



ANNUAL REPORT 2015

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OUR VISION

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

OUR MISSION

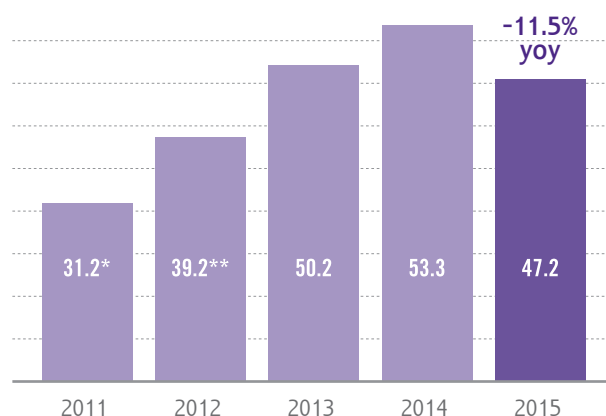
TO BE THE BEST UNIVERSAL BANK IN THAILAND

2015 FINANCIAL HIGHLIGHTS

PROFITABILITY

The fall in 2015 net profit was a result of the substantial higher additional provisions relating to SSI, partly offset by one-time gains from the sale of equity investment.

NET PROFIT
(Consolidated, Baht billion)



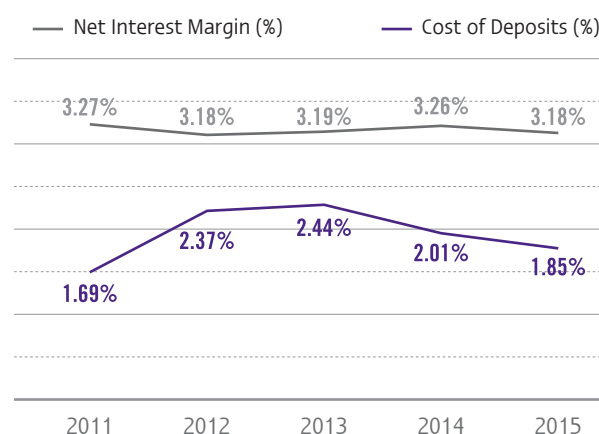
* Excluding Baht 5.1 billion one-time gain on SCB Life. If included, 2011 net profit would be Baht 36.3 billion.

** Following the adoption of deferred tax accounting in 2013, the prior year amounts for net profit have been restated. Before such restatement, 2012 net profit would be Baht 40.2 billion.

NIM / COST OF DEPOSITS

NIM dropped year-on-year due to the lower yield on earning assets following the policy rate cuts. The decline was partly offset by lower cost of deposits.

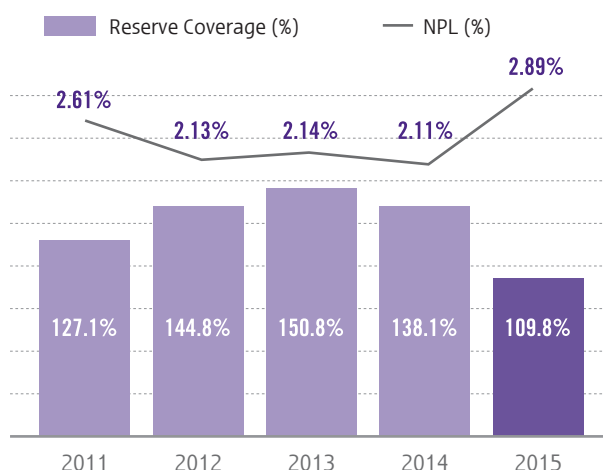
NET INTEREST MARGIN AND COST OF DEPOSITS (%)



ASSET QUALITY

An increase in non-performing loans ratio was mainly from the default of one large corporate customer. However, the loan loss reserve coverage remains adequate.

