit Committee considered SCB and the SCB Group's risk management policy and held monthly meetings with senior executives of the Risk Management Group and concerned business units to monitor potential risk issues. In 2012, risk issues under a close watch included single lending limits, offshore lending, and global economic concerns that might affect the Bank's operations. The risk management focused on preventive measures and the adequacy of reserves and capital funds, to ensure the Bank's capacity to handle potential risks.

- **External Auditor**

The Audit Committee considered auditors for SCB and its subsidiaries for the year 2012, based on their independence, audit quality in the past year, and proposed audit fees, before proposing auditor appointment and audit fees for the Board of Directors and shareholders' approval.

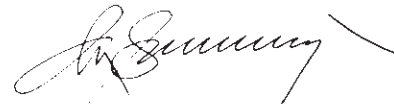
For 2013, the Audit Committee and the Finance Group jointly considered auditors and proposed KPMG Phoomchai Audit Ltd. as the external auditor, based on its independence and reliable performance in the past years.

- **Transactions with Related Parties and Conflicts of Interest**

The Audit Committee considered transactions with related parties and those that might involve a conflict of interest as reported by concerned units and the Compliance & Operational Control Division, before proposing to the Board of Directors in compliance with the law and the Bank of Thailand and the Securities and Exchange Commission's regulations. This is to ensure transparency, reasonableness, and protection of the interest of the Bank and its shareholders. However, in 2012 there was no issue concerning transactions with related parties and those that might involve a conflict of interest.

The Audit Committee performed its duties prudently and independently, as assigned by the Board of Directors. Its performance adhered to integrity, prudence, transparency, independence, and ultimate benefits for the bank.

The Audit Committee is of the opinion that the financial statements of SCB and its subsidiaries have been prepared accurately with adequate information disclosure, in accordance with generally accepted accounting standards. The external auditor is independent and has performed all duties professionally. The SCB risk management system and internal control is adequate and appropriate for its business operations. The Bank has strictly supervised and monitored its compliance with the law, regulations, and rules related to business operations. Given this performance, SCB is capable of sustaining its trustworthiness among its customers, shareholders, employees and the community.



(Mr. Maris Samaram)
Chairman of the Audit Committee



FIRST CHILD

HUMAN RESOURCES REPORT

The capabilities and dedication of SCB's employees have been among the topmost factors driving the Bank's rising performance in recent years, and they will be crucial in ensuring steady growth in the years ahead. The increasing dynamism of the Bank's workforce empowers SCB to respond proactively to changes in the business environment and to ever-rising customer expectations, among other issues related to sustainability.

For these reasons, SCB places its highest priority on optimizing management of its human resources. This commitment keeps us focused on communicating with employees effectively regarding their roles, responsibilities, and performance; helping employees continually develop their job satisfaction, effectiveness and potential; and rewarding employees appropriately in terms of compensation, benefits and opportunities. Reflecting SCB's core values, the foundation of the Bank's human resource management is respect toward the honor, dignity and personal rights of each employee as an individual and human being. SCB treats each employee equitably, without discrimination regarding gender, age, religion or disability. The Bank encourages every employee to exercise his or her rights as an employee according to labor laws.

In 2012, the Bank kept overall business strategies and direction clearly in view as it emphasized human resource efforts that focused on developing each employee's potential, creating a work environment that encourages employees to learn and grow in their existing jobs, and strengthening employee engagement.

The key new initiatives related to human resources included:

1. Establishing an Organization Development Committee (ODC)

After previously having established a People Development Committee (PDC) to shape human resource development policies, strategies and plans, SCB followed through in 2012 by setting up an Organization Development Committee (ODC) to enact the PDC's plans. The two main roles of the ODC are to:

- Translate the PDC's human resource strategies into effective tactics and action. These include promoting the core values of the organization; developing skills, knowledge and capabilities that accommodate business operations; and ensuring the alignment of human resource development in all business units within the Bank
- Supervising, monitoring and reviewing human resource development policies, strategies and action plans to ensure that they can be applied in practice to maximize beneficial outcomes.

The Committee accomplished three major tasks in 2012:

- Developed communications guidelines to disseminate the Bank's core values company-wide.
- Developed a curriculum and implementation plan, and chose top universities as hosts, for SCB's Leadership Development Program (LDP).
- Set criteria and selected top universities for the Bank's master's degree scholarship program.

2. Development of Core Values

In 2012 the Bank redefined and communicated its core values to promote a clear, shared understanding among all employees regarding SCB's philosophy and business direction. Core values are the beliefs and identity that guide us and help us operate together as teams as we work toward lasting success, both the success of our employees as individuals and of the Bank as an institution and service provider. Because success itself implies the effective realization of values, the Bank believes it is imperative to reflect upon these values, to discuss them, and to declare them to all.

With this in mind, SCB spelled out its core values under the name "iSCB" as follows:

i represents "innovation" - We embrace innovation to gain competitive advantage.

S represents "Social Responsibility" - We care for the welfare of our community and environment.

C represents "Customer Focus" - We are passionate about exceeding customer expectations.

B represents "Building Our People" - We recognize that our people are our future and act accordingly.

3. Employee Engagement

The Bank strongly emphasizes building up each employee's level of motivation beginning from the first day that a recruit becomes a member of the SCB family, starting with our official "On-Board Program." We develop engagement among supervisors, subordinates, colleagues and their families through dozens of activities like team-building, health programs, learning activities, English courses for employees' children and an annual SCB Family Day. The Bank supports employee clubs and activities. SCB built an artificial-turf football arena at its headquarters for employees and their families to exercise. The Bank is confident that these and other efforts to promote satisfaction and harmony in the workplace truly enhance teamwork, increase individual performance, and encourage employees to dedicate themselves wholeheartedly to SCB's success.

In this regard, the Bank commissioned the Gallup Organization to conduct employee engagement surveys in February and August. In the most recent poll, done in August 2012, with a high employee participation rate of 97%, the Bank's overall "engagement" score was 4.70. This ranked in the 91st percentile of Gallup's global index, a level considered to be world-class.

In addition, the Bank also recognizes the importance of listening to employees' opinions through this survey and various focus groups. These methods helped the Bank collect information useful for analysis and development of guidelines and action plans to further engage our people at every level.

Because SCB devotes so much time, care and attention to employee engagement, we are pleased to note that the Bank won the "2012 Great Workplace Award" from the Gallup Organization. The Bank has received this award for four years in a row.



"SCB Family - Happiness on Earth" was a New Year celebration at the head office for SCB staff and their families under a theme of "SCB Loves the Earth."



Games strengthen relationships across the Bank's many units and divisions, as when executive vice presidents compete in football.

Employee Profile

Number of employees	2010	2011	2012
Total no. of employees (Bank only)	18,097	19,566	20,994
By level			
Executive (AVP - President)	1,555	1,772	2,012
Officer (Associate - Officer 4)	7,174	7,666	8,119
Staff (Staff 1-4)	9,219	9,985	10,732
Service group (Driver, Maid, Messenger)	137	130	118
Others (Consultant, Advisor etc.)	12	13	13
By gender			
Male	6,917	7,151	7,208
Female	11,180	12,415	13,786
By region			
Bangkok	10,312	11,444	11,875
Upcountry	7,785	8,122	9,119
By age			
< 25	1,334	1,678	2,172
25 - 30	6,712	6,808	6,884
31 - 40	5,475	5,995	6,376
41 - 50	3,577	3,955	4,294
51 - 55	693	783	872
> 55	306	347	396
By years of service			
< 4 Months	784	1,024	1,070
4 Months - <1	1,378	2,076	2,519
1 - <3	1,101	2,587	3,682
3 - <5	5,054	3,168	2,568
5 - <10	3,305	4,378	4,780
10 - <15	570	341	464
15 - <20	3,004	2,770	2,258
>= 20	2,901	3,222	3,653
By educational level			
PhD	15	17	23
Master's degree	3,070	3,365	3,698
Bachelor's degree	14,331	15,522	16,632
Below bachelor's degree	681	662	641

Notes:

- Employee profile as of December 31 of each year.
- Number of employees is based on full-time employees and contractors.

Turnover rate

Turnover	2010	2011	2012
Total number of resignations	1,510	2,151	2,974
Turnover rate (%)	8.6%	11.4%	14.6%
By gender			
Male	491	677	745
Female	1,019	1,474	2,229
By age			
< 25	675	539	834
25 - 30	532	1,050	1,403
31 - 40	213	428	565
41 - 50	84	117	157
51 - 55	4	14	13
> 55	2	3	2

Notes:

- Turnover rate is calculated using total number of resignations divided by average number of staff in that year.
- Staff turnover does not include those discharged, dismissed, retired or deceased.

Human Rights and Fairness to Employees

As one of Thailand's major employers, and a leader within the financial services sector, the Bank is aware of the significant role it plays in the nation's society and business. This makes it all the more important to the Bank, its executives and employees to emphasize fairness and human rights. Board members, executives and all staff must strictly adhere to laws, customs, traditions and cultures that may differ in different regions and localities. As part of their jobs, staff members are required to respect universal human rights principles in accordance with the United Nations' Universal Declaration of Human Rights, while refraining from supporting any activity or organization that violates these principles. Each of us at SCB should understand that we all must strictly adhere to the Bank's Code of Conduct.

The Bank strongly supports government policies and laws that promote fundamental human rights such as the right to personal property and assets, residence, migration, freedom of expression, customs, and traditions, as well as local cultural beliefs and values.

Likewise, the Bank requires its joint-venture partners, other business partners, and contractors to fully respect human rights. The Bank scrutinizes compliance with human rights principles and Thai labor law before entering into any contract or investment.

Diversity and Equal Opportunity

As part of its ongoing monitoring and analysis of information regarding staff, the Bank examines practices related to equal opportunity, to make sure that fair treatment is firmly in place.

Ratio of Male and Female Staff: The difference between the number of male and female staff has been quite significant for some time, particularly at Staff Levels 1-4. We believe that this simply reflects the nature of service-oriented positions. Regardless, the Bank treats all applicants and employees equally, and practices fair and equal opportunity based on competency and scope of responsibility according to sound career-management principles.

Ratio of Male to Female Staff	2010	2011	2012
Executive (AVP - President)	1.65	1.54	1.49
Officer (Associate - Officer 4)	0.97	0.88	0.79
Staff (Staff 1-4)	0.33	0.31	0.28

Ratio of Male and Female Average Salary: The ratio remained close.

Ratio of Male to Female Average Salary	2010	2011	2012
Executive (AVP - President)	0.96	0.95	0.97
Officer (Associate - Officer 4)	1.18	1.18	1.20
Staff (Staff 1-4)	1.09	1.08	1.11

Assessment of Senior Executives, and Employees

1. Performance Assessment of Senior Executives

The Nomination, Compensation and Corporate Governance Committee is responsible for the performance assessment of the chairman of the Executive Committee, the president, and senior executives at the level of executive vice president and above, on an annual basis, as follows:

1.1 Performance Assessment of the Chairman of the Executive Committee and the President

The Nomination, Compensation and Corporate Governance Committee is responsible for reviewing targets and operational practice and monitoring and assessing the performance of the chairman of the Executive Committee and the president, against SCB's strategic business plan and key performance indicators as committed to the Board of Directors, in order to fulfill the Bank's vision and mission. In order to assess the Bank's sustainable success in the long-term, the targets will be compared to performance achieved by the Bank in the past before being proposed to the Board of Directors for endorsement and approval.

1.2 Performance Assessment of Senior Executives at the level of Executive Vice President and Above

Senior executives develop strategic business plans for each business group that are aligned with SCB's overall strategic business plan. They propose these plans to the president, the Executive Committee and the Board of Directors for endorsement and approval. The Executive Committee has the responsibility to monitor performance and evaluate achievement against key performance indicators that fit the annual strategic business plan and other targets. The Nomination, Compensation and Corporate Governance Committee is responsible for considering and endorsing the assessment results proposed by the Executive Committee for further submission to the Board of Directors for approval and for determining appropriate remuneration and other benefits.

2. Performance Assessment of Employees

Performance assessment of employees is conducted under the annual performance appraisal system as determined by management. The assessment process starts with performance planning between supervisor and employees whereby they determine targets against key performance indicators and an individual development plan that is specific for each employee. Beyond this, the process includes performance monitoring; coaching and feedback to improve performance; and annual performance appraisal; as well as consideration of appropriate remuneration and other benefits. The performance appraisals focus on such key principles as: being competent to

perform duties; development of self-potential and/or team development; and being qualified as demonstrated through professionalism, ethics and contributions toward the Bank's sustainable growth.

Succession Planning

The Board assigns the Nomination, Compensation and Corporate Governance Committee to take responsibility for succession planning to ensure continuity in each key management position.

1. Succession Plan for the Positions of the Chairman of the Executive Committee and the President

The Board of Directors and the Nomination, Compensation and Corporate Governance Committee address and review the succession plan for the positions of the chairman of the Executive Committee and president in Board meetings and on other occasions to identify candidates qualified to lead the Bank's growth and success on a sustainable basis in the future.

2. Succession Plan for Senior Management and Critical Positions

The Nomination, Compensation, and Corporate Governance Committee is responsible for considering and endorsing the search approach and the succession plan for senior executives and key management positions as proposed by management. The objectives of succession planning are to prepare human resource readiness in both qualitative and quantitative terms and to ensure appropriate management and business continuity in key positions that have high impact on the Bank's operations.

Management has adopted the following succession planning procedures for senior executives and key management positions:

- Identify key positions for which succession planning is required;
- Determine selection criteria by identifying required knowledge, abilities, skills and qualifications needed for each key position;
- Select potential successors and evaluate their readiness and select from the potential candidate group based on prescribed criteria for development by assessing both strengths and areas for improvement;

- Formulate a development plan for each individual that includes guidelines to prepare him or her to perform in a higher position;
- Continuously support each candidate in pursuing the readiness development plan and follow up by monitoring and assessing the results, so that the candidate will indeed be prepared.

Benefits and welfare

Providing appropriate benefits plays a key role in the Bank's efforts to attract and retain the best talent and to ensure the security, well-being and quality of life of each employee. Thus the Bank provides medical and dental benefits that cover leading hospitals, both private and public, to ensure that employees are optimally taken care of. In addition, the Bank provides life and accident insurance for staff members and has established a provident fund to guarantee their security upon retirement. The Bank contributed Baht 1,058 million to the provident fund in 2011 and Baht 1,170 million in 2012.

The Bank has a clinic and doctors at its headquarters to provide everyday medical services to staff. Specialist doctors are also available to provide advice on referral. In addition, the Bank arranges annual employee checkups by inviting medical staff from hospitals to provide service on-site. At SCB branches nationwide, the Bank organizes mobile checkups in cooperation with leading local hospitals. Any employee can instead choose to receive an annual checkup at any hospital at his or her own convenience.

To enable staff to purchase services and products they need for their families and in their daily lives, the Bank provides staff loans at interest rates lower than those extended to general customers, e.g., home loans, auto and motorcycle loans, and emergency loans in case of disaster.

During the devastating floods of late 2011, the Bank undertook measures to alleviate the impacts on employees and to boost staff morale. SCB provided temporary shelters, and helped to restore homes and other assets damaged. In total, the Bank provided assistance worth more than Baht 300 million to more than 7,700 employees.

Safety, Health and Environment

SCB has long recognized the importance of workplace safety and environmental conditions, and has established an Occupational Safety, Health and Work Environment Committee at each of the Bank's main sites, including the Ratchayothin, Chidlom, Chaeng Wattana, Chiang Mai and Lampang offices. The Committee sets policies, guidelines, and action plans for adoption into practice during working hours and beyond. The Committee is also responsible for proposing guidelines and standards on workplace safety and hygiene.

The Bank has also formed a Welfare Committee at each of several SCB locations to advise management on determining employee welfare requirements and to make recommendations regarding appropriate benefits. The Bank organizes meetings among delegates from Occupational Safety, Health and Work Environment Committees and the Welfare Committees on a quarterly basis. The meetings enable the committees to report on their progress and action plans so that management keeps up to date and so that results can be communicated to employees.

Regarding staff healthcare and workplace hygiene, the Human Resources Group is responsible for establishing best practices. The Bank adheres to sound medical standards and complies with the law on workplace healthcare by providing an on-site clinic, arranging sufficient medical staff and equipment, and delivering first-aid kits to branches nationwide. The Bank also organizes special healthcare activities and provides medical welfare benefits to handle staff health problems.

As for safety, the Bank recognizes the importance of each employee's personal security and physical safety as well as the protection of employee property. The Bank has formulated safety standards, such as for warning signs, security and access to buildings, which are the responsibility of the Central Administration Unit.

Health and Safety Information

Average no. of leave days (%)	2010	2011	2012
Sick leave	23.2%	23.4%	23.1%
Injuries and sickness from work	0.0%	0.0%	0.0%
Other	76.8%	76.6%	76.9%
No. of average sick leave days per staff (days/person)	3.0	2.8	2.6
Death from accidents related to work (person)	0	1*	1*

* Note: Car accident while travelling to meet clients.

To deal with potential epidemics, the Bank has long established an Incident Response Team (IRT) to monitor emergency situations in cooperation with the Human Resources Group to determine plans and closely monitor conditions. If there is any sign of multiple illness or contagion, the Bank immediately informs staff of symptoms, causes and prevention, and closely monitors the people affected. In case of unusual illness, any affected floor will be closed, and staff are given temperature checks and vaccinations if appropriate.

Development for Executives and Staff

To ensure sustainable growth, the Bank places priority on providing quality human resource development programs and learning activities for employees at all levels. SCB encourages executives and staff to fully exploit their knowledge and capabilities, and offers them opportunities to progress in their careers together with the Bank's progress.

In 2012, SCB undertook important executive and staff development programs as follows:

1 Blended Learning & Development Approach

The Bank emphasizes the value of continuous learning, which will be a fundamental tool to promote lasting growth of the business by enabling employees and teams themselves to develop and grow. SCB promotes not only classroom training, but encourages all executives and staff members to take advantage of other approaches to learning:

- A mentoring program to enhance knowledge through the sharing of personal perspective and real-life experience, so as to promote readiness in work and career advancement.
- Education through e-learning media, which reduces the limitations imposed by a physical classroom, a geographic location or real-time schedule. In 2012, SCB delivered 20 e-learning courses for the convenience of employees.

- An "action-learning" project that allows employees to address issues in the actual workplace itself and to collaborate to find solutions to problems in consultation with senior executives. This experience-based approach creates mutual learning among team members from various groups and supports SCB's aim to become an organization centered on knowledge, teamwork and learning.
- Internal training by executives and staff to help employees develop their expertise and skills and transform their tacit knowledge into explicit knowledge in the form of teaching media and/or lectures and documents. As with so-called action-learning, this approach helps SCB renew itself to become an organization built around effective management of knowledge. In 2012, SCB assigned 430 senior employees and executives to serve as internal trainers.

2 Competency Development for All Employees

The Bank focuses on competency development for employees at all levels from the beginning of their careers until retirement by determining human resource development strategies that focus on becoming a competent performer and developing excellent work attitudes. Being a competent performer means possessing and using the knowledge, skills, and capabilities needed to perform effectively in the banking and financial business. Developing a positive work outlook means promoting attitudes and behavior that reflect the Bank's core values.

In 2012, SCB organized 472 training courses, consisting of 267 internal training courses and 205 external training courses, in programs that took place both in Thailand and abroad. On average, each employee received seven days of training per year. In addition, the Bank also provided scholarships for employees to enhance their potential, in both domestic and overseas programs.

To better manage its employee development programs, the Bank implemented a monitoring and assessment system that focuses on measuring real changes and their impacts on business. In 2012, SCB started assessing the leadership development program by monitoring employees after completion to determine whether they can apply their newly acquired knowledge and/or skills to develop products, services and/or mutually beneficial relationships that can generate revenues for the Bank.

Convenience is an important factor in learning, so to ensure that employees can gain easier access to study tools and information on training programs, the Bank also developed an "Employee Self-Service" system, which is an online intranet system that our people can use to study via a learning-path system, to register for training courses, and to review their training history by themselves.

Information on Executive and Staff Development

Training	2010	2011	2012
Investment in training (million Baht)	159	158	248
Participation in training activities			
Classroom (persons)	53,766	58,359	60,451
Online (persons)	5,366	5,240	5,178
Classroom (hours)	117,969	110,872	122,578
Online (hours)	15,256	14,190	16,526
Annual average training hours per employee			
Executive (AVP - President)	34	31	36
Officer (Associate - Officer 4)	66	59	62
Staff (Staff 1 - Staff 4)	86	70	73
Annual average training days per employee	7.8	6.7	7.1

3 Preparing Executives and Staff to Become Management at Different Levels

To prepare each manager to serve as an executive at a higher level, the Bank undertakes two major human resource development projects on a continual basis:

- The Executive Development Program (EDP) is a program for senior executives at the level of executive vice president and above that enriches their leadership skills, strategic thinking and networking with other organizations, both in Thailand and overseas, to keep abreast of global business competition. These executives take part in advanced management programs at world-renowned institutions such as Harvard University; Wharton School, University of Pennsylvania; and Stanford University, all in the U.S.; as well as respected institutions in Thailand such as the National Defence College, Capital Market Academy. In 2012, a total of 19 SCB senior executives joined 13 such development programs.
- The Leadership Development Program (LDP) is a program for executives at levels ranging from assistant vice president up to first senior vice president that develops management competency through either a Senior Executive Program (SEP) or Management Development Program (MDP). To shape these programs, SCB teamed up with such world-class education institutions as Wharton School, University of Pennsylvania, U.S., and Duke Corporate Education (Duke CE), Duke University, U.S., to develop curriculums emphasizing strategic management knowledge and skills, and the development of a shared understanding among different business groups in a concerted effort to establish SCB management capabilities as a key driver of the Bank's future growth. In 2012, a total of 121 executives took part in three such programs.

Communications with Staff at All Levels

SCB communicates continually with all staff about the Bank's own internal news, developments and changes of important operations. To make sure all employees are well informed on timely basis, the Bank relies on a variety of communications channels, including intranet, email, SMS, announcements, newsletters and "town-hall" meetings. Bank executives also have duties in disseminating information to staff and communicating with them directly.

Labor Union

Two labor unions have been established to promote good relations and communications between staff and management; to take care of staff welfare and working conditions; and to serve as dynamic channels for disseminating Bank policies and information.

These unions help employees get accurate and complete information about welfare and benefits; collect employees' work-related recommendations, proposals and complaints; and help manage issues on a bilateral basis that enhances mutual understanding between the Bank and employees. The Bank accepts the role of the labor unions, providing office space and equipment to support the activities of the unions and their members.

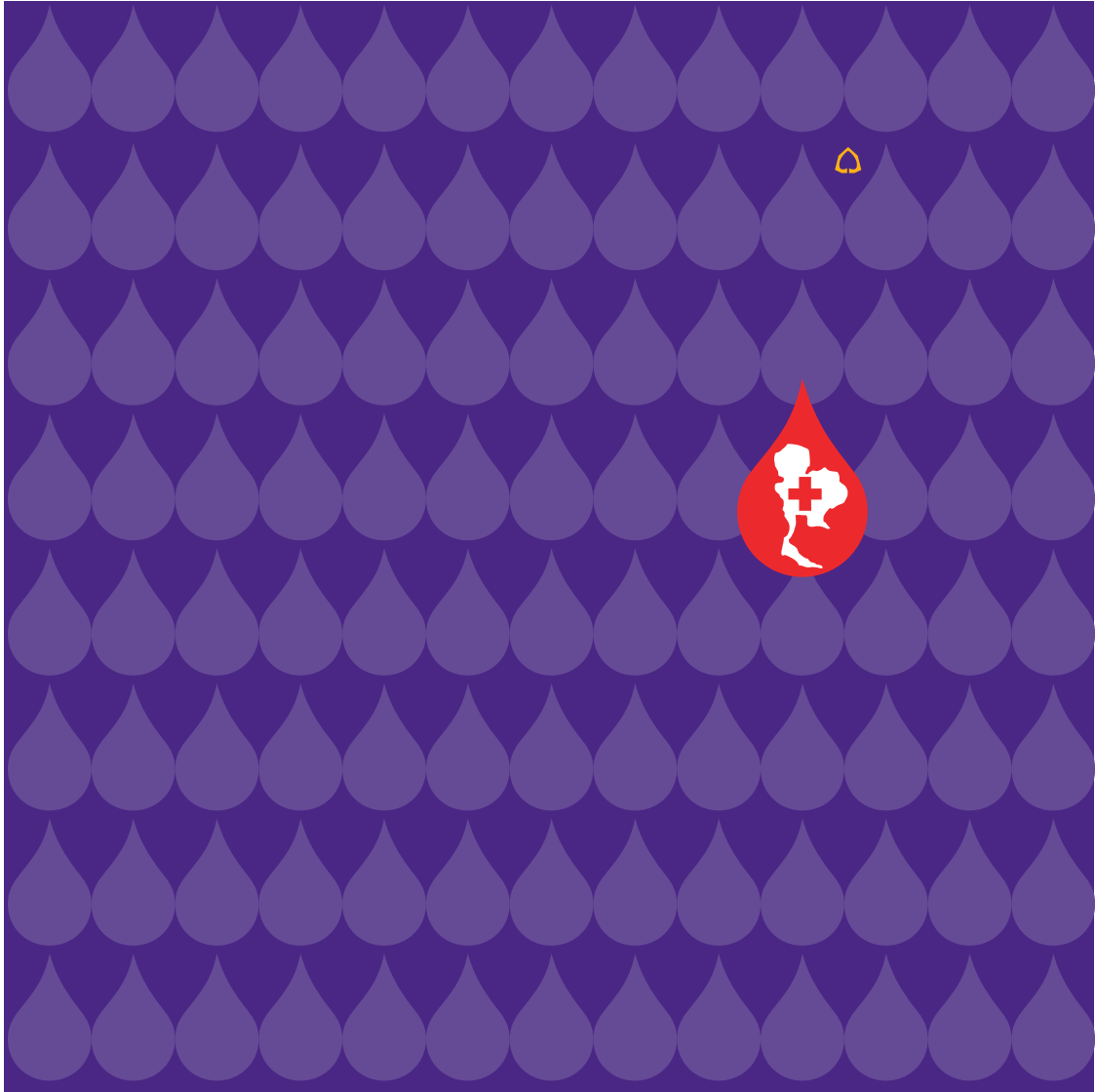
The Human Resources Group and Branch Network both have responsibilities in communicating Bank policies to employees and gathering proposals from the labor unions. The Bank organizes meetings with the labor unions to fully hear and comprehend their proposals and problems, which helps create cordial relationships. The Bank and its labor unions hold meetings on a monthly basis. The two labor unions are:

1. SCB Labor Union

This labor union is led by a committee of 11 members from staff at the operational level.

2. SCB Officers Union

This union is headed by a committee of 22 members from staff at the supervisory level.



FIRST DROP

FIRST DROP OF BLOOD
SAVES MANY LIVES IN NEED.

CORPORATE SOCIAL RESPONSIBILITY AND ENVIRONMENTAL MANAGEMENT



An SCB Challenge Youth Camp gathered high school students to share skills and ideas in working on community projects.

SCB is mindful of the role it plays in society, and believes in the importance of sustainable development. The Bank therefore adheres conscientiously to conducting business with a commitment to corporate social responsibility (CSR). Reflecting the Bank's determination to emphasize CSR as its priority, beyond assistance and support for public charities, the Board of Directors has appointed the **Corporate Social Responsibility Committee** to set CSR policies and supervise and assess CSR performance.

The Bank's CSR Committee has set guidelines on CSR activities focusing on three main areas:

1. Supporting youth development.
2. Fostering volunteerism.
3. Helping improve quality of life and environmental management.

Siam Commercial Foundation (SCBF) is another CSR arm, which supports youth development, continuous learning, and networking with other youth development organizations and state agencies. Information about projects under SCBF is available at www.scbfoundation.com

For CSR collaboration with other organizations, the Bank's policy is to optimize its resources and potential in helping others in a **value-added approach**, promoting staff participation in brainstorming, planning, and taking action. This is to foster a **spirit of volunteerism** among SCB staff nationwide as part of the Bank's corporate culture.

1. Supporting youth development

SCB places emphasis on youth development as the core of its CSR efforts. Realizing young people's potential as a valuable human resource and key foundation for the sustainable development of the nation, the Bank helps them by supporting the development of good character among youth in terms of social awareness, interests, civic-mindedness, sense of volunteerism, and a moral outlook for the good of the public as a whole and for the country's long-term prosperity.

SCB's support in this area during the year helped strengthen the role of schools in serving as Sufficiency Economy Learning Centers by promoting creativity, teamwork and civic-mindedness among young people. SCB also recognized devoted teachers in remote areas as role models in boosting morale.

Highlights in youth development included:

1. Helping schools teach the "Sufficiency Economy" philosophy

Since 2005, as a network member of the Sufficiency Economy Research Project led by the Crown Property Bureau, the Bank has collaborated with the Ministry of Education to support the development of schools with the potential to serve as Sufficiency Economy Learning Centers, which act as hosts to extend the network to schools nationwide. The program, divided into three phases, aims to complete its target of establishing 84 schools as Sufficiency Economy Learning Centers by 2013.



Knowledge forums brought together teachers and administrators to share experiences in teaching and applying "sufficiency economy" concepts.

Phase 1: Learning, identifying sources of funds, and networking
Sixty-eight schools nationwide joined the program. Education administrators and teachers shared ideas and lessons learned at forums and knowledge-market events to better understand the Sufficiency Economy philosophy and process so as to apply the philosophy in their lives and jobs.

Phase 2: Building school strength

Potential schools in each region were selected for pilot development. The focus is on capacity-building through the processes of knowledge management, research for development, and hands-on learning. By the end of 2012, 27 Sufficiency Economy Learning Centers were established as models to lead the drive in their regions. The program also encourages the involvement of universities in local areas to coach participating schools and learn from them, and to prepare academic papers based on lessons learned in youth development for use as sustainable sources of knowledge in the future.

Phase 3: Expanding the network

Preparation in Phase 2 will pave the way for the expansion of Sufficiency Economy Learning Centers to reach a total of 84 across the country.

2. SCB Challenge

The "SCB Challenge" is the Bank's continuing youth development program, which has been held for seven consecutive years. It serves as a platform for youngsters to express their creativity, capability and team spirit. Each year, over 8,000 participants join a series of contests that last year included:

- **Painting competitions at elementary schools:** The winning team was from Sattahip 2 School, Chonburi Province.



SCB Challenge stimulates creativity among teams from elementary schools via a painting competition.



For high school kids, SCB Challenge offers a nationwide knowledge quiz. A team from Bangkok's Saint Gabriel School won in 2012.



In the SCB Challenge competition for college students a Chiang Rai Rajabhat University team project helped silk farmers produce silk filament in sheets rather than cocoons, to craft silk paper.

- **Quiz competitions for secondary schools:** The winning team was from Saint Gabriel's College, Bangkok.
- **Community project competitions for universities:** A team from Chiang Rai Rajabhat University won a royal trophy granted by HRH Princess Maha Chakri Sirindhorn for its project to help silk farmers in Chiang Rai earn more by developing silk paper as a new, value-added material that can be sold as is or developed into secondary products.

More information is available at www.scbchallenge.com

3. Youth development in four regions

Aiming to establish a community of practice among young people in local communities nationwide, the Siam Commercial Foundation (SCBF) coordinated and supported a knowledge collaboration network of youth development organizations. The Foundation organized topic-based learning forums for participants to share their experiences and lessons learned, and to share knowledge from working together in driving and improving the country's youth development. A community network was established in 64 tambon administration organizations and five municipalities. Over 350 young leaders and 1,500 young people in local communities in 13 areas have joined the network. They have developed a "family-school-community" approach in their own youth development guidelines, including good examples of local wisdom and knowledge management innovations. The family-school-community approach is the key driver for sustainable collaboration in the local communities based on three main areas of knowledge: know our community, know our community's main occupation, and know our family and community roles.

4. SCB scholarships and educational supplies

For over 30 years, SCB has offered educational opportunities to Thai students. The Bank currently supports more than 350 SCB scholarships for students in Border Patrol Police Schools, so that more young people can pursue education to the highest level at 30 universities nationwide. In addition, SCB distributes educational supplies and books to 150 schools every year.

5. The Princess Galyani Vadhana Teacher Award

Along with youth development, SCB recognizes the importance of teachers as role models. Since 2009, the Bank has collaborated with the Princess Mother's Mercy Project to annually present nine Princess Galyani Vadhana Teacher Awards to dedicated teachers in remote areas so as to boost their morale and recognize their dedication following in the footsteps of the late Princess Mother and Princess Galyani Vadhana. The awards target teachers at Border Patrol Police Schools, volunteer teachers at community learning centers for hill tribe people, and primary school teachers in remote provinces. To promote knowledge for sustainable development, SCB and the Mercy Project organized a mutual learning seminar to enable the awardees to share lessons learned and success stories.

2. Fostering volunteerism

To promote the value of helping and doing good for other people and for a better society, SCB has continually encouraged the development of a strong network linking volunteer staff, young people, and the public. SCB has broadened these efforts to collaborate with partners in the public and private sectors, including CSR-focused corporate networks such as the Thai Listed Companies Association's CSR Club, Thailand Business Council Sustainable Development (TBCSD), and the Thai Bankers' Association's CSR Club. Volunteer activities were promoted through websites and social networks. Key campaigns and projects were as follows:

1. "SCB, Let's Do Good" campaign

SCB has continued its "SCB, Let's Do Good" campaign as a key effort in promoting civic awareness and a volunteer spirit among SCB staff. CSR activities under the campaign are initiated either by the Bank itself or staff. In 2012, over 5,700 SCB staff at the Head Office and across the country pooled their time and energy for the betterment of society in 58 projects. They took active part in initiating, planning and executing social responsibility efforts in a sustainable approach based on the different needs of local communities. Highlights included book donations, school renovations, beach trips for

children with disabilities, beach cleaning, making firebreaks and artificial salt licks, and support for the royally sponsored cremation of bodies donated for study at the faculties of medicine at major universities across the country.

More information is available at www.scb.co.th.



Volunteers helping the "One Day in a Year Sharing Project" joined hands with SCB volunteers to prepare seedlings to nourish national forests.

2. "One Day in a Year" sharing project

SCB works to promote a spirit of volunteerism among young people through the "One Day in a Year Sharing Project." In this project, SCB invites young people to share good things with communities under three themes: "Share Your Stuff, Share Your Ideas, and Share Your Energy." Activities under the project included planting, day trips for underprivileged children, and blood donation. In addition, the project offered an online text-to-Braille conversion activity where volunteers helped prepare soft files of textbooks and children's books for conversion to Braille for schools for the blind. The project received a warm welcome from over 8,600 volunteers.

More information is available at www.1day1year.com

3. Helping improve quality of life and environmental management



Environmental projects in the "SCB, Let's Do Good" campaign included making firebreaks and artificial salt licks in wildlife sanctuaries.

SCB continually supports improving people's quality of life and the conservation of natural resources and the environment. The Bank held awareness-raising campaigns to educate staff and encourage them to initiate and participate in volunteer activities. The Bank also promotes collaboration with companies in the SCB Group, business partners, customers and other CSR networks.

Main projects continued on a regular basis included:

3.1 Helping improve quality of life

1. SCB blood donation campaigns



In celebration of Her Majesty the Queen's 80th birthday, SCB donated two blood collection buses to aid campaigns by the Thai Red Cross.

SCB has joined forces with the National Blood Center under the Thai Red Cross Society in holding blood donation campaigns on a regular basis for over 17 years. In 2011, going beyond these past efforts in order to celebrate Her Majesty the Queen's 80th birthday, SCB presented two 8-bed mobile blood donation units to facilitate the National Blood Center's mobile operations. In addition, the Bank conducted celebratory blood donation campaigns regularly at the SCB Head Office, main branches in Bangkok, and upcountry, as well as at regional blood centers. With great cooperation from SCB staff, customers and the public, SCB's blood donation campaigns were successful in contributing a total blood supply of as much as 32 million ml. Thanks to a network of volunteers and establishing sound relationships with public and private organizations, the SCB blood donation campaigns have succeeded in collecting 90 million ml. of blood so far, the largest supply of any blood donation campaign led by a financial institution in the country.

2. SCB relief for victims of natural disasters and the underprivileged

With the largest banking network in Thailand, the Bank makes it convenient for the public to donate to its "SCBF-SCB for Disaster Relief" fund account number 111-3-90911-5, Ratchayothin branch. Funds raised through the account are directed toward helping victims of natural disasters and the underprivileged as needed. In 2012, SCB prepared for emergencies and natural disasters based on historical data to respond to urgent cases in a timely manner. The Bank, through its branch network, continues collaboration with other corporations, state agencies, foundations and volunteer networks to drive charity activities, including fund raising and resource pooling to help society. At the Head Office, Mahisorn Hall is used as a venue for charity shopping fairs to raise funds for foundations and charitable organizations, such as the Princess Mother's Medical Volunteer Foundation, Ramathibodi Foundation, Thai Fund Foundation, the Foundation for Older Persons' Development, and the National Council on Social Welfare of Thailand, etc.

3.2 Environmental management

1. Efforts within SCB

SCB is well aware of the need to save energy, protect the environment, and improve the workplace environment for staff. The Bank emphasizes high-efficiency office equipment and building maintenance for a green environment. Past efforts have included:



Bank staff joined efforts to renovate schools hit by floods.

- Lighting systems: The Bank reduced energy use by 30% with T5 fluorescent light fixtures.
- Building automation system (BAS): Lighting systems, electricity systems, and air conditioning systems are controlled based on an occupancy schedule to keep the building's energy consumption within a specified range, particularly during on-peak hours. For example, the office temperature control can be adjusted to suit different areas, which helps reduce electricity consumption.
- Air conditioning systems: An ice-storage air conditioning system helps reduce energy consumption during on-peak hours. Double air filters were installed for clean air circulation to protect employee health.
- Shuttle bus service: Available for routes between the Head Office and major mass transit system points in the vicinity. The service helps save on fuel consumption and reduces carbon emissions.
- Water management systems: High quality water automation systems for toilets and a wastewater treatment system help reduce water consumption by 30%, while recycled water is used for maintenance of landscaping at the Head Office compound.

2. Green services for customers

SCB was the first bank in Thailand to offer customers the option of not receiving a paper slip when using an ATM. The Bank has continually made proactive efforts to promote optimal use of resources. In 2012, SCB introduced paperless service for customers making transactions at bank counters, allowing them to conduct financial transactions without filling out bank forms and slips. Financial innovations, including electronic banking, also help reduce paper consumption, while providing customers with greater convenience.

3. Collaboration with other organizations

SCB has actively taken part in environmental protection projects and campaigns initiated by other organizations, including:

Shred2Share campaign

SCB, with SCG Paper, has joined the "Shred2Share" campaign by InfoZafe for five consecutive years. The campaign urges staff to drop off used documents in special boxes so that paper can be shredded and recycled into new paper and paper furniture. In 2012, the SCB Group deposited 1,500 tons of paper. The effort helped reduce carbon dioxide in paper production by 390 tons, coal consumption by 165 tons, and save water by 75,650 cm². Last year, SCB received 3 million baht from the campaign, which funded school supplies and book donations for Border Patrol Police Schools.

Friendly community way of life in the Western Forest Complex

Moving toward Phase 2, SCB has supported the Seub Nakhasathien Foundation's project in collaboration with the Department of National Parks, Wildlife and Plant Conservation to promote a friendly community way of life for Thailand's portion of the Western Forest Complex, one of continental Southeast Asia's main biodiversity conservation corridors, comprising 19 national parks and wildlife sanctuaries. The project has run activities with 129 communities in the Complex and 135 communities along its borders. The project integrates collaboration among government agencies to strengthen the community way of life according to the sufficiency economy concept and to promote better use of land while adhering to sustainable conservation. The project promotes knowledge sharing with other organizations working on communal forest issues, and promotes learning activities among young people interested in sustainable conservation and development.

SCB is a CSR-conscious corporation and adheres to the principle of conducting business as a "good citizen" of Thai society. The Bank received an Outstanding Corporate Social Responsibility Award from the Stock Exchange of Thailand (SET) two years in a row in 2011 - 2012.

SCB and SCB Group companies are committed to promoting and supporting CSR activities under a consistent framework that benefits communities and society at large in a sustainable way. Efforts by SCB Group companies included:

- SCB Life: School sponsorship programs to promote sustainable knowledge, vocational and cultural learning for youth.
- Siam Commercial Samaggi Insurance: Happiness sharing day for communities in the company's vicinity.
- SCB Asset Management: Volunteer activities and donation programs for schools in need.
- SCB Securities: Support for medical equipment and funds for pediatric patients at Chulalongkorn Memorial Hospital.

SCB actively supports and takes part in philanthropic activities by other public charity groups, and welcomes CSR projects by other public and private foundations and organizations to benefit from the ability of SCB in helping to develop a better society.



One green effort promoted use of bio-degradable packaging through food fairs at SCB's Head Office.



FIRST THAI BANK

FIRST THAI BANK IN FORBES GLOBAL 2000
SCB IS RANKED THE FIRST AMONG THAI BANKS BY 'FORBES GLOBAL 2000' IN 2012.

MANAGEMENT DISCUSSION AND ANALYSIS

For year ended December 31, 2012 (audited)

IMPORTANT DISCLAIMER:

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

Siam Commercial Bank PCL reported audited consolidated **net profit** of Baht 40,220 million for 2012, a 28.9% yoy increase of Baht 9,007 million from 2011 net profit (excluding the one-time investment revaluation gain booked on the acquisition of additional shares in SCB Life in 1Q11). The **year-on-year** increase in net profit was mainly attributable to: substantially higher net interest income from robust loan growth as well as the loan mix, significant growth in net insurance premium income, higher net trading and FX income and higher net fee and service income. These gains were partly offset by higher prudential provisions. Although loan quality continues to improve, the Bank set aside additional prudential provisions as a cushion against future uncertainties.

Operating profit (excluding impairment loss on loans and debt securities, income tax and non-controlling interest) increased by 23.4% yoy to Baht 60,583 million from Baht 49,092 million (excluding the one-time investment revaluation gain) in 2011 due to the substantial increases in both net interest income and non-interest income as outlined above.

Total comprehensive income increased 4.4% yoy to Baht 43,612 million from Baht 41,758 million in 2011 mainly as a result of the higher operating profit.

Following the higher net profit, earnings per share (EPS) rose by 28.9% to Baht 11.83 in 2012 from Baht 9.18 in 2011 (excluding the one-time investment revaluation gain). Return on average equity (ROAE) and return on average assets (ROAA) increased from 18.4% and 1.9% in 2011 (excluding the one-time investment revaluation gain) to 19.9% and 2.0%, respectively.

Net Profit and Total Comprehensive Income

Unit: Million Baht

(Consolidated)	2012	2011	% yoy
Net interest income	62,104	50,526	22.9%
Non-interest income	40,880	40,509	0.9%
Non-interest expenses	42,402	36,883	15.0%
Operating profit	60,583	54,152	11.9%
Operating profit excluding investment revaluation gain*	60,583	49,092	23.4%
Impairment loss on loans and debt securities	9,396	6,630	41.7%
Income tax	10,682	11,213	-4.7%
Non-controlling interest	285	36	689.9%
Net profit (attributable to shareholders of the Bank)	40,220	36,273	10.9%
Net profit excluding investment revaluation gain*	40,220	31,213	28.9%
Other comprehensive income	3,393	5,485	-38.1%
Total comprehensive income	43,612	41,758	4.4%
EPS (Baht) (excluding investment revaluation gain)*	11.83	9.18	28.9%
ROE (excluding investment revaluation gain)*	19.9%	18.4%	
ROA (excluding investment revaluation gain)*	2.0%	1.9%	

* Excluding one-time investment revaluation gain on the acquisition of additional shares in SCB Life of Baht 5.1 billion in 1Q11.

A. Income Statement for 2012 (Consolidated basis)

1. Net interest income

Net interest income rose 22.9% yoy to Baht 62,104 million in 2012 from Baht 50,526 million in 2011. The increase in interest income was primarily a result of the robust loan growth of 19.7% yoy, the impact of higher interest rates than a year earlier, a larger component of higher yield loans and a larger investment portfolio. Interest expenses increased mainly from the higher volume of deposits (+36.3% yoy), higher deposit interest rates than a year earlier, the issuance of subordinated debentures (Baht 20 billion in 1Q12 and another Baht 20 billion in 3Q12) and global medium term notes (USD 600 million in 1Q12 and USD 500 million in 3Q12), and the increase in FIDF/ deposit insurance fees. The increase in interest expenses was partly offset by the substantial decline in the volume of B/Es and associated interest expenses.