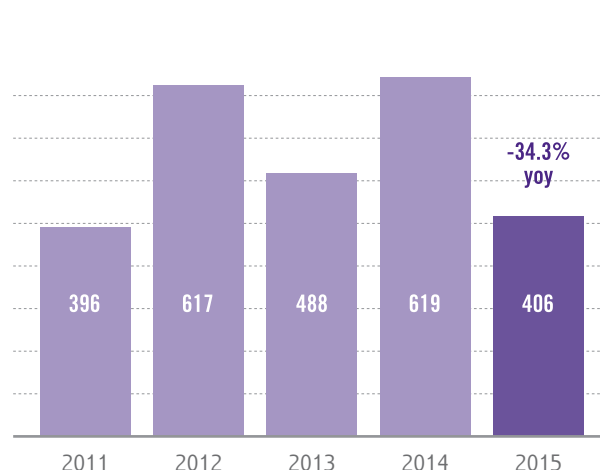
NON-PERFORMING LOANS (%) AND RESERVE COVERAGE (%)
(Consolidated)



MARKET CAPITALIZATION

Following a sharp drop in the SET listed stocks in 2015, the shares of SCB also dropped in tandem. Yet, SCB's market capitalization remains the highest among Thai financial institutions

MARKET CAPITALIZATION*
(Baht billion)



* Calculated by using share price at the last trading day of each year

MESSAGE FROM THE BOARD OF DIRECTORS



Mr. Yol Phokasub
President

Mr. Anand Panyarachun
Chairman of the Board

Dr. Vichit Suraphongchai
Chairman of the
Executive Committee

Mr. Arthid Nanthawithaya
Chief Executive Officer
and Deputy Chairman
of the Executive Committee

DEAR SHAREHOLDERS,

2015 turned out to be yet another challenging year for Thailand's economy and its banking industry. GDP growth was well below the expectations at the start of the year and a variety of adverse factors, locally and off-shore, stressed the exporters, SMEs, farmers and many of the low-to-middle income urban households.

For the Bank, too, the year brought its share of disappointment, particularly as two large customers in the steel industry (Sahaviriya Steel Industries in Thailand and its affiliate in the UK) turned delinquent in the third quarter, with a consequent large increase in credit costs and sharp drop in quarterly net profit. Further, in the first quarter, there was a fire at the main Head Office building resulting in the Bank's main building being declared off-limit to all personnel for a few weeks. While much of physical loss would be covered by the insurers, there was inevitable disruption to the Bank's normal operations. Also, in the first quarter, there was a major fraud at King Mongkut Institute of Technology, Ladkrabang (KMIT'L) with an underlying conspiracy to embezzle funds from its accounts maintained with the Bank. Although the Bank eventually reached a financial settlement with KMIT'L, this incident had a material impact on the first quarter net profit, pending any future recoveries from the insurers.

The thrust of the Bank's response to these negative events has been in strengthening its risk management practices through: close monitoring of the rising customer delinquency levels in a slowing economy; strengthening its safety and security policies and practices, particularly to address issues arising from the fire; and enhancing its system of internal control through upgrading the internal control system to better prevent transactions that are not in line with established policy, and to promptly detect anomalies, particularly suspicious transactions or behaviors.

Despite these headwinds, the Bank and its employees, working collaboratively, remained committed to delivering sustainable growth. This drive to excellence is reflected in the many public awards that the Bank received during the year, including the **Financial Management Excellence Award 2015**, which the Bank has achieved for the third consecutive year under Thailand's Corporate Excellence Awards Program, and the **Best Foreign Exchange Provider Award 2015**, which the Bank received from the Global Finance magazine for the eight successive year.

THE THAI ECONOMY IN 2015

Thailand's economy attained a slight recovery in 2015, albeit lower than expected, growing at 2.8% year-on-year. Tourism and fiscal stimulus measures were the main growth drivers during the year. Yet, weak domestic consumption, falling exports and slumping private investment limited the rebound from the low growth in 2014. Drought, high indebtedness levels and low crop prices significantly impacted household spending. Thailand's exports fell for the third consecutive year, dragged down by China's economic deceleration, as well as the sharply lower prices for oil and oil-related items, commodities and

farm goods. The Stock Exchange of Thailand's key index tumbled 14% during the year, as capital flowed out of the emerging markets in the expectation of rising interest rates in the U.S.A.

To mitigate the weak economic conditions, the government initiated fiscal measures to stimulate consumption and investment. Throughout 2015, the military-appointed government managed to sustain a reasonably stable socio-political environment in contrast to the political upheaval that had culminated in a coup in the previous year. Yet, despite the stability, the economy remained sluggish for most of the first half but the stimulus measures in the second half, particularly towards the end of the year, provided a much needed boost to the economy.