(Consolidated)	2012	2011	% yoy
Interest income	103,399	77,947	32.7%
- Loans	78,966	60,174	31.2%
- Interbank and money markets	4,789	5,418	-11.6%
- Automobile loans and financial lease income	8,170	5,464	49.5%
- Investments	11,469	6,891	66.4%
- Other	6	-	NM
Interest expenses	41,295	27,421	50.6%
- Deposits	26,567	14,840	79.0%
- Interbank and money markets	1,617	1,546	4.6%
- Borrowings	6,449	6,633	-2.8%
- Contribution to the Deposit Protection Agency/FIDF	6,657	4,402	51.2%
- Other	5	-	NM
Net interest income	62,104	50,526	22.9%
Net interest margin	3.18%	3.27%	-0.09%
Yield on earning assets	5.29%	5.04%	0.25%
Yield on loans	6.14%	5.58%	0.56%
Yield on interbank	3.33%	3.95%	-0.62%
Yield on investment	2.94%	2.96%	-0.02%
Cost of funds*	2.47%	2.03%	0.44%
Cost of deposit**	2.37%	1.69%	0.68%
Spread (yield on earning assets - cost of funds)	2.82%	3.01%	-0.19%

Note Profitability ratios are calculated by averaging the beginning and ending balance for the period of the denominators.

* 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.

Interest income in 2012 was Baht 103,399 million, a 32.7% **yoy** increase of Baht 25,452 million from Baht 77,947 million in 2011. Major highlights were as follows:

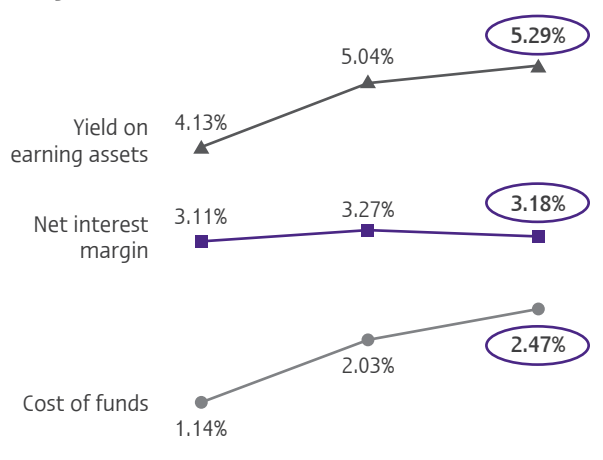
- **Interest income from loans** increased 31.2% yoy to Baht 78,966 million primarily from robust loan growth of 19.7% yoy, higher interest rates in 2012 compared to a year earlier, and a larger component of higher-yield loans;
- **Interest income from interbank and money markets** decreased 11.6% yoy to Baht 4,789 million mainly due to a lower average interbank rate in 2012 compared to a year earlier;
- **Automobile and financial lease** income increased 49.5% yoy to Baht 8,170 million, mainly from the growth in automobile loans of 45.9% yoy as a result of both the Bank's strategy to gain market share in this segment and the sharp growth in the new car sales during the year following the government's tax rebate scheme for first time car buyers;
- **Interest income from investments** increased by 66.4% yoy to Baht 11,469 million, mainly from the larger investment portfolio which increased significantly by 42.4% yoy driven by both the interest rate outlook and increase in the Bank's balance sheet over the period.

At the same time, **interest expenses** increased 50.6% yoy to Baht 41,295 million in 2012, mainly from higher interest rates, the growth of the deposit base by 36.3% yoy (which includes the migration of some maturing B/Es) and the launch of several higher-rate deposit campaigns. Interest expenses from borrowings decreased 2.8% mainly due to the decline in the volume of B/E which was partly offset by the issuance of subordinated debentures and global medium term notes. Interest expenses from interbank and money markets increased 4.6% yoy mainly from the higher volume of interbank borrowing. Contribution to the FIDF and Deposit Protection Agency (DPA) fee increased 51.2% yoy in line with the expansion of the Bank's deposit base as well as the imposition of FIDF fees on certain types of borrowings such as bills of exchange from January 2012 and the higher contribution rate of 47bps compared to 40bps previously.

SCB Interest Rates	Mar 11, 11	Apr 22, 11	Jun 8, 11	Jul 19, 11	Aug 31, 11	Feb 28, 12	Jul 9, 12	Oct 22, 12	Nov 2, 12
Lending rate (%)									
MLR	6.625	6.75	6.875	7.13	7.25	7.125	7.125	7.00	7.00
Deposit rate* (%)									
Savings rate	0.75	0.75	0.75	0.87	0.87	0.75	0.75	0.75	0.75
3-month deposits	1.25-1.50	1.50-1.70	1.60-2.20	1.75-2.20	1.90-2.20	1.85-3.00	1.85-3.00	1.75-2.10	1.65-2.05
6-month deposits	1.60-1.80	1.80-2.00	1.95-2.15	2.10-2.30	2.35-2.50	2.30-2.50	2.30-3.35	2.15-2.35	2.00-2.25
12-month deposits	1.85-2.00	2.00-2.20	2.20-2.40	2.50-2.75	2.75-3.00	2.75-3.30	2.75-3.30	2.50-2.75	2.35-2.50
	Jan 12, 11	Mar 9, 11	Apr 20, 11	Jun 1, 11	Jul 13, 11	Aug 24, 11	Nov 30, 11	Jan 25, 12	Oct 17, 12
Policy rate (%)	2.25	2.50	2.75	3.00	3.25	3.50	3.25	3.00	2.75

* 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.

Yield of Earning Assets, NIM and Cost (Percentage)



	2010	2011	2012
Yield on loans	4.76%	5.58%	6.14%
Yield on interbank	1.22%	3.95%	3.33%
Yield on investment	2.36%	2.96%	2.94%
Cost of deposits	1.02%	1.69%	2.37%

The net interest margin (NIM) for 2012 of 3.18% was 9bps lower than the NIM of 3.27% in 2011 as a result of higher cost of funds, partly due to the imposition of FIDF fees on certain types of borrowings and the higher contribution rate of 47bps compared to 40bps previously. This was in line with the Bank's revised target of 3.1-3.2% for 2012.

2. Non-interest income

Non-interest income (excluding the one-time investment revaluation gain on the acquisition of shares in SCB Life in 2011) rose 15.3% yoy to Baht 40,880 million in 2012, as a result of the solid growth in net fee and net insurance premium income as well as higher net trading and FX income. (If the one-time investment revaluation gain were to be included, non-interest income was flat yoy). Additional details of non-interest income yoy are provided below:

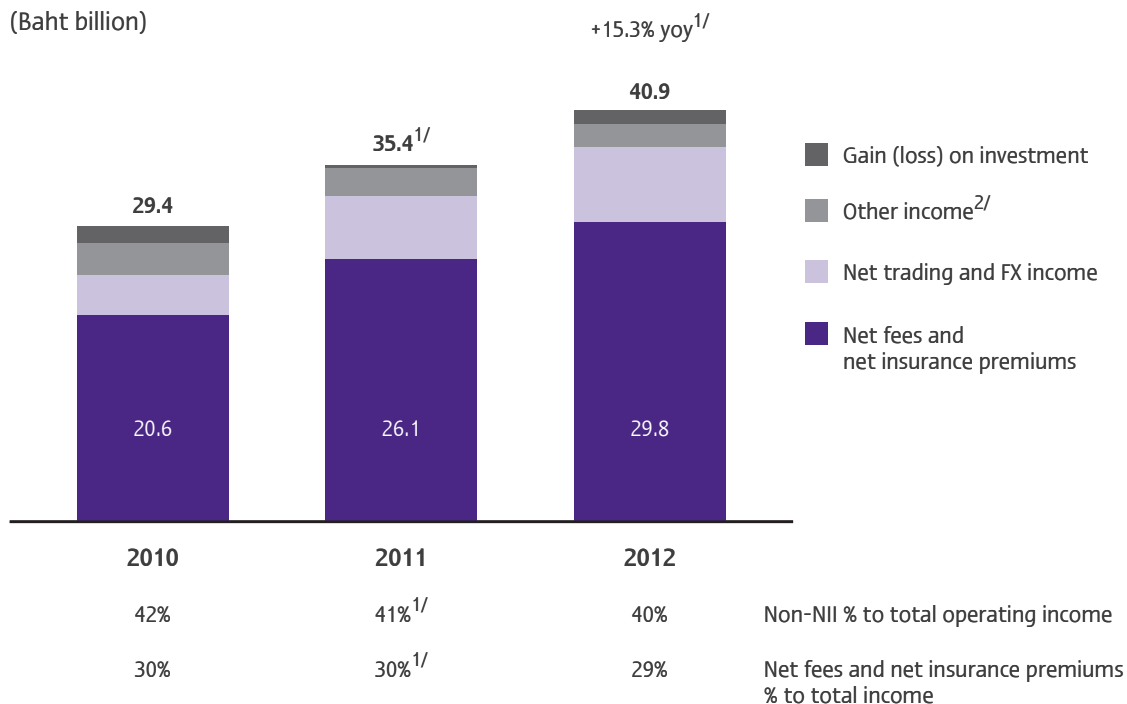
- **Net fee and net insurance premium income** (net of claims) increased 14.2% yoy from higher net insurance premium income (an increase of 48.9%) together with the higher fees from card business and loan-related transactions;
- **Net trading and FX income** increased 19.5% yoy, in part as a result of several large customer-initiated FX and derivative transactions in the financial markets;
- The share of profit of **associated companies** dropped from Baht 402 million in 2011 to Baht 1 million in 2012, mainly as a result of the consolidation of the Siam Industrial Credit Pcl. (SICCO) in the 2012 results as opposed to the use of the equity method until September 2011 when SICCO was an associated company;
- **Dividend income** decreased 6.5% yoy primarily as the result of lower dividend income from Vayupak Fund (Baht 374 million in 2012 vs Baht 641 million in 2011);
- **Other income** decreased 4.3% yoy partly from the acquisition of SICCO in 2011 that led to the recognition of negative goodwill which has been booked under other income; and
- **Gain on investments** increased 379.5% from the sales of government securities (excluding a substantial one-time investment revaluation gain of Baht 5.1 billion on the acquisition of SCB Life booked in 1Q11).

Unit: Million Baht

(Consolidated)	2012	2011	%yoy
<i>Fees and service income</i>	24,826	23,663	4.9%
<i>Less fee and service expenses</i>	4,370	3,857	13.3%
Net fee and service income	20,456	19,806	3.3%
<i>Net earned insurance premiums</i>	44,472	28,696	55.0%
<i>Less net insurance claims</i>	35,153	22,438	56.7%
Net insurance premiums	9,319	6,258	48.9%
Net fees and net insurance premiums	29,775	26,064	14.2%
Net trading and FX income	7,511	6,287	19.5%
Share of profit of associates	1	402	-99.6%
Dividend income	962	1,028	-6.5%
Other income	1,338	1,398	-4.3%
Non-interest income excluding total gain on investments	39,588	35,180	12.5%
Gain on investments	1,293	270*	379.5%*
Total non-interest income	40,880	35,449*	15.3%

* Excluding the gain on investments on revaluation of Baht 5.1 billion arising from the acquisition of additional shares in SCB Life in 1Q11.

Non-Interest Income
(Baht billion)

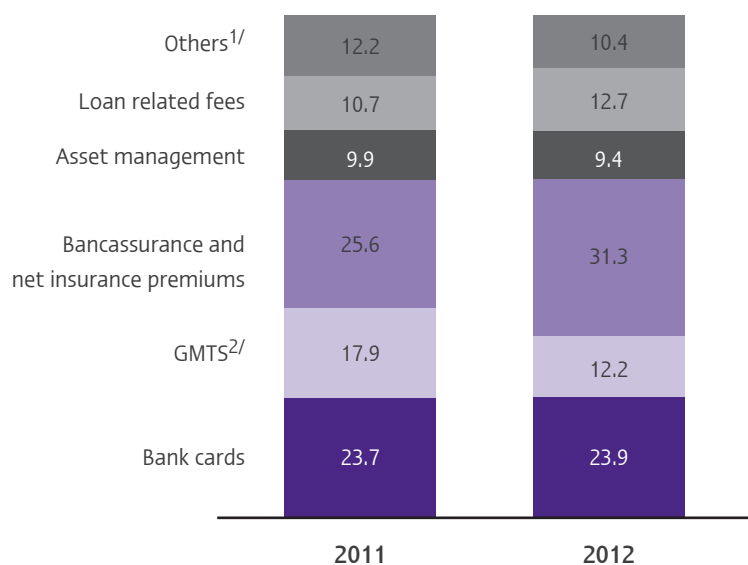


^{1/} Excluding Bt 5.1bn one-time investment revaluation gain on the acquisition of additional shares in SCB Life. (If this gain was included, the Non-NII for 2011 would stand at Baht 40.5 billion).

^{2/} Other income includes income from equity interest in affiliated companies, dividend income, and other operating income.

In 2012, **non-interest income** accounted for 40% of total income (41% in the same period in 2011 excluding the one-time investment revaluation gain or 44% if included), while net fee and net insurance premium income made up 29% of total income (compared to 30% in 2011 excluding the one-time investment revaluation gain or 29% if the revaluation gain is included). The proportion of net fees and net insurance premiums of the Bank mainly flows from the retail segment which accounted for 72% in 2012. 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 Fees and Insurance Premiums Breakdown (Percentage)



Unit: Billion Baht

Net fee income and net insurance premiums by segment	2011	2012	%yoy
Wholesale	5.6	4.8	-15.5%
SME	2.3	3.4	45.4%
Retail	18.0	21.5	19.5%

^{1/} Others include brokerage fees, fund transfer fees, remittance fees, 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 15.0% yoy to Baht 42,402 million in 2012 from Baht 36,883 million in 2011. The increase is attributable to the following reasons:

- **Staff costs** increased 7.0% yoy mainly as a result of annual salary adjustments, the higher number of employees, and the consolidation of SICCO;
- **Premises and equipment expenses** increased 5.8% yoy as a consequence of continued investments in network expansion and the on-going system enhancement initiatives;
- **Taxes and duties** increased 32.7% as the higher interest income from loans resulted in a corresponding increase in special business tax;
- **Other expenses** rose 36.6% yoy mainly due to the substantially higher marketing and promotion expenses and product campaigns for credit cards and auto loans.

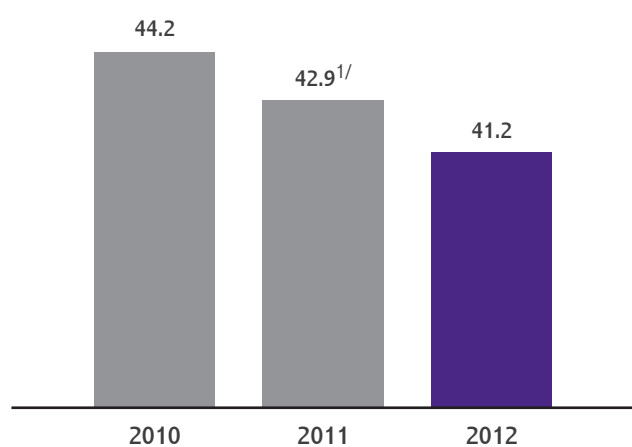
(Consolidated)	2012	2011	% yoy
Staff costs	18,736	17,509	7.0%
Premises and equipment expenses	9,148	8,645	5.8%
Tax and duties	3,682	2,776	32.7%
Director remuneration	105	97	8.3%
Other expenses	10,730	7,857	36.6%
Total non-interest expenses	42,402	36,883	15.0%
Cost-to-income ratio	41.2%	42.9%*	

* Excluded the gain on revaluation of Baht 5.1 billion arising from the acquisition of additional shares in SCB Life.

In 2012, the cost-to-income ratio was 41.2%, a drop 1.7% point from 42.9% (excluding the one-time revaluation gain booked in the prior year). This was better than the 2012 full year target announced by the Bank in early 2012.

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. In 2013, the Bank has announced a target cost-to-income ratio of 40-42%.

Cost-to-Income Ratio (Percentage)



^{1/} Excluding the one-time investment gain in 2011 on the acquisition of additional shares in SCB Life. If this gain is included, the cost-to-income ratio would stand at 40.5%.

4. Loan loss provisions

The Bank's provisioning policy in 2012 is to set aside impairment loss provisions on loans and debt securities of approximately Baht 1,500 million per quarter on a bank-only basis, up from Baht 900 million per quarter in 2011. However in 2012, given the continued uncertain global economic outlook and its potential impact on the Thai economy, the Bank has set aside additional provision of Baht 4,000 million as a cushion for future uncertainties, bringing the total impairment loss provisions to Baht 9,995 million on a bank-only basis.

On a **consolidated** basis, the provision was Baht 9,396 million in 2012, which was lower than provisions on a bank only basis, mainly due to a clawback of provisions at the Siam Industrial Credit Pcl. (SICCO). The Bank's total allowance for doubtful accounts at the end of December 2012 stood at Baht 51,956 million, an increase from Baht 45,995 million at the end of December 2011, while NPLs decreased from Baht 36,200 million at the end of 2011 to Baht 35,874 million at the end of December 2012 and the ratio of NPL-to-loans fell from 2.61% in 2011 to 2.13% in December 2012. At the same time, the coverage level for NPLs has increased from 127.1% at the end of 2011 to 144.8% at the end of December 2012.

B. Balance sheet as of December 31, 2012 (Consolidated basis)

As of December 31, 2012, the Bank reported total assets of Baht 2,270 billion, an increase of Baht 422 billion (22.8%) yoy from Baht 1,848 billion at the end of December 2011, mainly the outcome of strong business growth over the year. Details of the consolidated balance sheet were as follows:

1. Loans

As of December 31, 2012, total outstanding loans stood at Baht 1,547 billion, an increase of Baht 255 billion (19.7%) yoy from Baht 1,293 billion at the end of December 2011. While the solid loan growth was broadly based across all business segments, much of it was the direct result of the Bank's market-share growth strategies in specific segments (SME, auto loans and housing loans) adopted since early 2010. This growth was fuelled by the rapid recovery of the Thai economy from the catastrophic flooding in 4Q11 and the government's incentive scheme for first-time new car buyers. The Bank's key growth strategies for 2012 were to better penetrate the medium and smaller ends of the SME segment, maintain its dominance in the housing loan segment and build market share in the automobile loans segment.

These strategies yielded strong results as evidenced by the robust overall loan growth of 19.7% yoy in 2012, which was in line with the revised target of 17-19% for 2012. In 2013, the Bank announced a target to grow its loan book by 12-15% with a strong emphasis on the same three key areas as 2012 (SME, auto and housing loans).

1.1 Loans by segment

Unit: Million Baht

Loans by Segment	Dec 31, 12	Dec 31, 11	% yoy
Wholesale	594,889	541,741	9.8%
SME	299,166	238,365	25.5%
Retail	653,431	512,577	27.5%
- Housing loans*	407,582	336,122	21.3%
- Automobile	172,735	118,391	45.9%
- Others loans	73,113	58,065	25.9%
Total loans	1,547,486	1,292,683	19.7%

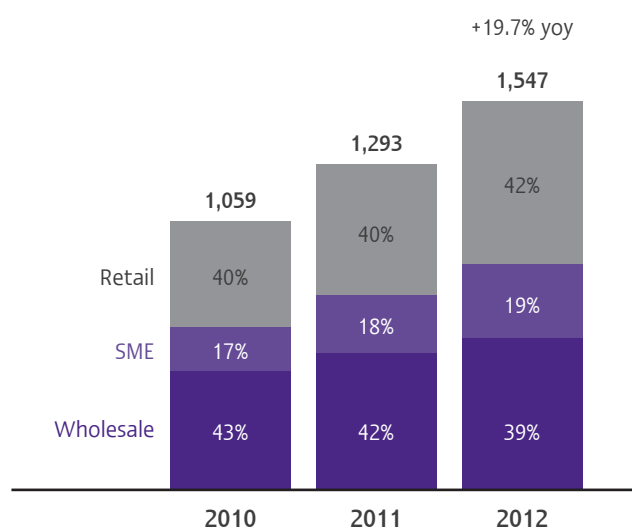
* Includes all home mortgage loans, some of which may be from segments other than retail.

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

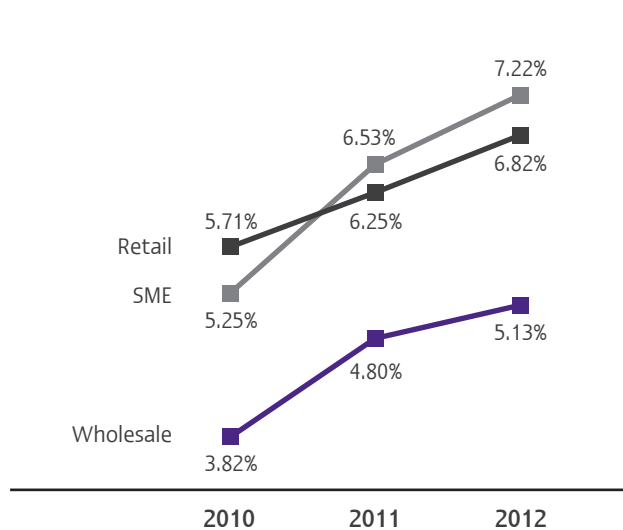
- **Wholesale** loans increased by 9.8% yoy in line with the Bank's strategy to selectively increase relationships with corporate and commercial customers;
- **SME** loans rose 25.5% yoy. This strong growth was the result of successful execution of the Bank's strategy to better penetrate the SME marketplace, particularly at the mid-size and smaller end of this segment. Also, this market penetration was facilitated by the introduction of new products and a further expansion of its nationwide footprint to better reach SME clientele and improve its market positioning;
- **Retail** loans increased 27.5% yoy.
 - **Housing loans** increased 21.3% yoy, driven by three factors: the strong SCB brand in the housing loan market; an effective customer segmentation approach; and the successful launch of the "My Home My Cash" campaign (similar to a home equity loan) ;
 - **Automobile loans** grew 45.9% yoy as a result of the Bank's strategic focus on this segment, the robust growth in automobile sales throughout the year, partly as a result of the government's incentive scheme for first-time buyers of new cars;
 - **Other loans** (largely personal and credit card loans) increased 25.9% yoy, in line with higher consumer demand and the Bank's strong retail footprint.

A consequence of this loan growth was that retail and SME loans now account for 61% of the total loans outstanding at the end of 2012, compared to 58% at the end of 2011. As a result of this portfolio shift together with a bigger proportion of higher-yield products within these two areas (for example, home equity loans, used car loans), the overall yield improved in 2012.

Loans Breakdown by Segment
(Percentage)



Yields on Loans by Segment
(Percentage)



Yield on Selected Retail Products (%)

Product	2010	2011	2012
Mortgages	4.5%	5.3%	6.0%
Auto loans	5.6%	5.4%	5.7%

1.2 Loans by sector/product

Unit: Million Baht

Loans by Sector/Product (Consolidated)	Dec 31, 12	Dec 31, 11	% yoy
Agricultural and mining	12,889	14,592	-11.7%
Manufacturing and commercial	519,896	469,598	10.7%
Real estate and construction	115,502	94,838	21.8%
Utilities and services	200,982	172,507	16.5%
Housing loans*	371,254	321,784	15.4%
Other loans	326,963	219,364	49.1%
Total loans	1,547,486	1,292,683	19.7%

* Classified by sector/product (excludes retail loans where customers use their home as collateral. These loans are classified under "Other loans" in accordance with regulatory guidelines).

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. The other loans category, comprising mostly automobile, credit card, personal and general consumer loans recorded the highest growth of 49.1% yoy, followed by real estate and construction loans of 21.8% yoy. Auto loans are by far the biggest sub-category within the other loans category and stood at Baht 173 billion at December 31, 2012, Baht 118 billion at December 31, 2011.

2. Deposits

Unit: Million Baht

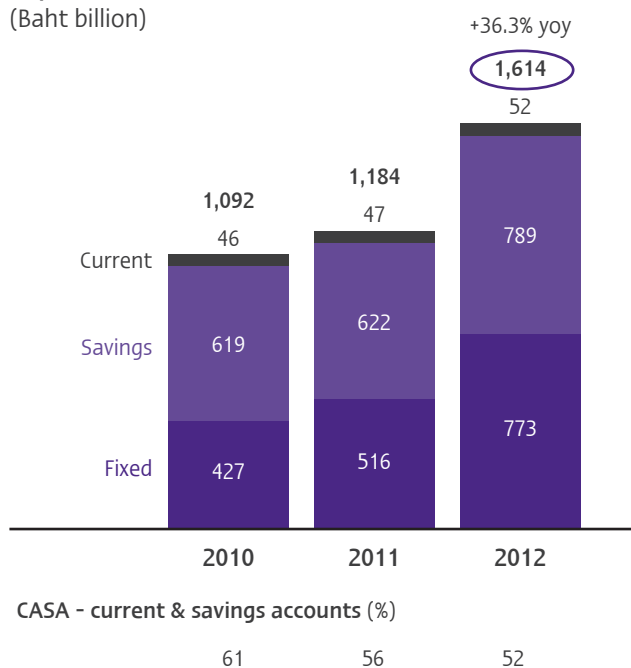
Deposits (Consolidated)	Dec 31, 12	Dec 31, 11	% yoy
Demand	51,730	47,046	10.0%
Savings	789,048	621,733	26.9%
Fixed	773,282	515,534	50.0%
- Less than 6 months	170,408	172,550	-1.2%
- 6 months and up to 1 year	319,638	137,439	132.6%
- Over 1 year	283,236	205,545	37.8%
Certificates of deposit	-	75	NM
Total deposits	1,614,059	1,184,388	36.3%
Bills of exchange (B/Es)	25,765	216,668	-88.1%
Total deposits + B/Es	1,639,824	1,401,056	17.0%
Gross loans to deposits ratio	95.9%	109.1%	
Gross loans to deposits and B/Es	94.4%	92.3%	

As of December 31, 2012, **deposits** stood at Baht 1,614 billion, up 36.3% yoy from Baht 1,184 billion at the end of December 2011. The strong growth in deposits was the result of the deposit campaigns launched over the period and the progressive shift from maturing bills of exchange (B/E) to deposit products in 2012. As of December 31, 2012, deposits plus B/E grew 17.0% yoy to Baht 1,640 billion.

Bills of exchange (B/Es), akin to uninsured deposits, were used through to 2011 to attract a growing volume of both corporate and high net worth customers' short-term deposits. Following the new regulatory requirement effective from January 2012 banks were required to pay FIDF fees on B/Es and, essentially, this new levy negated the value proposition of B/Es. As a result, the Bank sharply curtailed the growth and/or renewal of B/Es, resulting in an 88.1% yoy decline in B/Es in 2012. Many of these B/Es have been channeled to the Bank's deposit products on maturity.

Fixed deposits, savings deposits and demand deposits increased by 50.0%, 26.9% and 10.0% respectively on a yoy basis - with the growth in fixed deposits benefiting from the migration from B/Es. As a consequence, the proportion of savings and demand deposits as a percentage of the total deposit base was 52.1% in 2012 compared to 56.5% at the end of 2011.

Deposits
(Baht billion)



In 2012, the Bank was successful in growing its funding base through deposit campaigns that leveraged on its strong retail franchise. The **loan-to-deposit** ratio on a consolidated basis stood at 95.9% as of December 31, 2012, a decrease from 109.1% in 2011. However, the 'loan-to-deposits and B/E ratio' increased to 94.4% from 92.3% at end 2011 mainly due to the decline in the volume of B/Es. Given the current level of competition for deposits in the market, the Bank is comfortable with maintaining its loan-to-deposit (including B/Es) ratio in the mid-90s%.

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

The Bank currently maintains its daily liquidity ratio at 20% or higher - measured as total liquid assets to total deposits and B/Es. If the ratio falls below 20%, immediate corrective action is considered. As at December 31, 2012, the liquidity ratio stood at 26.5% and thus the Bank is assured that it has ample liquidity to face unexpected shocks and challenges. The Bank's stock of non-cash liquid assets consist almost entirely of Thai government bonds.

3. Investments

Total net investments increased 42.4% yoy to Baht 459 billion at the end of December 2012 from Baht 322 billion at the end of December 2011, mainly due to a larger portfolio of Thai sovereign bonds. To a large extent this shift reflected the Bank's view on interest rates and its efforts to manage the interest rate risk in the banking book.

Unit: Million Baht

	Dec 31, 12	Dec 31, 11	% yoy
Net investment*	458,297	321,672	42.5%
- Trading securities	20,243	8,343	142.6%
- Available-for-sale securities	327,750	215,235	52.3%
- Held-to-maturity securities	109,550	97,858	11.9%
- General investments	754	236	219.5%
Net investment in associated companies	647	700	-7.6%
Total net investments	458,943	322,371	42.4%

* Note: Net investment amount was restated for 2011 following a change in accounting policy from trade-date to settlement-date accounting in 2012.

4. Debt securities in issue and borrowings

Debt securities in issue and borrowings decreased by 48.2% yoy to Baht 133 billion at the end of December 2012. This was largely due to the substantial decline in the volume of B/Es (-88.1% yoy). Although B/Es were not rolled over the holders were persuaded in many instances to migrate to deposit products of the Bank throughout the year.

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. In addition, the Bank tapped its global medium term notes program (USD 600 million in 1Q12 and USD 500 million in 3Q12) to fund customers' foreign currency loan demand.

Unit: Million Baht

	Dec 31, 12	Dec 31, 11	% yoy
Short term debt securities in issue and borrowings	20,752	197,417	-89.5%
Long term debt securities in issue and borrowings	111,825	58,426	91.4%
Total debt securities in issue and borrowings	132,577	255,843	-48.2%

5. Net goodwill and other intangible assets

Net goodwill and other intangible assets were relatively flat yoy at Baht 11 billion at end of December 2012 compared to the end of December 2011.

6. Shareholders' equity

As of December 31, 2012, shareholders' equity stood at Baht 218 billion, a 17.1% yoy increase of Baht 32 billion from Baht 186 billion at the end of December 2011, mainly from appropriations of net profit over this period. The net profit appropriated to the retained earnings was reduced by the dividend payment of Baht 8.5 billion (Baht 2.50 per share) in accordance with the resolution of the Annual General Meeting of Shareholders in April 2012 and an interim dividend payment of Baht 3.4 billion (Baht 1.00 per share) in accordance with the resolution of the Board of Directors meeting in August 2012.

Book value per share as of December 31, 2012 was Baht 64.02 (3,399 million ordinary and preferred shares at the end of December 2012), up from Baht 54.68 at the end of 2011.

C. Off Balance Sheet: Contingent Liabilities

As at December 31, 2012, the Bank and its subsidiaries had combined contingencies of Baht 318 billion, up by Baht 14 billion (4.6% yoy) from Baht 304 billion at the end of December 2011. The increase in contingencies was mainly from other guarantees, unused bank overdraft facilities, liability under unmatured import bills and aval to bills as indicated in the table below.

	Unit: Million Baht		
Contingent Liabilities (Consolidated)	Dec 31, 12	Dec 31, 11	% yoy
Aval to bills	3,487	1,532	127.6%
Guarantees of loans	578	548	5.4%
Liability under unmatured import bills	8,413	6,370	32.1%
Letters of credit	16,502	25,770	-36.0%
Other contingencies			
Receivables/payables from investments*	6,482	50,514	-87.2%
Other guarantees	159,907	113,884	40.4%
Amount of unused bank overdraft	122,089	104,514	16.8%
Others	95	505	-81.2%
Total contingent liabilities	317,553	303,637	4.6%

* Note: Receivables/payables from investments amount was restated for 2011 following a change in accounting policy from trade-date to settlement-date accounting in 2012.

D. Statutory Capital

Total capital funds (Tier 1 and Tier 2), on a bank-only basis, as of December 31, 2012 stood at 16.47% of total risk-weighted assets, representing Tier-1 capital of 10.85% and Tier-2 capital of 5.62%. The aforementioned ratios do not take into account the 2H12 net profit. Should the 2H12 net profit be taken into consideration, total capital ratio and Tier 1 capital ratio would be 17.65% and 12.03%, respectively. The Bank's Tier 1 capital comprises, substantially, tangible equity only.

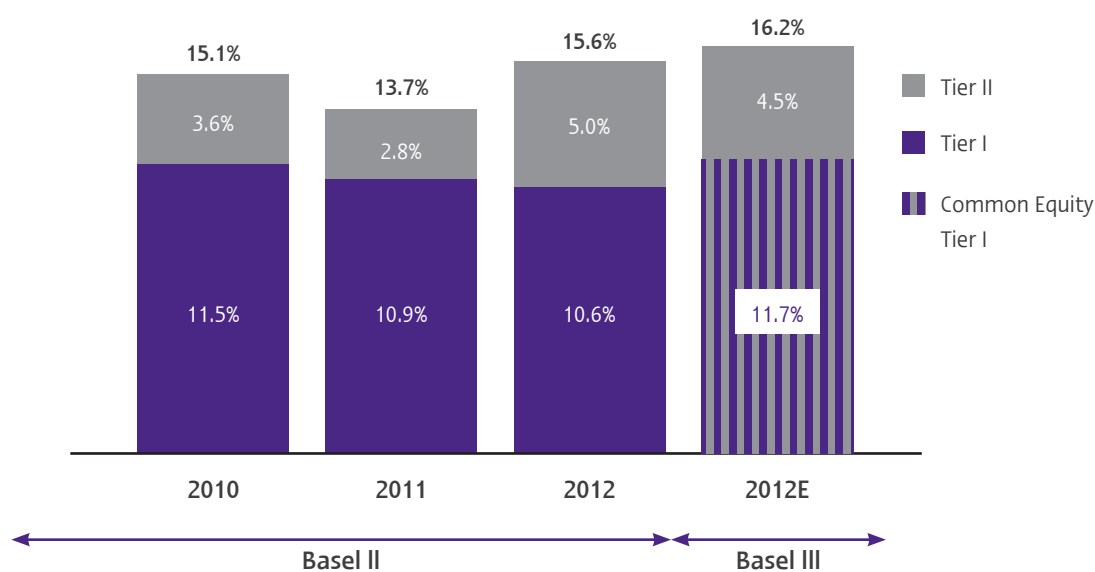
Total capital funds (Tier 1 and Tier 2), on a consolidated basis, stood at 15.64% of total risk-weighted assets, comprising Tier-1 capital of 10.57% and Tier-2 capital of 5.07%.

The Bank will adopt Basel III on a consolidated basis from January 1, 2013. The impact from adopting Basel III is positive to the Bank's common equity Tier 1 (CET1) as the Bank is exempted from capital deductions for qualifying investment outside scope of up to 10% of CET1 under Basel III (In Basel II there is no such exception). Moreover, certain aspects of other comprehensive income (OCI) such as revaluation gains on certain investments and properties have been reclassified from Tier 2 to CET1 and will be counted as regulatory capital in accordance with the Basel III guidelines. The Bank estimates that its CET1 ratio will be 11.7% on a consolidated basis, 110bps higher than under Basel II. (The current minimum regulatory capital requirement under Basel III is comprised 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%).

The Bank believes this strong capital position, together with its sound loan loss reserve coverage are sufficient to withstand the impact of any potential shocks which may arise if 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 quarters to come. The Bank believes that this strong capital position will place it at an advantageous position compared with less capitalized banks, should the regulatory regime become more stringent 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)		Dec 31, 12 (Basel II)	Dec 31, 11 (Basel II)
Tier-1 capital	Bt, million	165,038	140,159
	% of RWA	10.85%	11.15%
Tier-2 capital	Bt, million	85,515	42,637
	% of RWA	5.62%	3.39%
Total capital	Bt, million	250,553	182,796
	% of RWA	16.47%	14.54%
Risk-weighted assets	Bt, million	1,521,035	1,257,473

Capital Adequacy Ratio (Consolidated)^{1/}



Bank-Only

CAR	15.5%	14.5%	16.5%
Tier I	11.6%	11.2%	10.9%

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

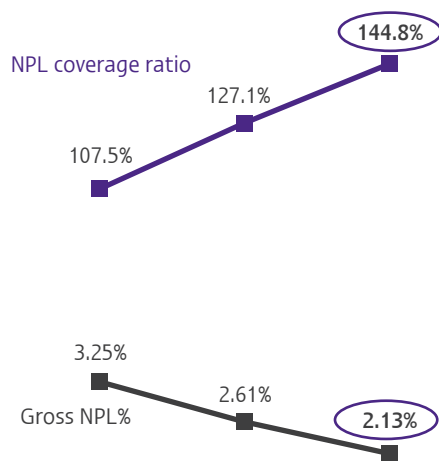
E. Non Performing Assets

Gross NPLs on a consolidated basis fell to Baht 35.9 billion (2.13% of total loans) at the end of 2012 from Baht 36.2 billion (2.61% of total loans) at the end of 2011. Net NPLs rose to Baht 17.0 billion (1.02%) at the end of 2012 from Baht 14.4 billion (1.05%) at the end of 2011. The Group's asset quality improved in 2012, in part due to the Bank's pre-emptive strategies to prevent new NPL formation, improved collection workout practice for existing NPLs, NPL sales to third parties, and to some extent, the steady economic environment throughout 2012.

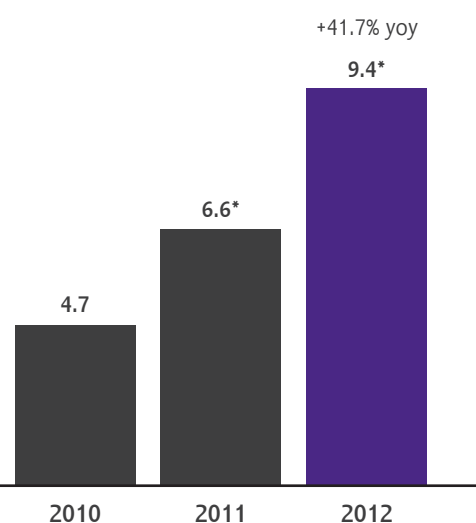
Non-Performing Loans (Consolidated)		Dec 31, 12	Dec 31, 11
Non-Performing Loans (Gross NPLs)	Bt, million	35,874	36,200
	% of total loans	2.13%	2.61%
Allowance for doubtful accounts*	Bt, million	51,510	45,406
Allowance for revaluation of debt restructuring	Bt, million	446	590
Total allowance for doubtful accounts and revaluation of debt restructuring	Bt, million	51,956	45,995
Total allowance to NPLs		144.8%	127.1%

* Excluding Interbank

Gross NPL Ratio & NPL Coverage Ratio (Percentage)



Provisions (Consolidated, Baht billion)



* Includes additional provisions of Baht 3.3 billion in 2011 and Baht 4.0 billion in 2012.

	2010	2011	2012
Credit Costs (bps)	47	56	66

NPLs by Segment and by Product

	2010	2011	2012
Wholesale	2.9%	2.4%	2.0%
SME	8.5%	5.7%	4.2%
Retail	2.5%	1.9%	1.8%
Mortgage	2.8%	2.0%	1.8%
Auto loans	2.1%	2.5%	2.1%

Allowance for doubtful accounts as of December 31, 2012 stood at Baht 52 billion, an increase of Baht 6 billion from Baht 46 billion at the end of 2011. The coverage ratio (total allowance to non-performing loans) increased to 144.8% at the end of 2012 from 127.1% at the end of 2011.

Gross NPLs on a bank-only basis rose to Baht 33.6 billion (2.01%) at the end of 2012 from Baht 31.5 billion (2.32%) at the end of 2011. Net non-performing loans (net NPLs) rose to Baht 16.4 billion (0.99%) at the end of 2012 from Baht 12.7 billion (0.94%) at the end of 2011. The increase in NPLs can be attributed to the qualitative reclassification of a few commercial customers and the transfer of NPLs from SICCO to the Bank from the closure of SICCO in 4Q12.

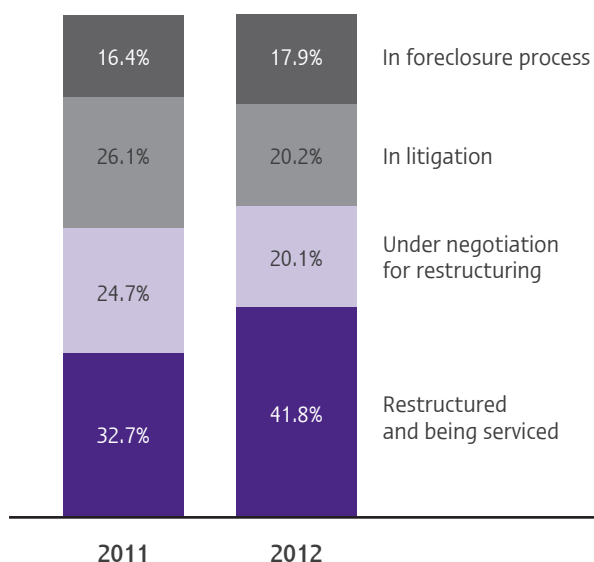
Special mention loans of Baht 25 billion at end 2012 increased by Baht 8 billion from end 2011. The yoy increase was due to the Bank's prudential stance to qualitatively reclassify one commercial customer account in 3Q12, customers impacted by the floods following the expiration of the forbearance period, and downgrading of some used-car-loan customers.

Unit: Million Baht

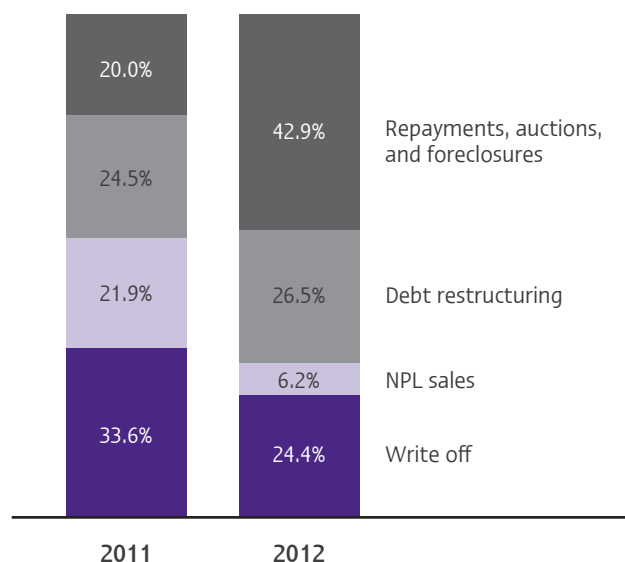
Classified Loans and Allowance for Doubtful Accounts (Consolidated)	Dec 31, 12		Dec 31, 11	
	Loan and accrued interest	Allowance for classified loans	Loan and accrued interest	Allowance for classified loans
Normal	1,489,739	14,284	1,242,234	11,938
Special mention	25,278	1,211	17,168	144
Substandard	9,878	4,099	6,748	3,033
Doubtful	4,463	1,541	6,223	4,819
Doubtful loss	21,591	13,359	23,310	11,323
Total	1,550,949	34,494	1,295,683	31,257
Allowance established in excess of BoT regulations		17,016		14,149
Total allowance		51,510		45,406

As shown in the chart below, at the end of 2012, NPLs that were being restructured and serviced accounted for the largest proportion of the total NPLs, followed by NPLs in litigation. In 2012, the Bank reduced its NPLs mainly through repayments, auctions and foreclosures followed by debt restructuring, write-offs and NPL sales. The increase in new NPL formation in 2012 was mainly due to the proactive 'qualitative' reclassification of retail mortgage and auto loan customers following the expiration of the 6-month forbearance program for flood-affected accounts.