2015 FINANCIAL RESULTS

Amid the weaker than expected economic conditions and the consequent deterioration in asset quality together with significantly higher credit costs, the Bank's net profit declined for the first time in over five years. Yet, the Bank maintained its no. 1 position in terms of market capitalization (Baht 406 billion) among the Thai financial institutions as at December 30, 2015.

Consolidated **net profit** was reported at Baht 47.2 billion, an 11.5% decrease from 2014. The Bank's profit decline was in line with the results of its peer group, as the aggregate net profits of Thailand's top four commercial banks fell by 12%.

The decrease in the Bank's net profit was mainly from the substantially higher impairment provisions for two large non-performing loans (Sahaviriya Steel Industries in Thailand and its affiliate in the U.K.) which were both hit by an unexpected and sustained fall in global steel prices. In addition, the Bank faced an unexpected loss from the settlement related to the KMIT'L fraud case. Both of these adverse events were partly offset by the large one-time gains from the sale of equity investments, higher net interest income, higher net fee income and higher net trading and foreign exchange income.

As a result of the decline in net profit, **earnings per share (EPS)** decreased to Baht 13.88 in 2015, down 11.5% from Baht 15.69 in 2014. **Return on average equity (ROAE)** fell to 15.9% in 2015, down from 20.1% the year before, while **return on average assets (ROAA)** slid to 1.7%, down from 2.0% in the year preceding.

Net interest income rose to Baht 82.8 billion in 2015, an increase of 2.1% compared to 2014. This increase was mainly from the substantially lower cost of deposits, in line with the Bank's strategy to proactively reduce its cost of deposits.

Non-interest income increased 16.0% year-on-year to Baht 54.6 billion in 2015, primarily due to higher investment income after the Bank booked large one-time gains on the sale of equity investments to mitigate the impact of the substantial additional provisions. In addition, the Bank recorded modest increases in its net trading and FX income and net fee income.

Non-interest expenses increased only slightly, to Baht 48.9 billion in 2015, up by just 1.8% year-on-year from Baht 48.1 billion in 2014. Expenses were contained through effective cost management culminating in a lower cost-to-income ratio of 35.6%, compared to 37.5% in 2014. The increase in operating expenses was limited by the Bank's strategy of containing the growth of discretionary expenditure through, among others, better resource deployment and process optimization.

Asset quality deteriorated as a result of the slower-than-expected domestic economic recovery and the weaker pace of global recovery in 2015. The ratio of NPLs to total loans stood at 2.89% at the end of December 2015, surging from 2.11% at the end of December 2014 following the reclassification of the loans to Sahaviriya Steel Industries as non-performing (the loan to its U.K. affiliate was written off during the year) and rising delinquencies in both the SME and mortgage portfolios. Consequently, the Bank set aside substantial higher provisions of Baht 29.7 billion in 2015, compared to Baht 13.2 billion in 2014.

The Bank maintained a solid **capital position**, as total capital funds, on a consolidated basis under Basel III, were at a high of 17.3 % of total risk-weighted assets as of December 31, 2015, representing common equity Tier 1 capital of 14.1% and Tier 2 capital of 3.2%. This strong capital position provides the Bank with the flexibility to support future growth while providing a cushion against unexpected adverse events.

DEVELOPMENTS IN CORPORATE GOVERNANCE PRACTICES

In 2015, the Board continued to strengthen its corporate governance practices. The key improvements during the year were as follows:

- Completed an enhanced performance assessment of the Board, the chairman of the Board, individual directors, and the Board committees with support from a leading global consultancy which had considerable expertise in corporate governance practices. The Bank revises its annual assessment process every three years in consultation with an external firm so as to take account of new conditions and standards and ensure continued effectiveness of its performance.
- Amended and revised selected practices and policies to meet the standards for corporate governance under the principles espoused by the Thai Institute of Directors (IOD), and pursuant to the ASEAN CG Scorecard. These changes covered:
 - Amending the Bank's Articles of Association with respect to closing of the share registration book so as to accommodate the submission of the shareholders' meeting notice 21 days in advance of the shareholders' meeting.
 - Revising the Bank's Corporate Governance Policy and Board of Directors' Charter regarding the tenure of an independent director so as to limit the period to no more than 9 years.
 - Revising the Employee Code of Conduct in a number of areas and resolving to review such Code on a regular basis in the future.