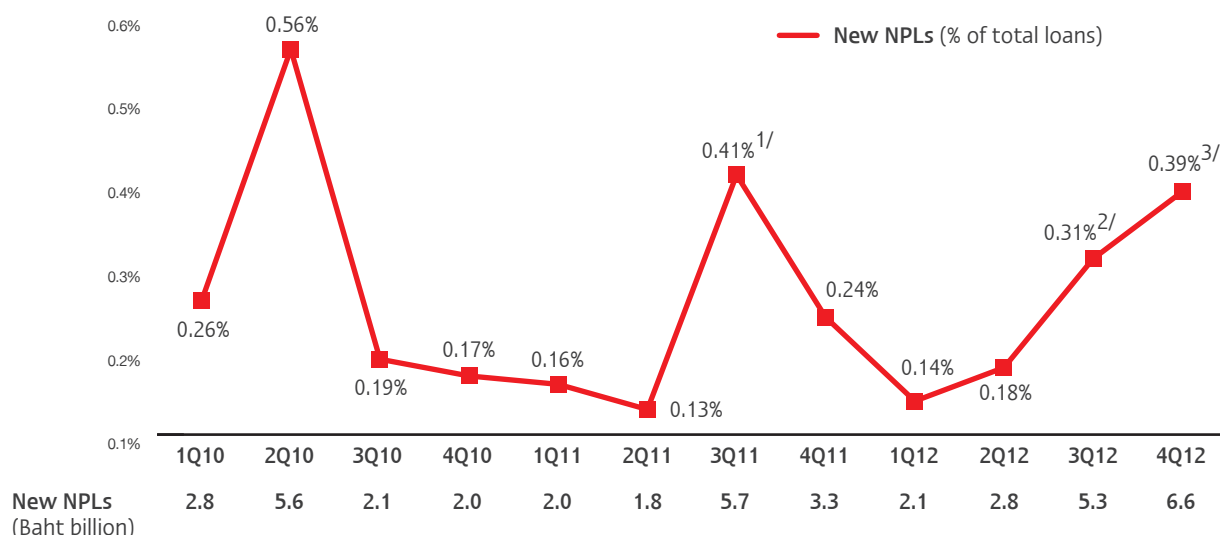
NPL Breakdown by Status (Bank only)



NPL Reduction by Methods



New NPL Formation



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

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

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

Troubled Debt Restructuring

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

As of December 31, 2012, the Bank and its financial subsidiaries had outstanding restructured loans amounting to Baht 33 billion both in the consolidated and Bank-only financial statements, declining from Baht 31 billion in 2011. Some of these loans are NPLs and are already included in the NPL levels, as noted in the table below.

Restructured Loans (Consolidated)		Dec 31, 12	Dec 31, 11
Loans to restructured debtors	Bt, million	32,734	30,795
- Restructured loans which are classified as NPL	Bt, million	7,846	8,349
- Restructured loans which are not classified as NPL	Bt, million	24,888	22,446
Troubled debt restructuring during the year	Bt, million	10,125	6,759
Interest income recognized from restructured loans	Bt, million	1,795	1,795

The Bank's properties for sale as at December 2012 stood at Baht 9.5 billion, a decrease of Baht 2.3 billion (19.6% yoy) from Baht 11.8 billion level at the end of 2011.

F. Sources and Uses of Funds

As at December 31, 2012, deposits accounted for 71.1% of SCB's funding base. Including bills of exchange (or B/Es) which are akin to uninsured deposits, deposits and B/Es accounted for 72.2% of the funding base. Other major sources of funds were: 9.7% from shareholders' equity; 4.7% from the issuance of debt instruments (excluding bills of exchange); and 4.7% from interbank borrowings. The funds were applied as follows on December 31, 2012: 68.2% was used for loans; 20.2% was applied to net investments in securities; and 7.2% was lent in the interbank and money markets.

Credit Ratings

The Bank's credit ratings by Moody's Investors Service, Standard & Poor's and Fitch Ratings as of December 31, 2012 are shown below.

Credit Ratings of Siam Commercial Bank PCL	December 31, 2012
Moody's Investors	
Outlook	Stable
Bank Deposits - Foreign Currency (Long Term/Short Term)	Baa1/P-2
Bank Deposits -Domestic Currency (Long Term/Short Term)	A3/P-1
Bank Financial Strength Rating (BFSR)	C-
Outlook	Stable
Senior Unsecured MTN	(P) A3
Subordinate MTN	(P) Baa1
Other Short Term	(P) P-2
Standard & Poor's	
Certificate of Deposit	BBB+/A-2
Counterparty Credit Rating	BBB+/A-2
ASEAN Regional Scale Rating	axA+/axA-1
Outlook	Stable
Senior Unsecured	BBB+
Fitch Ratings	
Foreign Currency	
Long Term Issuer Default Rating	BBB+
Short Term Issuer Default Rating	F2
Outlook	Stable
Senior Unsecured	BBB+
Viability Rating	bbb+
Support Rating	2
Support Rating Floor	BBB-
National	
Long Term Rating	AA (tha)
Short Term Rating	F1+ (tha)
Outlook	Stable
Unsecured Subordinated Debenture	AA-(tha)

PILLAR III DISCLOSURE

JUNE 2012

Introduction

The Siam Commercial Bank has adopted the new capital management framework based on Basel II since the end of December 2008. The implementation of this framework is in accordance with the guidelines of the Bank of Thailand (BOT).

The Basel II framework consists of three distinct pillars, each of which is a critical element in strengthening the stability of financial institutions:

- **Pillar I** provides guidelines for the calculation of minimum capital requirements.
- **Pillar II** outlines the key principles for the supervisory review process and the related risk management concepts.
- **Pillar III** complements the first two pillars, aimed to encourage market discipline by requiring a set of disclosures on capital and risk assessment processes.

The Bank has adopted the standardized approach for measuring credit risk, market risk, and operational risk in order to compute its regulatory capital requirements. In line with the guidelines of BOT, the capital adequacy calculation and Pillar III disclosure are provided based on both a solo basis (Bank-only) and Full Consolidated basis (Consolidated)^{1/}.

Under Pillar III, the BOT requires reporting to be on a semi-annual basis: 30 June and 31 December and to be made available to market participants within four months; the Bank releases the report under the Investor Relations section of the Bank's website at <http://www.scb.co.th/en/about-scb/investor-relation/financial-information/pillar>. This half-yearly report, as at 30 June 2012, discloses quantitative information on the Bank's capital structure and its adequacy, including the composition of risk-weighted assets. The year-end report provides more assessments on both qualitative and quantitative disclosures.

This disclosure is not required to be audited by external auditors. However, it is consistent with information used internally and as has been provided to BOT.

Capital Management

The main objectives of the Bank's capital management policies and procedures are developed to ensure that its capital:

- will provide a cushion for unexpected losses that arise from the risks it underwrites and that this cover is in excess of the regulatory requirements at all times; and
- is sufficient to support the risk profile of the Bank and its growth based on its business strategy and is able to withstand losses sustained during an economic downturn.

The Bank's senior management reviews the capital adequacy periodically taking into account the needs of its underlying businesses, any imminent regulatory changes, the perspective of market participants, and the emerging economic environment.

Capital Adequacy

As stated earlier, capital provides a cushion against the risks that the Bank underwrites; therefore, maintaining an adequate capital level is of critical importance to the Bank and its Financial Group's economic soundness.

In accordance with the regulatory guidelines, the Bank must maintain a minimum level of capital equal to at least 8.5% of risk-weighted assets to cover credit risk, market risk, and operational risk at all times. Furthermore, under the Basel II capital framework, Tier 1 capital must not be lower than 4.25% and Tier 2 capital is limited to 100% of Tier 1 capital.

The figures and tables below summarize SCB's capital resources, risk-weighted assets, capital adequacy ratios, and capital requirements by risk type on a Bank-only and Consolidated basis.

As at 30 June 2012, the Bank-only and Consolidated total capital adequacy ratios stood at 15.23% and 14.44% respectively, which were higher than the ratios at 31 December 2011 by 69 bps and 71 bps respectively. At the same period, Tier 1 ratios of 10.61% and 10.35%, albeit lower than at the end of the last year by 54 bps and 57 bps respectively, were still well above the BOT minimum regulatory requirements.

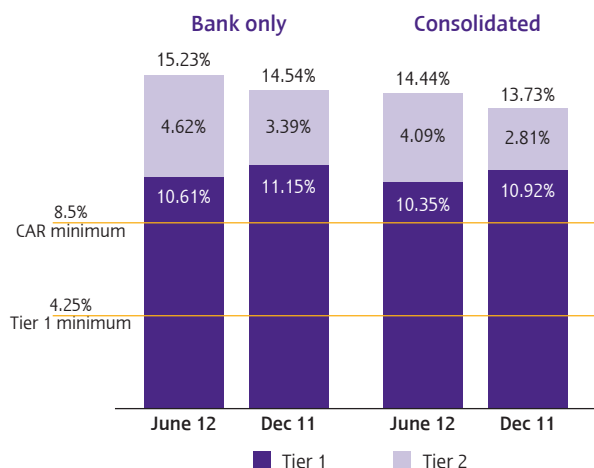
1/ The structure of the Consolidated Supervision Group can be divided into two levels: 1) Full consolidation (hereafter referred to as 'Consolidated' basis) which includes the parent company and subsidiaries categorized under Solo and Non-solo consolidated subsidiaries; and 2) Solo consolidation which includes the Bank and its subsidiaries categorized under the solo consolidation group.

- Solo consolidated subsidiaries mean any of the Bank's subsidiaries whose business operations involve loans or loan-related transactions and whose shares are directly held by the Bank in a ratio of not less than 75% of issued and paid-up shares.
- Non-solo consolidated subsidiaries mean any of the Bank's subsidiaries whose business operations involve finance or supporting business and whose shares are held by the Bank in a ratio of not less than 50% of issued and paid-up shares with Bank management control over the subsidiary's business. It shall be assumed that the Bank has management control over a subsidiary's business if its shares are held by the Bank in a ratio of not less than 20% of the issued and paid-up shares, unless proven otherwise.

Figure 1: Capital Adequacy Ratio and Tier 1 Ratio (Standardized Approach)

Capital Adequacy Ratio

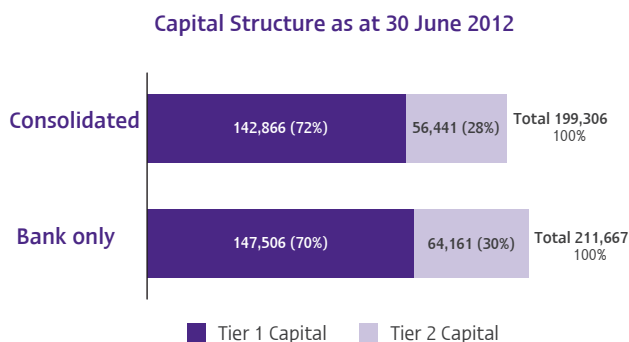
This ratio measuring regulatory capital in relation to total risk-weighted assets of the bank, represents the robustness of capital to absorb risk arising from the bank's operation



Capital adequacy ratio well beyond BOT's minimum requirement

- Capital adequacy ratio (CAR) and Tier I ratio for both the Bank-only and Consolidated basis were strong and well beyond the regulatory requirement.

Figure 2: Capital Structure



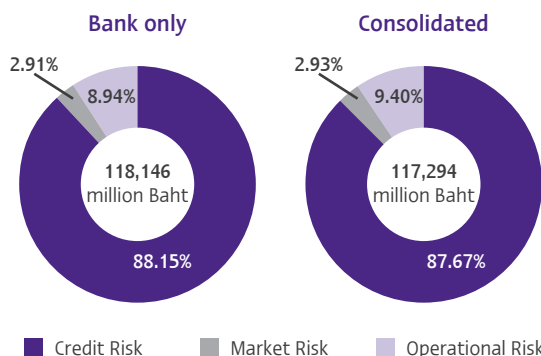
High quality of capital

- Approximately 70% of SCB's total capital (72% at a consolidated level) comprises Tier 1 capital which is considered the highest quality type of capital. This attests to the soundness of the Bank's capital position and its ability to absorb losses in any economic downturn. Most of the Tier 1 capital is from share capital and retained earnings, which have grown significantly in the past decade.

Higher capital to support continuous asset growth

- The high level of capital provides a strong foundation for the Bank to continue to pursue business strategies that have resulted in expansion of loan portfolios within the prudent risk-reward parameters that it has adopted.

Figure 3: Minimum Capital Requirement for Credit Risk, Market Risk, and Operational Risk



Minimum Capital Requirement as 31 Dec 2011

- Bank only : 106,885 million Baht
- Consolidated only : 106,483 million Baht

Minimum Capital Requirement

- At the end of June 2012, Bank-only and Consolidated minimum capital requirements amounted to Baht 118,146 million and Baht 117,294 million respectively, higher than the end of year 2011 by 10.54% and 10.15% respectively, as a result of continuous loan growth in the first half of 2012.
- Credit risk remains the principal risk of the Bank, constituting 88.15% and 87.67%, at the Bank-only and Consolidated levels, of minimum capital by risk types.

Table 1: Comprehensive Capital Structures and Capital Adequacy

<i>In THB millions</i>	Bank-only		Consolidated	
	30-Jun-12	31-Dec-11	30-Jun-12	31-Dec-11
Tier 1 capital				
Paid-up capital	33,992	33,992	33,992	33,992
Paid-up preferred shares	-	-	-	-
Premium on shares	11,124	11,124	11,124	11,124
Legal reserve	7,000	7,000	7,000	7,000
Appropriated retained earnings	95,404	88,056	99,399	92,586
Minority interest	-	-	84	365
Deductions from Tier 1 capital				
Net loss	-	-	-	-
Goodwill	-	-	(804)	(804)
50/50 deduction items*	-	-	(7,729)	(7,392)
Deferred income tax	(14)	(14)	(201)	(132)
Total Tier 1 capital	147,506	140,159	142,866	136,739
Tier 2 capital				
Revaluation surplus on land and building appraisal	8,024	8,085	8,024	8,085
Revaluation surplus on AFS Investment	1,375	1,240	1,384	1,245
General provision	14,761	13,312	14,761	13,312
Subordinated debt	40,000	20,000	40,000	20,000
Deductions from Tier 2 capital				
50/50 deduction items*	-	-	(7,729)	(7,392)
Total Tier 2 capital	64,161	42,637	56,441	35,250
Total regulatory capital	211,667	182,796	199,306	171,989
Risk-weighted assets				
Credit risk	1,225,278	1,116,510	1,209,802	1,105,493
Market risk	40,390	27,520	40,451	28,344
Operational risk	124,282	113,443	129,675	118,902
Total risk-weighted assets	1,389,950	1,257,473	1,379,928	1,252,739
Total risk-weighted capital ratio (%)**	15.23%	14.54%	14.44%	13.73%
Tier 1 risk-weighted capital ratio (%)**	10.61%	11.15%	10.35%	10.92%
Minimum regulatory capital adequacy ratio (%)	8.50%	8.50%	8.50%	8.50%
Minimum Tier 1 risk-weighted capital ratio (%)	4.25%	4.25%	4.25%	4.25%

Note:

* Refers to regulatory adjustment items to Tier 1 and Tier 2 capital at 50% each defined by BOT, i.e., an investment in insurance companies.

** Appropriation of profit after interim dividend distribution for the first half of 2012 is not included in this computation. If included, the total risk-weighted capital ratio and the Tier 1 risk-weighted capital ratio of SCB would be 16.50% and 11.88% respectively, and of SCB Financial Group would be 15.72% and 11.63% respectively.

Table 2: Minimum Capital Requirements by Risk Type

<i>In THB millions</i>	Bank-only		Consolidated	
	30-Jun-12	31-Dec-11	30-Jun-12	31-Dec-11
Credit risk - standardized approach				
Performing				
Governments, central banks, MDBs ¹ and PSEs ² treated as sovereign	85	74	335	260
Banks and PSEs ² treated as bank	1,270	1,590	1,285	1,596
Corporates ³ and PSEs ² treated as corporates	61,896	56,708	61,894	56,780
Retail	21,051	17,151	21,633	18,059
Retail mortgage loans	10,451	9,648	10,451	9,648
Other assets	8,079	8,261	5,828	6,049
Non-performing	1,316	1,471	1,407	1,574
First-to-default credit derivatives and securitization	-	-	-	-
Total minimum capital requirements for credit risk	104,149	94,903	102,833	93,967
Market risk - standardized approach				
Interest rate risk	2,900	1,819	2,900	1,819
Equity position risk	79	78	83	148
Foreign exchange risk	455	442	455	442
Commodity risk	-	-	-	-
Total minimum capital requirements for market risk	3,433	2,339	3,438	2,409
Operational risk - standardized approach				
Total minimum capital requirements for operational risk	10,564	9,643	11,022	10,107
Total minimum capital requirements	118,146	106,885	117,294	106,483

¹ Multilateral development banks.

² Non-central government public sector entities.

³ Including claims on individuals and their groups with business purposes but exceeding conditions of claims on retail.

COMPARATIVE KEY FINANCIAL STATISTICS

(CONSOLIDATED BASIS)

Financial Status

As of December 31,

Unit: Billion Baht

	2012	2011	2010	2009	2008 ^{1/}
Total Assets	2,269.9	1,848.4	1,443.3	1,294.0	1,275.1
- Loans	1,547.5	1,292.7	1,058.6	940.2	916.9
- Less Allowance for Doubtful Accounts	-52.0	-46.0	-41.6	-42.9	-41.7
- Net Loan	1,495.5	1,246.7	1,017.0	897.3	875.2
- Investment-net	458.9	322.4	149.9	165.4	155.2
- Properties Foreclosed	9.5	11.8	12.7	13.0	12.0
Total Liabilities	2,050.7	1,661.2	1,288.2	1,153.1	1,147.2
- Deposits	1,614.1	1,184.4	1,092.1	955.9	911.5
- Borrowings	132.6	255.8	62.6	57.2	82.4
Total Shareholders' Equity	219.2	187.2	155.1	140.9	127.9

Financial Results

For the year ended December 31,

Unit: Billion Baht

	2012	2011	2010	2009	2008 ^{1/}
Interest Income	103.4	77.9	52.7	53.9	63.3
Less Interest Expenses	41.3	27.4	12.9	16.4	19.0
Net Interest Income	62.1	50.5	39.8	37.5	44.3
Non-interest Income	40.9	40.5	29.4	23.9	25.1
Total Income	103.0	91.0	69.1	61.4	69.5
Less Non-Interest Expense	42.4	36.9	30.5	28.0	34.3
Income (loss) Before Impairment Loss of Loans and Debt Securities	60.6	54.2	38.6	33.4	35.1
Less Impairment Loss of Loans and Debt Securities	9.4	6.6	4.7	5.5	5.0
Income Tax and Non-Controlling Interest	11.0	11.2	9.7	7.2	8.8
Net Profit (loss) (attributable to shareholders of the Bank)	40.2	36.3	24.2	20.8	21.4

Key Financial Ratios (Consolidated Basis)

Unit: Percent

	2012	2011	2010	2009	2008 ^{1/}
Profitability Ratio					
Return on Assets (ROA)	2.0	2.2	1.8	1.6	1.8
Return on Equity (ROE)	19.9	21.3	16.4	15.5	18.0
Net Interest Margin (NIM)	3.2	3.3	3.1	3.2	3.9
Non Interest Income to Total Income	39.7	41.22/	42.5	38.9	36.2
Efficiency Ratio					
Cost Income Ratio	41.2	40.5	44.2	45.6	49.4
Cost to Assets	2.1	2.2	2.2	2.2	2.8
Financial Ratio					
Equity to Assets	9.6	10.1	10.7	10.8	10.0
Loans to Deposits	95.9	109.1	96.9	98.4	100.6
Capital Adequacy Ratio					
Total Capital to Risk Assets ^{3/}	16.54	14.54	15.52	16.47	15.2
Tier 1 Capital to Risk Assets ^{3/}	10.9	11.2	11.6	12.3	11.0
Tier 2 Capital to Risk Assets ^{3/}	5.65	3.39	3.89	4.2	4.2
Asset Quality Ratio					
Non-performing Loans to Total Loans	2.1	2.6	3.3	4.4	5.1
Total Allowance to Non-performing Loans	144.8	127.1	107.5	95.4	83.3
Total Allowance to Total Loans	3.4	3.6	3.9	4.6	4.5
Accrued Interest to Total Loans	0.2	0.2	0.2	0.2	0.2

Share Information^{4/}

	2012	2011	2010	2009	2008 ^{1/}
Earnings per Share - EPS (Baht)	11.83	10.67	7.12	6.11	6.30
Book Value per Share (Baht)	64.02	54.68	45.40	41.23	37.42
Dividend per Share ^{5/} (Baht)	4.50	3.50	3.00	2.50	2.00
Market Capitalization (Billion Baht)	616.9	396.0	351.8	294.9	164.0
Number of Share (Million shares)	3,399	3,399	3,399	3,399	3,399

^{1/} Based on old financial statement format

^{2/} Excluding one-time investment revaluation gain on the acquisition of additional shares in SCB Life in 1Q11

^{3/} Bank only

^{4/} The Bank's share includes ordinary shares and preferred shares.

^{5/} Dividend per share in 2012 as proposed to the Annual General Meeting of Shareholders in April 2013. (Interim dividend Baht 1.0 per share)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of The Siam Commercial Bank Public Company Limited

I have audited the accompanying consolidated and the Bank's financial statements of The Siam Commercial Bank Public Company Limited and its subsidiaries, and of The Siam Commercial Bank Public Company Limited, respectively, which comprise the consolidated and the Bank's statements of financial position as at 31 December 2012, the consolidated and the Bank's statements of comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated and the Bank's Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated and the Bank's financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated and the Bank's financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated and the Bank's financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and the Bank's financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated and the Bank's financial statements referred to above present fairly, in all material respects, the financial position as at 31 December 2012 and the financial performance and cash flows for the year then ended of The Siam Commercial Bank Public Company Limited and its subsidiaries, and of The Siam Commercial Bank Public Company Limited, respectively, in accordance with Thai Financial Reporting Standards.

Emphasis of Matter

Without qualifying my opinion, I draw attention to notes 3 and 48 to the financial statements describing the change in accounting policy. The corresponding figures presented are based on the audited financial statements as at and for the year ended 31 December 2011 after making the adjustments described in notes 3 and 48.



(Supot Singhasaneh)
Certified Public Accountant
Registration No. 2826

KPMG Phoomchai Audit Ltd.
Bangkok
26 February 2013

Financial Statements and Notes

STATEMENT OF FINANCIAL POSITION

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Assets	Note	Consolidated		The Bank	
		31 December		31 December	
		2012	2011	2012	2011
			(Restated)*		(Restated)*
		<i>(in thousand Baht)</i>			
Cash		31,322,453	33,701,257	31,218,439	33,468,934
Interbank and money market items, net	9	162,754,864	125,003,304	149,540,753	114,794,032
Derivative assets	10	28,759,539	28,198,279	28,781,792	28,198,279
Investments, net	11, 48	458,296,782	321,671,755	346,600,314	240,521,620
Investments in subsidiaries and associates, net	12	646,652	699,561	27,902,519	28,132,697
Loans to customers and accrued interest receivables, net	13				
Loans to customers		1,568,784,504	1,306,393,160	1,561,795,974	1,282,584,826
Accrued interest receivables		3,463,427	2,999,976	3,308,810	2,833,752
Total loans to customers and accrued interest receivables		1,572,247,931	1,309,393,136	1,565,104,784	1,285,418,578
Less deferred revenue		(21,298,794)	(13,710,151)	(21,153,819)	(12,210,373)
Less allowance for doubtful accounts	13, 47	(51,510,103)	(45,405,542)	(49,739,941)	(41,333,964)
Less revaluation allowance for debt restructuring	18	(445,628)	(589,811)	(445,628)	(561,772)
Total loans to customers and accrued interest receivables, net		1,498,993,406	1,249,687,632	1,493,765,396	1,231,312,469
Customers' liabilities under acceptances		192,219	110,194	192,219	110,194
Properties for sale, net	19	9,455,896	11,765,050	9,437,572	11,573,083
Premises and equipment, net	20	35,392,512	34,772,020	33,955,214	33,240,646
Goodwill and other intangible assets, net	21	11,420,142	11,256,139	1,479,453	1,272,059
Reinsurance receivables and assets		3,770,019	10,998,360	-	-
Assets pending transfer	22, 48	12,660,556	6,273,675	12,660,556	6,273,641
Other assets, net	23, 48	16,218,515	14,240,939	9,781,286	10,490,324
Total assets		2,269,883,555	1,848,378,165	2,145,315,513	1,739,387,978

The accompanying notes are an integral part of these financial statements.

* Refer to note 3

STATEMENT OF FINANCIAL POSITION

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Liabilities and equity	Note	Consolidated		The Bank	
		31 December		31 December	
		2012	2011	2012	2011
			(Restated)*		(Restated)*
		<i>(in thousand Baht)</i>			
Liabilities					
Deposits	25	1,614,059,199	1,184,387,802	1,614,588,618	1,179,458,199
Interbank and money market items	26	107,063,207	53,431,298	111,907,302	55,005,273
Liabilities payable on demand		9,602,881	6,905,019	9,562,679	6,897,938
Derivative liabilities	10	24,972,679	28,818,615	24,979,741	28,818,615
Debt issued and borrowings	27	132,576,966	255,842,963	132,487,594	256,302,963
Bank's liabilities under acceptances		192,219	110,194	192,219	110,194
Provisions	28	6,154,980	5,139,207	5,844,837	4,759,166
Liabilities under insurance contracts		107,302,084	89,040,860	-	-
Liabilities pending transfer	29	13,442,623	8,914,689	13,722,933	8,644,997
Other liabilities	30, 48	35,361,331	28,604,607	26,377,283	22,873,143
Total liabilities		2,050,728,169	1,661,195,254	1,939,663,206	1,562,870,488

The accompanying notes are an integral part of these financial statements.

* Refer to note 3

STATEMENT OF FINANCIAL POSITION

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

Liabilities and equity	Note	Consolidated		The Bank	
		31 December		31 December	
		2012	2011	2012	2011
			(Restated)*		(Restated)*
		<i>(in thousand Baht)</i>			
Equity					
Share capital					
Authorised share capital					
3,584,968,018 preference shares of Baht 10 each		35,849,680	35,855,882	35,849,680	35,855,882
3,415,031,982 ordinary shares of Baht 10 each		34,150,320	34,144,118	34,150,320	34,144,118
Issued and paid-up share capital					
5,455,769 preference shares of Baht 10 each		54,558	60,296	54,558	60,296
3,393,736,429 ordinary shares of Baht 10 each		33,937,364	33,931,626	33,937,364	33,931,626
Premium on share capital					
Premium on preference shares		21,335	23,578	21,335	23,578
Premium on ordinary shares		11,102,856	11,100,613	11,102,856	11,100,613
Other reserves		24,554,427	20,921,165	22,847,407	20,499,582
Retained earnings					
Appropriated					
Legal reserve	31	7,000,000	7,000,000	7,000,000	7,000,000
Unappropriated		140,930,675	112,833,679	130,688,787	103,901,795
Total shareholders' equity		217,601,215	185,870,957	205,652,307	176,517,490
Non-controlling interest		1,554,171	1,311,954	-	-
Total equity		219,155,386	187,182,911	205,652,307	176,517,490
Total liabilities and equity		2,269,883,555	1,848,378,165	2,145,315,513	1,739,387,978



(Mrs. Kannikar Chalitaporn)
President



(Dr. Vichit Suraphongchai)
Chairman of the Executive Committee

The accompanying notes are an integral part of these financial statements.
* Refer to note 3

STATEMENT OF COMPREHENSIVE INCOME

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

	Note	Consolidated		The Bank	
		For the year ended 31 December		For the year ended 31 December	
		2012	2011	2012	2011
<i>(in thousand Baht)</i>					
Interest income	39	103,399,392	77,946,828	98,330,926	73,909,322
Interest expense	40	41,294,910	27,420,781	41,309,210	27,417,325
Net interest income		62,104,482	50,526,047	57,021,716	46,491,997
Fees and service income	41	24,826,040	23,662,965	29,946,610	26,342,506
Fees and service expense	41	4,369,820	3,856,868	4,060,174	3,452,967
Net fees and service income	41	20,456,220	19,806,097	25,886,436	22,889,539
Net trading income	42	7,511,370	6,286,726	7,496,359	6,289,908
Net gain on investments	43	1,292,525	5,329,579	195,090	512,190
Share of profit of associates		1,457	401,980	-	-
Dividend income		962,094	1,028,474	5,142,049	5,627,866
Net earned insurance premiums		44,471,860	28,695,761	-	-
Other operating income		1,338,117	1,398,352	764,188	624,706
Total operating income		138,138,125	113,473,016	96,505,838	82,436,206
Net insurance claims		35,153,266	22,437,521	-	-
Net operating income		102,984,859	91,035,495	96,505,838	82,436,206
Other operating expenses					
Staff costs		18,735,657	17,508,629	16,174,157	15,325,116
Directors' remuneration		105,145	97,110	94,847	87,295
Premises and equipment expenses		9,148,354	8,645,280	8,292,076	7,798,839
Taxes and duties		3,681,998	2,775,503	3,551,557	2,676,269
Others		10,730,417	7,856,962	11,144,867	8,127,288
Total operating expenses		42,401,571	36,883,484	39,257,504	34,014,807
Impairment loss of loans and debt securities	44	9,396,164	6,630,491	9,995,013	6,856,064
Profit before tax		51,187,124	47,521,520	47,253,321	41,565,335
Income tax expense		10,682,204	11,212,786	8,373,985	9,693,565
Net profit		40,504,920	36,308,734	38,879,336	31,871,770

The accompanying notes are an integral part of these financial statements.

STATEMENT OF COMPREHENSIVE INCOME

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

	Note	Consolidated		The Bank	
		For the year ended 31 December		For the year ended 31 December	
		2012	2011	2012	2011
<i>(in thousand Baht)</i>					
Other comprehensive income					
Change in revaluation surplus		(3,865)	5,568,365	(3,865)	5,533,439
Gain (loss) on remeasuring available-for-sale investments		4,099,793	(132,889)	2,630,573	(65,902)
Foreign currency translation differences		(58,157)	82,651	-	-
Actuarial losses on defined benefit plans		(507,938)	-	(474,054)	-
Share of other comprehensive income of associates		(40,940)	(19,514)	-	-
Total other comprehensive income		3,488,893	5,498,613	2,152,654	5,467,537
Total comprehensive income		43,993,813	41,807,347	41,031,990	37,339,307
Net profit attributable to					
Shareholders of the parent company		40,219,900	36,272,651	38,879,336	31,871,770
Non-controlling interest		285,020	36,083	-	-
Total comprehensive income attributable to					
Shareholders of the parent company		43,612,455	41,757,579	41,031,990	37,339,307
Non-controlling interest		381,358	49,768	-	-
Earnings per share of the parent company					
Basic earnings per share <i>(in Baht)</i>	45	11.83	10.67	11.44	9.38



(Mrs. Kannikar Chalitaporn)
President



(Dr. Vichit Suraphongchai)
Chairman of the Executive Committee

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

	Consolidated													
	Other reserves													
	Issued and paid-up share capital	Preference shares	Ordinary shares	Premium on share capital	Change in revaluation surplus	Gain (loss) on remeasuring available-for-sale investments	Foreign currency translation differences	Share of other comprehensive income of associates	Total other reserves	Retained earnings	Legal reserve	Unappropriated equity	Non-controlling interest	Total
Year ended 31 December 2011														
Balance at 1 January 2011	65,719	33,926,203	25,699	11,098,492	11,038,160	5,068,928	(413,129)	60,454	15,754,413	7,000,000	86,445,116	154,315,642	789,429	155,105,071
Dividend paid	-	-	-	-	-	-	-	-	-	-	(10,197,576)	(10,197,576)	(162,435)	(10,360,011)
Conversion of preference shares to ordinary shares	(5,423)	5,423	(2,121)	2,121	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	-	-	36,272,651	36,272,651	36,083	36,308,734
Other comprehensive income	-	-	-	-	5,557,049	(135,258)	82,651	(19,514)	5,484,928	-	-	5,484,928	13,685	5,498,613
Total comprehensive income for the year	-	-	-	-	5,557,049	(135,258)	82,651	(19,514)	5,484,928	-	36,272,651	41,757,579	49,768	41,807,347
Transfer to retained earnings	-	-	-	-	(318,176)	-	-	-	(318,176)	-	313,488	(4,688)	3,629	(1,059)
Acquisition of non-controlling interest with a change in control	-	-	-	-	-	-	-	-	-	-	-	-	631,563	631,563
Balance at 31 December 2011	60,296	33,931,626	23,578	11,100,613	16,277,033	4,933,670	(330,478)	40,940	20,921,165	7,000,000	112,833,679	185,870,957	1,311,954	187,182,911

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

	Consolidated														
	Issued and paid-up share capital		Premium on share capital		Change in revaluation surplus	Gain on remeasuring available-for-sale investments	Foreign currency translation differences	Share of other comprehensive income of associates	Surplus from the change in the ownership interests in subsidiaries	Total other reserves	Retained earnings	Total shareholders' equity	Non-controlling interest	Total	
	Preference shares	Ordinary shares	Preference shares	Ordinary shares											Legal reserve
<i>(in thousand Baht)</i>															
Year ended 31 December 2012															
Balance at 1 January 2012	60,296	33,931,626	23,578	11,100,613	16,277,033	4,933,670	(330,478)	40,940	-	20,921,165	7,000,000	112,833,679	185,870,957	1,311,954	187,182,911
Dividend paid	32	-	-	-	-	-	-	-	-	-	-	(11,897,173)	(11,897,173)	(115,026)	(12,012,199)
Conversion of preference shares to ordinary shares	(5,738)	5,738	(2,243)	2,243	-	-	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests without a change in control	-	-	-	-	1,105	-	-	-	10,565	11,670	-	-	11,670	259,620	271,290
Disposal of non-controlling interests with a change in control	-	-	-	-	-	-	-	-	-	-	-	-	-	(284,358)	(284,358)
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	40,219,900	40,219,900	285,020	40,504,920
Other comprehensive income	-	-	-	-	(3,865)	4,001,873	(58,157)	(40,940)	-	3,898,911	-	(506,356)	3,392,555	96,338	3,488,893
Total comprehensive income for the year	-	-	-	-	(3,865)	4,001,873	(58,157)	(40,940)	-	3,898,911	-	39,713,544	43,612,455	381,358	43,993,813
Transfer to retained earnings	-	-	-	-	(277,319)	-	-	-	-	(277,319)	-	280,625	3,306	623	3,929
Balance at 31 December 2012	54,558	33,937,364	21,335	11,102,856	15,996,954	8,935,543	(388,635)	-	10,565	24,554,427	7,000,000	140,930,675	217,601,215	1,554,171	219,155,386

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

	The Bank											
	Issued and paid-up share capital		Premium on share capital		Change in revaluation surplus	Other reserves		Total other reserves	Retained earnings		Total	
	Preference shares	Ordinary shares	Preference shares	Ordinary shares		Gain (loss) on remeasuring available-for-sale investments	Legal reserve		Unappropriated			
Note												
Year ended 31 December 2011												
Balance at 1 January 2011	65,719	33,926,203	25,699	11,098,492	10,648,329	4,695,995	15,344,324	7,000,000	81,915,322	149,375,759		
Dividend paid	-	-	-	-	-	-	-	-	(10,197,576)	(10,197,576)		
Conversion of preference shares to ordinary shares	(5,423)	5,423	(2,121)	2,121	-	-	-	-	-	-		
Profit for the year	-	-	-	-	-	-	-	-	31,871,770	31,871,770		
Other comprehensive income	-	-	-	-	5,533,439	(65,902)	5,467,537	-	-	5,467,537		
Total comprehensive income for the year	-	-	-	-	5,533,439	(65,902)	5,467,537	-	31,871,770	37,339,307		
Transfer to retained earnings	-	-	-	-	(312,279)	-	(312,279)	-	312,279	-		
Balance at 31 December 2011	60,296	33,931,626	23,578	11,100,613	15,869,489	4,630,093	20,499,582	7,000,000	103,901,795	176,517,490		

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

	The Bank										Total	
	Issued and paid-up share capital					Other reserves						
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	Premium on share capital	Change in revaluation surplus	Gain on remeasuring available-for-sale investments	Total other reserves	Legal reserve	Retained earnings		
Year ended 31 December 2012												
Balance at 1 January 2012	60,296	33,931,626	23,578	11,100,613	23,578	15,869,489	4,630,093	20,499,582	7,000,000	103,901,795	176,517,490	
Dividend paid	-	-	-	-	-	-	-	-	-	(11,897,173)	(11,897,173)	
Conversion of preference shares to ordinary shares	(5,738)	5,738	(2,243)	2,243								
Profit for the year	-	-	-	-	-	-	-	-	-	38,879,336	38,879,336	
Other comprehensive income	-	-	-	-	-	(3,865)	2,630,573	2,626,708	-	(474,054)	2,152,654	
Total comprehensive income for the year	-	-	-	-	-	(3,865)	2,630,573	2,626,708	-	38,405,282	41,031,990	
Transfer to retained earnings	-	-	-	-	-	(278,883)	-	(278,883)	-	278,883	-	
Balance at 31 December 2012	54,558	33,937,364	21,335	11,102,856	21,335	15,586,741	7,260,666	22,847,407	7,000,000	130,688,787	205,652,307	

The accompanying notes are an integral part of these financial statements.

STATEMENT OF CASH FLOWS

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

	Consolidated		The Bank	
	For the year ended 31 December		For the year ended 31 December	
	2012	2011 (Restated)*	2012	2011 (Restated)*
	<i>(in thousand Baht)</i>			
Cash flows from operating activities				
Profit before tax	51,187,124	47,521,520	47,253,321	41,565,335
<i>Adjustments for</i>				
Depreciation and amortisation	2,771,764	2,803,391	2,544,303	2,504,045
Impairment loss on loans and debt securities	11,629,690	7,466,649	10,852,758	7,581,685
Reversal on impairment of assets	(27,387)	(222,674)	(27,387)	(222,674)
(Reversal) loss on impairment of properties for sale	(39,510)	8,284	(38,305)	8,284
Net gain on investments	(1,292,525)	(5,329,579)	(195,090)	(512,190)
(Gain) loss on sales of premises and equipment	(2,099)	(10,239)	21,088	(3,948)
Net trading income	(7,511,370)	(6,286,726)	(7,496,359)	(6,289,908)
Negative goodwill	-	(259,233)	-	-
Share of profit of associates	(1,457)	(401,980)	-	-
	56,714,230	45,289,413	52,914,329	44,630,629
Net interest income	(62,104,482)	(50,526,047)	(57,021,716)	(46,491,997)
Dividend income	(962,094)	(1,028,474)	(5,142,049)	(5,627,866)
Proceeds from interest	104,074,385	78,163,029	99,043,870	74,556,636
Interest paid	(38,098,442)	(22,373,266)	(38,067,240)	(22,413,470)
Proceeds from dividend	973,759	1,014,407	5,142,049	5,629,123
Income tax paid	(10,867,670)	(12,105,801)	(8,929,662)	(10,582,637)
Income from operations before changes in operating assets and liabilities	49,729,686	38,433,261	47,939,581	39,700,418
<i>(Increase) decrease in operating assets</i>				
Interbank and money market items	(38,762,970)	31,834,014	(35,074,226)	31,637,974
Derivative assets	6,052,310	3,390,926	6,050,288	3,390,926
Investment in securities for trading	(11,586,707)	(7,321,568)	(11,751,785)	(6,758,177)
Loans to customers	(264,400,118)	(230,315,525)	(277,197,408)	(235,588,456)
Properties for sale	7,353,673	4,440,230	6,898,579	3,933,759
Reinsurance receivables and assets	7,228,341	(10,429,740)	-	-
Other assets	(8,720,505)	23,178,822	(5,677,475)	21,993,329

The accompanying notes are an integral part of these financial statements.

* Refer to note 3

STATEMENT OF CASH FLOWS

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

	Consolidated		The Bank	
	For the year ended 31 December		For the year ended 31 December	
	2012	2011	2012	2011
		(Restated)*		(Restated)*
	<i>(in thousand Baht)</i>			
Cash flows from operating activities				
<i>Increase (decrease) in operating liabilities</i>				
Deposits	429,671,397	82,058,940	435,130,419	88,962,940
Interbank and money market items	53,631,909	5,226,426	56,902,029	5,093,691
Liabilities payable on demand	2,697,862	21,797	2,664,741	31,787
Derivative liabilities	(3,845,936)	(316,617)	(3,838,874)	(316,617)
Short-term debt issued and borrowings	(196,679,131)	185,064,737	(197,228,504)	186,724,737
Other liabilities	27,307,429	5,988,844	6,847,205	(21,367,927)
Net cash from operating activities	59,677,240	131,254,547	31,664,570	117,438,384
Cash flows from investing activities				
Purchases of available-for-sale securities	(414,779,318)	(260,500,988)	(376,440,680)	(227,952,920)
Proceeds from sales of available-for-sale securities	305,940,454	147,000,256	276,391,614	119,766,072
Purchases of held-to-maturity securities	(12,109,116)	(11,424,701)	(1,048,364)	(1,053,295)
Proceeds from redemption of held-to-maturity securities	41,111	10,153,743	9,122,904	8,242,663
Purchases of general securities	(108,341)	(15,477)	(45,180)	(583)
Proceeds from sales of general securities	53,985	8,477	20,375	6,332
Purchases of investments in subsidiaries and/or associates	-	(10,836,744)	(420,596)	(10,914,107)
Proceeds from sales of investments in subsidiaries and/or associates	767,907	99,567	135,735	1,104,825
Purchases of premises and equipment	(3,150,709)	(2,885,838)	(2,915,024)	(2,436,816)
Proceeds from sales of premises and equipment	322,516	500,068	133,590	270,733
Purchases of intangible assets	(657,177)	(556,686)	(645,266)	(505,945)
Net cash used in investing activities	(123,678,688)	(128,458,323)	(95,710,892)	(113,473,041)
Cash flows from financing activities				
Proceeds from long-term debt issued and borrowings	73,693,000	7,909,383	73,693,000	6,529,383
Dividend paid to equity holders of the Bank	(11,897,173)	(10,197,576)	(11,897,173)	(10,197,576)
Dividend paid to non-controlling interest	(115,026)	(162,435)	-	-
Net cash from (used in) financing activities	61,680,801	(2,450,628)	61,795,827	(3,668,193)
Foreign currency translation differences	(58,157)	82,651	-	-
Net (decrease) increase in cash	(2,378,804)	428,247	(2,250,495)	297,150
Cash at 1 January	33,701,257	33,273,010	33,468,934	33,171,784
Cash at 31 December	31,322,453	33,701,257	31,218,439	33,468,934

The accompanying notes are an integral part of these financial statements.

* Refer to note 3

NOTES TO THE FINANCIAL STATEMENTS

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED AND ITS SUBSIDIARIES

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from and are consistent with the Thai language statutory financial statements, and both the English and Thai language financial statements were approved and authorised for issue by the directors on 26 February 2013.

1. GENERAL INFORMATION

The Siam Commercial Bank Public Company Limited, "the Bank", is incorporated in Thailand and has its registered office at 9 Rutchadapisek Road, Jatujak, Bangkok.

The Bank was established by Royal Charter on 30 January 1906 and was listed on the Stock Exchange of Thailand on 6 February 1976.

The principal business of the Bank is the provision of financial products and services through its branch network in Thailand and other countries as well as its subsidiary in Cambodia and associate in Vietnam. The Bank also has sizeable investments in its two insurance subsidiaries. Details of the Bank's subsidiaries as at 31 December 2012 and 2011 are given in notes 12 and 35.

Entire Business Transfer from The Siam Industrial Credit PCL ("SICCO")

The Bank acquired SICCO's shares to make it a subsidiary of the Bank in September 2011, and included it in the consolidated financial statements since then. On 16 August 2012, The Siam Commercial Bank PCL ("SCB") entered into an Entire Business Transfer Agreement, legally effective on 1 October 2012, to transfer SICCO's business to SCB. The transferred business consisted of the assets, liabilities and commitments of SICCO as of 1 October 2012 and/or contingent liabilities that may arise in the future. The net assets transferred amounted to Baht 4,542 million. After the transfer, SICCO discontinued its operations and then returned its banking license and banking authorisations to the Ministry of Finance.

2. BASIS OF PREPARATION OF THE FINANCIAL STATEMENTS

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (FAP); and applicable rules and regulations of the Thai Securities and Exchange Commission; and presented as prescribed by the Bank of Thailand (BoT) notification number Sor Nor Sor 11/2553, directive dated 3 December 2010, regarding "The preparation and announcement of the financial statements of commercial banks and holding companies which are the parent company of a group of companies offering financial services".

As at 31 December 2012, the FAP had issued a number of new and revised TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these financial statements. These new and revised TFRS are disclosed in note 47.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statements of financial position:

- derivative financial instruments are measured at fair value;
- trading and available-for-sale financial assets are measured at fair value.

(c) Presentation currency

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest million unless otherwise stated.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with TFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

Note 4.25	Life insurance policy reserves
Note 6	Fair value of financial instruments
Note 10	Derivatives
Note 11	Investments, net
Note 12	Investments in subsidiaries and associates, net
Note 17	Allowance for doubtful accounts

3. CHANGE IN ACCOUNTING POLICY

On 1 July 2012, the Bank changed its accounting policy for the recognition of the purchase and sale of investments from the trade date to the settlement date basis in order to align the financial reporting basis with the basis used for management reporting. This method is allowed by the Bank of Thailand.