- Revised procedures for the nomination of directors by improving the criteria used for selection to ensure that the new directors will be in line with the Bank's Board skills matrix and its business strategy.
- Restructured the Bank's internal organization to respond effectively to changes in the business landscape, with an emphasis on specialized expertise, effective resource allocation and successful deployment.

CHANGES IN THE BOARD OF DIRECTORS

At the 2015 AGM, Maris Samaram retired as an independent director. Also, the shareholders elected **Arthid Nanthawithaya** (the new CEO and Deputy Chairman of the Executive Committee) and **Yol Phokasub** (the new President) as new directors of the Bank. In addition, the Board appointed **Krirk Vanikkul** as an independent director replacing the seat vacated on the resignation of Apisak Tantivorawong. Further, **Chakkrit Parapuntakul** and **Ekniti Nitithanprapas** were appointed as directors, representing the Ministry of Finance, replacing the seats vacated on the resignations of Police General Adul Sangsingkeo and Kulit Sombatsiri, respectively.

OUTLOOK FOR 2016

Thailand's GDP is likely to grow at a modest rate in 2016 – at about the same level as last year. Many of the unfavorable factors that influenced the Thai and world economies in 2015 will remain in effect, as is clearly evident from the market turmoil in the first six weeks of 2016. We anticipate that domestic economic activity, however, will get a much needed boost during 2016 as the Thai government is launching major new investments and selected short-term fiscal stimulus measures – both of which will boost investor and public sentiment and market liquidity. Investment-related measures include major infrastructure development projects, fast tracking of the public-private partnership (PPP) scheme, and tax incentives for business owners. The 20% year-on-year increase in the government's investment budget will stimulate higher private capital spending and help lift domestic demand. The short-term stimulus packages include a soft loan program for SMEs and incentives for homebuyers.

Nevertheless, sluggish growth in the global economy and a plunge in oil-related-product prices will pose an obstacle to Thailand's exports, which is expected to stagnate in 2016. On the other hand, tourism is poised to grow further as international arrivals reach a record high. All factors considered, the Bank's Economic Intelligence Center (EIC) forecasts that Thailand's GDP will grow in the region of 2.5% in 2016.

The key external economic driver in 2016 will be the hikes in the U.S. benchmark interest rate, devaluation of the yuan, and monetary policy easing in both Japan and the euro zone. The U.S. central bank (or Fed) raised its policy interest rate for the first time in nearly eight years in December 2015, and will likely raise it another 50 basis points during 2016 provided that the U.S. economy and jobs market regain a solid growth footing. Conversely, Japan and the euro zone will pursue

expansionary monetary policies. China's economic deceleration will probably prompt the Chinese government to facilitate the devaluation of the yuan. Also, the Bank predicts that Thailand's policy interest rate will remain at 1.5% throughout 2016, and that the baht will weaken to 37 baht per U.S. dollar by the end of the year.

THE BANK'S STRATEGIES IN 2016

The year's mixed economic outlook means that the Bank will continue its stance of disciplined growth. Strengthening its core operations, the Bank will rebalance the portfolio towards higher risk-adjusted returns, increase its business volume from existing customers and substantially increase the use of digital channels. As a universal financial services group, the Bank will leverage further from the synergies that exist within its broad customer base and diverse business channels.

The Bank's long-term competitive transformation will gain momentum in 2016. The Bank is reshaping its business model to respond to the emerging changes to the financial services landscape, driven by changes in customer behaviors and expectations, new competition from digital players and regulatory developments. The Bank's strategic approach is anchored on the accelerated development of its capabilities, identifying and exploiting new avenues of growth, supporting greater levels of innovation and nurturing better internal collaboration and external partnerships.

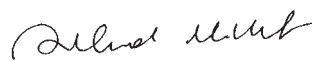
On behalf of the Board of Directors, we would like to thank all our shareholders, customers and business partners for their continuous support of the Bank and placing their trust in us. We also are indebted to the management and staff of the SCB Group for their efforts and contributions in driving us towards our vision of being **the Bank of choice for our customers, shareholders, employees and community.**



Mr. Anand Panyarachun
Chairman of the Board



Dr. Vichit Suraphongchai
Chairman of the
Executive Committee



Mr. Arthid Nanthawithaya
Chief Executive Officer
and Deputy Chairman
of the Executive Committee



Mr. Yol Phokasub
President

BOARD OF DIRECTORS



Mr. Anand Panyarachun
Chairman of the Board and
Independent Director

Mr. Anand Panyarachun completed his Bachelor of Arts Degree (Honors) in law from Trinity College, University of Cambridge, U.K. in 1955 and commenced his distinguished career at the Ministry of Foreign Affairs after his graduation. Highlights of his career include service as Ambassador to the United States, Permanent Representative to the United Nations, and Permanent Secretary of the Ministry of Foreign Affairs. Since leaving the Ministry of Foreign Affairs in 1979, Mr. Anand has been active in the world of business and international affairs. He was appointed in 2013 by the then United Nations Secretary-General Kofi Annan 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.

Mr. Anand is widely recognized for his pivotal role in the Kingdom's political development when he was called upon twice to serve as the Prime Minister of Thailand in 1991-1992 (the first term was from 2 March 1991 to 21 April 1992 and the second term was from 10 June 1992 to 1 October 1992) and chaired the committee to draft a new constitution for the Kingdom in 1997. Mr. Anand has received 25 honorary degrees from

various Thai and foreign universities for his distinguished roles in many areas. He is also a 1997 recipient of the prestigious Ramon Magsaysay Award.

In addition to his role as Chairman of the Bank, Mr. Anand also holds key positions in several organizations including as the UNICEF Ambassador in Thailand, Chairman of the Cambridge Thai Foundation, Chairman of the Green Globe Institute, Honorary Chairman of Operation Smile Thailand, Member of the Advisory Council of the Transparency International, and Advisor to the Board of the Anti-Corruption Organization of Thailand.

Mr. Anand has served as an Independent Director of the Bank since 1984, and was elected 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 encouraging all members of the Board and the senior management team to elevate their roles for the Bank's strong growth and promoting good governance and corporate social responsibility within the Bank.



Dr. Vichit Suraphongchai
Director and Chairman of the
Executive Committee

Dr. Vichit Suraphongchai holds a Bachelor's Degree in engineering from Chulalongkorn University, a Master's Degree in engineering from the University of California, Berkeley, U.S.A., and an M.B.A. and a Ph.D. from the University of California, Los Angeles, U.S.A.

Dr. Vichit commenced his long and illustrious career in banking in 1977 at Bangkok Bank PCL, where at the time he left he was serving as President. Later, he joined the Royal Thai Government as Minister of Transport and Communications from 1994-1995. He returned to the banking business in 1998 as Chairman of Radanasin Bank PCL and thereafter, in December 1999, he joined SCB as Chairman of the Executive Committee and a Director of the Bank. Presently, Dr. Vichit also holds positions in other organizations including as Director of Kempinski Group and as Advisor to the Crown Property Bureau.

Under his strategic vision, leadership and drive, Dr. Vichit has achieved a transformation of business operations within SCB's group. By adopting a business model to provide full services as a universal bank, this transformation dramatically restored competitiveness and profitability of the Bank so as to become one of the most successful and leading banks in the country, with the highest market capitalization of any

Thai financial institution. Thereafter, the Bank won numerous international and domestic awards. 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.

Apart from his outstanding management role, Dr. Vichit has also made substantial contributions to the development of educational programs within the country through his former roles in Thailand's education sector, including as Member of the Senate of Mahidol University, Expert Member of the National Education Commission, Expert Member of the National Institute of Development Administration Council (NIDA), and Trustee of the Asian Institute of Technology (AIT).



Mr. Prasan Chuaphanich
Independent Director and Chairman
of the Audit Committee

Mr. Prasan Chuaphanich obtained a Bachelor of Accounting Degree (Second Class Honors) from the Faculty of Commerce and Accountancy and a Diploma in Auditing, Chulalongkorn University. In addition, he received training at several distinguished institutions, such as the Executive Management Program at the Ivey School of Business, University of Western Ontario, Canada, and the Leading Professional Services Firms Course at Harvard Business School, U.S.A.

Mr. Prasan has more than 35 years of experience in the accounting profession, including Jaiyos & Co (now Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.) and Coopers & Lybrand (now PricewaterhouseCoopers ABAS Co., Ltd.), both in Thailand and the U.K. His last position at PricewaterhouseCoopers Thailand was as its Executive Chairman.