In accordance with Thai Accounting Standard ("TAS") No. 8, *Accounting policies, errors and estimates*, this change in accounting policy has been applied retrospectively to the consolidated and the Bank's financial statements for all periods presented with the following impact on the 2011 financial statements:

	Consolidated		The Bank	
	31 December 2011	1 January 2011	31 December 2011	1 January 2011
	<i>(in million Baht)</i>			
Statements of financial position				
Decrease in investments, net	(8,402)	(3,851)	(7,543)	(3,851)
Decrease in other assets, net	(21,056)	(29,580)	(21,056)	(29,580)
Decrease in other liabilities, net	(29,458)	(33,431)	(28,599)	(33,431)

There has been a change in accounting policy in 2012 as above, but a third statement of financial position is not presented on the basis that the financial effect is not considered by management to be material; the decrease of assets and liabilities in the consolidated and the Bank statement of financial position at 1 January 2011 is approximately 2% of total assets.

4 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 3, which addresses change in accounting policy.

4.1 Basis of consolidation

The consolidated financial statements relate to the Bank and its subsidiaries (together referred to as "the Bank and its subsidiaries") and the Bank and its subsidiaries' interests in associates.

Business combinations

The Bank applies the acquisition method for all business combinations other than those with entities under common control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Bank takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Bank to the previous owners of the acquiree, and equity interests issued by the Bank. Consideration transferred also includes the fair value of any contingent consideration.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Bank measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Bank incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

Subsidiaries

Subsidiaries are entities controlled by the Bank. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Bank. Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Loss of control

Upon the loss of control, the Bank derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Bank retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Associates

Associates are those entities in which the Bank has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Bank holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for in the consolidated financial statements using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Bank's share of profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Bank, from the date that significant influence commences until the date that significant influence ceases. When the Bank's share of losses exceeds its interest in an associate, the Bank's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Bank has incurred legal or constructive obligations or made payments on behalf of the associate.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Bank and its Subsidiaries' interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The consolidated financial statements include the accounts of the Head Office, all domestic and overseas branches and the Bank's subsidiaries where more than 50% of the shares are owned by the Bank. All inter-company transactions and balances within this Group have been eliminated.

The consolidated financial statements for the years ended 31 December 2012 and 2011 do not consolidate certain companies which are in the process of being dissolved and companies in which the Bank and/or a subsidiary have more than 50% of paid-up capital as a result of debt restructuring and the Bank and/or the subsidiary intend to hold these investments only for a temporary period. The investment in the latter group of companies is classified as "general investments" as follows:

	% of the paid-up share capital	
	2012	2011
Companies which are owned through debt restructuring		
Phoenix Land Development Co., Ltd.	97.6	97.6

The Company's assets, liabilities, equity, income, expenses, and profit are not material relative to the consolidated financial statements.

4.2 Cash

Cash includes cash in hand and cash on collection.

4.3 Investments

The Bank classifies its investments in securities as trading securities, available-for-sale securities, held-to-maturity securities, general investments and investment in subsidiaries and associates. The Bank presents these investments in the statement of financial position as either investments or investments in subsidiaries and associates.

Trading securities are those investments that management acquires with the intention of holding these investments for a short period of time in order to take advantage of anticipated changes in the underlying market values. Trading securities are stated at fair value. Changes in fair value are recognised in profit or loss as net trading income. Interest income on trading securities is recognised using the accrual basis of accounting.

Debt securities and marketable equity securities that are not classified as trading securities, held-to-maturity securities, and investment in subsidiaries and associates are classified as available-for-sale securities and are stated at fair value, with the valuation surplus or deficit on investments presented as a component of total equity until realised upon disposition or sale of the underlying securities. Debt securities that the Bank has the positive intent and ability to hold to maturity are classified as held-to-maturity securities. Held-to-maturity investments are stated at amortised cost, less impairment losses, if any. Impairment losses and foreign exchange differences are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

The Bank classifies non-negotiable promissory notes and the rights of the Bank against the non-negotiable promissory notes, which were given to the Bank by the Thai Asset Management Corporation (TAMC) upon entering into the Asset Transfer Agreement in order to transfer impaired assets of the Bank and its subsidiary, as held-to-maturity debt securities.

Equity securities which are not marketable and are not subsidiaries and associates are classified as general investments and are stated at the historical cost, less impairment losses, if any.

Investments in subsidiaries and associates in the Bank's financial statements are accounted for by the cost method less impairment losses, if any.

Investments in associates in the consolidated financial statements are accounted for by the equity method.

Investments in subsidiaries and associates acquired from troubled debt restructuring for which the Bank has received permission from the Bank of Thailand to hold the shares, and which are included in general investment and available-for-sale securities, are not required to be either accounted for by the equity method or to be consolidated.

The following methodologies are used to determine the fair value of securities held by the Bank.

The fair value of government debt securities is estimated based on the Thai Bond Market Association's last average bid price. In situations where no auction prices are available, the fair value is estimated based on the last executed price. For government debt securities with no active market price, the fair value is estimated based on the yield curve of government debt securities plus a risk premium.

The bidding prices at The Stock Exchange of Thailand on the last business day of the year are used to estimate the fair value of listed private sector debt and equity securities. The fair value of non-listed private sector debt securities is estimated by applying the BoT valuation formula and the risk free yield curve plus the appropriate risk premium.

The fair value of unit trusts is estimated based on the net asset value at the reporting date.

The fair value of foreign debt and equity securities listed on the foreign stock exchanges is estimated by using the bid prices at such exchanges as of the last business day of the year. The fair value of non-listed foreign debt and equity securities is determined based on values quoted by reliable international financial institutions.

Valuation allowances are established and recognised as gains on investments in profit or loss, when impairment in the value of investments has occurred.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Bank and its subsidiaries dispose of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

4.4 Loans

Overdrafts are stated at the principal amounts including interest. Certain overdrafts for which special notice has been served on the borrower and other loans are stated at the principal amount. Unearned discounts received in advance are presented as a deduction from the loans.

Hire purchase and financial lease receivables are stated at outstanding balance, net of unearned interest income. Unearned interest income is stated net of commissions and direct expenses incurred at the initiation of hire purchase.

4.5 Allowance for doubtful accounts

The allowance for doubtful accounts represents estimation of probable losses that may have occurred from loans and other lending business at the reporting date. The amount is in compliance with the minimum allowance for doubtful accounts required based on the BoT's guidelines. The guidelines require banks to categorise their loan portfolios into six categories. Each loan category is subject to different levels of provisioning based on percentages established by the BoT. The guidelines established the maximum collateral valuation limits for the purpose of calculating the allowance for doubtful accounts and also require that additional provisions for loans classified as doubtful loss be made in cases where the Bank had not undertaken debt restructuring or filed lawsuits against the debtors.

In addition, the BoT requires banks and finance companies to perform qualitative reviews of their loans as an ongoing process. The Bank and its subsidiaries, which are financial institutions, are required to periodically report the result of their compliance with these guidelines to the BoT.

For corporate loans, the Bank considers a borrower's ability to repay the obligation on an individual case basis based on recent payment history and the estimated collateral value, if the expected source of repayment is from the liquidation of collateral. For SME and consumer loans, the Bank uses credit portfolio statistics to do the statistical analysis (Migration Analysis) for estimation of the deterioration in the portfolio and related allowance for loans under the doubtful category. For hire-purchase receivables, since 1 September 2012, the Bank has used the Collective Approach method which considers the historical loss experience of each loan cohort.

Loans which have been restructured will be reclassified. Restructured loans which were previously classified as doubtful and doubtful loss are upgraded to substandard. Restructured loans which were previously classified as substandard or special mention loans will be classified at the same class for 3 consecutive months or the next 3 installment payments, whichever is the longer, at which time the loans will be reclassified as normal if the terms of the restructuring are complied with.

Allowances for doubtful accounts established during the year are recognised as bad debt and doubtful accounts expense in profit or loss. Bad debts recovery is recorded as income and is presented net of bad debt and doubtful accounts expense in profit or loss.

Bad debt written off is recorded as a decrease in the allowance for doubtful accounts. Write offs are only made for loans which the Bank pursues the collection but has no prospect of further receipts. These procedures comply with BoT's notification and guidelines.

4.6 Troubled debt restructuring

Troubled debt restructuring can involve any one of the following: modification of repayment terms, a reduction in the debt amount, asset disposition for debt settlement, asset transfer, and debt to equity swap.

As for modification of repayment terms, the Bank complies the Bank of Thailand's regulations, whereby the bank is required to use the collateral method to calculate loss and/or the current value of expected future cash flow. Fair value is calculated based on the market interest rate on the troubled debt restructuring date. Losses from troubled debt restructuring are recognised in profit or loss on the date of restructuring.

A reduction in the debt amount, asset disposition for debt settlement, asset transfer, and debt to equity swap may result in a loss from lower principal and accrued interest receivables. The Bank recognises this directly in profit or loss.

For asset transfer and debt to equity swap, the Bank recognises the asset or transferred equity interests at fair value, less estimated selling expenses. However, the amount must not exceed the pending principal plus interest that the creditor is legally entitled to. Resultant gains or losses are recognised in profit or loss on the transfer date. This is in accordance with TAS 104 *Accounting for Troubled Debt Restructuring*.

Subsequent to the troubled debt restructuring, the Bank recalculates fair value of restructuring debt based on the aforementioned discount rates as of the date of the quarterly financial statements and makes an adjustment to the valuation of the debt restructuring, if the fair value has changed, in accordance with the BoT's criteria. The adjustment in the valuation of restructured debt shall not cause the book value of restructured debt to exceed its investment value.

4.7 Properties for sale

Properties for sale consist of immovable and movable properties which are carried at the lower of carrying amount of the loan or fair value of the property as at the reporting date. Should the carrying value of a property for sale become impaired, an allowance for impairment will be recorded in accordance with TAS 36 (revised 2009) *Impairment of Assets*.

Gains or losses on sales of properties for sale are recognised as income or expense at the date of disposal.

4.8 Premises and equipment

Recognition and measurement

Owned assets

Land is stated at the appraised value according to the market price method. Premises are stated at the appraised value according to the replacement cost method at the date of revaluation net of subsequent accumulated depreciation and impairment losses, if any.

Equipment and building improvement are stated at cost less accumulated depreciation.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Gains and losses on disposal of an item of premises and equipment are determined by comparing the proceeds from disposal with the carrying amount of premises and equipment, and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Revalued assets

Revaluations are performed by independent professional appraisers with sufficient regularity according to guidelines prescribed by BoT to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date. Any increase in value, on revaluation, is recognised in other comprehensive income and presented in other reserves in equity unless it offsets a previous decrease in value recognised in profit or loss in respect of the same asset. A decrease in value is recognised in profit or loss to the extent it exceeds an increase previously recognised in other comprehensive income in respect of the same asset. The revaluation surplus is utilised by reference to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost and transferred directly to retained earnings. Upon disposal of a revalued asset, any remaining related revaluation surplus is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

Subsequent costs

The cost of replacing a part of an item of premises and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its subsidiaries, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of premises and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of assets. The estimated useful lives are as follows:

Premises	15-50 years
Building improvement	10 years
Furniture, fixtures, office equipment, equipment and vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

4.9 Goodwill and other intangible assets

Goodwill

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in Note 4.1. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in note 4.10. Negative goodwill is recognised immediately in profit or loss.

Other intangible assets

Other intangible assets which are software licenses that are acquired by the Bank and its subsidiaries and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Leasehold rights are stated as prepaid expenses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Software licenses	5-10 years
Leasehold rights	1-30 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

4.10 Impairment

The carrying amounts of the Bank and its subsidiaries assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities and receivable carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate. Receivables with a short duration are not discounted.

The recoverable amount of available-for-sale financial asset is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimate future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial asset carried at amortised cost and available-for-sale financial asset that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

4.11 Securities borrowing and lending

The Bank and its subsidiaries record its obligations to return borrowed securities as "Securities business payables" in statement of financial position. Gains or losses arising from securities sold short are included in determining income. Cash paid as collateral for securities borrowing and lending is recorded as "Guarantee deposit receivables". Fees for borrowing and lending are recognised on an accrual basis.

4.12 Employee benefits

The Bank operates a number of employees' benefit plans as follows:

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Bank and its subsidiaries have a present legal or constructive obligation to pay this amount as a result of past service provided by employee, and the obligation can be estimated reliably.

Pension and post-retirement benefits

The Bank provides pension and post-retirement benefits to eligible employees under the following arrangement:

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Bank pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

The defined contribution plans comprise provident funds established by the Bank and its subsidiaries for their employees. Membership to the funds is on voluntary basis. Contributions are made monthly by the employees at rates ranging from 2% to 10% of their basic salaries and by the Bank and its subsidiaries at rates ranging from 2% to 10% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by licensed Fund Managers.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Bank's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Bank's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed by a qualified actuary using the projected unit credit method. The Bank and its subsidiaries recognise all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in staff costs in profit or loss.

Other long-term employee benefits

The Bank and its subsidiaries' net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that the eligible employees have earned in return for their service in the current and prior periods before retirement; that benefit is discounted to determine its present value.

In the statement of financial position, the obligations represent the present value of the other long-term employee benefits. The obligations are calculated on the same basis as the defined benefit plan.

4.13 Provisions

A provision is recognised if, as a result of a past event, the Bank and its subsidiaries have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as financial cost.

4.14 Initial recognition

The Bank and its subsidiaries initially recognise the purchase and sale of investments on the settlement date. All other financial assets and liabilities, including loans to customers, deposits and debt issued and borrowings are initially recognised on the trade date at which the Bank and its subsidiaries become a party to the contractual provisions of the instrument.

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Preference shares

Preference shares are classified as equity if they are non-redeemable, or redeemable only at the Bank's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon approval by the Bank's shareholders.

4.15 Interest income and interest expense

The Bank recognises interest and discounts on loans as income on an accrual basis, except for interest on loans which are outstanding over 3 months at the date of the statement of financial position and interest from receivables under troubled debt restructuring agreements where the borrowers' ability to pay is uncertain. Such interest is recognised when received. The Bank reverses all accrued interest income for items which are no longer on an accrual basis. Interest on interbank and money market items and investments is recognised on an accrual basis.

Interest expense is recognised in profit or loss on an accrual basis.

Interest income on restructured loans of the Bank and its subsidiaries are recognised on the same accrual basis as used for loans mentioned above, except that for loans that are subject to monitoring for compliance with restructuring conditions, where the Bank and its subsidiaries recognises interest income on a cash basis until the receivables have been able to comply with the restructuring conditions for a period of no less than three months or three installments, whichever is longer.

Interest or discounts, which are already included in the face value of notes receivable or loans, are deferred and taken up as income evenly over the term of the notes or loans.

4.16 Income from hire-purchase contracts

The Bank recognises income from hire-purchase contracts based on the effective interest method.

Reversal of income from hire-purchase accounts receivable which are outstanding over three months from the due date is made in order to comply with the guidelines of the BoT.

4.17 Dividend income

The Bank recognises dividend income in profit or loss on an accrual basis on the date which the Bank earns the rights to receive the dividend.

4.18 Net trading income

Net trading income is recognised in profit or loss on an accrual basis.

4.19 Contributions to the Deposit Protection Agency

Contributions to the Deposit Protection Agency are recorded as expenses on an accrual basis.

4.20 Income tax

Income tax on the profit for the year comprises current tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

In determining the amount of current tax, the Bank and its subsidiaries takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Bank and its subsidiaries believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Bank and its subsidiaries to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

4.21 Earnings per share

The Bank and its subsidiaries present basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Bank by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Since 10 May 2009, the conversion preference of the preference shares expired. Therefore, the preference shares' rights are equivalent to the ordinary shares. Basic earnings per share is calculated from net profit divided by the total number of ordinary shares and preference shares.

4.22 Assets and liabilities in foreign currencies

Assets and liabilities in foreign currencies are converted into Baht at the rates of exchange prevailing at the transaction dates.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the reference BoT exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

Foreign entities

The assets and liabilities of foreign entities are translated to Thai Baht at the foreign exchange rates ruling at the reporting date.

The revenues and expenses of foreign entities are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on transaction are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity until disposal of the investment.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and loss arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and present in the foreign currency translation reserve in equity until disposal of the investment.

4.23 Derivatives

Recognition of derivatives is as follows:

- 1 Derivatives for trading are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.
- 2 Derivatives for hedging of transactions which are measured on an accrual basis are recorded as off-financial reporting items and income and expense are recognised on an accrual basis equivalent to that used for the underlying transactions.

4.24 Sales of bills of exchange

Sales, with recourse clause, of bills of exchange that carry no acceptances or aval of the financial institutions are recorded as liabilities under the caption of "Liabilities under commercial papers sold". The amount of loans recorded upon the purchase of the bills will be credited when the bills are due and collected.

4.25 Significant accounting policies of life assurance subsidiary

4.25.1 Recognition of revenues

Premium income is recognised as revenue when premium is received and on the effective date of insurance policies for the first year premium. For the renewal insurance policies, premium income is recognised as revenue when premium is received. Premium due and uncollected is additionally recognised as revenue when the policy is still in force and in the process of collection.

4.25.2 Life insurance policy reserves

Life insurance policy reserves represent the accumulated total liability for the life insurance policies in force on the reporting date. Such reserves are established to meet the estimated future obligations of all the life insurance policies in force using generally accepted actuarial principles and methods.

The assumptions used in the calculation include mortality rate, discount interest rate and other terms that are established at the time the contract is issued.

Unearned premium reserve

Unearned premium reserve for group insurance and short-term riders are calculated on a pro-rata basis i.e. incorporating the outstanding duration of each policy.

4.25.3 Unpaid policy benefits

A provision is made for the estimated cost of all claims notified but not settled at the reporting date, using the information available at the time. Provision is also made for the cost of claims incurred but not reported as at the reporting date based on the subsidiary experience and historical data. Differences between the provision for outstanding claims at the reporting date and subsequent revisions and settlements are included in profit or loss in later years.

4.26 Significant accounting policies of general insurance subsidiary

4.26.1 Recognition of direct and reinsurance premium

Premium income is recognised on the date the relevant insurance policy comes into effect after deducting premium ceded and cancelled, and adjustment for unearned premiums.

The subsidiary records premium income from long-term insurance policies for the coverage periods longer than 1 year as unearned revenue, and records related revenues and expenses as unearned and prepaid items. The subsidiary recognises unearned and prepaid items as income and expense respectively in accordance with the coverage period.

Reinsurance premium income is recognised when the reinsurer places the reinsurance application or statement of accounts with the subsidiary.

4.26.2 Unearned premium reserve

The subsidiary sets aside part of its written premiums as unearned premium reserve as follows:

Fire, marine (hull), motor and miscellaneous	- Monthly average basis from net premium written (the one-twenty fourth method)
Marine (cargo)	- Net premium written for the last ninety days
Travel accident	- Net premium written for the last thirty days

4.26.3 Loss reserves and outstanding claims

Loss reserves are taken up in the accounts upon receipt of claim advices from the insured, at the value appraised by an independent appraiser or the subsidiary's appraiser, depending on the particular case. In addition, the subsidiary sets up a provision for losses incurred but not yet reported (IBNR) based upon estimates made by a qualified actuary.

4.27 Significant accounting policies of the leasing subsidiary

4.27.1 Income from lease contracts

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Finance income from lease contracts is recognised on the effective interest method over the period of the contracts.

4.27.2 Income from factoring

Income from factoring is recognised by the effective interest method over the period of contracts. Interest income is not accrued for debts which are overdue more than 90 days.

4.27.3 Allowance for doubtful accounts

The subsidiary provides the allowance for doubtful accounts of hire-purchase accounts receivable, lease accounts receivable and terminated contract of hire-purchase accounts receivable by using the Collective Approach method which considers the historical loss experience of each loan category.

The subsidiary also reverses income from hire-purchase and finance lease contracts for receivables and unearned interest income for receivables which are outstanding over 3 months from the due date in order to comply with the guidelines of the BoT.

The subsidiary provides allowance for doubtful accounts for factoring accounts receivable, notes receivable, and other legal receivable in compliance with the minimum allowance for doubtful accounts based on the BoT guidelines. Each loan category is subject to different levels of provisioning based on percentages established by the BoT without collateral deduction as follows:

	Allowance (%)
Normal (Past due less than 30 days)	1
Special Mention (Past due 31 - 90 days)	2
Sub-Standard (Past due 91 - 180 days)	100
Doubtful (Past due 181 - 360 days)	100
Doubtful Loss (Past due > 360 days)	100

5 FINANCIAL RISK MANAGEMENT

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight to the Bank and its subsidiaries' risk management framework. The Board has established at Bank and to the extent required at its subsidiaries Asset and Liability (ALCO), Credit and Operational Risk committees, which are responsible for developing, implementing and monitoring Bank and its subsidiaries risk management policies in specified areas and reporting regularly to the Board of Directors on their activities.

The Bank and its subsidiaries' risk management policies are established to identify and analyse the risks faced by the Bank and its subsidiaries, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank and its subsidiaries, through implementing and monitoring appropriate policies, procedures and measures, aims to establish an effective and efficient internal control environment, in which all employees understand their roles and obligations.

The Bank's Audit Committee is responsible for monitoring compliance with the Bank and its subsidiaries' risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank and its subsidiaries. The Bank's Audit Committee is assisted in these functions by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Bank's Audit Committee.

5.1 Credit risk

Credit risk refers to risk arising from the failure of either debtors to repay principal and interest as agreed, or of counterparties to comply with conditions or contracts. Credit risk covers all types of financial products: transactions on-financial reporting such as loans, overdrafts, bills of exchange, and other types of debts; and those off-financial reporting such as derivatives trading and letters of guarantee.

The Bank has established a credit function organisational structure based on a system of checks and balances. Business units are clearly separated from credit approval units. Credit approval authority at each level is assigned to match potential risk or loss levels. Credit risk management policies for critical credit risk have been developed and approved by the Board of Directors. For example:

- Credit policy guide
- Collateral and NPA appraisal policy
- Classification, Provision and Bad Debt Write-Off Policy and Practice
- Policy on credit risk model governance
- Policy on credit rating for non-retail credit debtors
- Counterparty risk management policy
- Country risk management policy

Since credit risk varies by type of credit, different risk measurement methods are applied, ranging from basic statistical tools to more advanced ones, to appropriately reflect the credit risk of each type of product/transaction.

The Bank has credit risk reporting on a regular basis. The Bank and its subsidiaries credit risk report, including loan growth, debt quality, credit concentration, and investment diversification, is presented to the Risk Management Committee on a monthly basis.

5.2 Interest rate risk

Interest rate risk arises from the change in interest rates which will affect the net interest earnings in the current reporting period and in the future. Interest rate risk arises from the structure and characteristics of the Bank's assets, liabilities and equity.

The Bank uses various derivative transactions to manage its own asset and liability positions in order to manage interest rate exposure. The use of derivative transactions is in accordance with the policies and guidelines from the Board of Directors and is under the review and control of the Assets and Liabilities Committee (ALCO).

As at 31 December 2012 and 2011, significant financial assets and liabilities can be repriced as follows:

Consolidated								
2012								
	Reprice on demand	Reprice within 1 - 3 months	3 - 12 months	1 - 5 years	Reprice over 5 years	Non Performing Loans	Non interest bearing	Total
<i>(in million Baht)</i>								
Financial assets								
Cash	-	-	-	-	-	-	31,322	31,322
Interbank and money market items*	3,523	129,657	2,482	3,204	5,074	-	20,029	163,969
Investments, net	11,305	58,299	207,621	67,864	90,841	-	22,367	458,297
Loans to customers	859,483	289,341	141,617	216,800	4,065	35,873	307	1,547,486
Accrued interest receivables	-	-	-	-	-	-	3,463	3,463
Total financial assets	874,311	477,297	351,720	287,868	99,980	35,873	77,488	2,204,537
Financial liabilities								
Deposits	712,849	380,803	406,093	62,694	-	-	51,620	1,614,059
Interbank and money market items	11,079	41,018	4,262	42,177	-	-	8,527	107,063
Debt issued and borrowings	-	2,094	18,658	51,794	60,031	-	-	132,577
Other liabilities	-	-	-	-	-	-	8,673	8,673
Total financial liabilities	723,928	423,915	429,013	156,665	60,031	-	68,820	1,862,372
Difference	150,383	53,382	(77,293)	131,203	39,949	35,873	8,668	342,165

* Before deducting allowance for doubtful accounts amounting to Baht 1,214 million

Consolidated								
2011								
	Reprice on demand	Reprice within 1 - 3 months	Reprice within 3 - 12 months	Reprice within 1 - 5 years	Reprice over 5 years	Non Performing Loans	Non interest bearing	Total
<i>(in million Baht)</i>								
Financial assets								
Cash	-	-	-	-	-	-	33,701	33,701
Interbank and money market items*	3,936	99,016	5,056	569	2,251	-	15,027	125,855
Investments, net	271	33,540	112,038	74,049	77,452	-	24,322	321,672
Loans to customers	728,912	277,204	132,673	112,754	4,640	36,200	300	1,292,683
Accrued interest receivables	-	-	-	-	-	-	3,000	3,000
Total financial assets	733,119	409,760	249,767	187,372	84,343	36,200	76,350	1,776,911
Financial liabilities								
Deposits	629,870	177,422	310,730	19,468	-	-	46,898	1,184,388
Interbank and money market items	20,328	15,763	1,926	9,874	-	-	5,540	53,431
Debt issued and borrowings	-	121,810	75,650	38,196	20,187	-	-	255,843
Other liabilities	-	-	-	-	-	-	7,222	7,222
Total financial liabilities	650,198	314,995	388,306	67,538	20,187	-	59,660	1,500,884
Difference	82,921	94,765	(138,539)	119,834	64,156	36,200	16,690	276,027

* Before deducting allowance for doubtful accounts amounting to Baht 852 million

The Bank

2012

	Reprice on demand	Reprice within			Reprice over 5 years	Non Performing Loans	Non interest bearing	Total
		1 - 3 months	3 - 12 months	1 - 5 years				
<i>(in million Baht)</i>								
Financial assets								
Cash	-	-	-	-	-	-	31,218	31,218
Interbank and money market items*	3,224	129,173	-	4	-	-	18,354	150,755
Investments, net	-	46,617	206,944	58,519	13,181	-	21,339	346,600
Loans to customers	856,878	289,194	141,173	215,742	4,065	33,590	-	1,540,642
Accrued interest receivables	-	-	-	-	-	-	3,309	3,309
Total financial assets	860,102	464,984	348,117	274,265	17,246	33,590	74,220	2,072,524
Financial liabilities								
Deposits	713,103	380,636	406,241	62,694	-	-	51,915	1,614,589
Interbank and money market items	15,790	41,018	4,262	42,177	-	-	8,660	111,907
Debt issued and borrowings	-	2,005	18,658	51,794	60,031	-	-	132,488
Other liabilities	-	-	-	-	-	-	8,673	8,673
Total financial liabilities	728,893	423,659	429,161	156,665	60,031	-	69,248	1,867,657
Difference	131,209	41,325	(81,044)	117,600	(42,785)	33,590	4,972	204,867

* Before deducting allowance for doubtful accounts amounting to Baht 1,214 million

The Bank

2011

	Reprice on demand	Reprice within 1 - 3 months	3 - 12 months	1 - 5 years	Reprice over 5 years	Non Performing Loans	Non interest bearing	Total
<i>(in million Baht)</i>								
Financial assets								
Cash	-	-	-	-	-	-	33,469	33,469
Interbank and money market items*	3,635	97,261	-	5	-	-	14,745	115,646
Investments, net	-	29,904	110,791	66,805	12,981	-	20,041	240,522
Loans to customers	726,724	276,369	130,093	101,655	3,989	31,544	-	1,270,374
Accrued interest receivables	-	-	-	-	-	-	2,834	2,834
Total financial assets	730,359	403,534	240,884	168,465	16,970	31,544	71,089	1,662,845
Financial liabilities								
Deposits	632,388	173,144	308,029	19,467	-	-	46,430	1,179,458
Interbank and money market items	21,874	15,722	1,916	9,874	-	-	5,619	55,005
Debt issued and borrowings	-	122,120	75,650	38,346	20,187	-	-	256,303
Other liabilities	-	-	-	-	-	-	7,177	7,177
Total financial liabilities	654,262	310,986	385,595	67,687	20,187	-	59,226	1,497,943
Difference	76,097	92,548	(144,711)	100,778	(3,217)	31,544	11,863	164,902

* Before deducting allowance for doubtful accounts amounting to Baht 852 million

As at 31 December 2012 and 2011, interest earning and interest bearing financial instruments were as follows:

Consolidated						
	2012			2011		
	Average	Interest	Average interest rate	Average	Interest	Average interest rate
	<i>(in million Baht)</i>	<i>(in million Baht)</i>	<i>(%)</i>	<i>(in million Baht)</i>	<i>(in million Baht)</i>	<i>(%)</i>
Interbank and money market items, net (Assets)	143,879	4,789	3.3	137,011	5,415	4.0
Investments, net	389,984	11,469	2.9	233,158	6,891	3.0
Loans to customers*	1,420,084	87,135	6.1	1,175,628	65,638	5.6
Deposits	1,399,224	33,130	2.4	1,138,248	19,242	1.7
Interbank and money market items (Liabilities)	80,247	1,617	2.0	50,735	1,536	3.0
Debt issued and borrowings	194,210	6,543	3.4	159,226	6,633	4.2

The Bank						
	2012			2011		
	Average	Interest	Average interest rate	Average	Interest	Average interest rate
	<i>(in million Baht)</i>	<i>(in million Baht)</i>	<i>(%)</i>	<i>(in million Baht)</i>	<i>(in million Baht)</i>	<i>(%)</i>
Interbank and money market items, net (Assets)	132,167	4,351	3.3	130,593	5,146	3.9
Investments, net	293,561	7,734	2.6	191,048	4,242	2.2
Loans to customers*	1,405,508	86,240	6.1	1,156,660	64,518	5.6
Deposits	1,397,023	33,112	2.4	1,134,977	19,180	1.7
Interbank and money market items (Liabilities)	83,456	1,655	2.0	52,458	1,603	3.1
Debt issued and borrowings	194,395	6,537	3.4	159,546	6,625	4.2

* Net of deferred revenue

5.3 Foreign exchange risk

Foreign exchange risk is the risk that occurs from changes in exchange rate which may affect the value of the financial instruments or may cause volatility in the Bank's earnings or fluctuations in value of the financial assets and liabilities.

It is the Bank's policy to manage foreign exchange risk by setting risk limits on foreign exchange risk exposures. These limits are net open position limits, open position by currency, management action triggers, and value at risk which are monitored on a daily basis and in compliance with the Bank of Thailand's regulations on foreign exchange.

As at 31 December 2012 and 2011, the Bank has the financial assets and liabilities denominated in the various currencies as follows:

	Consolidated					
	2012					
	THB	USD	EURO	YEN	Others	Total
	<i>(in million Baht)</i>					
Financial assets						
Cash	30,208	472	235	83	324	31,322
Interbank and money market items*	152,778	8,222	411	1,135	1,423	163,969
Investments, net	456,048	1,899	3	-	347	458,297
Loans to customers	1,437,887	104,329	2,243	450	2,577	1,547,486
Accrued interest receivables	3,165	289	5	-	4	3,463
Total financial assets	2,080,086	115,211	2,897	1,668	4,675	2,204,537
Financial liabilities						
Deposits	1,571,090	37,054	839	4,603	473	1,614,059
Interbank and money market items	96,132	10,784	141	6	-	107,063
Debt issued and borrowings	86,288	46,289	-	-	-	132,577
Other liabilities	8,262	410	-	-	1	8,673
Total financial liabilities	1,761,772	94,537	980	4,609	474	1,862,372
On-financial reporting items, net	318,314	20,674	1,917	(2,941)	4,201	342,165
Off-financial reporting items - contingencies (currency swap contracts)	-	(20,178)	(1,568)	3,088	(2,530)	(21,188)

* Before deducting allowance for doubtful accounts amounting to Baht 1,214 million

	Consolidated					
	2011					
	THB	USD	EURO	YEN	Others	Total
	<i>(in million Baht)</i>					
Financial assets						
Cash	32,649	499	216	82	255	33,701
Interbank and money market items*	109,761	13,101	885	522	1,586	125,855
Investments, net	319,271	2,152	3	-	246	321,672
Loans to customers	1,190,946	94,011	5,702	560	1,464	1,292,683
Accrued interest receivables	2,751	235	9	-	5	3,000
Total financial assets	1,655,378	109,998	6,815	1,164	3,556	1,776,911
Financial liabilities						
Deposits	1,156,586	26,048	1,112	176	466	1,184,388
Interbank and money market items	43,000	10,356	75	-	-	53,431
Debt issued and borrowings	243,193	12,650	-	-	-	255,843
Other liabilities	7,138	83	-	-	1	7,222
Total financial liabilities	1,449,917	49,137	1,187	176	467	1,500,884
On-financial reporting items, net	205,461	60,861	5,628	988	3,089	276,027
Off-financial reporting items - contingencies (currency swap contracts)	-	(58,928)	(4,783)	(947)	(3,124)	(67,782)

* Before deducting allowance for doubtful accounts amounting to Baht 852 million

	The Bank					
	2012					
	THB	USD	EURO	YEN	Others	Total
	<i>(in million Baht)</i>					
Financial assets						
Cash	30,170	407	235	83	323	31,218
Interbank and money market items*	142,948	4,842	411	1,135	1,419	150,755
Investments, net	345,903	348	3	-	346	346,600
Loans to customers	1,431,969	103,407	2,243	450	2,573	1,540,642
Accrued interest receivables	3,014	286	5	-	4	3,309
Total financial assets	1,954,004	109,290	2,897	1,668	4,665	2,072,524
Financial liabilities						
Deposits	1,575,114	33,564	839	4,603	469	1,614,589
Interbank and money market items	100,886	10,874	141	6	-	111,907
Debt issued and borrowings	86,199	46,289	-	-	-	132,488
Other liabilities	8,262	410	-	-	1	8,673
Total financial liabilities	1,770,461	91,137	980	4,609	470	1,867,657
On-financial reporting items, net	183,543	18,153	1,917	(2,941)	4,195	204,867
Off-financial reporting items - contingencies (currency swap contracts)	-	(20,436)	(1,568)	3,088	(2,530)	(21,446)

* Before deducting allowance for doubtful accounts amounting to Baht 1,214 million

The Bank						
2011						
	THB	USD	EURO	YEN	Others	Total
<i>(in million Baht)</i>						
Financial assets						
Cash	32,586	336	216	82	249	33,469
Interbank and money market items*	101,907	10,751	885	522	1,581	115,646
Investments, net	238,121	2,152	3	-	246	240,522
Loans to customers	1,169,628	93,022	5,702	560	1,462	1,270,374
Accrued interest receivables	2,588	232	9	-	5	2,834
Total financial assets	1,544,830	106,493	6,815	1,164	3,543	1,662,845
Financial liabilities						
Deposits	1,154,287	23,427	1,112	176	456	1,179,458
Interbank and money market items	44,458	10,472	75	-	-	55,005
Debt issued and borrowings	243,653	12,650	-	-	-	256,303
Other liabilities	7,094	82	-	-	1	7,177
Total financial liabilities	1,449,492	46,631	1,187	176	457	1,497,943
On-financial reporting items, net	95,338	59,862	5,628	988	3,086	164,902
Off-financial reporting items - contingencies (currency swap contracts)	-	(58,513)	(4,783)	(947)	(3,124)	(67,367)

* Before deducting allowance for doubtful accounts amounting to Baht 852 million

5.4 Equity risk

Equity risk is the risk arising from changes in the price of equities or common stock that may cause volatility in the Bank's earning or fluctuations in the value of the Bank's financial assets. The Bank and its subsidiaries have policies to manage the risk by maintaining long-term equity investment and investing in growth potential equity and/or those intended to support the business. The Bank has established the Policy that only companies within the Financial Group that are engaged in the financial business with specific supervisory bodies and those permitted to engage in portfolio management can engage in equity investment under relevant applicable regulations. The Bank has closely managed and monitored market situations to provide information for management to monitor the risk to the Bank.

5.5 Liquidity risk

Liquidity risk is the risk that the Bank may not be able to meet its obligations as they fall due, because of inability to realise assets or to cover funding requirements at an appropriate price, thus resulting in losses to the Bank.

The Bank has set the standard risk management framework for the SCB Financial Group companies which follow the Bank of Thailand's Consolidated Supervision framework. The Board of Directors has approved the SCB Financial Group Risk Management Policy which has set the risk management policy, organisation structure, risk limit, risk measurement and liquidity risk monitoring practices and procedures.

The Bank has implemented a system to monitor liquidity management on a daily basis in both baht and foreign currencies by applying a number of risk management tools, such as net daily liquidity position report, individual foreign currency position report in both the remaining time to maturity and with behavioral adjustments. In addition, the Bank also determines relevant risk limits to be adopted to measure, monitor and control liquidity risk to remain at an acceptable level, which is further reported to the senior management of the Bank on a daily basis.

As at 31 December 2012 and 2011, financial assets and liabilities were classified according to their contractual maturity as follows:

Consolidated							
2012							
	Maturity on demand	Maturity within 1 - 3 months	Maturity within 3 - 12 months	Maturity within 1 - 5 years	Maturity over 5 years	No maturity	Total
<i>(in million Baht)</i>							
Financial assets							
Cash	-	-	-	-	-	31,322	31,322
Interbank and money market items*	22,647	129,765	2,501	3,200	5,856	-	163,969
Investments, net	11,305	58,299	207,621	67,864	90,841	22,367	458,297
Loans to customers**	149,663	270,797	175,073	527,383	424,346	224	1,547,486
Accrued interest receivables	-	3,463	-	-	-	-	3,463
Total financial assets	183,615	462,324	385,195	598,447	521,043	53,913	2,204,537
Financial liabilities							
Deposits	757,251	379,339	407,998	69,471	-	-	1,614,059
Interbank and money market items	19,606	41,017	4,262	42,178	-	-	107,063
Debt issued and borrowings	-	2,094	18,658	51,794	60,031	-	132,577
Other liabilities	-	2,008	6,183	482	-	-	8,673
Total financial liabilities	776,857	424,458	437,101	163,925	60,031	-	1,862,372
Net liquidity gap	(593,242)	37,866	(51,906)	434,522	461,012	53,913	342,165

* Before deducting allowance for doubtful accounts amounting to Baht 1,214 million

** Including non-performing loans

Consolidated							
2011							
	Maturity on demand	Maturity within			Maturity over 5 years	No maturity	Total
	1 - 3 months	3 - 12 months	1 - 5 years				
<i>(in million Baht)</i>							
Financial assets							
Cash	-	-	-	-	-	33,701	33,701
Interbank and money market items*	19,071	99,229	4,907	715	1,933	-	125,855
Investments, net	3,293	33,540	113,623	74,049	77,527	19,640	321,672
Loans to customers**	120,292	247,315	138,183	429,527	355,071	2,295	1,292,683
Accrued interest receivables	-	3,000	-	-	-	-	3,000
Total financial assets	142,656	383,084	256,713	504,291	434,531	55,636	1,776,911
Financial liabilities							
Deposits	668,779	176,370	314,015	23,488	1,736	-	1,184,388
Interbank and money market items	25,867	15,840	1,850	9,874	-	-	53,431
Debt issued and borrowings	-	119,315	74,607	41,868	20,053	-	255,843
Other liabilities	-	1,789	5,206	220	7	-	7,222
Total financial liabilities	694,646	313,314	395,678	75,450	21,796	-	1,500,884
Net liquidity gap	(551,990)	69,770	(138,965)	428,841	412,735	55,636	276,027

* Before deducting allowance for doubtful accounts amounting to Baht 852 million

** Including non-performing loans

The Bank							
2012							
	Maturity on demand	Maturity within 1 - 3 months	3 - 12 months	1 - 5 years	Maturity over 5 years	No maturity	Total
<i>(in million Baht)</i>							
Financial assets							
Cash	-	-	-	-	-	31,218	31,218
Interbank and money market items*	21,478	129,277	-	-	-	-	150,755
Investments, net	-	46,617	206,944	58,519	13,181	21,339	346,600
Loans to customers**	146,543	270,226	174,426	525,102	424,345	-	1,540,642
Accrued interest receivables	-	3,309	-	-	-	-	3,309
Total financial assets	168,021	449,429	381,370	583,621	437,526	52,557	2,072,524
Financial liabilities							
Deposits	757,800	379,172	408,146	69,471	-	-	1,614,589
Interbank and money market items	24,451	41,017	4,262	42,177	-	-	111,907
Debt issued and borrowings	-	2,005	18,658	51,794	60,031	-	132,488
Other liabilities	-	2,008	6,183	482	-	-	8,673
Total financial liabilities	782,251	424,202	437,249	163,924	60,031	-	1,867,657
Net liquidity gap	(614,230)	25,227	(55,879)	419,697	377,495	52,557	204,867

* Before deducting allowance for doubtful accounts amounting to Baht 1,214 million

** Including non-performing loans

The Bank							
2011							
	Maturity on demand	Maturity within 1 - 3 months	Maturity within 3 - 12 months	Maturity within 1 - 5 years	Maturity over 5 years	No maturity	Total
<i>(in million Baht)</i>							
Financial assets							
Cash	-	-	-	-	-	33,469	33,469
Interbank and money market items*	18,314	97,332	-	-	-	-	115,646
Investments, net	-	29,904	112,375	66,805	12,981	18,457	240,522
Loans to customers**	117,590	245,926	134,273	418,169	354,416	-	1,270,374
Accrued interest receivables	-	2,834	-	-	-	-	2,834
Total financial assets	135,904	375,996	246,648	484,974	367,397	51,926	1,662,845
Financial liabilities							
Deposits	670,830	172,091	311,314	23,487	1,736	-	1,179,458
Interbank and money market items	27,493	15,798	1,840	9,874	-	-	55,005
Debt issued and borrowings	-	119,625	74,607	42,018	20,053	-	256,303
Other liabilities	-	1,744	5,206	220	7	-	7,177
Total financial liabilities	698,323	309,258	392,967	75,599	21,796	-	1,497,943
Net liquidity gap	(562,419)	66,738	(146,319)	409,375	345,601	51,926	164,902

* Before deducting allowance for doubtful accounts amounting to Baht 852 million

** Including non-performing loans

LOANS TO DEPOSITS RATIO

As at 31 December 2012 and 2011, the loans to deposits ratio in the consolidated financial statements were as follows:

	2012	2011
	(%)	
Gross loans to deposits ratio (Consolidated financial statements)	95.9	109.1
Gross loans to deposits and B/E ratio (Consolidated financial statements)	94.4	92.3

B/E or Bills of Exchange is a borrowing instrument that was popular with corporate, SME, and high net worth depositors as it did not attract a deposit protection fee and, consequently, was offered at a higher rate than fixed term deposits. Since January 2012, the regulations for deposit protection fees were changed and the B/E no longer enjoys differential treatment. Consequently, from 2012 they are no longer attractive and their appeal has substantially diminished across all commercial banks.

6 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair values of financial instruments are their quoted market prices or where, quoted market prices are not available, based on estimates using present value or other valuation techniques. These techniques are significantly affected by the assumptions including discount rate and estimated cash flow. Hence, estimated fair values from different techniques may vary significantly.