Mr. Prasan is a Certified Public Accountant (Thailand), and currently serves as the President of the Federation of Accounting Professions, under the Royal Patronage of His Majesty the King. In addition, he serves as an Expert Member of the General Insurance Fund under the Ministry of Finance, an Expert Member on Accounting of the Office of Insurance Commission, an Expert Member of the Anti-Dumping and Subsidies Committee

under the Ministry of Commerce, Director and Member of the Advisory Committee on Corporate Governance and Policy of the Thai Institute of Directors Association (IOD), and as a Member of Thailand's Private Sector Collective Action Against Corruption Certificate Committee (CAC Certification Committee). He is an Independent Director of Thai Solar Energy PCL, and Member of the Finance and Property Committee of King Mongkut's University of Technology Thonburi.

Mr. Prasan's wealth of experience and expertise in accounting, auditing and financial reporting adds very substantially to the credentials and capabilities of the Bank's Board of Directors and Audit Committee.



Professor Vicharn Panich, M.D.
Independent Director and Chairman
of the Corporate Social Responsibility
Committee

Prof. Vicharn Panich holds an M.D. 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 Songkla University, such as the Dean of the Faculty of Medicine and Vice President of the University. Prof. Vicharn was Founding Director of the Thailand Research Fund (TRF) and was re-appointed to serve in that position for eight years. At TRF, he pioneered research management systems for Thailand. He continued to serve as Special Advisor to the TRF until 2008 and served as Director of the Knowledge Management Institute (KMI), where he played an important part in developing knowledge management activities for Thailand.

Apart from his position as a Director of the Bank, Prof. Vicharn also holds other key positions in several academic organizations, including as Chairman of the Knowledge Management Institute Foundation, Chairman of Mahidol University Council, Vice Chairman of the Arsomsilp Institute, Member of Prince of Songkla University Council and Member of Chiang Mai University Council.

Additionally, Prof. Vicharn has served on the boards of many organizations and foundations, e.g., as Chairman of the International Health Policy Program Foundation, Chairman of the Board of the Health Intervention and Technology Assessment Program Foundation, Member of the Prince Mahidol Award Foundation Under Royal Patronage and the Medical Research Foundation.

Prof. Vicharn brings to the Board his long experience with projects linked to academia and the community and considerable success in carrying out important initiatives in advancing corporate social responsibility.



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

Mr. Chumpol NaLamlieng 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. Mr. 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, Mr. Chumpol holds key positions in several leading organization, for example, serving as Director and Chairman of the Remuneration Committee of Siam Cement PCL, Director of Siam Sindhorn Co., Ltd., Director of CPB Equity Co., Ltd., Director of Kempin Siam Co., Ltd., and Director of Kempinski Hotels S.A.

As Independent Director and Chairman of the Nomination, Compensation and Corporate Governance Committee of the Bank, Mr. Chumpol provides the Bank with an expert perspective on a broad range of management issues, given his extensive experience in management and corporate governance in large organizations in both the domestic and international context.



**Dr. Chirayu Isarangkun
Na Ayuthaya**
Director and Member of the Corporate
Social Responsibility Committee

Dr. Chirayu Isarangkun na Ayuthaya holds a Bachelor's Degree in economics (Honors) from the London School of Economics, U.K., and a Ph.D. in economics from the Australian National University, Australia. Starting his career as 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 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 the Director General, and at the same time served in the prestigious position of the Grand Chamberlain to the Bureau of the Royal Household.

Apart from his position as a Director of the Bank, Dr. Chirayu also serves at several other organizations, including as Director of the Chaipattana Foundation, the Phra Dabos Foundation, and the Siriraj Foundation; as Secretary General of the Sai Jai Thai Foundation and the Royal Project Foundation; as Treasurer of the Foundation for the Promotion of Supplementary Occupations and Related Techniques of Her Majesty Queen Sirikit of Thailand; and as Chairman of the National Institute of Development Administration Council (NIDA). He has also been appointed as Chairman of the Board of Directors of Siam Cement PCL and Chairman of the Board of Directors of Deves Insurance PCL.

As a Director of the Bank, Dr. Chirayu plays an important role to promote, support and reinforce the Bank's strong drive for sustainable social responsibility.



Mom Rajawongse Disnadda Diskul
Director

M.R. Disnadda Diskul holds a Bachelor's Degree in business administration from Indiana University (Bloomington), 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. M.R. Disnadda served as the Private Secretary to H.R.H. the Princess Mother until Her Royal Highness passed away.