As at 31 December 2012 and 2011, a summary of book value and fair value of financial instruments were as follows:

	Consolidated			
	2012		2011	
	Book value	Fair value	Book value	Fair value
	<i>(in million Baht)</i>			
Financial assets				
Cash	31,322	31,322	33,701	33,701
Interbank and money market items, net	162,755	162,755	125,003	125,003
Derivative assets	28,760	28,760	28,198	28,198
Investments, net	458,297	464,329	321,672	329,219
Loans to customers and accrued interest receivables, net	1,498,993	1,499,572	1,249,688	1,251,381
Total financial assets	2,180,127	2,186,738	1,758,262	1,767,502
Financial liabilities				
Deposits	1,614,059	1,614,435	1,184,388	1,183,965
Interbank and money market items	107,063	106,971	53,431	53,428
Liabilities payable on demand	9,603	9,603	6,905	6,905
Derivative liabilities	24,973	24,973	28,819	28,819
Debt issued and borrowings	132,577	132,577	255,843	255,843
Total financial liabilities	1,888,275	1,888,559	1,529,386	1,528,960

	The Bank			
	2012		2011	
	Book value	Fair value	Book value	Fair value
	<i>(in million Baht)</i>			
Financial assets				
Cash	31,218	31,218	33,469	33,469
Interbank and money market items, net	149,541	149,541	114,794	114,794
Derivative assets	28,782	28,782	28,198	28,198
Investments, net	346,600	348,320	240,522	242,450
Loans to customers and accrued interest receivables, net	1,493,765	1,494,338	1,231,312	1,232,653
Total financial assets	2,049,906	2,052,199	1,648,295	1,651,564
Financial liabilities				
Deposits	1,614,589	1,614,965	1,179,458	1,179,035
Interbank and money market items	111,907	111,815	55,005	55,002
Liabilities payable on demand	9,563	9,563	6,898	6,898
Derivative liabilities	24,980	24,980	28,819	28,819
Debt issued and borrowings	132,488	132,488	256,303	256,303
Total financial liabilities	1,893,527	1,893,811	1,526,483	1,526,057

The following methods and assumptions are used by the Bank in estimating fair market values of financial instruments as disclosed herein:

Cash:	The carrying amounts approximate fair value.
Interbank and money market items (Assets):	Fair value calculated based on present value of estimated cash flows, using the current interest rate in the money market.
Derivatives:	The fair values of derivatives are obtained from quoted market price in active markets. Fair values of derivatives in an illiquid market are obtained using an average price (quoted from several reliable sources), valuation technique and a benchmark price of instruments which have similar characteristic, as appropriate.
Investments:	Fair values for securities are based on estimated market prices as described in Note 4.3.
Loans to customers and accrued interest receivables:	<ul style="list-style-type: none"> - For variable-rate loans that are repriced frequently and have no significant change in credit risk, fair values are based on carrying values. - Fair values of other loans are estimated using discounted cash flow analyses, using market interest rates or fair value of collateral. - The carrying amount of accrued interest receivables approximates fair value.
Deposits and interbank and money market items (Liabilities):	<ul style="list-style-type: none"> - The fair values disclosed for deposits which are payable on demand by the depositor, are equal to the carrying values of such deposits. - Fair values for fixed-deposits are estimated using a discounted cash flow calculation that applies interest rates currently being offered on similar deposits. - The carrying amount of interbank and money market items approximates their fair value at the reporting date.
Liabilities payable on demand:	The carrying amount of liabilities payable on demand approximates fair value.
Debt issued and borrowings:	<ul style="list-style-type: none"> - The carrying amounts of short-term borrowings maturing within 90 days approximate their fair values. - Fair values of other borrowings are estimated using discounted cash flow analyses based on the Bank's current borrowing rates for similar types of borrowing arrangements.

7 MAINTENANCE OF CAPITAL FUND

The Bank and its subsidiaries, which are financial institutions, are subject to various capital and regulatory requirements of the BoT. Under these capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank and its subsidiaries must satisfy specific capital guidelines that involve, among others, quantitative measures of the Bank's assets, liabilities and certain off-financial reporting items as calculated in accordance with regulatory accounting practices. The Bank's and its subsidiaries' capital amounts and classifications are also subject to qualitative judgments by the BoT as to components, risk weightings, and other factors. These capital and regulatory requirements are subject to change, as considered necessary by the BoT.

The Bank maintains its capital fund in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk weighted assets in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand. According to the Bank of Thailand's regulations, capital fund as at 31 December 2008 and thereafter must be calculated according to Basel II. As at 31 December 2012 and 2011, the Bank's total capital funds can be categorised as follows:

	The Bank	
	2012	2011
	<i>(in million Baht)</i>	
Tier 1 capital		
Issued and paid-up share capital	33,992	33,992
Premium on share capital	11,124	11,124
Legal reserve	7,000	7,000
Net gain after appropriations	112,930	88,056
Capital deduction item	(8)	(13)
Total Tier 1 capital	<u>165,038</u>	<u>140,159</u>
Tier 2 capital		
Revaluation surplus on land and premises appraisal	7,918	8,085
Revaluation surplus on investment in equity securities	2,029	1,240
Subordinated bonds	60,000	20,000
Allowance for classified assets of "normal" category and excess allowance	15,568	13,312
Total Tier 2 capital	<u>85,515</u>	<u>42,637</u>
Total capital funds	<u><u>250,553</u></u>	<u><u>182,796</u></u>
Total risk weighted assets	1,521,035	1,257,473
Total capital / Total risk weighted assets (minimum 8.50%)	16.5%	14.5%
Total Tier 1 capital / Total risk weighted assets (minimum 4.25%)	10.9%	11.1%
Total Tier 2 capital / Total risk weighted assets	5.6%	3.4%

Disclosures of capital maintenance information under the Notification of the Bank of Thailand number Sor Nor Sor 25/2552 dated 14 December 2009, the Public Disclosures of Capital Maintenance for Commercial Banks and the Notification of the Bank of Thailand number Sor Nor Sor 6/2553 dated 18 June 2010, Prudential Regulations on Consolidated Supervision are as follows:

Location of disclosure	The Bank's website under Investor Relations section at http://www.scb.co.th/en/about-scb/investor-relations/financial-information/pillar
Date of disclosure	Within 4 months after the year end date as indicated in the notification.
Information as of	31 December 2012

Capital management

The Bank and its subsidiaries policies are required to maintain a strong capital base so as to provide a cushion against future uncertainties, engender market confidence in the Bank's robustness and to support business growth. Further the impact of the level of capital on shareholders' return is also considered together with the need to maintain a balance between the higher returns that might be possible with higher gearing and the advantages and security afforded by a sound capital position.

The Bank and its subsidiaries have complied with BoT imposed capital requirements throughout the year and, as noted in the table above, its capital level is well in excess of the minimum requirements.

8 SUPPLEMENTARY DISCLOSURES OF CASH FLOW INFORMATION

Significant non-cash items for the years ended 31 December 2012 and 2011 were as follows:

	Consolidated		The Bank	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Change in revaluation surplus	(4)	5,557	(4)	5,533
Gain (loss) on remeasuring available-for-sale investments	4,002	(135)	2,631	(66)
Foreign currency translation differences	(58)	83	-	-
Share of other comprehensive income of associates	(41)	(20)	-	-
Properties for sale from loans payment	5,005	3,408	4,725	2,963

9 INTERBANK AND MONEY MARKET ITEMS, NET (ASSETS)

As at 31 December 2012 and 2011, interbank and money market items, net (Assets) were as follows:

	Consolidated					
	2012		2011			
	Demand	Time	Total	Demand	Time	Total
<i>(in million Baht)</i>						
Domestic items:						
Bank of Thailand and Financial Institutions Development Fund	12,582	103,300	115,882	10,527	75,500	86,027
Commercial banks	1,627	15,300	16,927	965	9,285	10,250
Specialised financial institutions*	-	1,910	1,910	-	35	35
Other financial institutions**	1,109	9,558	10,667	6	6,931	6,937
Total	15,318	130,068	145,386	11,498	91,751	103,249
Add accrued interest receivables	-	109	109	-	73	73
Less allowance for doubtful accounts	-	(1,198)	(1,198)	-	(845)	(845)
Total domestic items	15,318	128,979	144,297	11,498	90,979	102,477
Foreign items:						
US Dollar	3,070	5,150	8,220	4,104	8,997	13,101
Japanese YEN	1,135	-	1,135	522	-	522
Euro	411	-	411	885	-	885
Other currencies	2,713	5,209	7,922	2,062	5,214	7,276
Total	7,329	10,359	17,688	7,573	14,211	21,784
Add accrued interest receivables	-	786	786	-	749	749
Less allowance for doubtful accounts	-	(16)	(16)	-	(7)	(7)
Total foreign items	7,329	11,129	18,458	7,573	14,953	22,526
Total domestic and foreign items	22,647	140,108	162,755	19,071	105,932	125,003

* Specialised financial institutions mean financial institutions which operate under specific development mandates such as the Small and Medium Enterprise Development Bank of Thailand, Bank for Agriculture and Agricultural Co-operatives, Export-Import Bank of Thailand, Government Savings Banks, Government Housings Bank, Islamic Bank of Thailand and Secondary Mortgage Corporation but excluding the Small Business Credit Guarantee Corporation

** Other financial institutions mean financial institutions which have a license to offer interest on loans under the Finance Institution Act and, excluding those itemised separately above, such as Finance companies, Securities companies, Credit foncier companies, Life insurance companies, Cooperatives, the Federation of Savings and Credit Cooperatives of Thailand Limited and the Credit Union League of Thailand Limited

	The Bank					
	2012			2011		
	Demand	Time	Total	Demand	Time	Total
	<i>(in million Baht)</i>					
Domestic items:						
Bank of Thailand and Financial Institutions Development Fund	12,582	103,300	115,882	10,527	75,500	86,027
Commercial banks	1,388	12,100	13,488	838	7,760	8,598
Specialised financial institutions*	-	1,900	1,900	-	-	-
Other financial institutions**	1,110	8,968	10,078	7	6,451	6,458
Total	15,080	126,268	141,348	11,372	89,711	101,083
<i>Add</i> accrued interest receivables	-	98	98	-	64	64
<i>Less</i> allowance for doubtful accounts	-	(1,198)	(1,198)	-	(845)	(845)
Total domestic items	15,080	125,168	140,248	11,372	88,930	100,302
Foreign items:						
US Dollar	2,143	2,698	4,841	3,478	7,273	10,751
Japanese YEN	1,135	-	1,135	522	-	522
Euro	411	-	411	885	-	885
Other currencies	2,709	211	2,920	2,057	283	2,340
Total	6,398	2,909	9,307	6,942	7,556	14,498
<i>Add</i> accrued interest receivables	-	2	2	-	1	1
<i>Less</i> allowance for doubtful accounts	-	(16)	(16)	-	(7)	(7)
Total foreign items	6,398	2,895	9,293	6,942	7,550	14,492
Total domestic and foreign items	21,478	128,063	149,541	18,314	96,480	114,794

* Specialised financial institutions mean financial institutions which operate under specific development mandates such as the Small and Medium Enterprise Development Bank of Thailand, Bank for Agriculture and Agricultural Co-operatives, Export-Import Bank of Thailand, Government Savings Banks, Government Housings Bank, Islamic Bank of Thailand and Secondary Mortgage Corporation but excluding the Small Business Credit Guarantee Corporation

** Other financial institutions mean financial institutions which have a license to offer interest on loans under the Finance Institution Act and, excluding those itemised separately above, such as Finance companies, Securities companies, Credit foncier companies, Life insurance companies, Cooperatives, the Federation of Savings and Credit Cooperatives of Thailand Limited and the Credit Union League of Thailand Limited

10 DERIVATIVES

Financial derivatives are financial instruments whose characteristics are derived from underlying assets, or from interest and exchange rates or indices. The following derivatives are used by the Bank:

- 1 Forward exchange contracts which are agreements to buy or sell fixed amounts of currency at agreed rates of exchange on a specified future date.
- 2 Currency and interest rate swaps which are agreements to exchange, and on termination of the swap, re-exchange principal amounts denominated in different currencies and may also involve the exchange of related interest payments.
- 3 Interest rate swaps which are agreements that involve the exchange of interest obligations with counterparties for a specified period without exchanging the underlying or notional principal.
- 4 Equity derivatives which are agreements that determine values based on the level of the underlying equity's price, price of equity group or Equity Index.
- 5 Credit derivatives which are agreements to buy or sell guarantees of credit risk related to ability to repay underlying assets.
- 6 Commodity derivatives which are a purchase or a sale of a reference product or the exchange of cash flow calculated from a reference volume of product multiplied by the agreed price within a period of time and conditions as agreed in the contract.

The Bank has implemented policies to manage the foreign exchange risk and interest rate risk arising from the volatility of foreign exchange rates and interest rates by using the derivatives for serving the client's need as well as the Bank's assets and liability management needs. The Bank controls the counterparty risks by setting-up credit limits and controls the market risk by setting-up limits for, management action triggers, net open position, basis point value, value at risk and management stress triggers.

The total notional amounts of the derivatives at the year end does not represent the risk exposure arising from derivative transactions. The risks arising from derivatives will depend on the changes in the price of each derivative type before maturity of the contract.

As at 31 December 2012 and 2011, the notional amount and the fair value of derivatives were as follows:

Consolidated				
2012				
Notional amount				
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
<i>(in million Baht)</i>				
Forward exchange contracts	950,329	19,623	25,696	995,648
Currency swap contracts	37,196	190,181	64,703	292,080
Interest rate swap contracts	470,931	1,021,544	163,137	1,655,612
Equity derivatives	506	613	470	1,589
Commodity derivatives	4,627	-	-	4,627

Consolidated				
2011				
Notional amount				
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
<i>(in million Baht)</i>				
Forward exchange contracts	999,843	18,090	31,767	1,049,700
Currency swap contracts	34,042	81,688	66,437	182,167
Interest rate swap contracts	403,316	633,877	129,942	1,167,135
Equity derivatives	470	-	-	470
Credit derivatives	105	-	-	105
Commodity derivatives	5,685	3,545	-	9,230

The Bank				
2012				
Notional amount				
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
<i>(in million Baht)</i>				
Forward exchange contracts	950,329	19,623	25,696	995,648
Currency swap contracts	37,195	190,792	65,040	293,027
Interest rate swap contracts	470,931	1,021,544	163,137	1,655,612
Equity derivatives	484	613	470	1,567
Commodity derivatives	4,627	-	-	4,627

The Bank				
2011				
Notional amount				
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
<i>(in million Baht)</i>				
Forward exchange contracts	999,843	18,090	31,767	1,049,700
Currency swap contracts	34,042	82,008	66,437	182,487
Interest rate swap contracts	403,316	633,877	129,942	1,167,135
Equity derivatives	470	-	-	470
Credit derivatives	105	-	-	105
Commodity derivatives	5,685	3,545	-	9,230

As at 31 December 2012 and 2011, notional amounts, fair value of derivatives held for the trading book and readjustment based on an accrual basis of derivatives held for the banking book classified by type of risk were as follows:

Consolidated						
Type of risk	2012		Notional amount	2011		Notional amount
	Fair value / Readjustment based on an accrual basis			Fair value / Readjustment based on an accrual basis		
	Assets	Liabilities		Assets	Liabilities	
<i>(in million Baht)</i>						
Foreign exchange rates	16,760	12,636	1,287,728	17,493	17,468	1,231,867
Interest rate	11,346	11,678	1,655,612	10,456	11,109	1,167,135
Equity derivatives	79	88	1,589	52	53	470
Credit derivatives	-	-	-	1	-	105
Commodity derivatives	575	571	4,627	196	189	9,230
Total	28,760	24,973	2,949,556	28,198	28,819	2,408,807

The Bank						
Type of risk	2012		Notional amount	2011		Notional amount
	Fair value / Readjustment based on an accrual basis			Fair value / Readjustment based on an accrual basis		
	Assets	Liabilities		Assets	Liabilities	
<i>(in million Baht)</i>						
Foreign exchange rates	16,773	12,643	1,288,675	17,493	17,468	1,232,187
Interest rate	11,346	11,678	1,655,612	10,456	11,109	1,167,135
Equity derivatives	88	88	1,567	52	53	470
Credit derivatives	-	-	-	1	-	105
Commodity derivatives	575	571	4,627	196	189	9,230
Total	28,782	24,980	2,950,481	28,198	28,819	2,409,127

As at 31 December 2012 and 2011, the proportion, determined based on the notional amount of derivatives transactions divided by type of counterparty were as follows;

	Consolidated		The Bank	
	2012	2011	2012	2011
	(%)			
Counterparty				
Financial institutions	77.71	74.71	77.67	74.70
Affiliated companies	-	-	0.05	0.02
Third parties	22.29	25.29	22.28	25.28

11 INVESTMENTS, NET

11.1 Classification of investments in securities

As at 31 December 2012 and 2011, the investments in securities of the Bank and its subsidiaries were classified as follows:

	Consolidated		The Bank	
	2012	2011	2012	2011
	Fair value	Fair value	Fair value	Fair value
	(in million Baht)			
Trading securities				
Government and state enterprise securities	19,330	7,027	19,330	7,026
Corporate debt securities	886	941	886	941
Foreign debt securities	-	218	-	219
Domestic equity securities	27	4	-	-
Other securities	-	153	-	-
Total	20,243	8,343	20,216	8,186

	Consolidated		The Bank	
	2012	2011	2012	2011
	Fair value	Fair value	Fair value	Fair value
<i>(in million Baht)</i>				
Available-for-sale securities				
Government and state enterprise securities	292,225	189,905	284,711	184,355
Corporate debt securities	6,273	4,849	-	1,001
Foreign debt securities	234	241	234	240
Domestic equity securities	25,037	17,634	16,841	14,872
Foreign equity securities	1,601	1,110	1,601	1,110
Other securities	2,380	1,496	85	180
Total	327,750	215,235	303,472	201,758

	Consolidated		The Bank	
	2012	2011	2012	2011
	Cost / Amortised cost	Cost / Amortised cost	Cost / Amortised cost	Cost / Amortised cost
<i>(in million Baht)</i>				
Held-to-maturity securities				
Government and state enterprise securities	97,135	88,934	21,720	28,241
Corporate debt securities	9,775	6,133	778	921
Foreign debt securities	1,163	2,325	429	1,908
Other securities	2,401	1,400	-	-
Total	110,474	98,792	22,927	31,070
<i>Less allowance for impairment</i>	<i>(924)</i>	<i>(934)</i>	<i>(757)</i>	<i>(757)</i>
Total	109,550	97,858	22,170	30,313

	Consolidated		The Bank	
	2012	2011	2012	2011
	Cost	Cost	Cost	Cost
<i>(in million Baht)</i>				
General investments				
Domestic non-marketable equity securities	948	890	910	883
Foreign non-marketable equity securities	17	15	17	15
Total	965	905	927	898
Less allowance for impairment	(211)	(669)	(185)	(633)
Total	754	236	742	265
Total investments, net	458,297	321,672	346,600	240,522

As at 31 December 2012, the Bank and a subsidiary classified promissory notes which were issued by the Thai Asset Management Corporation (TAMC) upon entering into an Asset Transfer Agreement for the transfer of sub-quality assets, as held-to-maturity debt securities - government and state enterprise securities of Baht 2,095 million in both the consolidated financial statements and in the Bank's financial statements (2011: Baht 2,186 million) (see Note 13.8).

11.2 Unrealised gains (losses) on available-for-sale securities and held-to-maturity securities

As at 31 December 2012 and 2011, unrealised gains (losses) on available-for-sale securities and held-to-maturity securities were as follows:

Type of securities	Consolidated							
	2012				2011			
	Amortised cost	Unrealised gains	Unrealised losses	Fair value	Amortised cost	Unrealised gains	Unrealised losses	Fair value
<i>(in million Baht)</i>								
Available-for-sale securities	318,940*	8,973	(163)	327,750	210,838*	4,762	(365)	215,235
Held-to-maturity securities	110,474	5,423	(315)	115,582	98,792	6,775	(162)	105,405
Total	429,414	14,396	(478)	443,332	309,630	11,537	(527)	320,640

Type of securities	The Bank							
	2012				2011			
	Amortised cost	Unrealised gains	Unrealised losses	Fair value	Amortised cost	Unrealised gains	Unrealised losses	Fair value
<i>(in million Baht)</i>								
Available-for-sale securities	296,461*	7,082	(71)	303,472	197,457*	4,565	(264)	201,758
Held-to-maturity securities	22,927	964	(1)	23,890	31,070	1,232	(61)	32,241
Total	319,388	8,046	(72)	327,362	228,527	5,797	(325)	233,999

* Net of allowance for impairment

11.3 Investments in companies with holding of 10% and upwards

As at 31 December 2012 and 2011, investments in mutual funds and financial services companies as well as other companies, other than subsidiaries and associates, of which the Bank and its subsidiaries hold 10% or more of the fund or the paid-up capital in each company, classified by industry, were as follows:

	Number of companies	Consolidated		The Bank	
		2012	2011	2012	2011
<i>(in million Baht)</i>					
Mutual funds and financial services	3 - 4	11,455	11,088	11,453	11,087
Others	10 - 12	76	76	74	74
		11,531	11,164	11,527	11,161

11.4 Investments in companies with problems in their financial positions

As at 31 December 2012 and 2011, the Bank and its subsidiaries held investments in a number of securities issued by companies with problems in their financial positions and operating results. The Bank and its subsidiaries have made a provision for diminution in the value of securities equal to the amount by which the aggregate cost exceeds the aggregate market value as follows:

	Consolidated							
	2012				2011			
	Number of companies	Cost	Market value	Amount of provision	Number of companies	Cost	Market value	Amount of provision
<i>(in million Baht)</i>								
Finance companies ordered closed								
Common shares	1	1	-	-	1	1	-	1
Bonds	2	-	-	-	2	-	-	-
Listed companies identified for delisting								
Common shares	3	21	-	21	3	21	3	21
Bonds	3	33	-	33	3	30	-	30
Non-listed companies whose operating results are at par with "listed companies identified for delisting" and who have going concern issues								
Common shares/ Preference shares	13	47	25	47	12	50	2	48
Bonds	-	-	-	-	1	208	-	208

The Bank								
	Number of companies	2012			2011			
		Cost	Market value	Amount of provision	Number of companies	Cost	Market value	Amount of provision
		<i>(in million Baht)</i>			<i>(in million Baht)</i>			
Listed companies identified for delisting								
Common shares	3	21	-	21	3	21	3	21
Bonds	2	29	-	29	2	30	-	30
Non-listed companies whose operating results are at par with "listed companies identified for delisting" and who have going concern issues								
Common shares/ Preference shares	12	47	25	47	11	50	2	47

12 INVESTMENTS IN SUBSIDIARIES AND ASSOCIATES, NET

As at 31 December 2012 and 2011, the Bank and its subsidiaries have investments in associates, net of any impairment provisions, as follows:

Consolidated								
	Type of business	Type of share	Direct and indirect shareholding		Investment value			
			2012	2011	Cost method		Equity method	
			(%)		2012	2011	2012	2011
<i>(in million Baht)</i>								
Associates								
Finance								
VinaSiam Bank (Vietnam)	Banking	Ordinary	33.0	33.0	697	697	647	687
SCB Leasing PCL*	Leasing, hire-purchase and factoring	Ordinary	-	44.9	-	3	-	13
Total investments in associates, net					697	700	647	700

* Sold in 2012

As at 31 December 2012 and 2011, the Bank has investments in subsidiaries and associates, net of impairment provisions, as follows:

	Type of business	Type of share	Direct shareholding		Investment value	
			2012	2011	Cost method	
			2012		2012	2011
		(%)		<i>(in million Baht)</i>		
Subsidiaries						
Finance & Insurance						
Cambodian Commercial Bank Ltd. (Cambodia)	Banking	Ordinary	100.0	100.0	634	634
Rutchayothin Assets Management Co., Ltd.	Asset management	Ordinary	100.0	100.0	25	25
SCB Securities Co., Ltd.	Securities	Ordinary	100.0	100.0	2,107	2,107
SCB Asset Management Co., Ltd.	Asset management	Ordinary	100.0	100.0	222	222
The Siam Commercial Samaggi Insurance PCL	Insurance	Ordinary	60.9	58.9	967	547
Siam Commercial Leasing PCL	Leasing, hire-purchase and collection	Ordinary	99.1	99.1	10,719	10,719
SCB Life Assurance PCL	Life insurance	Ordinary	94.7	94.7	9,033	9,033
Services						
SCB Training Centre Co., Ltd.	Training center	Ordinary	100.0	100.0	390	390
Siam Phitiwat Company Limited	Appraisal services	Ordinary	100.0	100.0	10	10
Siam Niti Law Office Co., Ltd.*	Legal consultant	Ordinary	-	100.0	-	15
SCB Plus Co., Ltd.	Collection company	Ordinary	100.0	100.0	1	1
Real estate						
Mahisorn Co., Ltd.**	Property management	Ordinary	-	100.0	-	1,138
Other						
Sor. Or. Kor. Public Company Limited***	Commercial	Ordinary	99.7	99.7	3,765	3,764
Associates						
Finance						
VinaSiam Bank (Vietnam)	Banking	Ordinary	33.0	33.0	697	697
SCB Leasing PCL****	Leasing, hire-purchase and factoring	Ordinary	-	37.6	-	3
Total					28,570	29,305
Less allowance for impairment					(667)	(1,172)
Total investments in subsidiaries and associates, net					27,903	28,133

* Dissolution in 2012

** Change in shareholder's structure under the SCB Financial Group

*** The entire business has been transferred to the Bank on 1 October 2012 and discontinued on 27 November 2012. (Former name: The Siam Industrial Credit PCL)

**** Sold in 2012

All subsidiaries were registered and operate in Thailand except the Cambodian Commercial Bank Ltd., which was registered and operates in Cambodia.

The summarised financial informations of associates were as follows:

	2012 (Unaudited)			2011 (Audited)		
	Total assets	Total liabilities	Equity	Total assets	Total liabilities	Equity
	<i>(in million Baht)</i>					
Finance	5,726	3,766	1,960	6,928	4,818	2,110
	<u>5,726</u>	<u>3,766</u>	<u>1,960</u>	<u>6,928</u>	<u>4,818</u>	<u>2,110</u>

	For the years ended 31 December					
	2012 (Unaudited)			2011 (Audited)		
	Revenue	Expenses	Net income	Revenue	Expenses	Net income
	<i>(in million Baht)</i>					
Finance	223	222	1	314	242	72
	<u>223</u>	<u>222</u>	<u>1</u>	<u>314</u>	<u>242</u>	<u>72</u>

As at 31 December 2012 and 2011, the Bank and a subsidiary have equity securities in companies received as a result of troubled debt restructuring, which represent more than 20% of the paid-up capital of each company. The Bank did not record these securities as investments in subsidiaries and associates as it is the Bank's and subsidiary's intention to hold such investments only temporarily. These investments were as follows:

	2012 (Unaudited)			
	Shareholding (%)	Total assets	Total liabilities	Equity
	<i>(in million Baht)</i>			
General investments				
Phoenix Land Development Co., Ltd.	97.6	141	149	(8)
Siam Media and Communication Co., Ltd. and affiliate*	33.3	-	-	-
WTA (Thailand) Co., Ltd.	25.0	-	-	-

	2011 (Audited)			
	Shareholding (%)	Total assets	Total liabilities	Equity
	<i>(in million Baht)</i>			
General investments				
Phoenix Land Development Co., Ltd.	97.6	167	169	(2)
Siam Media and Communication Co., Ltd. and affiliate*	33.3	-	-	-
WTA (Thailand) Co., Ltd.	25.0	-	-	-

* Discontinued operations or in the process of dissolution

	For the years ended 31 December					
	2012			2011		
	(Unaudited)			(Audited)		
	Revenue	Expenses	Net loss	Revenue	Expenses	Net income
<i>(in million Baht)</i>						
General investments						
Phoenix Land Development Co., Ltd.	5	11	(6)	9	2	7

13 LOANS TO CUSTOMERS AND ACCRUED INTEREST RECEIVABLES, NET

13.1 Classified by product as at 31 December 2012 and 2011

	Consolidated		The Bank	
	2012	2011	2012	2011
<i>(in million Baht)</i>				
Overdrafts	88,956	73,153	88,650	72,852
Loans	970,645	827,201	966,998	822,550
Bills	275,491	240,620	275,491	240,620
Hire-purchase	192,803	130,696	191,709	114,468
Finance leases	59	152	-	-
Others	40,831	34,571	38,948	32,094
Less deferred revenue	(21,299)	(13,710)	(21,154)	(12,210)
Total loans to customers, net	1,547,486	1,292,683	1,540,642	1,270,374
Add accrued interest receivables	3,463	3,000	3,309	2,834
Total loans to customers and accrued interest receivables, net	1,550,949	1,295,683	1,543,951	1,273,208
Less allowance for doubtful accounts				
- allowance established per BoT regulations				
- Individual approach	(30,709)	(30,676)	(29,488)	(27,536)
- Collective approach	(3,785)	(581)	(3,277)	-
- allowance established in excess of BoT regulations	(17,016)	(14,148)	(16,975)	(13,798)
Less revaluation of allowance for debt restructuring	(446)	(590)	(446)	(562)
Total	1,498,993	1,249,688	1,493,765	1,231,312

For hire-purchase receivables, since 1 September 2012, the Bank used the collective approach method.

13.2 Classified by currency and residential status of customers as at 31 December 2012 and 2011

	Consolidated					
	2012			2011		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	1,437,885	2	1,437,887	1,190,946	-	1,190,946
US Dollar	76,327	28,002	104,329	56,752	37,259	94,011
Other currencies	5,266	4	5,270	7,724	2	7,726
Total			1,547,486			1,292,683

	The Bank					
	2012			2011		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	1,431,969	-	1,431,969	1,169,628	-	1,169,628
US Dollar	76,327	27,080	103,407	56,752	36,270	93,022
Other currencies	5,266	-	5,266	7,724	-	7,724
Total			1,540,642			1,270,374

13.3 Classified by business type and quality of loan classification as at 31 December 2012 and 2011

Consolidated												
	2012						2011					
	Normal	Special Mention	Sub- Standard	Doubtful	Doubtful Loss	Total*	Normal	Special Mention	Sub- Standard	Doubtful	Doubtful Loss	Total*
<i>(in million Baht)</i>												
Agriculture and mining	12,443	113	35	270	28	12,889	14,455	98	4	1	34	14,592
Manufacturing and commercial	499,056	4,532	2,307	913	13,088	519,896	446,279	3,638	1,027	4,284	14,370	469,598
Real estate and construction	109,405	3,317	212	40	2,528	115,502	90,107	979	873	84	2,795	94,838
Utilities and services	195,459	1,935	2,243	392	953	200,982	168,385	2,084	1,034	54	950	172,507
Housing loans	356,819	7,137	2,551	1,894	2,853	371,254	310,182	5,281	2,183	1,361	2,777	321,784
Others	313,291	8,106	2,502	954	2,110	326,963	210,017	4,978	1,611	439	2,319	219,364
Total*	1,486,473	25,140	9,850	4,463	21,560	1,547,486	1,239,425	17,058	6,732	6,223	23,245	1,292,683

The Bank												
	2012						2011					
	Normal	Special Mention	Sub- Standard	Doubtful	Doubtful Loss	Total*	Normal	Special Mention	Sub- Standard	Doubtful	Doubtful Loss	Total*
<i>(in million Baht)</i>												
Agriculture and mining	12,394	113	35	270	28	12,840	14,455	98	4	1	34	14,592
Manufacturing and commercial	498,466	4,532	2,306	914	13,066	519,284	445,491	3,638	1,025	4,020	13,973	468,147
Real estate and construction	109,402	3,316	212	40	1,452	114,422	90,100	976	873	19	1,419	93,387
Utilities and services	195,178	1,936	2,242	392	953	200,701	168,104	2,084	1,033	54	950	172,225
Housing loans	356,814	7,137	2,551	1,894	2,853	371,249	310,174	5,278	2,183	1,360	2,752	321,747
Others	309,744	8,020	2,488	943	951	322,146	195,215	3,217	1,043	336	465	200,276
Total*	1,481,998	25,054	9,834	4,453	19,303	1,540,642	1,223,539	15,291	6,161	5,790	19,593	1,270,374

* Net of deferred revenue

13.4 Loans classified by quality as at 31 December 2012 and 2011 (inclusive of accrued interest receivables)

		Consolidated						
		2012						
		Cashflow approach (All loans except for HP loans)			Collective approach (HP loans)			
	Loans and accrued interest receivables	Net amount used to set the allowance for doubtful accounts	% used for setting the allowance	Allowance for doubtful accounts***	Net amount used to set the allowance for doubtful accounts	% used for setting the allowance****	Allowance for doubtful accounts***	Total
	(in million Baht)	(in million Baht)		(in million Baht)	(in million Baht)		(in million Baht)	(in million Baht)
Minimum allowance of BoT regulations								
- Normal	1,489,739	1,279,928*	1	12,774	163,499	0.02 - 71.19	1,510	14,284
- Special Mention	25,278	18,968*	2	379	5,766	0.09 - 71.19	832	1,211
- Sub - Standard	9,878	3,684**	100	3,684	1,145	35.47 - 71.19	415	4,099
- Doubtful	4,463	1,304**	100	1,304	648	35.47 - 71.19	237	1,541
- Doubtful Loss	21,591	12,568**	100	12,568	1,528	35.47 - 71.19	791	13,359
Total	1,550,949	1,316,452		30,709	172,586		3,785	34,494
Allowance established in excess of BoT regulations								
Total								17,016
								51,510

* Net of cash and near cash collateral

** Net of PV cash flow from loan receivables or selling collateral

*** Excluding revaluation allowance for debt restructuring

**** % varies according to car type and conduct of account

Consolidated

2011

	Cashflow approach (All loans except for HP loans)		Collective approach (HP loans)		Total
	Loans and accrued interest receivables (in million Baht)	Net amount used to set the allowance for doubtful accounts % used for setting the allowance	Net amount used to set the allowance for doubtful accounts % used for setting the allowance	Allowance for doubtful accounts***	
Minimum allowance of BoT regulations					
- Normal	1,242,234	1,196,076*	1	11,934	4
- Special Mention	17,168	6,993*	2	140	4
- Sub - Standard	6,748	3,022**	100	3,022	11
- Doubtful	6,223	4,807**	100	4,807	12
- Doubtful Loss	23,310	10,773**	100	10,773	550
Total	1,295,683	1,221,671		30,676	581
Allowance established in excess of BoT regulations					14,148
Total					45,405

* Net of cash and near cash collateral

** Net of PV cash flow from loan receivables or selling collateral

*** Excluding revaluation allowance for debt restructuring

**** % varies according to car type and conduct of account

The Bank

2012

Cashflow approach (All loans except for HP loans)

Collective approach (HP loans)

	Loans and accrued interest receivables (in million Baht)	Net amount used to set the allowance for doubtful accounts	% used for setting the allowance	Allowance for doubtful accounts***	Net amount used to set the allowance for doubtful accounts	% used for setting the allowance****	Allowance for doubtful accounts****	Total
								(in million Baht)
Minimum allowance of BoT regulations								
- Normal	1,485,140	1,276,420*	1	12,764	162,531	0.20 - 21.00	1,510	14,274
- Special Mention	25,192	18,968*	2	380	5,681	8.37 - 36.00	831	1,211
- Sub - Standard	9,863	3,684**	100	3,684	1,129	35.47 - 60.00	404	4,088
- Doubtful	4,453	1,304**	100	1,304	638	35.47 - 60.00	229	1,533
- Doubtful Loss	19,303	11,356**	100	11,356	832	35.47 - 60.00	303	11,659
Total	1,543,951	1,311,732		29,488	170,811		3,277	32,765
Allowance established in excess of BoT regulations								16,975
Total								49,740

* Net of cash and near cash collateral
 ** Net of PV cash flow from loan receivables or selling collateral
 *** Excluding revaluation allowance for debt restructuring
 **** % varies according to car type and conduct of account

The Bank				
2011				
	Loans and accrued interest receivables	Net amount used to set the allowance for doubtful accounts	% used for setting the allowance Collateral / Cashflow approach	Allowance for doubtful accounts*** Collateral / Cashflow approach
	<i>(in million Baht)</i>			<i>(in million Baht)</i>
Minimum allowance of BoT regulations				
- Normal	1,226,247	1,185,694*	1	11,857
- Special Mention	15,401	5,767*	2	115
- Sub - Standard	6,177	2,528**	100	2,528
- Doubtful	5,790	4,435**	100	4,435
- Doubtful Loss	19,593	8,601**	100	8,601
Total	<u>1,273,208</u>	<u>1,207,025</u>		<u>27,536</u>
Allowance established in excess of BoT regulations				<u>13,798</u>
Total				<u>41,334</u>

* Net of cash and near cash collateral

** Net of PV cash flow from loan receivables or selling collateral

*** Excluding revaluation allowance for debt restructuring

Based on management's assessment of the ultimate collectability of the Bank's consolidated loan portfolio, the Bank and its subsidiaries believe that the allowance for doubtful accounts established was adequate as at 31 December 2012 and 2011 and in compliance with the BoT's guidelines. The aggregate allowance is based on both quantitative criteria noted above and management judgment of qualitative criteria.

13.5 Loans to listed companies identified for delisting

Consolidated								
	2012				2011			
	No. of companies	Loans and accrued interest receivables*	Collateral	Amount of provision	No. of companies	Loans and accrued interest receivables*	Collateral	Amount of provision
	<i>(in million Baht)</i>				<i>(in million Baht)</i>			
Listed companies identified for delisting	5	3,326	686	3,334	5	3,327	688	3,189

The Bank								
	2012				2011			
	No. of companies	Loans and accrued interest receivables*	Collateral	Amount of provision	No. of companies	Loans and accrued interest receivables*	Collateral	Amount of provision
	<i>(in million Baht)</i>				<i>(in million Baht)</i>			
Listed companies identified for delisting	5	3,326	686	3,334	3	3,104	685	2,968

* Including loans to financial institutions but excluding other expenses

13.6 Non-Performing Loans

As at 31 December 2012 and 2011, the Bank used the guidelines specified in the BoT's notification dated 3 August 2008 in determining Non-Performing Loans which consist of loans classified as sub-standard, doubtful, doubtful loss and loss under the BoT's guideline. The amounts are as follows:

	Consolidated		The Bank	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Non-Performing Loans (net of allowance for doubtful accounts)	17,006	14,352	16,433	12,674
% of Non-Performing Loans to total loans (net)	1.0	1.1	1.0	0.9
Non-Performing Loans (gross)	35,873	36,200	33,590	31,544
% of Non-Performing Loans to total loans	2.1	2.6	2.0	2.3

As at 31 December 2012, Rutchayothin Assets Management Co., Ltd. which is a subsidiary of the Bank, had Non-Performing Loans of Baht 489 million (2011: Baht 520 million). However, the Non-Performing Loans based on principal of loan purchased from the group as at 31 December 2012 was Baht 1,088 million (2011: Baht 1,142 million).

13.7 Non-accrual loans

Non-accrual loans, gross, (including loans to financial institutions) as at 31 December 2012 and 2011 were as follows:

	Consolidated		The Bank	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Loans where recognition of income has been suspended	57,842	58,646	56,169	53,990
% of loans where recognition of income has been suspended	3.4	4.2	3.4	4.0

13.8 Sales of loan receivables to the Thai Asset Management Corporation ("TAMC")

The information regarding the transfer of a portion of sub-quality assets to TAMC according to the Asset Transfer Agreement of the Bank and a subsidiary since 2001 were as follows:

	Consolidated		The Bank	
	2012**	2011**	2012*	2011*
	<i>(in million Baht)</i>			
Total net amount of sub-quality assets transferred to TAMC since 2001	10,033	9,899	9,825	9,691
Promissory notes received	10,033	9,899	9,825	9,691

* Net of adjustment of selling price of loans sold to TAMC of Baht 738 million

** Net of adjustment of selling price of loans sold to TAMC of Baht 869 million

On 12 October 2001, the Bank and a subsidiary entered into an Asset Transfer Agreement with the Thai Asset Management Corporation ("TAMC"). Under the agreement, the Bank transferred sub-quality assets including the right over the collateral to TAMC at specific terms and conditions. The price of transferred loans was equal to the value of the collateral, provided it did not exceed the book value of such loans. The Bank and TAMC reserved the right to request for reappraisal given specified conditions. Once TAMC and the Bank agreed the price, the Bank received a non-negotiable promissory note from TAMC. The note matures in 10 years from the issue date with the interest rate calculated based on the average rate of deposits. The note is avaled by the Financial Institution Development Fund (see Note 11.1).

The Bank and TAMC agreed to recognise any profits or losses from the management of the sub-quality assets at the end of the fifth and the tenth year starting from 1 July 2001. The profits or losses were to be calculated based on all accumulated asset recoveries on a cash basis up to the date of calculation of such profits or losses less the transfer costs and other operating expenses incurred by TAMC including all interest paid by TAMC to the Bank. In addition, pursuant to the TAMC Decree B.E. 2544, when any profits were realised, the first portion of the profits, not exceeding 20% of the transfer price of sub-quality assets transferred to TAMC, was to be allocated between TAMC and the Bank. The second portion of the profits was to be given to the Bank. The two portions of the profits together would not exceed the difference between the book value of sub-quality assets and the transfer price of sub-quality assets transferred to TAMC. All residual amount of profit would be given to TAMC. In the case of losses it will be shared between TAMC and the Bank. The Bank would take the first portion of losses, not exceeding 20% of the transfer price of sub-quality assets transferred to TAMC. The residual amount of the first portion of losses, not exceeding 20% of the transfer price of sub-quality assets transferred to TAMC, would be shared between TAMC and the Bank. All of the residual amount of the loss will be absorbed by TAMC. As at 31 December 2012, the consolidated and the Bank's provision for possible loss was estimated to be Baht 986 million and Baht 945 million, respectively (2011: Baht 945 million and Baht 904 million, respectively), which is presented under provisions in the statement of financial position (see Note 28).

TAMC, which was established by legislation for a specified period, is now being liquidated as intended. The promissory notes to the Bank will be settled by the liquidator in due course and the Bank expects that the provision it has established is sufficient to cover any shortfall.

14 DISCLOSURE OF THE STATEMENTS OF CASH FLOWS OF THE ASSET MANAGEMENT COMPANY

In accordance with the BoT's letter number Sor Nor Sor (01) Wor 3258/2543 dated 27 November 2000, relating to the regulations of the asset management company ("AMC"), the Bank is required to disclose the statements of cash flows of the AMC in the notes to the financial statements. The statements of cash flows of Rutchayothin Assets Management Co., Ltd. were as follows:

Rutchayothin Assets Management Co., Ltd.
Statements of cash flows

	For the years ended	
	31 December	
	2012	2011
	(Unaudited)	(Audited)
	<i>(in million Baht)</i>	
Cash flows from operating activities		
Profit (loss) before tax	(94)	22
<i>Adjustments for</i>		
Loss on impairment of properties for sale	-	1
(Gain) loss on sales of properties for sale	(2)	2
	(96)	25
Net interest expense	19	26
Proceed from interest	11	9
Income tax paid	(23)	(12)
Profit (loss) from operations before changes in operating assets and liabilities	(89)	48
<i>(Increase) decrease in operating assets</i>		
Intercompany and money market items	125	(112)
Investment	129	304
Properties for sale	11	45
Receivables from selling investment	-	106
Other assets	(1)	(1)
<i>Increase (decrease) in operating liabilities</i>		
Short-term debt issued	(172)	(380)
Accrued expense	(3)	2
Other liabilities	-	(12)
Net cash from operating activities	-	-
Net increase in cash	-	-
Cash at 1 January	-	-
Cash at 31 December	-	-

15 TROUBLED DEBT RESTRUCTURING

The financial statements for the years ended 31 December 2012 and 2011, include the result of various types of troubled debt restructuring including transfers of assets (and type of asset) and equity securities, and changes in repayment conditions as follows:

Consolidated									
Types of debt restructuring	No. of accounts		Outstanding debts				Transferred assets		
			Before debt restructuring		After debt restructuring		Types	Fair value	
	2012	2011	2012	2011	2012	2011		2012	2011
<i>(in million Baht)</i>						<i>(in million Baht)</i>			
Transfers of assets	20	8	314	23	299	20	Immovable properties	278	19
Debt restructuring in various forms	550	289	3,992	2,199	3,992	1,898	Immovable properties	1	770
Changes of repayment conditions	3,441	2,399	5,819	4,537	5,783	4,461			
Total	4,011	2,696	10,125	6,759	10,074	6,379			

The Bank									
Types of debt restructuring	No. of accounts		Outstanding debts				Transferred assets		
			Before debt restructuring		After debt restructuring		Types	Fair value	
	2012	2011	2012	2011	2012	2011		2012	2011
<i>(in million Baht)</i>						<i>(in million Baht)</i>			
Transfers of assets	20	8	314	23	299	20	Immovable properties	278	19
Debt restructuring in various forms	550	289	3,992	2,199	3,992	1,898	Immovable properties	1	770
Changes of repayment conditions	3,428	2,399	5,817	4,537	5,781	4,461			
Total	3,998	2,696	10,123	6,759	10,072	6,379			

As at 31 December 2012 and 2011, troubled debt restructuring compared with total loans including loans to financial institutions were as follows:

	Consolidated			
	2012		2011	
	No. of accounts	The outstanding debts	No. of accounts	The outstanding debts
	<i>(in million Baht)</i>		<i>(in million Baht)</i>	
Troubled debt restructuring during the year	4,011	10,125	2,696	6,759
Total loans including loans to financial institutions	848,124	1,686,452	609,396	1,393,635

	The Bank			
	2012		2011	
	No. of accounts	The outstanding debts	No. of accounts	The outstanding debts
	<i>(in million Baht)</i>		<i>(in million Baht)</i>	
Troubled debt restructuring during the year	3,998	10,123	2,696	6,759
Total loans including loans to financial institutions	787,903	1,674,456	499,028	1,364,482

The average term of troubled debt restructuring as of 31 December 2012 is 11.7 years (2011: 11.4 years).

As at 31 December 2012 and 2011, the Bank and its subsidiaries have outstanding balances relating to restructured loans as follows:

	Consolidated		The Bank	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Restructured loans which are classified as NPL	7,846	8,349	7,845	8,020
Restructured loans which are not classified as NPL	24,888	22,446	24,888	22,446
Total	32,734	30,795	32,733	30,466

Supplementary information relating to restructuring debtors for the years ended 31 December 2012 and 2011 were as follows:

	Consolidated		The Bank	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Interest income recognised in statements of comprehensive income	1,795	1,795	1,795	1,795
Loss on debt restructuring recognised in statements of comprehensive income	28	433	28	433
Cash collection	13,852	14,654	13,851	14,654

16 FINANCE LEASES

As at 31 December 2012 and 2011, the Bank and its subsidiaries have finance leases as follows:

Consolidated								
	2012			2011				
	Amount due			Amount due				
	Less than 1 year	1-5 years	Over 5 years	Total	Less than 1 year	1-5 years	Over 5 years	Total
<i>(in million Baht)</i>								
Total of gross investments in the lease	53,009	135,644	4,209	192,862	36,376	90,234	4,238	130,848
Less deferred revenue				(20,933)				(13,378)
Present value of the lease payments				171,929				117,470
Allowance for doubtful accounts				(3,757)				(4,842)
Finance leases, net				<u>168,172</u>				<u>112,628</u>

The Bank								
	2012			2011				
	Amount due			Amount due				
	Less than 1 year	1-5 years	Over 5 years	Total	Less than 1 year	1-5 years	Over 5 years	Total
<i>(in million Baht)</i>								
Total of gross investments in the lease	51,934	135,566	4,209	191,709	30,694	81,436	2,338	114,468
Less deferred revenue				(20,898)				(12,003)
Present value of the lease payments				170,811				102,465
Allowance for doubtful accounts				(3,683)				(3,585)
Finance leases, net				<u>167,128</u>				<u>98,880</u>

17 ALLOWANCE FOR DOUBTFUL ACCOUNTS

As at 31 December 2012 and 2011, the changes to the allowance for doubtful accounts were as follows:

Consolidated							
2012							
	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss	Allowance established in excess of BoT regulations	Total
<i>(in million Baht)</i>							
Beginning balance	11,938	144	3,033	4,819	11,323	14,148	45,405
Bad debt and doubtful accounts*	2,369	1,076	1,349	(3,394)	6,196	2,446	10,042
Bad debt written off	-	-	-	-	(4,145)	-	(4,145)
Others	(23)	(9)	(283)	116	(15)	422	208
Ending balance	14,284	1,211	4,099	1,541	13,359	17,016	51,510

* Before deducting bad debt recovered of Baht 1,022 million

Consolidated							
2011							
	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss	Allowance established in excess of BoT regulations	Total
<i>(in million Baht)</i>							
Beginning balance	9,479	567	4,233	2,335	11,239	13,147	41,000
Transfer from business combination	166	133	37	321	1,031	670	2,358
Bad debt and doubtful accounts*	2,393	(447)	(1,694)	2,113	5,047	143	7,555
Bad debt written off	-	-	-	-	(6,076)	-	(6,076)
Others	(100)	(109)	457	50	82	188	568
Ending balance	11,938	144	3,033	4,819	11,323	14,148	45,405

* Before deducting bad debt recovered of Baht 836 million

The Bank							
2012							
	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss	Allowance established in excess of BoT regulations	Total
<i>(in million Baht)</i>							
Beginning balance	11,857	115	2,528	4,435	8,601	13,798	41,334
Transfer from business combination	43	16	211	488	973	72	1,803
Bad debt and doubtful accounts*	2,374	1,080	1,349	(3,390)	6,092	2,961	10,466
Bad debt written off	-	-	-	-	(4,007)	-	(4,007)
Others	-	-	-	-	-	144	144
Ending balance	14,274	1,211	4,088	1,533	11,659	16,975	49,740

* Before deducting bad debt recovered of Baht 857 million

The Bank							
2011							
	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss	Allowance established in excess of BoT regulations	Total
<i>(in million Baht)</i>							
Beginning balance	9,523	554	4,198	2,100	9,417	13,076	38,868
Bad debt and doubtful accounts*	2,334	(439)	(1,670)	2,335	4,873	210	7,643
Bad debt written off	-	-	-	-	(5,689)	-	(5,689)
Others	-	-	-	-	-	512	512
Ending balance	11,857	115	2,528	4,435	8,601	13,798	41,334

* Before deducting bad debt recovered of Baht 726 million

18 REVALUATION ALLOWANCE FOR DEBT RESTRUCTURING

As at 31 December 2012 and 2011, the changes to the revaluation allowance for debt restructuring were as follows:

	Consolidated		The Bank	
	2012	2011	2012	2011
<i>(in million Baht)</i>				
Beginning balance	590	595	562	595
Transfer from business combination	-	28	28	-
Decrease during the year	(144)	(33)	(144)	(33)
Ending balance	446	590	446	562

19 PROPERTIES FOR SALE, NET

As at 31 December 2012 and 2011, the changes to the properties for sale, net were as follows:

Consolidated				
2012				
	Beginning balance	Additions	Disposals	Ending balance
<i>(in million Baht)</i>				
Foreclosed assets				
Immovable assets	12,721	1,743	(4,467)	9,997
Movable assets	168	2,743	(2,556)	355
Total	12,889	4,486	(7,023)	10,352
Others	65	170	(103)	132
Total properties for sale	12,954	4,656	(7,126)	10,484
Less allowance for impairment	(1,189)	(62)	223	(1,028)
Total properties for sale, net	11,765	4,594	(6,903)	9,456

Consolidated					
2011					
	Beginning balance	Transfer from business combination	Additions	Disposals	Ending balance
<i>(in million Baht)</i>					
Foreclosed assets					
Immovable assets	13,808	119	2,936	(4,142)	12,721
Movable assets	67	22	773	(694)	168
Total	13,875	141	3,709	(4,836)	12,889
Others	193	-	549	(677)	65
Total properties for sale	14,068	141	4,258	(5,513)	12,954
Less allowance for impairment	(1,384)	(14)	(24)	233	(1,189)
Total properties for sale, net	12,684	127	4,234	(5,280)	11,765

The Bank					
2012					
	Beginning balance	Transfer from business combination	Additions	Disposals	Ending balance
<i>(in million Baht)</i>					
Foreclosed assets					
Immovable assets	12,540	79	1,742	(4,381)	9,980
Movable assets	123	39	2,463	(2,282)	343
Total	12,663	118	4,205	(6,663)	10,323
Others	66	-	170	(103)	133
Total properties for sale	12,729	118	4,375	(6,766)	10,456
<i>Less allowance for impairment</i>	<i>(1,156)</i>	<i>(18)</i>	<i>(53)</i>	<i>209</i>	<i>(1,018)</i>
Total properties for sale, net	11,573	100	4,322	(6,557)	9,438

The Bank					
2011					
	Beginning balance	Additions	Disposals	Ending balance	
<i>(in million Baht)</i>					
Foreclosed assets					
Immovable assets	13,698	2,936	(4,094)	12,540	
Movable assets	18	365	(260)	123	
Total	13,716	3,301	(4,354)	12,663	
Others	193	550	(677)	66	
Total properties for sale	13,909	3,851	(5,031)	12,729	
<i>Less allowance for impairment</i>	<i>(1,357)</i>	<i>(8)</i>	<i>209</i>	<i>(1,156)</i>	
Total properties for sale, net	12,552	3,843	(4,822)	11,573	

Gain on sales of properties for sale recognised in the consolidated statements of comprehensive income for the years ended 31 December 2012 and 2011 amounted to Baht 131 million and Baht 289 million, respectively and for the Bank's statements of comprehensive income amounted to Baht 153 million and Baht 339 million, respectively.

Immovable assets for sale classified by external and internal appraisers as at 31 December 2012 and 2011 were as follows:

	Consolidated		The Bank	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Foreclosed assets				
Immovable assets				
Appraised by external appraisers	8	162	-	-
Appraised by internal appraisers	9,989	12,559	9,980	12,540
Total	9,997	12,721	9,980	12,540

As at 31 December 2012 and 2011, the changes to the premises and equipment, net were as follows:

	Consolidated												
	2012					2011							
	Cost					Accumulated depreciation					Allowance for impairment	Net balance	
	Beginning balance	Additions	Disposals	Others	Ending balance	Beginning balance	Depreciation	Disposals	Others	Ending balance			
	(in million Baht)												
Land													
Cost	6,246	4	(9)	(2)	6,239	-	-	-	-	-	(352)	5,887	
Appraisal*	7,859	-	(3)	-	7,856	-	-	-	-	-	-	7,856	
Premises													
Cost	15,034	292	(524)	(3)	14,799	(7,004)	(408)	497	7	(6,908)	(154)	7,737	
Appraisal*	8,848	-	(1)	-	8,847	(367)	(288)	-	-	(655)	-	8,192	
Equipment	18,583	2,846	(907)	(16)	20,506	(14,340)	(1,538)	747	12	(15,119)	-	5,387	
Others	447	1,982	(2,095)	-	334	-	-	-	-	-	-	334	
Total	57,017	5,124	(3,539)	(21)	58,581	(21,711)	(2,234)	1,244	19	(22,682)	(506)	35,393	

* Appraisal increase in year 2010 for the bank and year 2008 for its subsidiaries

Depreciation presented in the consolidated profit or loss for the years ended 31 December 2012 and 2011 amounted to Baht 2,234 million and Baht 2,173 million, respectively.

Consolidated													
2011													
	Cost				Accumulated depreciation				Ending balance	Allowance for impairment	Net balance		
	Beginning balance	Transfer from business combination	Additions	Disposals	Others	Ending balance	Transfer from business combination	Depreciation				Disposals	Others
<i>(in million Baht)</i>													
Land													
Cost	6,005	10	230	(1)	2	6,246	-	-	-	-	(352)	5,894	
Appraisal*	6,113	2	1,744	-	-	7,859	-	-	-	-	-	7,859	
Premises													
Cost	14,541	131	398	(258)	222	15,034	(6,566)	(93)	17	(8)	(7,004)	7,875	
Appraisal*	5,795	3	3,050	-	-	8,848	(830)	-	(316)	779	(367)	8,481	
Equipment	16,224	857	2,069	(683)	116	18,583	(12,562)	(603)	425	(97)	(14,340)	4,216	
Others	543	-	802	(464)	(434)	447	-	-	-	-	-	447	
Total	49,221	1,003	8,293	(1,406)	(94)	57,017	(19,958)	(696)	442	674	(21,711)	(534)	34,772

* Appraisal increase in year 2010 for the Bank and year 2008 for its subsidiaries

The gross amount of the Bank and its subsidiaries' fully depreciated premises and equipment that were still in use as at 31 December 2012 amounted to Baht 14,074 million (2011: Baht 12,564 million).

The Bank

2012

	Cost			Accumulated depreciation				Allowance for impairment	Net balance			
	Beginning balance	Additions	Disposals	Others	Ending balance	Beginning balance	Depreciation			Disposals	Others	Ending balance
Land												
Cost	5,675	4	(9)	3	5,673	-	-	-	-	-	(351)	5,322
Appraisal*	7,507	-	(3)	-	7,504	-	-	-	-	-	-	7,504
Premises												
Cost	14,271	291	(452)	50	14,160	(6,366)	(393)	446	(35)	(6,348)	(137)	7,675
Appraisal*	8,715	-	(1)	-	8,714	(353)	(279)	-	-	(632)	-	8,082
Equipment	16,954	2,710	(670)	82	19,076	(13,093)	(1,398)	535	(82)	(14,038)	-	5,038
Others	447	1,982	(2,095)	-	334	-	-	-	-	-	-	334
Total	53,569	4,987	(3,230)	135	55,461	(19,812)	(2,070)	981	(117)	(21,018)	(488)	33,955

(in million Baht)

* Appraisal increase in year 2010

Depreciation presented in the Bank's profit or loss for the years ended 31 December 2012 and 2011 amounted to Baht 2,070 million and Baht 2,010 million, respectively.

The Bank

2011

	Cost			Accumulated depreciation				Ending balance	Allowance for impairment	Net balance
	Beginning balance	Additions	Disposals	Others	Ending balance	Depreciation	Disposals			
Land										
Cost	5,675	-	-	-	5,675	-	-	-	(351)	5,324
Appraisal*	5,771	1,736	-	-	7,507	-	-	-	-	7,507
Premises										
Cost	13,679	395	(19)	216	14,271	(6,047)	(330)	12	(1)	(6,366)
Appraisal*	5,697	3,018	-	-	8,715	(820)	(312)	-	779	(353)
Equipment	15,396	1,822	(394)	130	16,954	(11,859)	(1,368)	135	(1)	(13,093)
Others	543	802	(464)	(434)	447	-	-	-	-	447
Total	46,761	7,773	(877)	(88)	53,569	(18,726)	(2,010)	147	777	(19,812)
										(516)
										33,241

(in million Baht)

* Appraisal increase in year 2010

The gross amount of the Bank's fully depreciated premises and equipment that were still in use as at 31 December 2012 amounted to Baht 13,051 million (2011: Baht 11,507 million).

As at 31 December 2012 and 2011, the changes to the goodwill and other intangible assets, net were as follows:

	Consolidated												
	2012					2011							
	Cost					Accumulated amortisation							
	Beginning balance	Transfer from combination	Additions	Disposals	Others	Ending balance	Beginning balance	Transfer from combination	Amortisations	Disposals	Others	Ending balance	Net balance
	<i>(in million Baht)</i>												
Goodwill	9,669	-	-	-	-	9,669	-	-	-	-	-	-	9,669
Software licenses	4,312	-	1,047	(423)	(1)	4,935	(2,777)	-	(491)	57	(4)	(3,215)	1,720
Others	52	-	7	(3)	(22)	34	-	-	(3)	-	-	(3)	31
Total	14,033	-	1,054	(426)	(23)	14,638	(2,777)	-	(494)	57	(4)	(3,218)	11,420

Amortisation presented in the consolidated profit or loss for the years ended 31 December 2012 and 2011 amounted to Baht 494 million and Baht 512 million, respectively.

	Consolidated												
	2011					2010							
	Cost					Accumulated amortisation							
	Beginning balance	Transfer from combination	Additions	Disposals	Others	Ending balance	Beginning balance	Transfer from combination	Amortisations	Disposals	Others	Ending balance	Net balance
	<i>(in million Baht)</i>												
Goodwill	804	8,865	-	-	-	9,669	-	-	-	-	-	-	9,669
Software licenses	3,476	411	396	(3)	32	4,312	(2,113)	(150)	(512)	1	(3)	(2,777)	1,535
Others	5	33	15	-	(1)	52	-	-	-	-	-	-	52
Total	4,285	9,309	411	(3)	31	14,033	(2,113)	(150)	(512)	1	(3)	(2,777)	11,256

The gross amount of the Bank and its subsidiaries' fully amortised intangible assets that were still in use for the consolidated financial statements as at 31 December 2012 amounted to Baht 1,580 million (2011: Baht 1,542 million).

The Bank

2012

	Cost			Accumulated amortisation			Net balance		
	Beginning balance	Additions	Disposals	Other	Ending balance	Beginning balance		Amortisations	Ending balance
Software licenses	3,729	1,008	(372)	9	4,374	(2,457)	(438)	(2,895)	1,479
Total	3,729	1,008	(372)	9	4,374	(2,457)	(438)	(2,895)	1,479

(in million Baht)

Amortisation presented in the Bank's profit or loss for the years ended 31 December 2012 and 2011 amounted to Baht 438 million and Baht 435 million, respectively.

The Bank

2011

	Cost		Accumulated amortisation			Net balance	
	Beginning balance	Additions	Ending balance	Beginning balance	Amortisations		Ending balance
Software licenses	3,340	389	3,729	(2,022)	(435)	(2,457)	1,272
Total	3,340	389	3,729	(2,022)	(435)	(2,457)	1,272

(in million Baht)

The gross amount of the Bank's fully amortised intangible assets that were still in use for the Bank's financial statements as at 31 December 2012 amounted to Baht 1,488 million (2011: Baht 1,435 million).

22 ASSETS PENDING TRANSFER

As at 31 December 2012 and 2011, assets pending transfer were as follows:

	Consolidated		The Bank	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Sundry receivables	10,362	5,301	10,362	5,301
Pending for E-Banking receivables	1,678	773	1,678	773
Prepayment of Option Premium	495	86	495	86
Others	126	114	126	114
Total	12,661	6,274	12,661	6,274

23 OTHER ASSETS, NET

As at 31 December 2012 and 2011, other assets, net were as follows:

	Consolidated		The Bank	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Securities business receivables and receivables from clearing house	3,430	1,272	-	-
Accrued interest on investment and interest rate product	2,163	2,168	1,194	1,304
Net inter-account balance	1,558	1,429	1,528	1,429
Collateral per Credit Support Annex	989	2,058	989	2,058
Accrued service income	936	384	1,613	945
Receivables from disposal of assets	798	954	798	954
Premium receivables	266	610	266	610
Others	6,079	5,366	3,393	3,190
Total	16,219	14,241	9,781	10,490

24 CLASSIFIED ASSETS

The Bank and its subsidiaries have classified assets as at 31 December 2012 and 2011 as follows:

Consolidated						
2012						
	Loans and accrued interest receivables*	Loans to financial institutions and accrued interest receivables	Investments	Properties for sale	Other assets	Total
<i>(in million Baht)</i>						
Normal	1,489,739	136,285	-	-	33	1,626,057
Special Mention	25,278	-	-	-	2	25,280
Sub-Standard	9,878	-	-	-	1	9,879
Doubtful	4,463	-	-	-	1	4,464
Doubtful Loss	21,591	-	1,479	775	793	24,638
	<u>1,550,949</u>	<u>136,285</u>	<u>1,479</u>	<u>775</u>	<u>830</u>	<u>1,690,318</u>

Consolidated						
2011						
	Loans and accrued interest receivables*	Loans to financial institutions and accrued interest receivables	Investments	Properties for sale	Other assets	Total
<i>(in million Baht)</i>						
Normal	1,242,234	97,953	-	-	15	1,340,202
Special Mention	17,168	-	-	-	1	17,169
Sub-Standard	6,748	-	-	-	-	6,748
Doubtful	6,223	-	-	-	1	6,224
Doubtful Loss	23,310	-	2,455	686	622	27,073
	<u>1,295,683</u>	<u>97,953</u>	<u>2,455</u>	<u>686</u>	<u>639</u>	<u>1,397,416</u>

* Excluding any deferred revenue

The Bank

2012

	Loans and accrued interest receivables*	Loans to financial institutions and accrued interest receivables	Investments	Properties for sale	Other assets	Total
<i>(in million Baht)</i>						
Normal	1,485,140	130,505	-	-	33	1,615,678
Special Mention	25,192	-	-	-	2	25,194
Sub-Standard	9,863	-	-	-	1	9,864
Doubtful	4,453	-	-	-	1	4,454
Doubtful Loss	19,303	-	1,817	767	600	22,487
	1,543,951	130,505	1,817	767	637	1,677,677

The Bank

2011

	Loans and accrued interest receivables*	Loans to financial institutions and accrued interest receivables	Investments	Properties for sale	Other assets	Total
<i>(in million Baht)</i>						
Normal	1,226,247	91,274	-	-	15	1,317,536
Special Mention	15,401	-	-	-	1	15,402
Sub-Standard	6,177	-	-	-	-	6,177
Doubtful	5,790	-	-	-	1	5,791
Doubtful Loss	19,593	-	3,013	537	622	23,765
	1,273,208	91,274	3,013	537	639	1,368,671

* Excluding any deferred revenue

25 DEPOSITS

25.1 Classified by product as at 31 December 2012 and 2011:

	Consolidated		The Bank	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Demand	51,730	47,046	52,024	46,649
Savings	789,048	621,733	789,303	624,181
Fixed				
- Less than 6 months	170,408	172,550	170,241	165,896
- 6 months and less than 1 year	319,637	137,439	319,635	137,188
- Over 1 year	283,236	205,545	283,386	205,544
Negotiable Certificate of Deposit	-	75	-	-
Total	1,614,059	1,184,388	1,614,589	1,179,458

25.2 Classified by currency and residence of customer as at 31 December 2012 and 2011:

	Consolidated					
	2012		Total	2011		Total
	Domestic	Foreign		Domestic	Foreign	
	<i>(in million Baht)</i>					
Baht	1,570,624	466	1,571,090	1,156,215	371	1,156,586
US Dollar	24,071	12,983	37,054	20,478	5,570	26,048
Other currencies	5,357	558	5,915	1,125	629	1,754
Total	1,600,052	14,007	1,614,059	1,177,818	6,570	1,184,388

	The Bank					
	2012		Total	2011		Total
	Domestic	Foreign		Domestic	Foreign	
	<i>(in million Baht)</i>					
Baht	1,574,662	452	1,575,114	1,153,928	359	1,154,287
US Dollar	24,071	9,493	33,564	20,478	2,949	23,427
Other currencies	5,357	554	5,911	1,125	619	1,744
Total	1,604,090	10,499	1,614,589	1,175,531	3,927	1,179,458

26 INTERBANK AND MONEY MARKET ITEMS (LIABILITIES)

As at 31 December 2012 and 2011, interbank and money market items (Liabilities) were as follows:

	Consolidated					
	2012		Total	2011		Total
Demand	Time	Demand		Time		
<i>(in million Baht)</i>						
Domestic items:						
Bank of Thailand and Financial Institutions Development Fund	-	30,904	30,904	-	-	-
Commercial banks	869	39,695	40,564	864	13,930	14,794
Specialised financial institutions*	170	2,270	2,440	108	-	108
Other financial institutions**	14,922	5,399	20,321	23,485	3,493	26,978
Total domestic items	15,961	78,268	94,229	24,457	17,423	41,880
Foreign items:						
US Dollar	1,595	9,189	10,784	215	10,141	10,356
Japanese Yen	6	-	6	-	-	-
Euro	141	-	141	75	-	75
Other currencies	1,903	-	1,903	1,120	-	1,120
Total foreign items	3,645	9,189	12,834	1,410	10,141	11,551
Total domestic and foreign items	19,606	87,457	107,063	25,867	27,564	53,431

* Specialised financial institutions mean financial institutions which operate under specific development mandates such as the Small and Medium Enterprise Development Bank of Thailand, Bank for Agriculture and Agricultural Co-operatives, Export-Import Bank of Thailand, Government Savings Banks, Government Housings Bank, Islamic Bank of Thailand and Secondary Mortgage Corporation, but excluding the Small Business Credit Guarantee Corporation

** Other financial institutions mean financial institutions which have a license to offer interest on loans under the Finance Institution Act and, excluding those itemised separately above, such as Finance companies, Securities companies, Credit foncier companies, Life insurance companies, Cooperatives, the Federation of Savings and Credit Cooperatives of Thailand Limited and the Credit Union League of Thailand Limited

	The Bank					
	2012			2011		
	Demand	Time	Total	Demand	Time	Total
	<i>(in million Baht)</i>					
Domestic items:						
Bank of Thailand and Financial Institutions Development Fund	-	30,904	30,904	-	-	-
Commercial banks	869	39,695	40,564	2,155	13,930	16,085
Specialised financial institutions*	170	2,269	2,439	108	-	108
Other financial institutions**	19,674	5,399	25,073	23,704	3,441	27,145
Total domestic items	20,713	78,267	98,980	25,967	17,371	43,338
Foreign items:						
US Dollar	1,685	9,189	10,874	331	10,141	10,472
Japanese Yen	6	-	6	-	-	-
Euro	141	-	141	75	-	75
Other currencies	1,906	-	1,906	1,120	-	1,120
Total foreign items	3,738	9,189	12,927	1,526	10,141	11,667
Total domestic and foreign items	24,451	87,456	111,907	27,493	27,512	55,005

* Specialised financial institutions mean financial institutions which operate under specific development mandates such as the Small and Medium Enterprise Development Bank of Thailand, Bank for Agriculture and Agricultural Co-operatives, Export-Import Bank of Thailand, Government Savings Banks, Government Housings Bank, Islamic Bank of Thailand and Secondary Mortgage Corporation, but excluding the Small Business Credit Guarantee Corporation

** Other financial institutions mean financial institutions which have a license to offer interest on loans under the Finance Institution Act and, excluding those itemised separately above, such as Finance companies, Securities companies, Credit foncier companies, Life insurance companies, Cooperatives, the Federation of Savings and Credit Cooperatives of Thailand Limited and the Credit Union League of Thailand Limited

27 DEBT ISSUED AND BORROWINGS

As at 31 December 2012 and 2011, debt issued and borrowings were as follows:

	Interest rate (%)	Year of maturity	Consolidated					
			2012		2011			
			Domestic	Foreign	Total	Domestic	Foreign	Total
			<i>(in million Baht)</i>					
Bonds								
- US Dollar	3.38 - 3.90	2016 - 2017	-	46,289	46,289	-	12,650	12,650
- Baht	3.10 - 3.60	2012	-	-	-	3,495	-	3,495
Subordinated bonds								
- Baht	4.50 - 6.25	2018 - 2024	60,000	-	60,000	20,000	-	20,000
Structured notes								
- Baht	Variables*	2013	239	-	239	-	-	-
Securities sold under repurchase agreement								
- Baht	3.20 - 3.35	2012	-	-	-	3,140	-	3,140
Bill of Exchanges								
- Baht	0.75 - 4.83	2012 - 2014	25,765	-	25,765	216,208	-	216,208
Others								
			284	-	284	350	-	350
Total			86,288	46,289	132,577	243,193	12,650	255,843

* Variable rates linked to reference interest rate and average price of marketable equity securities

	Interest rate (%)	Year of maturity	The Bank					
			Domestic	2012		2011		Total
				Foreign	Total	Domestic	Foreign	
			<i>(in million Baht)</i>					
Bonds								
- US Dollar	3.38 - 3.90	2016 - 2017	-	46,289	46,289	-	12,650	12,650
- Baht	3.10 - 3.60	2012	-	-	-	3,495	-	3,495
Subordinated bonds								
- Baht	4.50 - 6.25	2018 - 2024	60,000	-	60,000	20,000	-	20,000
Securities sold under repurchase agreement								
- Baht	3.20 - 3.35	2012	-	-	-	3,140	-	3,140
Bill of Exchanges								
- Baht	0.75 - 4.83	2012 - 2014	25,915	-	25,915	216,668	-	216,668
Others			284	-	284	350	-	350
Total			86,199	46,289	132,488	243,653	12,650	256,303

28 PROVISIONS

As at 31 December 2012 and 2011, provisions were as follows:

	Note	Consolidated		The Bank	
		2012	2011	2012	2011
		<i>(in million Baht)</i>			
Reserve for pension and gratuity		2,971	2,352	2,714	2,112
Reserve for claims		1,664	1,339	1,664	1,339
Possible loss from Asset Transferred Agreement with TAMC	13.8	986	945	945	904
Possible loss from legal cases		358	326	346	289
Provisions for commitments as off-financial reporting items		115	115	115	115
Others		61	62	61	-
Total		6,155	5,139	5,845	4,759

Pension and other post-retirement employee benefits

The Bank operates a number of post-retirement benefit plans including both defined contribution plans and defined benefit plans. All defined benefit plans are unfunded.

Present value of unfunded obligations as at 31 December 2012 and 2011 were as follows:

	Consolidated		The Bank	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Severance Payment ("SP") benefits scheme	2,340	1,975	2,119	1,764
Other schemes	631	377	595	348
Total present value of unfunded obligations	2,971	2,352	2,714	2,112

Post-employee benefit expenses included in the statements of comprehensive income for the years ended 31 December 2012 and 2011 were as follows:

	Consolidated		The Bank	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Recognised in profit or loss:				
Defined contribution plans	774	686	674	609
Defined benefit plans	336	353	263	326
Total post-employment benefit expenses	1,110	1,039	937	935
Recognised in other comprehensive income:				
Actuarial losses recognised in the year	508	-	474	-

Movement in the present value of the defined benefit obligations:

	Consolidated			
	2012		2011	
	SP	Others	SP	Others
	<i>(in million Baht)</i>			
Obligations at 1 January	1,975	377	1,720	340
Transfer from business combination	-	-	106	11
Current service cost	173	25	154	24
Interest cost	73	14	66	13
Benefits paid	(167)	(7)	(71)	(11)
Actuarial losses in other comprehensive income	286	222	-	-
Obligations at 31 December	2,340	631	1,975	377

	The Bank			
	2012		2011	
	SP	Others	SP	Others
	<i>(in million Baht)</i>			
Obligations at 1 January	1,764	348	1,619	325
Current service cost	149	22	134	20
Interest cost	66	13	61	12
Benefits paid	(116)	(6)	(50)	(9)
Actuarial losses in other comprehensive income	256	218	-	-
Obligations at 31 December	2,119	595	1,764	348

Actuarial losses recognised in other comprehensive income:

	Consolidated		The Bank	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Included in retained earnings:				
At 1 January	-	-	-	-
Recognised during the year	508	-	474	-
At 31 December	508	-	474	-

Principal actuarial assumptions at the reporting date:

	Consolidated and The Bank	
	2012	2011
	<i>(%)</i>	
Financial assumptions		
Discount rate	4.1 - 4.2	3.6 - 4.2
Price inflation rate	3.5	3.5
Health cost increase rate	4 - 4.8	4 - 4.8
Future salary increases	5.5 - 10	6 - 12

As of 31 December 2012, a one percentage point change in assumed discount rates would have the following effects:

	Consolidated		The Bank	
	1% increase	1% decrease	1% increase	1% decrease
	<i>(in million Baht)</i>			
Effect on defined benefit obligations	(350)	433	(323)	399

The employee benefit expected to be paid to retirees over each of the next three years are as follows:

	Consolidated		
	2013	2014	2015
<i>(in million Baht)</i>			
Forecast of benefit payments			
Severance Payment ("SP") benefits scheme	120	98	146
Other scheme	20	19	16
Expenses recognised in profit or loss	140	117	162

	The Bank		
	2013	2014	2015
<i>(in million Baht)</i>			
Forecast of benefit payments			
Severance Payment ("SP") benefits scheme	111	90	140
Other scheme	18	15	14
Expenses recognised in profit or loss	129	105	154

29 LIABILITIES PENDING TRANSFER

As at 31 December 2012 and 2011, liabilities pending transfer were as follows:

	Consolidated		The Bank	
	2012	2011	2012	2011
<i>(in million Baht)</i>				
Pending for payment E-banking	9,187	5,001	9,187	5,001
Other payables	3,183	2,228	3,590	2,228
Others	1,073	1,686	946	1,416
Total	13,443	8,915	13,723	8,645

30 OTHER LIABILITIES

As at 31 December 2012 and 2011, other liabilities were as follows:

	Consolidated		The Bank	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Accrued expenses	16,826	14,148	13,101	12,331
Interest payable	8,729	7,366	8,707	7,321
Securities business payables and payables to clearing house	3,325	1,291	-	-
Other payable per Credit Support Annex	2,769	2,190	2,769	2,190
Withholding tax payable	758	459	660	312
Margin deposit	396	387	299	387
Others	2,558	2,764	841	332
Total	35,361	28,605	26,377	22,873

31 RESERVE

Legal reserve

Under the Public Companies Act, the Bank and its subsidiaries, which are public companies are required to set aside as a legal reserve at least 5% of their net profit, net of accumulated deficit brought forward (if any), until the reserve is not less than 10% of the registered capital. The legal reserve is not available for dividend distribution.

According to the Civil and Commercial Code, subsidiaries which are private companies must appropriate to a reserve fund at each distribution of dividend at least 5% of the profit arising from the business of the Company until the reserve fund reaches 10% of the capital of the Company. Such reserve fund is not available for distribution as dividend.

Other reserves

Currency translation differences

The currency translation differences account within Equity comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Fair value changes in available-for-sale investments

The fair value changes in available-for-sale investments account within Equity comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

Valuation surplus

The valuation surplus account within Equity comprises the cumulative net change in the valuation of premises and equipment included in the financial statements at valuation until such premises and equipment are sold or otherwise disposed of.

Movements in reserves

Movements in reserves are shown in the statement of changes in equity.

32 DIVIDENDS

The Board of Directors Meeting held on 28 August 2012 passed a resolution approving an interim dividend payment in respect of the half-year result of 2012 of Baht 1.00 per share, amounting to Baht 3,399 million. The dividend was paid to shareholders on 21 September 2012.

At the annual general meeting of the shareholders of the Bank held on 5 April 2012, the shareholders approved the appropriation of dividend of Baht 2.50 per share, amounting to Baht 8,498 million. The dividend was paid to shareholders on 4 May 2012.

The Board of Directors Meeting held on 23 August 2011 passed a resolution approving an interim dividend payment in respect of the half-year result of 2011 of Baht 1.00 per share, amounting to Baht 3,399 million. The dividend was paid to shareholders on 16 September 2011.

At the annual general meeting of the shareholders of the Bank held on 5 April 2011, the shareholders approved the appropriation of dividend of Baht 2.00 per share, amounting to Baht 6,798 million. The dividend was paid to shareholders on 4 May 2011.

33 ASSETS PLEDGED AS COLLATERAL AND UNDER RESTRICTION

As at 31 December 2012 and 2011, assets pledged as collateral and under restriction were as follows:

	Consolidated		The Bank	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Deposits	1	1	-	-
Investments				
Securities pledged as collateral for repurchase agreements	37,427	23,946	37,427	23,946
Others	19,647	14,803	119	49
Total	57,075	38,750	37,546	23,995

34 CONTINGENCIES

As at 31 December 2012 and 2011, contingencies were as follows:

	Consolidated		The Bank	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Avals to bills	3,487	1,532	3,487	1,532
Guarantees of loans	578	548	543	349
Liability under unmatured import bills	8,413	6,370	8,413	6,370
Letter of credit	16,502	25,770	16,447	25,707
Other contingencies				
- Amount of unused bank overdraft	122,089	104,514	121,730	104,113
- Other guarantees	159,907	113,884	159,378	113,865
- Receivables / payables from investments	6,482	50,514	6,384	49,655
- Others	95	505	-	-
Total	317,553	303,637	316,382	301,591

As at 31 December 2012, the Bank had commitments of Baht 3 million, in connection with finance companies whose operations were closed down permanently by the Ministry of Finance on 8 December 1997 (2011: Baht 3 million).

35 RELATED PARTIES

For the purposes of these financial statements, parties are considered to be related to the Bank and its subsidiaries if the Bank and its subsidiaries have the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Bank and its subsidiaries and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Bank has business transactions with related parties or persons. Interest rate for staff loans under the staff welfare scheme is charged in accordance with the Bank's regulations for such loans. Interest rate and other pricing for other related parties are at the same rate as in the normal course of business with the same business conditions as general customers. The transactions with related parties or persons were as follows:

35.1 Loans, deposits, borrowings and contingencies

Loans, deposits, borrowings and contingencies to related parties or persons as at 31 December 2012 and 2011 were as follows:

	Consolidated							
	2012				2011			
	Loans*	Deposits	Borrow-ings	Contin-gencies	Loans*	Deposits	Borrow-ings	Contin-gencies
	<i>(in million Baht)</i>							
Associates								
Finance								
SCB Leasing PCL**	-	-	-	-	-	16	-	-
VinaSiam Bank (Vietnam)	-	5	-	-	-	7	-	-
Total associates	-	5	-	-	-	23	-	-
Related companies (Shareholding through debt restructuring process)								
Phoenix Land Development Co., Ltd.	-	71	-	32	-	64	-	32
Total related companies (Shareholding through debt restructuring process)	-	71	-	32	-	64	-	32
Related companies (Shareholding through other companies' debt restructuring process)								
Siam Media and Communication Co., Ltd. and affiliate***	-	-	-	1	-	-	-	1
Total related companies (Shareholding through other companies' debt restructuring process)	-	-	-	1	-	-	-	1
Major shareholder (more than 10% ownership)								
The Crown Property Bureau	-	4,612	500	-	-	1,523	900	-
Total major shareholder (more than 10% ownership)	-	4,612	500	-	-	1,523	900	-
Entities in which the directors, management or close members of their families have significant influence								
	-	593	70	2	13	166	270	2
Directors and key executive officers	114	620	27	-	133	476	155	-
Total	114	5,901	597	35	146	2,252	1,325	35

* Net of specific provision (1%)

** Sold in 2012

*** Discontinued operations or in the process of dissolution

	The Bank							
	2012				2011			
	Loans*	Deposits	Borrow-ings	Contin-gencies	Loans*	Deposits	Borrow-ings	Contin-gencies
	<i>(in million Baht)</i>							
Subsidiaries								
Finance & Insurance								
Rutchayothin Assets Management Co., Ltd.	-	77	-	-	-	202	-	-
Cambodian Commercial Bank Ltd. (Cambodia)	-	93	-	-	-	116	-	-
SCB Securities Co., Ltd.	-	59	1,215	242	-	100	1,158	166
The Siam Commercial Samaggi Insurance PCL	-	271	150	48	-	96	150	48
SCB Asset Management Co., Ltd.	-	307	-	-	-	284	-	-
Siam Commercial Leasing PCL	-	707	-	-	-	2,145	310	-
SCB Life Assurance PCL	-	2,766	384	1,229	-	1,906	-	416
Services								
SCB Training Centre Co., Ltd.	-	7	-	-	-	3	-	-
Siam Phitiwat Company Limited	-	73	-	-	-	69	-	-
Siam Niti Law Office Co., Ltd.**	-	-	-	-	-	7	-	-
SCB Plus Co., Ltd.	-	37	-	-	-	67	-	-
Real estate								
Mahisorn Co., Ltd.***	-	100	-	-	-	150	-	-
Other								
Sor.Or.Kor. PCL****	-	3,170	-	-	-	33	-	1
Total subsidiaries	-	7,667	1,749	1,519	-	5,178	1,618	631
Associates								
Finance								
SCB Leasing PCL*****	-	-	-	-	-	16	-	-
VinaSiam Bank (Vietnam)	-	5	-	-	-	7	-	-
Total associates	-	5	-	-	-	23	-	-
Related companies (Shareholding through debt restructuring process)								
Phoenix Land Development Co., Ltd.	-	71	-	32	-	64	-	32
Total related companies (Shareholding through debt restructuring process)	-	71	-	32	-	64	-	32

* Net of specific provision (1%)

** Dissolution in 2012

*** Change in shareholder's structure under the SCB Financial Group

**** The entire business has been transferred to the Bank on 1 October 2012 and discontinued on 27 November 2012. (Former name: The Siam Industrial Credit PCL)

***** Sold in 2012

	The Bank							
	2012				2011			
	Loans*	Deposits	Borrow-ings	Contin-gencies	Loans*	Deposits	Borrow-ings	Contin-gencies
	<i>(in million Baht)</i>							
Related companies (Shareholding through other companies' debt restructuring process)								
Siam Media and Communication Co., Ltd. and affiliate**	-	-	-	1	-	-	-	1
Total related companies (Shareholding through other companies' debt restructuring process)	-	-	-	1	-	-	-	1
Major shareholder (more than 10% ownership)								
The Crown Property Bureau	-	4,612	500	-	-	1,523	900	-
Total major shareholder (more than 10% ownership)	-	4,612	500	-	-	1,523	900	-
Entities in which the directors, management or close members of their families have significant influence	-	593	70	2	13	166	270	2
Directors and key executive officers	114	620	27	-	133	476	155	-
Total	114	13,568	2,346	1,554	146	7,430	2,943	666

* Net of specific provision (1%)

** Discontinued operations or in the process of dissolution

35.2 Investments

Investments in subsidiaries and associates as at 31 December 2012 and 2011 are described in note 12.

Investments in related companies in which the Bank and its subsidiaries are the shareholders and/or management are directors as at 31 December 2012 and 2011 are as follows:

							2012	
Company	Type of business	Paid-up capital (in million Baht)	Consolidated		The Bank			
			Share holding (%)	Cost (in million Baht)	Share holding (%)	Cost (in million Baht)		
			Shareholding through debt restructuring process					
Phoenix Land Development Co., Ltd.	Holding	500	97.6	-	97.6	-		
Shareholding through other companies' debt restructuring process								
Siam Media & Communication Co., Ltd. and affiliate*	Holding	700	33.3	-	33.3	-		
WTA (Thailand) Co., Ltd.	Others	-	25.0	-	25.0	-		

							2011	
Company	Type of business	Paid-up capital (in million Baht)	Consolidated		The Bank			
			Share holding (%)	Cost (in million Baht)	Share holding (%)	Cost (in million Baht)		
			Shareholding through debt restructuring process					
Phoenix Land Development Co., Ltd.	Holding	500	97.6	-	97.6	-		
Shareholding through other companies' debt restructuring process								
Siam Media & Communication Co., Ltd. and affiliate*	Holding	700	33.3	-	33.3	-		
WTA (Thailand) Co., Ltd.	Others	-	25.0	-	25.0	-		

* Discontinued operations or in the process of dissolution

35.3 Income and expenses

Income and expenses between the Bank and its subsidiaries, associates and related companies for the years ended 31 December 2012 and 2011 were as follows:

Consolidated								
	2012				2011			
	Income		Expenses		Income		Expenses	
	Interest	Others	Interest	Others	Interest	Others	Interest	Others
<i>(in million Baht)</i>								
Associates	-	16	-	-	2	607	1	127
Major shareholder	-	-	65	18	-	-	31	16

The Bank								
	2012				2011			
	Income		Expenses		Income		Expenses	
	Interest	Others	Interest	Others	Interest	Others	Interest	Others
<i>(in million Baht)</i>								
Subsidiaries	30	14,099	144	1,601	70	11,669	105	1,047
Associates	-	16	-	-	-	606	1	122
Major shareholder	-	-	65	18	-	-	31	16

36 KEY MANAGEMENT PERSONNEL COMPENSATION

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, holding the position of Executive Vice President or higher.

The Bank has not paid benefits to directors and executives other than the benefits that are normally paid such as meeting allowances, reward, salary, bonus, cost of living allowance, transportation charges and fringe benefits according to the Bank's regulations.

<i>For the years ended 31 December</i>	Consolidated		The Bank	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Short-term employee benefits	1,414	1,257	1,095	940
Post-employment benefits	20	21	14	16
Other long-term benefits	-	2	-	-
Termination benefits	13	-	-	-
Total	1,447	1,280	1,109	956

37 LONG-TERM LEASES AND SERVICE AGREEMENTS

As at 31 December 2012 and 2011, the remaining rental and service expenses to be paid for long-term leases and service agreements were as follows:

Type of lease	Period	Consolidated		The Bank	
		2012	2011	2012	2011
		<i>(in million Baht)</i>			
Land and/or premises	Within 1 year	1,505	1,087	1,329	902
	1 - 5 years	1,077	1,210	977	1,035
	Over 5 years	73	105	61	87
Equipment	Within 1 year	2	97	-	97
	1 - 5 years	2	-	-	-
Vehicles	Within 1 year	234	199	229	199
	1 - 5 years	541	493	527	493

The significant financial position and the results of operations classified by domestic and foreign business are shown below.

38.1 As at 31 December 2012 and 2011, the financial position classified by domestic and foreign business was as follows:

	Consolidated					
	2012			2011		
	Domestic business	Foreign business	Total	Domestic business	Foreign business	Total
	<i>(in million Baht)</i>					
Total assets	2,198,304	71,580	2,269,884	1,815,023	33,355	1,848,378
Interbank and money market items, net (Assets)	156,100	6,655	162,755	116,927	8,076	125,003
Investments, net*	458,628	315	458,943	320,570	1,801	322,371
Loans to customers and accrued interest receivables, net	1,473,139	25,854	1,498,993	1,215,880	33,808	1,249,688
Deposits	1,602,443	11,616	1,614,059	1,179,521	4,867	1,184,388
Interbank and money market items (Liabilities)	97,874	9,189	107,063	43,924	9,507	53,431
Debt issued and borrowings	86,288	46,289	132,577	243,193	12,650	255,843

	The Bank					
	2012			2011		
	Domestic business	Foreign business	Total	Domestic business	Foreign business	Total
	<i>(in million Baht)</i>					
Total assets	2,078,254	67,062	2,145,316	1,709,670	29,718	1,739,388
Interbank and money market items, net (Assets)	146,270	3,271	149,541	106,767	8,027	114,794
Investments, net*	374,187	316	374,503	266,853	1,801	268,654
Loans to customers and accrued interest receivables, net	1,468,828	24,937	1,493,765	1,197,489	33,823	1,231,312
Deposits	1,606,481	8,108	1,614,589	1,174,591	4,867	1,179,458
Interbank and money market items (Liabilities)	102,718	9,189	111,907	45,498	9,507	55,005
Debt issued and borrowings	86,199	46,289	132,488	243,653	12,650	256,303

* Included investments in subsidiaries and associates, net

38.2 The results of operations classified by domestic and foreign business for the years ended 31 December 2012 and 2011 were as follows:

	Consolidated							
	2012				2011			
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	<i>(in million Baht)</i>							
Interest income	102,803	2,698	(2,102)	103,399	77,340	1,617	(1,010)	77,947
Interest expense	(41,328)	(2,069)	2,102	(41,295)	(27,444)	(987)	1,010	(27,421)
Net interest income	61,475	629	-	62,104	49,896	630	-	50,526
Net fees and service income	20,344	112	-	20,456	19,725	81	-	19,806
Other operating income	20,418	7	-	20,425	20,653	50	-	20,703
Other operating expenses	(51,725)	(73)	-	(51,798)	(43,412)	(101)	-	(43,513)
Profit before tax	50,512	675	-	51,187	46,862	660	-	47,522

	The Bank							
	2012				2011			
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	<i>(in million Baht)</i>							
Interest income	97,791	2,642	(2,102)	98,331	73,359	1,560	(1,010)	73,909
Interest expense	(41,346)	(2,065)	2,102	(41,309)	(27,444)	(983)	1,010	(27,417)
Net interest income	56,445	577	-	57,022	45,915	577	-	46,492
Net fees and service income	25,818	68	-	25,886	22,849	40	-	22,889
Other operating income	13,596	2	-	13,598	13,011	44	-	13,055
Other operating expenses	(49,236)	(17)	-	(49,253)	(40,824)	(47)	-	(40,871)
Profit before tax	46,623	630	-	47,253	40,951	614	-	41,565

39 INTEREST INCOME

Interest income included in profit or loss for the years ended 31 December 2012 and 2011 was as follows:

	Consolidated		The Bank	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Interbank and money market items	4,789	5,415	4,351	5,146
Investments and trading transactions	391	222	391	222
Investments in debt securities	11,078	6,669	7,343	4,020
Loans	78,965	60,174	78,742	60,043
Hire-purchase and finance leases	8,170	5,464	7,498	4,475
Others	6	3	6	3
Total	103,399	77,947	98,331	73,909

40 INTEREST EXPENSE

Interest expense included in profit or loss for the years ended 31 December 2012 and 2011 was as follows:

	Consolidated		The Bank	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Deposits	26,567	14,840	26,560	14,785
Interbank and money market items	1,617	1,536	1,655	1,603
Contributions to Deposit Protection Agency	6,657	4,402	6,646	4,395
Debt issued				
- Subordinated debentures	2,022	980	2,022	980
- Others	4,404	5,622	4,415	5,625
Borrowings	23	31	6	19
Others	5	10	5	10
Total	41,295	27,421	41,309	27,417

41 NET FEES AND SERVICE INCOME

Net fees and service income included in profit or loss for the years ended 31 December 2012 and 2011 was as follows:

	Consolidated		The Bank	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Fees and service income				
- Acceptances, avals and guarantees	1,193	976	1,186	972
- ATM, Debit cards and other banking electronic	4,885	4,175	4,906	4,175
- Others	18,748	18,512	23,855	21,196
Total fees and service income	24,826	23,663	29,947	26,343
Fees and service expense	4,370	3,857	4,061	3,453
Net fees and service income	20,456	19,806	25,886	22,890

42 NET TRADING INCOME

Net trading income included in profit or loss for the years ended 31 December 2012 and 2011 was as follows:

	Consolidated		The Bank	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Gains (losses) on trading and foreign exchange transactions				
- Foreign currencies and foreign currency related derivatives	7,537	6,515	7,557	6,511
- Interest rate related derivatives	(378)	(275)	(378)	(275)
- Debt securities	311	44	311	44
- Equity securities	36	(7)	1	-
- Others	5	10	5	10
Total	7,511	6,287	7,496	6,290

43 NET GAIN ON INVESTMENTS

Net gain on investments included in profit or loss for the years ended 31 December 2012 and 2011 was as follows:

	Consolidated		The Bank	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Gains (losses) on sales				
- Available-for-sale securities	639	90	165	46
- Held-to-maturity securities	(144)	(120)	-	-
- General investments	8	(509)	4	(512)
- Investment in subsidiaries and associates	254	4,999	(1,026)	(790)
Total	757	4,460	(857)	(1,256)
Gains (losses) on impairment				
- Available-for-sale securities	86	86	86	86
- General investments	456	525	461	515
- Investment in subsidiaries and associates	(6)	259	505	1,167
Total	536	870	1,052	1,768
Net gain on investments	1,293	5,330	195	512

44 IMPAIRMENT LOSS ON LOANS AND DEBT SECURITIES

Bad debt and doubtful accounts recognised in the consolidated profit or loss for the years ended 31 December 2012 and 2011 are Baht 9,020 million and Baht 6,719 million (net of bad debt recovery of Baht 1,022 million and Baht 836 million), respectively and in the Bank's profit or loss are Baht 9,609 million and Baht 6,917 million (net of bad debt recovery of Baht 857 million and Baht 726 million), respectively.

Loss on debt restructuring recognised in the consolidated and the Bank's profit or loss for the years ended 31 December 2012 and 2011 are Baht 28 million and Baht 433 million, respectively.

Bad debt, doubtful accounts and loss on debt restructuring included in profit or loss for the years ended 31 December 2012 and 2011 were as follows:

	Consolidated		The Bank	
	2012	2011	2012	2011
	<i>(in million Baht)</i>			
Interbank and money market items	362	(500)	362	(500)
Available-for-sale securities	(4)	(22)	(4)	6
Held-to-maturity securities	(10)	-	-	-
Loans to customers	9,020	6,719	9,609	6,917
Loss on debt restructuring	28	433	28	433
Total	9,396	6,630	9,995	6,856

45 BASIC EARNINGS PER SHARE

Basic earnings per share in the consolidated and the Bank's financial statements for the years ended 31 December 2012 and 2011 were calculated as follows:

	Consolidated		The Bank	
	2012	2011	2012	2011
	<i>(in million Baht / million shares)</i>			
Profit attributable to ordinary shareholders of the Bank (basic)	40,220	36,273	38,879	31,872
Number of ordinary and preference shares during the year	3,399	3,399	3,399	3,399
Earnings per share (basic) (in Baht)	11.83	10.67	11.44	9.38

The preference of the preference shares expired in 2009, therefore, their rights are equivalent to ordinary shares. Basic earnings per share for the years ended 31 December 2012 and 2011 are calculated from the net profit attributable to ordinary shareholders divided by the total number of ordinary and preference shares during the year.

46 EVENTS AFTER THE REPORTING PERIOD

71,768 preference shares have been converted into 71,768 ordinary shares. The Bank registered the conversion of the preference shares with the Ministry of Commerce on 8 January 2013.

47 THAI FINANCIAL REPORTING STANDARDS (TFRS) NOT YET ADOPTED

The Bank and its subsidiaries have not adopted the following new and revised TFRS that have been issued as of the reporting date but are not yet effective. The new and revised TFRS are expected to become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table.

TFRS	Topic	Year Effective
TAS 12	Income Taxes	2013
TAS 20	Accounting for Government Grants and Disclosures of Government Assistance	2013
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013
TFRS 8	Operating Segments	2013

Management expects to adopt and apply these new TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the consolidated and the Bank's financial statements of those new standards assessed to have the greatest potential impact on the financial statements in the period of initial application. These standards are as follows:

TAS 12 - Income Taxes

The principal change introduced by TAS 12 is the requirement to account for deferred tax liabilities and assets in the financial statements. Deferred tax liabilities and assets are the amounts of income taxes payable and recoverable, respectively, in future periods in respect of temporary differences between the carrying amount of the liability or asset in the statement of financial position and the amount attributed to that liability or asset for tax purposes; and the carryforward of unused tax losses. Currently, the Bank and its subsidiaries do not recognise deferred tax in the financial statements.

The Bank and its subsidiaries will adopt TAS 12 with effect from 1 January 2013. The effects of the change will be recognised retrospectively in the financial statements and the statements of financial position as at 31 December 2012 and 2011 will be adjusted accordingly. Management estimates that the impact on the statements of financial position is less than 2% of net assets.

TAS 20 - Accounting for Government Grants and Disclosures of Government Assistance

Management is of the opinion that adoption of TAS 20 from 1 January 2013 will not have a significant impact on the Bank's financial statements.

TAS 21 (revised 2009) - The Effects of Changes in Foreign Exchange Rates

The principal change introduced by TAS 21 is the introduction of the concept of functional currency, which is defined as the currency of the primary economic environment in which the entity operates. TAS 21 requires the entity to determine its functional currency and translate foreign currency items into its functional currency, reporting the effects of such translation in accordance with the provisions of TAS 21. Foreign currencies are defined by TAS 21 as all currencies other than the entity's functional currency.

Management has determined that the functional currency of the Bank is Thai Baht. Accordingly, the adoption of TAS 21 from 1 January 2013 is not expected to have a significant impact on the Bank's reported assets, liabilities, or retained earnings.

TFRS 8 - Operating Segments

The principal change introduced by TFRS 8 is the introduction of the concept of presenting operating segments based on the information that internally is provided to the Bank's chief operating decision maker. Since the change in accounting policy only impacts disclosure aspects, there is no significant impact on the Bank's financial statements.

48 RECLASSIFICATION OF ACCOUNTS

Certain accounts in the 2011 financial statements have been reclassified to conform to the presentation in the 2012 financial statements. These reclassifications have principally been made following changes in accounting policies as disclosed in note 3. The significant reclassifications were as follows:

	2011					
	Consolidated			The Bank		
	Before reclass.	Reclass.	After reclass.	Before reclass.	Reclass.	After reclass.
	<i>(in million Baht)</i>					
Statement of financial position						
Investments, net	330,074	(8,402)	321,672	248,065	(7,543)	240,522
Receivables from sales of investments	21,126	(21,126)	-	21,116	(21,116)	-
Assets pending transfer	7,255	(981)	6,274	7,253	(979)	6,274
Other assets, net	13,190	1,051	14,241	9,451	1,039	10,490
Payable from purchases of investments	29,459	(29,459)	-	28,600	(28,600)	-
Other liabilities	28,604	1	28,605	22,872	1	22,873
		-			-	
		-			-	

Supplementary Information

PRINCIPAL SHAREHOLDERS

SIAM COMMERCIAL BANK PCL AS AT 28 DECEMBER 2012

No.	Name	Ordinary Shares	Preferred Shares	Total of Shares	Percentage of Shares
1	BUREAU OF THE CROWN PROPERTY AND GROUP	805,309,758	-	805,309,758	23.69
2	VAYUPAK MUTUAL FUND 1	785,798,200	-	785,798,200	23.12
3	THAI NVDR COMPANY LIMITED	197,280,423	3,900	197,284,323	5.80
4	CHASE NOMINEES LIMITED 42	172,627,600	-	172,627,600	5.08
5	LITLEDOWN NOMINEES LIMITED	169,445,900	-	169,445,900	4.98
6	STATE STREET BANK AND TRUST COMPANY	101,936,091	-	101,936,091	3.00
7	HSBC (SINGAPORE) NOMINEES PTE LTD	72,431,505	-	72,431,505	2.13
8	STATE STREET BANK EUROPE LIMITED	63,233,740	-	63,233,740	1.86
9	BNP PARIBAS SECURITIES SERVICES LUXEMBOURG	50,472,300	-	50,472,300	1.48
10	GOVERNMENT OF SINGAPORE INVESTMENT CORPORATION C	48,154,700	-	48,154,700	1.42
11	OTHERS	927,046,212	5,451,869	932,498,081	27.43
	TOTAL ISSUED SHARE CAPITAL	3,393,736,429	5,455,769	3,399,192,198	100.00
	THAI SHAREHOLDERS	2,093,517,337	5,005,203	2,098,522,540	61.74
	FOREIGN SHAREHOLDERS	1,300,219,092	450,566	1,300,669,658	38.26

Remark: Ministry of Finance holds 3,051,786 ordinary shares or 0.09% of total share capital.

INVESTMENTS OF SIAM COMMERCIAL BANK PCL IN OTHER COMPANIES

As of December 31, 2012 the Bank owned 10% or more of the issued shares of the following companies.

No.	Company name & address	Type of business	Type of shares	Issued and paid up share capital (Baht)	Paid-up shares	Number of shares	Percentage of ownership*	Amount* (Baht)
1	The Cambodian Commercial Bank Co., Ltd 26 Monivong Rd., Sangkat Phsar Thmei 2, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia Tel : 001-855 (23) 426-145, 213-601-2 Fax : 001-855 (23) 426-116.	Banking	Ordinary	US\$25,000,000	250,000	250,000	100.000%	634,316,885
2	SCB Plus Co., Ltd. 1060 Bldg.3, 9 th Floor, 10 Siam Commercial Bank PCL, New Phetchaburi Rd., Makkasan, Ratchathewi, Bangkok 10400 Tel : 0-2792-3800 Fax : 0-2255-1565	Collection company	Ordinary	1,000,000	100,000	100,000	100.000%	1,000,000
3	SCB Training Center Co., Ltd. SCB Head Office Bldg., 9 Ratchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel : 0-2544-1702, 1704, 1707 Fax : 0-2544-1701	Training center	Ordinary	549,000,000	5,490,000	5,490,000	100.000%	389,504,400
4	Rutchayothin Assets Management Co., Ltd. SCB Park Plaza Bldg., West A, 12 nd Floor, 18 Ratchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel : 0-2544-2477	Asset management	Ordinary	25,000,000	2,500,000	2,500,000	100.000%	25,000,000
5	Mahisorn Co., Ltd. SCB Park Plaza Bldg. East, 6 th Floor, 18 - 19 Ratchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel : 0-2937-5400 Fax : 0-2937-5438	Property bulidings management	Ordinary	66,949,000	669,490	669,490	100.000%	88,168,273
6	Siam Pitiwat Co., Ltd. 222/1 - 7 Siam Square Soi 1, Rama 1 Rd., Pathumwan, Pathumwan, Bangkok 10330 Tel : 0-2530-7500 Fax : 0-2530-7515-6	Appraisal services	Ordinary	10,000,000	1,000,000	1,000,000	100.000%	10,000,000
7	SCB Asset Management Co., Ltd. SCB Park Plaza Bldg., Tower 3 East, 21 st - 22 nd Floor, 19 Ratchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel : 0-2949-1500 Fax : 0-2949-1501	Asset management	Ordinary	100,000,000	20,000,000	20,000,000	100.000%	221,573,983
8	SCB Securities Co., Ltd. SCB Park Plaza Bldg., Tower 3 East, 20 th - 21 st Floor, 19 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel : 0-2949-1000 Fax : 0-2949-1001	Securities	Ordinary	2,000,000,000	200,000,000	200,000,000	100.000%	2,107,396,410
9	Siam Panich SPV 1 Co., Ltd. ^{(1),(4)} SCB Park Plaza Bldg., Tower 2 West, 22 nd Floor 18 Ratchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel : 0-2544-2592 Fax : 0-2937-7721	SPV set up under Securitization Act.	Ordinary and Preferred	40,000	400	400	100.000%	40,000
10	Sor.Or.Kor PCL ⁽¹⁾ Sindhorn Bldg., Tower 2, 4 th Floor, 130 - 132 Wireless Rd., Lumpini, Pathumwan, Bangkok 10330 Tel : 0-2263-2100, 0-6250-9990 Fax : 0-2263-2044, 0-2263-2046	Commercial	Ordinary	2,987,115,310	597,423,062	595,883,972	99.742%	3,764,752,015

No.	Company name & address	Type of business	Type of shares	Issued and paid up share capital (Baht)	Paid-up shares	Number of shares	Percentage of ownership*	Amount* (Baht)
11	Siam Commercial Leasing PCL SCB Park Plaza Bldg., Tower 2 West, 22 nd Floor, 18 Ratchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel : 0-2949-1800 Fax : 0-2949-1900	Collection company	Ordinary	5,677,975,020	567,797,502	562,798,744	99.120%	10,718,643,742
12	Phoenix Land Developmnt Co., Ltd. ⁽²⁾ 555 Rasa Tower Bldg., 14 th Floor Phahon Yothin Rd. Chatuchak, Chatuchak, Bangkok 10900 Tel : 0-2937-0826-7#12 Fax : 0-2937-0826	Holding company	Ordinary	500,000,000	500,000	488,000	97.600%	1
13	SCB Life Assurance PCL Siam Commercial Bank PCL (Chidlom), Bldg. 1, 4 th - 10 th Floor, 1060 New Petchaburi Rd., Makkasan, Ratchathewi, Bangkok 10400 Tel : 0-2555-4000 Fax : 0-2256-1666	Life insurance	Ordinary	665,000,000	66,500,000	62,950,033	94.662%	9,033,188,057
14	Phoenix Golf and Country Club Pattaya Co., Ltd. ^{(2),(4)} 555 Rasa Tower Bldg., 14 th Floor Phahon Yothin Rd. Chatuchak, Chatuchak, Bangkok 10900 Tel : 0-2937-0826-7#12 Fax : 0-2937-0826	Golf course management	Ordinary	119,250,000	23,850	22,078	92.568%	147,665,000
15	Siam Sat Network Co., Ltd. ^{(1),(4)} SCB Park Plaza Bldg., Tower 2 West, 21 st Floor 18 Ratchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900	Satellite service	Ordinary	112,500,000	11,249,708	9,182,012	81.620%	91,820,120
16	Siam Technology Service Co., Ltd. ^{(1),(3)} SCB Park Plaza Bldg., Tower 1 West, 18 Ratchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900	consultant	Ordinary	30,000,000	2,999,991	2,249,993	75.000%	1
17	Siam Commercial Samaggi Insurance PCL Siam Commercial Insurance Bldg., 12 th Floor, North Park, 2/4 Vibhavadi Rangsit Rd., Thung Song Hong, Lak Si, Bangkok 10210 Tel : 0-2555-9094 Fax : 0-2955-0155	Non-life insurance	Ordinary	1,114,452,155	222,890,431	135,660,824	60.864%	967,076,318
18	Siam Media and Communication Co., Ltd. ⁽¹⁾ SCB Park Plaza Bldg., Tower 2 West, 1 7 th - 22 nd Floor, 18 Ratchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900	Holding company	Ordinary	700,000,000	7,000,000	2,333,800	33.340%	1
19	Vina Siam Bank 2 Pho Duc Chinh Street, District 1, Ho Chi Minh City, Vietnam Tel : 001-84 (83) 821-0557, 821-0360, 821- 5353, 821-5353-5 Fax : 001-84 (83) 821-0585	Banking	Ordinary	US\$61,000,000	610,000	201,300	33.000%	697,125,576
20	WTA (Thailand) Co., Ltd. 313 C.P. Tower, Silom Rd., Silom, Bangrak, Bangkok 10500 Tel : 0-2699-1609 Fax : 0-2643-1881	Holding company	Ordinary	25,000	1,000	250	25.000%	1
21	SG Star Properties Limited ^{(1),(2)} 408/70, Phaholyothin Place Bldg., 16th Floor, Phaholyothin Rd., Samsennai, Phayathai, Bangkok 10400	Real estate	Ordinary	611,641,180	61,164,118	12,384,277	20.248%	4,838,385
22	Nippon Koa Insurance Broker (Thailand) Co., Ltd. ⁽⁴⁾ 90/53 Sathorn Thani 1 Bldg., 18 th Floor North Sathorn Rd. Silom, Bang Rak, Bangkok 10500 Tel : 0-2636-7288 Fax : 0-2636-8277	Insurance broker	Ordinary	6,000,000	60,000	11,999	19.998%	1,199,900

No.	Company name & address	Type of business	Type of shares	Issued and paid up share capital (Baht)	Paid-up shares	Number of shares	Percentage of ownership*	Amount* (Baht)
23	National ITMX Co., Ltd. 93/1 GPF Witthayu Tower A, 17 th Floor, Wireless Rd., Lumpini, Pathumwan, Bangkok 10330 Tel : 0-2650-6800 Fax : 0-2650-6808	Payment system service provider	Ordinary	50,000,000	500,000	97,350	19.470%	11,184,710
24	Siam Cement Myanmar Trading Ltd. No.5 Kabar Aye Pagoda Road, Yankin Township, Yangon, Myanmar Tel : (95-9) 862-3069 / (95-1) 548-058 Fax : (95-1) 548-058	Commercial	Ordinary	KYAT1,320,000	220	22	10.000%	559,281
25	Thai U.S. Leather Co., Ltd. ⁽¹⁾ 39/98 Moo 2, Rama II Rd., Bangkrajao, Muang, Samuthsakhon 74000 Tel : (034) 490-082	Industry	Ordinary	193,750,000	25,000,000	2,500,000	10.000%	19,375,000
26	Navuti Co., Ltd. 920/4 Moo7, Mae Fah Luang, Mae Fah Luang, Chiang Rai 57110 Tel : (053) 767-015 Fax : (053) 767-077	Agribusiness	Ordinary	60,000,000	600,000	60,000	10.000%	6,000,000
27	Thai Obayashi Corporation Co., Ltd. 161 Nantawan Bldg., 11 st Floor, Soi Mahadlek Luang 3 Ratchadamri Rd. Lumpini, Pathum Wan, Bangkok 10330 Tel : 0-2252-5200	Construction	Ordinary	10,000,000	20,000	2,000	10.000%	61,753,160
28	Nanachart Traders Consolidation Limited ⁽⁴⁾ 34/3, Ruam Thanu Thai Lang Suan Bldg., Soi Lang Suan, Phloenchit Rd., Lumpini, Pathumwan, Bangkok 10330 Tel : 0-2652-2020-4 Fax : 0-2255-9947	Agribusiness	Ordinary	20,000,000	20,000	2,000	10.000%	2,000,000
29	Premas (Thailand) Co., Ltd. 90 CyberWorld Tower 27 th Floor Tower A, Rutchedaphisek Rd., Huay Kwang, Huay Kwang, Bangkok 10320 Tel : 0-2168-3101 Fax : 0-2168-3106	Property management	Ordinary	12,500,000	250,000	25,000	10.000%	1,250,000

Remarks

- * In case of indirect investment by Bank's affiliates, in which the Bank holds more than 30% of their shares, the figures will depict the total percentage of shareholding and investment value of the Bank and its affiliates (under Section 258 of Securities and Exchange Act)
 - (1) Discontinued operations, in process of dissolution, or in process of liquidation.
 - (2) Invested from debt restructuring.
 - (3) Company in which Bank affiliates, in which the Bank holds more than 30% of shares, invests with direct investment from the Bank.
 - (4) Company in which Bank affiliates, in which the Bank holds more than 30% of shares, invests without any direct investment from the Bank.

INFORMATION OF THE MANAGEMENT AND CONTROLLER OF THE BANK

AS OF 31 DECEMBER 2012

Name/ Position	Age (yrs)	Education/ Training Program	% of Total Share	Period	Experiences in the past 5 years Positions / Company
1. Mr. Anand Panyarachun - Chairman of the Board (Independent Director) - Member of the Corporate Social Responsibility Committee	80	- B.A. (Hons.) in Law, Trinity College, University of Cambridge, U.K.	0.01%		<p><i>Past Positions</i></p> <ul style="list-style-type: none"> 2001-2008 - Member of Advisory Board, Toyota Motor Corporation Co., Ltd. 1997-2009 - Chairman of the University Council, Asian University of Science and Technology (AUST) 1993-2011 - Member of Advisory Board, American International Group Co., Ltd. 1995-2011 - Chairman of the Board of Trustees, Mekong Region Law Center 1990-2012 - Chairman, Chiang Mai Night Bazaar Co., Ltd. <p><i>Current Positions</i></p> <ul style="list-style-type: none"> 1990-Present - Chairman, Eastern Star Real Estate PCL 1990-Present - Chairman, Cambridge Thai Foundation 1996-Present - UNICEF Ambassador in Thailand 1996-Present - Chairman of International Advisory Board, The Carlos P. Romulo Foundation 1999-Present - Honorary International Advisor, the Governors of Dulwich College, London, U.K. 2000-Present - Member of the Advisory Council of Transparency International. 2003-Present - Trustee, U Thant Institute 2003-Present - Fellow, Dulwich College, London, U.K. 2006-Present - Consultant, Chevron Asia South Co., Ltd. 2008-Present - Director, Siam Commercial Foundation 2009-Present - Chairman, Green Globe Institute

He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding three business groups.

Name/ Position	Age (yrs)	Education/ Training Program	% of Total Share	Period	Experiences in the past 5 years
2. Mr. Vichit Suraphongchai - Director - Chairman of the Executive Committee - Member of the Corporate Social Responsibility Committee	67	- B.Sc. (Engineering), Chulalongkorn University - M.Sc. (Engineering), University of California, Berkeley, U.S.A. - M.B.A. (Management), Graduate School of Management, UCLA, U.S.A. - Ph.D., Graduate School of Management, UCLA, U.S.A. - Role of the Chairman Program, Thai Institute of Directors Association (IOD)	-	2007-2009 2003-2011 2004-2011 2009-2011 2009-2011 2006-2012	<i>Past Positions</i> - Independent Director, Thai Airways PCL - Honorary Advisor, Phantavanit Co., Ltd. - Board of The Public Policy Development Office (PPDO) - Chairman, Nok Airlines Co., Ltd. - The Commission for the Judicial Service - Member of the Board, The Mahidol University Council <i>Current Positions</i> 1997-Present - Advisor, The Bureau of the Crown Property 1999-Present - Director, Kempinski AG 2006-Present - Committee, The Tio Chew Association of Thailand 2006-Present - Deputy Director, Peiling School Board 2006-Present - Director, CPB Equity Co., Ltd. 2007-Present - Board of Governors, Amata Spring Country Club 2008-Present - Director, Siam Commercial Foundation 2009-Present - Chairman, Excel Biotech Co., Ltd.
3. Mr. Maris Samaram - Independent Director - Chairman of the Audit Committee	70	- B.S.B.A., Major in Accounting, University of the East, Philippines - Program for Management Development, Harvard Business School, U.S.A. - Director Certification Program, Thai Institute of Directors Association (IOD) - Audit Committee Program, Thai Institute of Directors Association (IOD) - Monitoring the System of Internal Control and Risk Management, Thai Institute of Directors Association (IOD) - Monitoring the Internal Audit Function, Thai Institute of Directors Association (IOD) - Monitoring the Quality of Financial Reporting, Thai Institute of Directors Association (IOD) - DCP Refresher Course, Thai Institute of Directors Association (IOD)	-	2004-2010 2008-2011 2006-2012	<i>Past Positions</i> - Director and Member of the Audit Committee, Sub Sri Thai Warehouse PCL - Director and Member of the Audit Committee, Indorama Polymers PCL - Chairman of the Audit Committee and Member of Executive Committee, Asian Institute of Technology (AIT) <i>Current Positions</i> 1988-Present - Member of the Executive Committee, The Harvard Club of Thailand 2003-Present - Independent Director and Member of the Audit Committee, TATA Steel (Thailand) PCL 2004-Present - Director, Maish PB Co., Ltd. 2005-Present - Director, PAC (Siam) Co., Ltd. 2010-Present - Independent Director and Member of the Audit Committee, Indorama Ventures PCL

Name/ Position	Age (yrs)	Education/ Training Program	% of Total Share	Period	Experiences in the past 5 years Positions / Company
4. Prof. Vicham Panich	70	- M.D., Faculty of Medicine, Siiraj University	-		<i>Past Positions</i>
- Independent Director		- Master's Degree in Human Genetics, University of Michigan, U.S.A.		1994-2010	- Member of the University Council, Walailak University
- Chairman of the Corporate Social Responsibility Committee		- Director Accreditation Program, Thai Institute of Directors Association (IOD)		2006-2011	- Chairman, The Mahidol University Foundation
		- Understanding the Fundamentals of Financial Statements, Thai Institute of Directors Association (IOD)		2008-2011	- Chairman, The Higher Education Commission
		- Financial Statement for Director, Thai Institute of Directors Association (IOD)		2008-2012	- Director, Siam Commercial Foundation
		- Director Certification Program, Thai Institute of Directors Association (IOD)		2009-2012	- Member of the University Council, Chiang Mai University
		- Role of the Chairman Program, Thai Institute of Directors Association (IOD)			<i>Current Positions</i>
		- Leadership in the Boardroom Program, Thai Institute of Directors Association (IOD)		1995-Present	- Director, The Medical Division of the Ananda Mahidol Foundation
				1995-Present	- Director, Sodsri-Saridwongsa Foundation
				1997-Present	- Director, Thai Academy of Science and Technology Foundation
				1999-Present	- Director, National Health Foundation
				1999-Present	- Director, Withithat Foundation
				2002-Present	- Director, Prince Mahidol Award Foundation under Royal Patronage
				2002-Present	- Director, Foundation for the Promotion of Science and Technology under the Patronage of H.M. the King
				2003-Present	- Chairman, Foundation for Regional Empowerment Education
				2006-Present	- Member of the University Council, Prince of Songkla University
				2006-Present	- Chairman, The Mahidol University Council
				2006-Present	- Chairman, Knowledge Network Institute of Thailand
				2007-Present	- Chairman, The Knowledge Management Institute (KMI) Foundation
				2007-Present	- Vice Chairman, Arsomsilp Institute Council
				2010-Present	- Chairman of the Executive Committee, The Healthcare Accreditation Institute
				2011-Present	- Chairman, International Health Policy Program Foundation
				2011-Present	- Director, Health Intervention and Technology Assessment Foundation
				2012-Present	- Chairman, Siam Commercial Foundation

He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding three business groups.

Name/ Position	Age (yrs)	Education/ Training Program	% of Total Share	Period	Experiences in the past 5 years
5. Mr. Chumpol NaLamlieng - Independent Director - Chairman of the Nomination, Compensation and Corporate Governance Committee	65	- B.Sc. (Mechanical Engineering), The University of Washington, U.S.A. - M.B.A, Harvard Business School, U.S.A. - Role of the Chairman Program, Thai Institute of Directors Association (IOD)	-	1990-2009 2005-2009 2004-2011	<i>Past Positions</i> - Director, Garden River Co., Ltd. - Director, The British Airways PCL - Chairman, Singapore Telecommunications Ltd.
					<i>Current Positions</i> 1989-Present - Director, Navuti Co., Ltd. 1990-Present - Director, Supapruk Co., Ltd. 1992-Present - Director and Member of Remuneration Committee, Siam Cement PCL 1995-Present - Director, Dole (Thailand) Co., Ltd. 2008-Present - Director, Lum Luk Ka Golf and Country Club Co., Ltd. 2009-Present - Director, Siam Sindhorn Co., Ltd. 2011-Present - Director, CPB Equity Co., Ltd. 2012-Present - Director, Kempin Siam Co., Ltd. 2012-Present - Director, Kempinski Hotels S.A.

He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding three business groups.

Name/ Position	Age (yrs)	Education/ Training Program	% of Total Share	Period	Experiences in the past 5 years Positions / Company
6. Mr. Sumate Tanthuwaniit - Independent Director - Member of the Audit Committee	66	- B.Sc. (2 nd Hons.) Degree in Electrical Engineering, Chulalongkorn University - M.Sc. in Management Engineering, the Asian Institute of Technology - Director Certification Program, Thai Institute of Directors Association (IOD) - Monitoring the Internal Audit Function, Thai Institute of Directors Association (IOD) - Monitoring the Quality of Financial Report, Thai Institute of Directors Association (IOD) - Monitoring the System of Internal Control and Risk Management, Thai Institute of Directors Association (IOD) - DCP Refresher Course, Thai Institute of Directors Association (IOD) - Financial Statement for Director, Thai Institute of Directors Association (IOD)	0.00%	2006-2008 1980-Present 1982-Present 1985-Present 1985-Present 1988-Present 1988-Present 1989-Present 1989-Present 1990-Present 1995-Present 1996-Present 2001-Present	<i>Past Positions</i> - Member, The National Legislative Assembly - Director, Radanasin Bank PCL - Director, Bangkok-Thonburi Insurance Co., Ltd. <i>Current Positions</i> - President, Regional Container Lines PCL. - Director, Panjaphum Co., Ltd. - Director, Ngow Hock Co., Ltd. - Director, Ngow Hock Agency Co., Ltd. - Director, Bangkok Terminal Services Co., Ltd. - Managing Director, Sintanachote Co., Ltd. - Managing Director, Thai Prosperity Terminal Co., Ltd. - Director, TIPS Co., Ltd. - Chairman of the Executive Committee, NH Prosperity Co., Ltd. - Director, Panjamitr Holding Co., Ltd. - Director, One Two Seven Co., Ltd. - Director, RCL Logistics Co., Ltd. - Director, Thai India Corporation Limited - Director, N.Y.K. Songkhla Co., Ltd. Chairman of the Executive Committee, NH Prosperity Co., Ltd. - Director, Hapag-Lloyd (Thailand) Co., Ltd. - Director, N. Capital Co., Ltd. - Director, Asian Bulk Shipping Co., Ltd. - Director, I.C.D. Suranaree Co., Ltd. - Director, Burapha Logistics Service Co., Ltd. - Director, Eastern Contrans Co., Ltd. - Director, NH Logistics Co., Ltd. - Director, Phuket Ngow Hock Co., Ltd. - Director, Songkhla Ngow Hock Co., Ltd. - Director, Songkhla Container Co., Ltd. - Director, Songkhla Shipping Agency Co., Ltd. - Director, Land Venture Co., Ltd. - Director, SMPL Syndicate Co., Ltd. - Director, N.M. Land Co., Ltd. - Director, Mahachai Logistics Center Co., Ltd. - Director, Prapradang Holding Co., Ltd. - Director, Behn Myer & Co (Thailand) Co., Ltd. - Director, Siam Offshore Co., Ltd. - Director, Jittin Tanthuanit Foundation

He does not hold any current position as chairman, or authorized director, or all of the aforementioned positions in other companies exceeding three business groups.

Name/ Position	Age (yrs)	Education/ Training Program	% of Total Share	Period	Experiences in the past 5 years
7. Assoc. Prof. Kulpatra Sirodom - Independent Director - Member of the Audit Committee	56	- B.B.A. (Finance) (1 st Hons.), Thammasat University - M.B.A. (Finance), West Virginia University, U.S.A. - Ph.D. (Finance), University of Pittsburgh, U.S.A. - Director Certification Program, Thai Institute of Directors Association (IOD) - Audit Committee Program, Thai Institute of Directors Association (IOD)	-	2004-2009 2006-2009 2006-2009 2009-2010 2006-2011 2011-2012	<i>Past Positions</i> - Director, The Agricultural Futures Exchange of Thailand - Advisor to the Risk Management Committee, Government Housing Bank - Advisor, Investment Banking Division, Thanachart Securities PCL - Head of the Department of Finance, Faculty of Commerce and Accountancy, Thammasat University - Director of the Managerial Accounting Sub-committee, The Federation of Accounting Professions - Director, Asia Pacific Advisory Council <i>Current Positions</i> 1994-Present - Independent Director and Chairman of the Audit Committee, Thai President Food PCL 2002-Present - Independent Director and Member of the Audit Committee, President Bakery PCL 2006-Present - Director, H.R.H. Prince Pijitjirapa Tevakul Foundation 2006-Present - Member of Operation Committee, The Professor Sangvian Indaravijaya Foundation 2009-Present - Dean, Faculty of Commerce and Accountancy, Thammasat University 2010-Present - Independent Director, Thai Wacoal PCL 2011-Present - Advisor, The Federation of Accounting Professions 2012-Present - Director, Global Foundation for Management Education
<i>She does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding three business groups.</i>					
8. Mr. Ekamol Kiriwat - Independent Director - Member of the Audit Committee	67	- Bachelor's Degree (Magna Cum Laude) in Economics, Dartmouth College, U.S.A. - Master's Degree (Finance), Harvard Graduate School of Business Administration, U.S.A. - Director Certification Program, Thai Institute of Directors Association (IOD)	-	2008-2011 2004-Present	<i>Past Positions</i> - Chairman, Seamico Securities PCL <i>Current Positions</i> - Chairman, K.C. Property PCL
<i>He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding three business groups.</i>					

Name/ Position	Age (yrs)	Education/ Training Program	% of Total Share	Period	Experiences in the past 5 years Positions / Company
9. Dr. Chirayu Isarangkun Na Ayuthaya - Director - Member of the Corporate Social Responsibility Committee	70	- B. Sc. (Economics) (Hons.), London School of Economics, University of London, U.K. - Ph. D. (Economics), Australian National University, Australia - Role of the Chairman Program, Thai Institute of Directors Association (IOD)	-	2004-2008 2008-2012 1987-Present 1987-Present 1987-Present 1988-Present 1990-Present 1991-Present 1992-Present 1992-Present 1998-Present 1999-Present 2001-Present 2002-Present 2006-Present 2006-Present 2007-Present 2007-Present 2012-Present 2012-Present	<i>Past Positions</i> - Chairman, Nok Airlines Co., Ltd. - Chairman, Siam Commercial Foundation <i>Current Positions</i> - Grand Chamberlain, Bureau of the Royal Household - Director-General, The Crown Property Bureau - Chairman, Deves Insurance PCL - Treasurer, Foundation for Promotion of Supplementary Occupation and Related Techniques of Her Majesty Queen Sirikit - Director, Phra Dabos Foundation - Secretary General, Queen Sirikit Park Foundation - Secretary General, Royal Project Foundation - Secretary General, Sai Jai Thai Foundation - Director, Chaipattana Foundation - Chairman, Baanbong Vetchakij Co., Ltd. - Director, Siriraj Foundation - Director, Isarangkun Foundation - Chairman, CPB Equity Co., Ltd. - Chairman, The Crown Property Bureau Foundation - Director, Navuti Co., Ltd. - Chairman, The Siam Cement PCL - Director, Siam Commercial Foundation - Chairman, The National Institute of Development Administration Council (NIDA)
<i>He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding three business groups.</i>					
10. M.R. Disnadda Diskul - Director - Member of the Corporate Social Responsibility Committee	73	- B. Sc. (Business Administration), Indiana University (Bloomington), U.S.A. - Role of the Chairman Program, Thai Institute of Directors Association (IOD)	-	1985-Present 1989-Present 1992-Present 1994-Present 1995-Present 1999-Present 2001-Present 2002-Present 2007-Present 2009-Present 2010-Present 2010-Present 2011-Present 2011-Present	<i>Current Positions</i> - Director, Volunteer Doctors Foundation of Her Royal Highness the Princess Mother - Director, Navuti Co., Ltd. - Director, Prostheses Foundation of Her Royal Highness the Princess Mother - Director and Secretary-General, The Mae Fah Luang Foundation under Royal Patronage - Director, Breast Foundation under the Patronage of Her Royal Highness the Princess Mother - Chairman, East Asia Development Foundation - Chairman, Prince Damrong Rajanupab and Momjao Jongjitthanom Disakul Foundation - Director, Elephant Reintroduction Foundation - Director, Siam Commercial Foundation - Director, Japan-America Institute of Management Science (Hawaii, USA) - Chairman, Royal Innovation Institute - Director and Secretary-General, Royal Innovation Foundation - Chairman, Rakkaew Foundation - Advisor, The Crown Property Bureau
<i>He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding three business groups.</i>					

Name/ Position	Age (yrs)	Education/ Training Program	% of Total Share	Period	Experiences in the past 5 years
11. Khunying Jada Wattanasiritham - Independent Director - Member of the Corporate Social Responsibility Committee - Member of the Nomination, Compensation and Corporate Governance Committee	67	- B.A. (Natural Sciences and Economics), Cambridge University, U.K. - M.A. (Natural Sciences and Economics), Cambridge University, U.K. - M.A. (Economic Development), Williams College, U.S.A. - Role of the Chairman Program, Thai Institute of Directors Association (IOD) - Director Certification Program, Thai Institute of Directors Association (IOD) - Audit Committee Program, Thai Institute of Directors Association (IOD) - Monitoring the Quality of Financial Report, Thai Institute of Directors Association (IOD) - Monitoring the Internal Audit Function, Thai Institute of Directors Association (IOD)	-	2006-2008 2007-2008 2006-2010 2006-2010 2007-2010 2003-2011 2009-2011 2006-2012 2008-2012 1985-Present 1992-Present 2002-Present 2003-Present 2006-Present 2006-Present 2006-Present 2007-Present 2007-Present 2007-Present 2008-Present 2008-Present 2008-Present 2009-Present 2009-Present 2010-Present 2010-Present 2011-Present 2011-Present 2011-Present 2011-Present 2012-Present 2012-Present	<i>Past Positions</i> - Member, The National Legislative Assembly - Chairman, Settrade. com Co., Ltd. - Director and Chairman of the Audit Committee, The Stock Exchange of Thailand - Director, The Stock Exchange of Thailand Foundation - Director, and Chairman of the Audit Committee, PTT PCL - Chairman, Thailand Business Coalition on AIDS - Chairman and Chairman of Remuneration Committee, Thai Asset Management Corporation - Board of Trustees, Executive Director, and Member of the Audit Committee, Asian Institute of Technology (AIT) - Director, Ton Poh Fund <i>Current Positions</i> - Director and Treasurer Than Phuying Dushdi Mala Foundation - Director, Siam Piwat Co., Ltd. - Chairman, Books for Thailand Foundation - Director, and Chairman of the Finance Committee, The Kenan Institute Asia - Director, Siam Piwat Holding Co., Ltd. - Vice Chairman, Ramathibodi Foundation - Honorary Director and Chairman of the Investment Policy Committee, Srinakharinwirot University Council - Chairman, SCB Life Assurance PCL - Director, Raj Pracha Samasai Foundation under the Royal Patronage of H.M. the King - Advisory Council, Sasin Graduate Institute of Business Administration of Chulalongkorn University - Independent Director and Member of the Audit Committee, Minor International PCL - Director, Rajini Foundation - Director, Siam Commercial Foundation - Chairman, Siam Commercial Samaggi Insurance PCL - Vice Chairman, Somdetch Phra Mahitkala Dhibesra Adulyadej Vikrom the Prince Father Foundation - Director, Patumwanarak Foundation - Chairman, The Disciplinary Committee for the directors and executive officers of the securities issuer, The Office of the Securities and Exchange Commission - Chairman, Takeover Panel, The Office of the Securities and Exchange Commission - Chairman, Siam Paragon Development Co., Ltd. - Chairman, Thai Institute of Directors Association (IOD) - Director, Buddhadasa Indapanno Archives Foundation - Expert Member, Government Pension Fund - Chairman of the Audit Committee and Member of the Performance Assessment and Remuneration Committee, Government Pension Fund 2012-Present - Honorary Member, The National Institute of Development Administration Council (NIDA) - Director, The King Rama XI Memorial Park Foundation

She does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding three business groups.

Name/ Position	Age (yrs)	Education/ Training Program	% of Total Share	Period	Experiences in the past 5 years Positions / Company
12. Miss Supa Piyajitti	58	- B.B.A., Thammasat University - L.L.B., Thammasat University - Master's Degree in Public Administration, The National Institute of Development Administration (NIDA) - Mini MBA, The Ministry of Finance, Class 20, Thammasat University - Director Certification Program, Thai Institute of Directors Association (IOD) - DCP Refresher Course, Thai Institute of Directors Association (IOD) - The National Defence Course, National Defence College - High Certificate In Judicial Processes for Senior Executive, National Justice Academy, Judicial Training Institute, Office of Judiciary	-	2006-2009 2006-2009 2006-2009 2009-2010 2010-2012 2008-Present 2010-Present 2010-Present 2012-Present	<i>Past Positions</i> - Deputy Permanent Secretary, The Ministry of Finance - Vice Chairman, The Financial Institutions Development Fund - Director, The Agricultural Futures Trading Commission - Director General, The State Enterprise Policy Office, The Ministry of Finance - Director, Bangchak Petroleum PCL <i>Current Positions</i> - Chairman, National Credit Bureau Co., Ltd. - Deputy Permanent Secretary for Public Expenditure and Liability Management, The Ministry of Finance - Chairman, Finansia Life Assurance Co., Ltd. - Director, Erawan Hotel PCL
<i>She does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding three business groups.</i>					
13. Mr. Robert Ralph Parks	68	- B.A., Rice University, U.S.A. - M.B.A, Columbia University Graduate School of Business, U.S.A.	-	2008-2011 2007-2012 2007-2012 2009-2012 1995-Present 2010-Present 2011-Present 2012-Present	<i>Past Positions</i> - Director, LT Technology Holding Ltd. - Chairman, Oaktree Capital (Hong Kong) Ltd. - Director, Northshore Power Systems - Chairman and Director, Sinnomedical Limited <i>Current Positions</i> - Director, Pear Tree Point School - Advisor, Ambow Education Holding Ltd. - Board of Trustees, Rice University - Director, Banyan Capital Mongolia Fund GP Ltd.
<i>He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding three business groups.</i>					

Name/ Position	Age (yrs)	Education/ Training Program	% of Total Share	Period	Experiences in the past 5 years
14. Prof. Thosaporn Sirisumphanh - Director - Member of the Nomination, Compensation and Corporate Governance Committee	52	- Bachelor's Degree (Hons.) in Public Administration, Chulalongkorn University - Master's Degree in Development Administration, Northern Illinois University, U.S.A. - Ph.D in Policy Analysis, Public Administration and Comparative Politics, Northern Illinois University, U.S.A. - Director Certification Program, Thai Institute of Directors Association (IOD) - Financial Statement for Director, Thai Institute of Directors Association (IOD) - High Certificate in Judicial Processes for Senior Executive, National Justice Academy, Judicial Training Institute, Office of Judiciary - Capital Market Academy Program	-	2006-2008 2006-2009 2003-Present 2009-Present 2009-Present 2009-Present 2010-Present 2011-Present 2012-Present	<i>Past Positions</i> - Member, the National Legislative Assembly - Member of the Corporate Governance Committee, Thai Airways International PCL <i>Current Positions</i> - Secretary-General, the Office of the Public Sector Development Commission (OPDC) - Member of the University Council, Rangsit University - Member of the University Council, Mahanakorn University of Technology - Member of the University Council, Southeast Bangkok College - Councilor, Thailand Management Association - Executive Director, Electronic Government Agency (Public Organization) - Independent Director, Thai Oil PCL
<i>He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding three business groups.</i>					
15. Mrs. Kannikar Chaitaporn - President - Member of the Executive Committee - Member of the Corporate Social Responsibility Committee	65	- Bachelor's Degree (Business), University of Colorado, U.S.A. - Advanced Management Program (AMP), Harvard University, U.S.A. - Role of the Chairman Program, Thai Institute of Directors Association (IOD)	0.00%	2007-2011 2003-2012 2007-Present 2008-Present 2009-Present	<i>Past Positions</i> - Advisory Council, Sasin Graduate Institute of Business Administration of Chulalongkorn University <i>Current Positions</i> - Advisory Director, MasterCard International (Asia Pacific Region) - Director, Blood Donation Supporting Committee, Thai Red Cross - Director, Siam Commercial Foundation - Director, Mrigadayavan Palace Foundation
<i>She does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding three business groups.</i>					

Name/ Position	Age (yrs)	Education/ Training Program	% of Total Share	Period	Experiences in the past 5 years Positions / Company
16. Mr. Bodin Asavanich - Director - Member of the Executive Committee - SEVP, Group General Counsel	68	- LL.B., Thammasat University - Thai Bar Association - Master of Comparative Jurisprudence, New York University, U.S.A. - Master of Law, New York University, U.S.A. - Stanford Executive Program, Stanford University, U.S.A.	0.00%	2006-2008 2009-2012 2001-Present 2005-Present 2006-Present 2006-Present 2010-Present 2011-Present 2012-Present 2012-Present	<i>Past Positions</i> - Member, The National Legislative Assembly - Trustee, Sirindhorn International Institute of Technology <i>Current Positions</i> - Director, SCG Legal Counsel Limited - Legal Advisor, Elephant Reintroduction Foundation - Vice Chairman, Industrial Development Foundation, The Federation of Thai Industries - Senior Vice Chairman, The Federation of Thai Industries - Director and Member of Nomination and Corporate Governance Committee, Shin Corporation PCL - Advisor to the CEO, The Siam Cement PCL - Director, The Foundation for the Promotion of Social Sciences and Humanities Textbooks Project - Commissioner, Law Reform Commission on Private & Business Laws, Law Reform Commission - Sub Commission, Sub Commission on the Laws Concerning Logistics, Law Reform Commission
<i>He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding three business groups.</i>					
17. Mr. Deepak Sarup - Chief Financial Officer and Senior Executive Vice President, Change Program - Member of the Executive Committee - Member of the Executive Committee	57	- BA (Commerce)(Hons.) Delhi University - Diploma in Accounting (With Distinction), University of Westminster England - Fellow, Institute of Chartered Accountants in England of Wales (FCA) - Fellow, The Wharton School, University of Pennsylvania, USA - Certified Information Systems Auditors (CISA)	-	2003-2008 2011-Present	<i>Past Positions</i> - Senior Executive Vice President, Change Program and Chief Information Officer, Siam Commercial Bank PCL <i>Current Positions</i> - Director, Investment Committee Members, SCB Life Assurance PCL
<i>He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding three business groups.</i>					
18. Mr. Sirichai Sombutsiri - Senior Executive Vice President, Group Head, Business Banking Group - Member of the Executive Committee	59	- Bachelor's Degree (Hons.) in Accounting from Thammasat University - MBA in Finance from the University of Southern California (USA) - Advance Management Program (AMP) Harvard University (USA) - Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD) - National Defense Course, National Defense College of Thailand (2002) - Leadership Program, Capital Market Academy	-	2004-2006 2006-2008 2008-2008 2008-2009	<i>Past Positions</i> - Senior Executive Vice President, Group Head, Corporate Banking Group, Siam Commercial Bank PCL - Senior Executive Vice President, Group Head, Business Banking Group, Siam Commercial Bank PCL - Senior Executive Vice President, Group Head, Corporate Banking Group, Siam Commercial Bank PCL - Senior Executive Vice President, Group Head, Corporate Banking Group 1, Siam Commercial Bank PCL <i>Current Positions</i> - Chairman, Phoenix Land Development Co. Ltd. - Chairman, Phoenix Golf & Country Club Pattaya Co.,Ltd. - Director, Asean Finance Corporation Limited - Independent Director, OHTL PCL.
<i>He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding three business groups.</i>					

Name/ Position	Age (yrs)	Education/ Training Program	% of Total Share	Period	Experiences in the past 5 years
19. Mr. Yokporn Tantaisawatrat - Senior Executive Vice President, Chief Risk Officer, Risk Management Group - Member of the Executive Committee	57	- Bachelor's Degree in Economics from Chulalongkorn University - Master's Degree in Economics from Thammasat University - Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD) - Advanced Bank Management Program, Wharton University - Advanced Management Program, Harvard Business School - National Defense Course, National Defense College of Thailand (2004) - MBA in Enterprise Risk Management, Terrapinn Financial Training (2010)	0.00%	2003-2006 2006-2007 2007-2007	<i>Past Positions</i> - Executive Vice President, Chief Risk Officer, Risk Management Group, Siam Commercial Bank PCL - Senior Executive Vice President, Chief Risk Officer, Risk Management Group, Siam Commercial Bank PCL - Senior Executive Vice President, Chief Financial Officer, Finance Group, Siam Commercial Bank PCL <i>Current Positions</i> - Director, SCB Securities Co., Ltd. - Director, Vinasiam Bank
<i>He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding three business groups.</i>					
20. Mr. Yol Phokasub - Senior Executive Vice President, Group Head, Retail Banking Group - Member of the Executive Committee	51	- Bachelor's Degree (Hons.) in Computer Science and Software Engineering from Imperial College, University of London - Leadership Program, Capital Market Academy	0.00%	2002-2006 2006-2007 2007-Present	<i>Past Positions</i> - Managing Director, Unilever Foods - Chief Operating Officer and Board member of Dutchmill Group <i>Current Positions</i> - Senior Executive Vice President, Group Head, Retail Banking Group, Siam Commercial Bank PCL <i>Current Positions</i> - Chairman, SCB Assets Management Co., Ltd. - Director, SCB Life - Advisor, The Board of Investment Committee
<i>He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding three business groups.</i>					
21. Mr. Arthid Nanthawithaya - Senior Executive Vice President, Group Head, Wholesale Banking Group	45	- Bachelor's Degree in Economics from Chulalongkorn University - MBA in Finance from Sasin Graduate Institute of Business Administration - Leadership Program, Capital Market Academy - Leadership Program, Office of the Attorney General	-	2001-2006 2006-2008 2008-2009 2009-2010 2009-Present 2009-Present 2009-Present	<i>Past Positions</i> - Managing Director, Capital Market Thailand, Standard Charter Bank - Managing Director, Regional Head of Capital Markets, South East Asia, Standard Charter Bank - Senior Executive Vice President, Group Head, Corporate Banking Group 2, Siam Commercial Bank PCL - Senior Executive Vice President, Group Head, Corporate Banking Group 2 and GMTS Group, Siam Commercial Bank PCL <i>Current Positions</i> - Chairman, SCB Securities Co., Ltd. - Director / Chairman of the Investment Committee, SCB Life Assurance PCL - Vice Chairman / Director, Vinasiam Bank
<i>He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding three business groups.</i>					

Name/ Position	Age (yrs)	Education/ Training Program	% of Total Share	Period	Experiences in the past 5 years Positions / Company
22. Mr. Sarunthorn Chutima - Senior Executive Vice President, Group Head, Special Business Group	54	- Bachelor of Accounting, Chulalongkorn University - MBA, Ohio University, U.S.A. - National Defence Course, National Defence College of Thailand (2007) - International Management Program, MIT Sloan Management	0.00%	2003-2008 2008-2009 2009-2010	<i>Past Positions</i> - Executive Vice President, Division Head, Corporate Banking Division 1, Siam Commercial Bank PCL - First Executive Vice President, Division Head, Strategic Clients Division 1, Siam Commercial Bank PCL - First Executive Vice President, Group Head, Special Situations Group, Siam Commercial Bank PCL <i>Current Positions</i> 2008-Present - Director, Nantawan Management Co., Ltd 2008-Present - Director, Nantawan Co., Ltd 2004-Present - Director, Donmuang International Airport Hotel Co., Ltd 2011-Present - Chairman, Siam Pitiwat Co., Ltd 2012-Present - Director, Premas (Thailand) Co., Ltd 2010-Present - Chairman and Managing Director, Rutchayothin Assets Management Co., Ltd 2010-Present - Director, Khamtieng Patkana Co., Ltd 2008-Present - Director, Rattana Court Co., Ltd 2010-Present - Director, Sarapee Gasikam Co., Ltd
<i>He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding three business groups.</i>					

EDUCATIONAL BACKGROUND, WORK EXPERIENCES, AND RECORDS ON ATTENDING RELEVANT TRAINING PROGRAMS OF PERSONNEL RESPONSIBLE FOR BOARD'S SUPPORT

Name/ Position	Education/ Training Program	Period	Experiences in the past 5 years Positions / Company
1. Mrs. Kamnika Ngamsoppee - First Executive Vice President, Chief Audit and Compliance Officer	- Bachelor of Business Admin in Accounting (2 nd Class Honors), Thammasat University - Bachelor of Laws, Thammasat University - Master of Science in Accounting, Thammasat University - M.M. SASIN Graduate Institute of Business Administration - Leadership Program, Capital Market Academy - National Defence Course, National Defence College of Thailand (2009) - Advanced Strategic Management IMD - ASM, Switzerland (2012)	2007-2010 2009-Present 2002-2012 2011-Present	<i>Past Positions</i> Executive Vice President, Chief Audit and Compliance Officer, Siam Commercial Bank PCL <i>Current Positions</i> - Director and Chairman of the Audit Committee, Vina Siam Bank - Audit Committee Member, Finansia PCL. - Director, Federation of Accounting Professions
2. Mrs. Siribunchong Uthayophas - Company Secretary	- BA (Hons) in Economics, Thammasat University - MBA, Sasin Graduate Institute of Business Administration - Director Certification Program, Thai Institute of Directors Association (IOD) - Company Secretary Program, Thai Institute of Directors Association (IOD) - Financial Institutions Governance Program, Thai Institute of Directors Association (IOD)	2004-2012	<i>Past Positions</i> - Senior Vice President, Manager, Board Secretariat and Shareholder Services Office, Siam Commercial Bank PCL

INFORMATION OF DIRECTORSHIP OF EXECUTIVES IN OTHER COMPANIES

AS OF DECEMBER 31, 2012

No.	Name	Position	Company
1	Mrs. Sutharntip Phisitbuntoon FEVP, Deputy Group Head, Business Banking	Director	Maxwin Builders Co., Ltd.
2	Mrs. Kannika Ngamsopee FEVP, Chief Audit and Compliance Officer	Chairman of the Audit Committee and Director Director and Member of the Audit Committee	Vina Siam Bank Finansa PCL
3	Mrs. Ongorn Abhakorn Na Ayuthaya FEVP, Division Head, Corporate Communications Division	Director Director	Imperial Technology Management Services PCL Donmuang International Airport Hotel Co., Ltd.
4	Miss Phanporn Kongyingyong FEVP, Network Division	Director Director	The Siam Commercial Samaggi Insurance PCL SCB Life Assurance PCL
5	Mr. Grish Attagrish FEVP, Division Head, Commercial Banking 3	Director and Member of the Audit Committee	United Standard Terminal PCL
6	Mr. Rungruang Sukkirdkijpiboon FEVP, Division Head, Customer Segment	Director Director	The Siam Commercial Samaggi Insurance PCL National ITMX Co., Ltd.
7	Mr. Narong Srichukrin FEVP, Division Head, Auto Finance Business	Director Director	Siam Commercial Leasing PCL SCB Life Assurance PCL
8	Mr. Thun Reansuwan FEVP, Head of Corporate Strategy	Director	SCB Asset Management Co., Ltd.
9	Mr. Kittiphun Anutarasoti FEVP, Head of Corporate Banking	Director	Cambodian Commercial Bank Ltd.
10	Miss Araya Phuphanich FEVP, Division Head, Credit Card and Personal Loan Division	Director Director	SCB Leasing PCL SCB Plus Co., Ltd.
11	Mrs. Apiphan Charoenanusorn FEVP, Division Head, Management Services & Retail Operations Division	Director and Member of the Audit Committee Director Managing Director	SCB Asset Management Co., Ltd. Siam Commercial Leasing PCL SCB Plus Co., Ltd.
12	Mr. Krieng Wongnongtaey FEVP, Division Head, Financial Reporting & Controls Division	Chairman Director and Member of the Audit Committee Director Director Director Chairman	Mahisorn Co., Ltd. SCB Securities Co., Ltd. Rutchayothin Assets Management Co., Ltd. SCB Training Centre Co., Ltd. SCB Plus Co., Ltd. S.C.B. Staffs Savings Co-Operative Ltd.
13	Miss Ellen Nora Ryan FEVP, Head of Market and Operational Risk	Director Director	SCB Asset Management Co., Ltd. Cashel Risk Management (S) Pte Ltd
14	Mr. Worawat Suvagondha FEVP, Group Head, Human Resources Group	Chairman	SCB Training Centre Co., Ltd.

No.	Name	Position	Company
15	Mr. Pises Sethsathira EVP, Banking Finance 1 & Capital Market Division	Director	Siam Commercial Leasing PCL
		Director	TRC Construction PCL
		Director	Pansiri Technology Co., Ltd
		Director	Thailand Iron Works PCL
		Director	Eternal Energy PCL
16	Mr. Sopon Asawanuchit EVP, Head of Investment Banking	Director and Member of the Audit Committee	SCB Securities Co., Ltd.
		Director	Confident Capital Co., Ltd.
17	Mr. Smith Banomyong EVP, Wealth Division	Director	SCB Asset Management Co., Ltd.
		Director	Major Development PCL
		Director	SCS Property Management Co., Ltd.
18	Mr. Chanmanu Sumawong EVP, Banking Finance 2 & Litigation Division	Director	SCB Asset Management Co., Ltd.
19	Miss Pikun Srimahant EVP, Division Head, Mortgage Business	Director	Siam Pitiwat Co., Ltd.
20	Mr. Kiradit Arromdee EVP, Head of Credit Risk Management	Director	Saimake Co.,Ltd.
21	Miss Saranya Vajakul EVP, Head of MIS and Client Services	Director and Member of the Audit Committee	SCB Asset Management Co., Ltd.
22	Mr. Rungsi Vongkitbuncha EVP, Division Head, Corporate Banking 4,5	Director	UD Drugstore (2001) Co., Ltd.

Note: The above executives do not hold any current position as chairman, executive director, authorized director, or all of the aforementioned positions in other companies exceeding three business groups.

POSITIONS HELD AS THE MANAGEMENT OF THE SUBSIDIARY

ASSOCIATED AND RELATED COMPANY UNDER THE NAME OF BOARD DIRECTORS

Name of director	Subsidiary Company										Associated Company	
	The Cambodian Commercial Bank Co., Ltd.	SCB Plus Co., Ltd.	SCB Training Center Co., Ltd.	Rutchayothin Assets Management Co., Ltd.	Mahisorn Co., Ltd.	Siam Pitiwat Co., Ltd.	SCB Asset Management Co., Ltd.	SCB Securities Co., Ltd.	Siam Commercial Leasing PCL	SCB Life Assurance PCL		Siam Commercial Samaggi Insurance PCL.
1 Mr. Anand Panyarachun												
2 Dr. Vichit Suraphongchai												
3 Mr. Maris Samaram												
4 Prof. Vicham Panich, M.D.												
5 Mr. Chumpol NaLamieng												
6 Mr. Sumate Janhuwanit												
7 Assoc. Prof. Dr. Kulpatra Sirodom												
8 Mr. Ekamol Kiriwat												
9 Dr. Chirayu Isarangkul Na Ayuthaya												
10 Mom Rajawongse Dissanadda Diskul												
11 Khunying Jada Wattanasiritham										x		
12 Ms. Supa Piyajitti											x	
13 Mr. Robert Ralph Parks												
14 Prof.Dr.Thosaporn Sirisumphand												
15 Mrs. Kannikar Chaitaporn												
16 Mr. Bodin Asavanich												
17 Mr. Deepak Sarup										//		
18 Mr. Siichai Sombutsiri												
19 Mr. Yokporn Tantisawetrat												
20 Mr. Yoi Phokasub												//
21 Mr. Arthid Nanthawithaya										x		
22 Mr. Sarunthorn Chutima				x								
23 Mr. Krieng Wongngtaey		//	//	//								/

Remark : x = Chairman // = Director / = Liquidator

Name of director	Related Company															
	Siam Panich SPV 1 Co.,Ltd.	Phoenix Land Development Co.,Ltd.	Phoenix Golf and Country Club Pataya Co.,Ltd.	Siam Sat Network Co.,Ltd.	Siam Technology Service Co., Ltd.	Siam Media and Communication Co., Ltd.	WTA (Thailand) Co., Ltd.	SG Star Properties Limited	Nippon Koa Insurance Service (Thailand) Co.,Ltd.	National ITMX Co., Ltd.	Siam Cement Myanmar Trading Ltd.	Thai U.S. Leather Co., Ltd.	Naviti Co., Ltd.	Thai Obayashi Corporation Co., Ltd.	Nanachart Traders Consolidation Limited	Premas (Thailand) Co.,Ltd.
1 Mr. Anand Panyarachun																
2 Dr. Vichit Suraphongchai																
3 Mr. Maris Samaram																
4 Prof. Vicham Panich, M.D.																
5 Mr. Chumpol NaLamlieng																
6 Mr. Sumate Tanthuwanit																
7 Assoc. Prof. Dr. Kulpatra Sirodom																
8 Mr. Ekamol Kiriwat																
9 Dr. Chirayu Isarangkul Na Ayuthaya																
10 Mom Rajawongse Dismadda Diskul																
11 Khunying Jada Wattanasiritham																
12 Ms. Supa Piyajitti																
13 Mr. Robert Ralph Parks																
14 Prof.Dr.Thosaporn Sirisumphand																
15 Mrs. Kannikar Chalitaporn																
16 Mr. Bodin Asavanich																
17 Mr. Deepak Sarup																
18 Mr. Siriichai Sombutsiri																
19 Mr. Yokporn Tantisawetrat																
20 Mr. Yoi Phokasub																
21 Mr. Arthid Nanthawithaya																
22 Mr. Sarunthorn Chutima																
23 Mr. Krieng Wongngtaey																

Remark : x = Chairman // = Director / = Liquidator

DIRECTORS OF SUBSIDIARY COMPANIES

AS OF DECEMBER 31, 2012

Director's name	Subsidiary Company											
	The Cambodian Commercial Bank Co., Ltd.	SCB Plus Co., Ltd.	SCB Training Center Co., Ltd.	Rutchayothin Assets Management Co., Ltd.	Mahisorn Co., Ltd.	Siam Pitiwat Co., Ltd.	SCB Asset Management Co., Ltd.	SCB Securities Co., Ltd.	Siam Commercial Leasing PCL	SCB Life Assurance PCL	Siam Commercial Samaggi Insurance PCL	Sor.Or.Kor PCL ⁽¹⁾
1 Mr. Na Bhengbhasang Krishnamra	x											
2 Mr. Natthawut Chakanan	//											
3 Assoc. Prof. Dr. Pakpachong Vadhanasindhu	//											
4 Mr. Manop Sangiambut	//											
5 Mr. Yothin Phibulkasetkij	//											
6 Mr. Aphisak Kiewkankha	//											
7 Mr. Krieng Wongnongtaey		//	//	//	x		//					/
8 Mrs. Apiphan Charoenanusorn		//				//		//				/
9 Miss Araya Phuphanich		//						//				
10 Mr. Boonkiat Wisittigars			//		//							
11 Mr. Phansak Khaoprasert			//		//							
12 Mr. Athichart Mukdaprakorn					//							
13 Mr. Worawat Suvagondha			x									
14 Mr. Sasaphon Shoowong			//									
15 Miss Nichapat Chotiphitakkul			//									
16 Mr. Sarunthorn Chutima				x		x						
17 Mrs. Virasana Boonyasai			//									
18 Mrs. Pikun Srimahant						//						
19 Mr. Paiboon Tangkanokpairoj						//						
20 Mr. Maitree Chaimongklanont						//						
21 Mr. Somphop Amonrattanasak						//						
22 Mr. Sakesom Srirungruangdeja						//						
23 Mr. Seri Wattanavarangsikul						//						
24 Mr. Yol Phokasub							x		//			
25 Mr. Chanmanu Sumawong							//					/
26 Mrs. Jotika Savanananda							//					
27 Mr. Thun Reansuwan							//					
28 Miss Saranya Vajakul							//					
29 Miss Ellen Nora Ryan							//					
30 Mr. Smith Banomyong							//					
31 Mr. Arthid Nanthawithaya								x	//			

Director's name	Subsidiary Company											
	The Cambodian Commercial Bank Co., Ltd.	SCB Plus Co., Ltd.	SCB Training Center Co., Ltd.	Rutchayothin Assets Management Co., Ltd.	Mahisorn Co., Ltd.	Siam Pitiwat Co., Ltd.	SCB Asset Management Co., Ltd.	SCB Securities Co., Ltd.	Siam Commercial Leasing PCL	SCB Life Assurance PCL	Siam Commercial Samaggi Insurance PCL	Sor.Or.Kor PCL ⁽¹⁾
32 M.L. Thongmakut Thongyai								//				
33 Mr. Sopon Asawanuchit								//				
34 Mr. Yokporn Tantisawetrat								//				
35 Mr. Pises Sethsathira								//	//			
36 Mr. Yuth Vorachattarn									x			
37 Mr. Wirutt Ruttanaporn									//		//	
38 Mr. Narong Srichukrin									//	//		
39 Khunying Jada Wattanasiritham										x	x	
40 Mr. Deepak Sarup										//		
41 Miss Phanporn Kongyingyong										//	//	
42 Mr. Vipon Vorasowharid										//		
43 Mr. Verachai Tantikul										//		
44 Mr. Weerawong Chittmitrapap										//		
45 Miss Amornthip Chansrichawla										//		
46 Mr. Utid Tamwatin										//		
47 Mr. Chiravuthi Bunyasiri											//	
48 Mr. Chanin Roonsamrarn											//	
49 Mr. Dechapiwat Na Songkhla											//	
50 Mr. Rungruang Sukkirkijpiboon											//	
51 Assis. Prof. Dr. Oranuj Soungswang											//	

Remark : x = Chairman // = Director / = Liquidator

BANKING NETWORK

AS AT 31 DECEMBER, 2012

Area Office*		31 Offices
Branch, all nationwide*		1,142 Branches
Bangkok and vicinity	530 Branches	
Upcountry	612 Branches	
Overseas Branch		4 Branches
Affiliated Bank		4 Branches
Joint Venture Bank		11 Branch
Representative Office		1 Branch
Business Relationship Center: Medium Business*		38 Centers
Business Relationship Center: Small Business*		37 Centers
Special Business Group		29 Centers
International Trade Service Center*		47 Centers
Foreign Exchange Service Center*		108 Centers
Bangkok	25 Centers	
Tourist locations, Upcountry	83 Centers	
ATM*		8,700 Machines
Bangkok	2,804 Machines	
Upcountry	5,896 Machines	

* For complete list of locations please refer to the Bank's website, www.scb.co.th
 For branch locations please go to: www.scb.co.th/en/branch
 For area offices locations please go to: www.scb.co.th/en/area-offices
 For business relationship center locations please go to: www.scb.co.th/en/business-relationship-center
 For international trade service center locations please go to: www.scb.co.th/en/international-trade-services
 For foreign exchange service center locations please go to: www.scb.co.th/en/foreign-exchange-service
 For ATM locations please go to: www.scb.co.th/en/atm

REFERENCE INFORMATION

Registrar

Ordinary and Preferred Shares	Thailand Securities Depository Company Limited 62 The Stock Exchange of Thailand Ratchadapisek Road, Klongtoey, Bangkok 10110 Tel: 0-2229-2800 and 0-2654-5599 Fax: 0-2359-1259
Siam Commercial Bank Subordinated Debentures No.1/2012, due in 2022 Siam Commercial Bank Subordinated Debentures No.2/2012, due in 2024	Siam Commercial Bank Public Company Limited 9 Ratchadapisek Road, Jatujak, Bangkok 10900, Thailand TEL +66 2544-1111/FAX +66 2544-2658
Senior Unsecured Notes USD 400 million 3.9% due November 2016	Deutsche Bank Luxembourg SA 2 Boulevard Konrad Adenaver L-1115 Luxembourg Luxembourg
Senior Unsecured Notes USD 1,100 million 3.375% due September 2017	Deutsche Bank Luxembourg SA 2 Boulevard Konrad Adenaver L-1115 Luxembourg Luxembourg Deutsche Bank Trust Company Americas 60 Wall Street, 27 th Floor New York, New York 10005 United States

Fiscal Agent

Senior Unsecured Notes USD 400 million 3.9% due November 2016	Deutsche Bank AG, Hong Kong Branch Leverl 52, International Commerce Centre 1 Austin Road West, Kowloon Hong Kong
Senior Unsecured Notes USD 1,100 million 3.375% due September 2017	

Auditor

Mr. Supot Singhasaneh	Certified Public Accountant (Thailand) Registration No. 2826
or Mr. Charoen Phosamritlert	Certified Public Accountant (Thailand) Registration No. 4068
or Ms. Pantip Gulsantithamrong	Certified Public Accountant (Thailand) Registration No. 4208

KPMG Phoomchai Audit Ltd.

Empire Tower, 50th-51st Floor,
195 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120, Thailand
Tel: 0-2677-2000
Fax: 0-2677-2222

FOR SHAREHOLDERS

The Bank's securities listed on the Stock Exchange of Thailand

1. Ordinary Shares, main board (SCB) and foreign board (SCB-F)
2. Preferred Shares, main board (SCB-P) and foreign board (SCB-Q)

Preferred Share Conversion

Exercise Right	One preferred share converts into one ordinary share
Exercise Price	None
Term of preferred shares	The term of the preferential rights of the preferred shares is 10 years commencing on 10 May 1999 and the rights expired on 10 May 2009. However, the holder of preferred shares may continue to file an application for conversion of preferred shares into ordinary shares during the period fixed by the Bank.
Conversion Period	Every quarter

SCB's Financial Calendar 2013

- Mar 15-28 : Application submission of SCB-P
Mar 29 : Exercise date for SCB-P
- Jun 14-27 : Application submission of SCB-P
Jun 28 : Exercise date for SCB-P
- Sep 13-29 : Application submission of SCB-P
Sep 30 : Exercise date for SCB-P
- Dec 16-29 : Application submission of SCB-P
Dec 30 : Exercise date for SCB-P

Contact SCB Investor Relations at

Investor Relations Division, Finance Group
The Siam Commercial Bank PCL, Head Office, Floor 19B
9 Ratchadapisek Road, Jatujak, Bangkok 10900
Tel +66 2 544-4358
Fax +66 2 544-2658
E-mail: investor.relations@scb.co.th
Website: www.scb.co.th

REPORT OF BANK ORDINARY SHAREHOLDING OF DIRECTORS AND SENIOR MANAGEMENT

Name	as at 31 Dec 2011			as at 31 Dec 2012			Change Increase / (Decrease)
	Number of Shares held by a director or a senior management	Number of Shares held by (a) related person(s) *	Total	Number of Shares held by a director or a senior management	Number of Shares held by (a) related person(s) *	Total	
1. Mr. Anand Panyarachun Chairman of the Board, Independent Director, and Member of the Corporate Social Responsibility Committee	58,127	402,966	461,093	58,127	402,966	461,093	-
2. Dr. Vichit Suraphongchai Director, Chairman of the Executive Committee, and Member of the Corporate Social Responsibility Committee	-	-	-	-	-	-	-
3. Mr. Maris Samaram Independent Director and Chairman of the Audit Committee	-	-	-	-	-	-	-
4. Prof. Vicharn Panich, M.D. Independent Director and Chairman of the Corporate Social Responsibility Committee	-	-	-	-	-	-	-
5. Mr. Chumpol Na Lamlieng Independent Director and Chairman of the Nomination, Compensation and Corporate Governance Committee	-	-	-	-	-	-	-
6. Mr. Sumate Tanthuwani Independent Director and Member of the Audit Committee	-	51,953	51,953	-	18,053	18,053	(33,900)
7. Assoc. Prof. Dr. KulPatra Sirodom Independent Director and Member of the Audit Committee	-	-	-	-	-	-	-
8. Mr. Ekamol Kiriwat Independent Director and Member of the Audit Committee	-	-	-	-	-	-	-
9. Dr. Chirayu Isarangkun Na Ayuthaya Director and Member of the Corporate Social Responsibility Committee	-	-	-	-	-	-	-
10. M.R. Disnadda Diskul Director and Member of the Corporate Social Responsibility Committee	-	-	-	-	-	-	-
11. Khunying Jada Wattanasiritham Independent Director, Member of the Corporate Social Responsibility Committee, and Member of the Nomination, Compensation and Corporate Governance Committee	-	-	-	-	-	-	-
12. Miss Supa Piyajitti Director and Member of the Nomination, Compensation and Corporate Governance Committee	-	-	-	-	-	-	-
13. Mr. Robert Ralph Parks Independent Director and Member of the Nomination, Compensation and Corporate Governance Committee	-	-	-	-	-	-	-

Name	as at 31 Dec 2011			as at 31 Dec 2012			Change Increase / (Decrease)
	Number of Shares held by a director or a senior management	Number of Shares held by (a) related person(s) *	Total	Number of Shares held by a director or a senior management	Number of Shares held by (a) related person(s) *	Total	
14. Assoc. Prof. Dr. Thosaporn Sirisumphand Director and Member of the Nomination, Compensation and Corporate Governance Committee	-	-	-	-	-	-	-
15. Mrs. Kannikar Chalitaporn President, Executive Director, and Member of the Corporate Social Responsibility Committee	43,000	-	43,000	43,000	-	43,000	-
16. Mr. Bodin Asavanich Director, Executive Director, and Senior Executive Vice President, Group General Counsel	15,000	580	15,580	15,000	580	15,580	-
17. Mr. Deepak Sarup Senior Executive Vice President, Chief Financial Officer, Finance Group and Change Program	-	-	-	-	-	-	-
18. Mr. Sirichai Sombutsiri Senior Executive Vice President, Group Head, Business Banking Group	-	-	-	-	-	-	-
19. Mr. Yokporn Tantisawetrat Senior Executive Vice President, Chief Risk Officer, Risk Management Group	-	9,434	9,434	-	9,434	9,434	-
20. Mr. Yol Phokasub Senior Executive Vice President, Group Head, Retail Banking Group	10	-	10	10	-	10	-
21. Mr. Arthid Nanthawithaya Senior Executive Vice President, Group Head, Wholesale Banking Group	-	-	-	-	-	-	-
22. Mr. Sarunthorn Chutima Senior Executive Vice President, Group Head, Special Business Group	1,040	4,310	5,350	1,040	4,310	5,350	-
23. Mrs. Kannika Ngamsopee Chief Audit and Compliance Officer	-	-	-	-	-	-	-
24. Mrs. Siribunchong Uthayophas Company Secretary	-	370	370	-	370	370	-

Remark * Related person(s) of directors or senior management include(s):

- (1) Spouse and a minor child of Director or Senior Management
- (2) a juristic person in which aggregate shareholding by Director or Senior Management and (1) exceeds thirty percent of the total number of voting rights of such juristic person
- (3) a juristic person in which aggregate shareholding by Director or Senior Management, (1) and (2) exceeds thirty percent of the total number of voting rights of such juristic person
- (4) a juristic person in which a person under (3) holds its shares and its shareholders in all levels of downward shareholding, beginning from the shareholder in the juristic person under (3), providing that shareholding in each level exceeds thirty percent of the total number of voting rights of the juristic person in the immediate lower level.

GRI CONTENT INDEX

In 2012, SCB studied the frameworks of the Global Reporting Initiative (GRI) and used for performance reports focusing factors;

1. Sustainable finance

SCB operates business with considerable care to all stakeholders; namely, customers, shareholders, community by leverage on strong financial services which eventually leads customers to financial disciplines for long term sustainability.

2. Corporate Governance and Risk Management

SCB effectively operates under Governance and Risk Management guidelines of the board of directors which may beyond standards required by laws.

3. Human Resources

SCB realizes the importance of knowledge enhancement, potentiality development of our human resources, coordination, teamwork, ethics and corporate governance. All of which will create fair core values and employee's engagement leading to sustainable human resource management.

4. Corporate Social Responsibility and Environmental Management

SCB comprehends values to be a part of community we operate. Hence SCB continuously exercises various corporate social responsibility activities and avoids business operation which harms environment so that to achieve a long term business sustainability.

Indicator	Description	Page number/reference
1. Strategy and Analysis		
1.1	Statement from the most senior decision- maker of the organization about strategy and key topics for the short and medium- term with regard to sustainability.	7-9
1.2	Description of key impacts, risks, and opportunities.	8, 85
2. Organizational Profile		
2.1	Name of the organization.	cover page
2.2	Primary brands, products, and/or services.	29-30
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.	29-30
2.4	Location of organization's headquarters.	cover page
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.	263
2.6	Nature of ownership and legal form.	cover page
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).	29
2.8	Scale of the reporting organization.	87
2.9	Significant changes during the reporting period regarding size, structure, or ownership.	not significant changes
2.10	Awards received in the reporting period.	33, 40-41, 45, 55, 86, 99
3. Report Parameters		
3.1	Reporting period (e.g. fiscal/calendar year) for information provided.	8
3.2	Date of most recent previous report (if any).	NA This is our first year to publish sustainability related data
3.3	Reporting cycle (annual, biennial, etc.)	annual
3.4	Contact point for questions regarding the report or its contents.	265
3.5	Process for defining report content.	268
3.6	Boundary of the report .	268
3.7	State any specific limitations on the scope 'or boundary of the report.	268
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.	268
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.	268 Data calculations basis are explained in the report whenever necessary to support data

NR = Not Relevance NA = Not Available

Indicator	Description	Page number/reference
3.10	Explanation of the effect of any re-statements of information provided previously.	NA This is our first year to publish sustainability related data
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.	NA This is our first year to publish sustainability related data
3.12	Table identifying the location of the Standard Disclosures in the report.	268
3.13	Policy and current practice with regard to seeking external assurance for the report.	264
4. Governance, Commitments, and Engagement		
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.	47-49, 64-65, 82, 95
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.	63
4.3	For organizations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members.	62
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.	59-60, 67
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).	70
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.	60-61, 80, 83
4.7	Process for determining the composition, qualifications, and expertise of the members of the highest governance body and its committees, including any consideration of gender and other indicators of diversity.	67
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.	55
4.9	Procedures of the highest governance body 'for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.	47-49, 55, 64-65, 72
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.	67, 82
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	47-53
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.	NA
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization.	NA
4.14	List of stakeholder groups engaged by the organization.	59
4.15	Basis for identification and selection of stakeholders with whom to engage.	59-61
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.	59-61
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.	59-61
Financial Services Sector Supplement		
	Disclosure on Management Approach	8
FS 1	Policies with specific environmental and social components applied to business lines.	36
FS 2	Procedures for assessing and screening environmental and social risks in business lines.	36-38
FS 3	Processes for monitoring clients implementation of and compliance with environmental and social requirements included in agreements and transactions	36-38
FS 4	Processes for improving employee competency to implement the environmental and social policies and procedures as applied to business lines.	91
FS 5	Interactions with clients/investess/business partners regarding environmental and social risks and opportunities.	www.scb.co.th
FS 6	Percentage of the portfolio for business lines by specific region, size and by sector.	111
FS 7	Monetary Value of products and services designed to deliver a specific social benefit for each business line broken down by purpose.	31, 33-44, 95-99

NR = Not Relevance NA = Not Available

Indicator	Description	Page number/reference
FS 8	Monetary Value of products and services designed to deliver a specific environmental benefit for each business line broken down by purpose.	44
FS 9	Coverage and frequency of audits to assess implementation of environmental and social policies and risk assessment procedures.	NA
FS 10	Client interactions on environmental or social issues.	NA
FS 11	Percentage of assets subject to positive and negative environmental or social screening.	NA
FS 12	Voting policies applied to environmental or social issues for shares over which the reporting organisation holds the right to vote shares or advises on voting.	NA
FS 13	Access points in low-populated or economically disadvantaged areas by type.	30, 36, 97
FS 14	Initiatives to improve access to financial services for disadvantaged people.	37
FS 15	Policies for the fair design and sale of financial products and services.	29
FS 16	Initiatives to enhance financial literacy by type of beneficiary.	35
Economic		
	Disclosure on Management Approach	8
EC 1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	26-27, 102-108
EC 2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	44
EC 3	Coverage of the organization's defined benefit plan obligations.	86
EC 4	Significant financial assistance received from government.	www.scb.co.th
EC 5	Range of ratios of standard entry level wage by gender compared to local minimum wage at significant locations of operation.	Based on leading industry standard and higher than local minimum wage
EC 6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	NA
EC 7	Procedures for local hiring and proportion of senior management and workforce hired from the local community at significant locations of operation.	87-89
EC 8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.	97
EC 9	Understanding and describing significant indirect economic impacts, including the extent of impacts	26, 49
Environmental		
	Disclosure on Management Approach	NA
EN 1	Materials used by weight or volume.	NA
EN 2	Percentage of materials used that are recycled input materials.	NA
EN 3	Direct energy consumption by primary energy source.	NA
EN 4	Indirect energy consumption by primary source.	44
EN 5	Energy saved due to conservation and efficiency improvements.	98
EN 6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	98
EN 7	Initiatives to reduce indirect energy consumption and reductions achieved.	98
EN 8	Total water withdrawal by source.	NA
EN 9	Water sources significantly affected by withdrawal of water.	NA
EN10	Percentage and total volume of water recycled and reused.	98
EN 11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	NA
EN 12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	NA
EN 13	Habitats protected or restored.	NA
EN 14	Strategies, current actions, and future plans for managing impacts on biodiversity.	99
EN 15	Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk.	NR
EN 16	Total direct and indirect greenhouse gas emissions by weight.	99
EN 17	Other relevant indirect greenhouse gas emissions by weight.	NA
EN 18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	98
EN 19	Emissions of ozone-depleting substances by weight.	NA
EN 20	NOx, SOx, and other significant air emissions by type and weight.	NA
EN 21	Total water discharge by quality and destination.	NA

NR = Not Relevance NA = Not Available

Indicator	Description	Page number/reference
EN 22	Total weight of waste by type and disposal method.	NA
EN 23	Total number and volume of significant spills.	NA
EN 24	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.	NA
EN 25	Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.	NA
EN 26	Initiatives to mitigate environmental impacts of products and services, and extent 'of impact mitigation.	44
EN 27	Percentage of products sold and their packaging materials that are reclaimed by category.	NA
EN 28	Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.	NA
EN 29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	98
EN 30	Total environmental protection expenditures and investments by type.	97
Labour Practices and Decent Work		
	Disclosure on Management Approach	85
LA 1	Total workforce by employment type, employment contract, and region, broken down by gender.	87
LA 2	Total number and rate of new employee hires and employee turnover by age group, gender, and region.	88
LA 3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	90
LA 4	Percentage of employees covered by collective bargaining agreements.	NR
LA 5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	Comply with Thai law
LA 6	Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.	Comply with Thai law
LA 7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender.	91
LA 8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	90-91
LA 9	Health and safety topics covered in formal agreements with trade unions.	NR
LA 10	Average hours of training per year per employee by gender, and by employee category.	91
LA 11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.	91-93
LA 12	Percentage of employees receiving regular performance and career development reviews, by gender.	91
LA 13	Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity.	87-88
LA 14	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation.	89
LA 15	Return to work and retention rates after parental leave, by gender.	NA
Human Rights		
	Disclosure on Management Approach	85
HR 1	Percentage and total number of significant investment agreements and contracts that include clauses incorporating human rights concerns, or that have undergone human rights screening.	SCB Code of Conduct www.scb.co.th
HR 2	Percentage of significant suppliers, contractors and other business partners that have undergone human rights screening, and actions taken.	SCB Code of Conduct www.scb.co.th
HR 3	Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.	88
HR 4	Total number of incidents of discrimination and corrective actions taken.	no incident
HR 5	Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights.	SCB Code of Conduct www.scb.co.th
HR 6	Operations and significant suppliers identified as having significant risk for incidents of child labor, and measures taken to contribute to the effective abolition of child labor.	SCB Code of Conduct www.scb.co.th
HR 7	Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of all forms of forced or compulsory labor.	SCB Code of Conduct www.scb.co.th
HR 8	Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.	SCB Code of Conduct www.scb.co.th
HR 9	Total number of incidents of violations involving rights of indigenous people and actions taken.	no incident
HR 10	Percentage and total number of operations that have been subject to human rights reviews and/or impact assessments.	NA
HR 11	Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms.	NA

NR = Not Relevance NA = Not Available

Indicator	Description	Page number/reference
Society		
	Disclosure on Management Approach	95
SO 1	Percentage of operations with implemented local community engagement, impact assessments, and development programs.	95
SO 2	Percentage and total number of business units analyzed for risks related to corruption.	NA
SO 3	Percentage of employees trained in organization's anti-corruption policies and procedures.	82
SO 4	Actions taken in response to incidents of corruption.	NA
SO 5	Public policy positions and participation in public policy development and lobbying.	NA
SO 6	Total value of financial and in-kind a contributions to political parties, politicians, and related institutions by country.	NR
SO 7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	NR
SO 8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	no significant fines
SO 9	Operations with significant potential or actual negative impacts on local communities.	no incident
SO 10	Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities.	no incident
Product Responsibility		
	Disclosure on Management Approach	29-31 www.scb.co.th
PR 1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	31
PR 2	Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcomes.	no incident
PR 3	Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements.	www.scb.co.th
PR 4	Total number of incidents of non-compliance with regulations and voluntary code concerning product and service information and labelling, by type of outcomes.	no incident
PR 5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.	34, 36, 38, 44
PR 6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	SCB Code of Conduct www.scb.co.th
PR 7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship by type of outcomes.	no incident
PR 8	Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.	no significant incidents
PR 9	Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.	no significant fines

NR = Not Relevance NA = Not Available

Siam Commercial Bank Public Company Limited
Company Registration Number 0107536000102
9 Ratchadapisek Road, Jatujak, Bangkok 10900, Thailand

TEL +66-2544-1111 / FAX +66-2544-2658
SCB CALL CENTER +66-2777-7777
TELEX 82876 SIAMCOM TH / 20492 SIAMBNK TH SWIFT BIC SICOTHBK

www.scb.co.th
www.facebook.com/scbthailand
www.twitter.com/scb_thailand