In 1994, M.R. Disnadda served as Director and Secretary General of the Mae Fah Luang Foundation Under Royal Patronage, to carry out the development initiatives of the late H.R.H. the Princess Mother, and in 2015 he was appointed to serve as Chairman of the Foundation. In addition, in 1988, he was appointed 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 share his experience at the Doi Tung Development Project with the Union of Myanmar, Afghanistan and Indonesia's Aceh Province.

Additionally, M.R. Disnadda holds several other significant positions, including as Secretary General and Director of the Royal Innovation Foundation, Chairman of the Rakkaew Foundation, Director of the Princess Mother's Medical Volunteer Foundation, Director of the King Rama IV Foundation, Vice Chairman of Thailand Sustainable Development Foundation and the Advisor to the Crown Property Bureau.

As a Director of the Bank, M.R. Disnadda beneficially provides SCB with unmatched experience in sustainable development and related initiatives.



Dr. Kulpatra Sirodom
Independent Director and Member
of the Audit Committee

Dr. Kulpatra Sirodom earned a B.B.A. (First-Class Honors) in finance from Thammasat University under a King Bhumibol Scholarship, an M.B.A. in finance from West Virginia University, U.S.A., and a Ph.D. in finance from the University of Pittsburgh, U.S.A.

Dr. Kulpatra held the position of Dean of the Faculty of Commerce and Accountancy, Thammasat University, during April 2010-March 2013, and presently serves as Advisor to the Chairman of the Mae Fah Luang Foundation Under Royal Patronage. She also serves as a committee member for a number of organizations and private companies, including as Independent Director and Chairman of the Audit Committee of Thai President Foods PCL; Independent Director and Member of the Audit Committee of President Bakery PCL; Independent Director and Chairman of the Audit Committee and the Corporate Governance Committee of Thai Wacoal PCL; Independent Director of Total Industrial Services Co., Ltd.; Advisor to the Federation of

Accounting Professions; Expert Member of Sripatum University Council; and Member of Southeast Bangkok College Council. In addition, she has been appointed as an Expert Member of the Risk Management Sub-Committee of the Government Pension Fund; Honorary Member on risk management of the Investment Risk Management Sub-Committee of the Social Security Fund; Expert Member of the Policy Committee on Public-Private Partnerships in State Undertakings; and Member of the Sub-Performance Agreement Committee, the Comptroller General's Department.

With her substantial expertise in finance, derivatives valuation and risk management, Dr. Kulpatra has contributed to the Bank through her roles as Independent Director and Member of the Audit Committee.



Mr. Ekamol Kiriwat
Independent Director and Member
of the Audit Committee

Mr. Ekamol Kiriwat 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.

Mr. 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 as the Director supervising the Financial Institution Application and Examination Department and the International Strategy Office, Assistant Governor and Deputy Governor. Mr. Ekamol also served as Secretary General of the Securities and Exchange Commission since its establishment in 1992 until 1995. He was a Member of Parliament during 2001-2004. From 2004 to 2015, Mr. Ekamol has held the position of Chairman of K.C. Property PCL. Currently, he is an Independent Director of Property Perfect PCL.

With his expertise in money and capital markets supervision, including finance, Mr. Ekamol has had an important role in the Bank's financial management oversight, compliance and regulatory matters.



Mr. Weerawong Chittmittrapap
Independent Director and Member
of the Audit Committee

Mr. Weerawong Chittmittrapap earned a Bachelor of Laws Degree from Chulalongkorn University and a Master of Laws Degree from the University of Pennsylvania, U.S.A. He is a Thai Barrister-at-Law and the first Thai lawyer to be admitted to the New York State Bar Association, U.S.A.

Mr. Weerawong is widely recognized in Thailand for his legal expertise and has extensive experience in corporate governance matters. He was Chairman of Weerawong, Chinnavat & Peangpanor Ltd. (previously named "White & Case (Thailand) Ltd.") from 1996 until 2014. Mr. Weerawong also held positions in a number of leading organizations, including as Independent Director and Member of the Audit Committee of GMM Grammy PCL, Golden Land Property and Development PCL, and Siam Food Products PCL, and as Independent Director of Minor International PCL, Nok Airlines PCL and Fraser and Neave Limited (a company listed on the Stock Exchange of Singapore).

Apart from serving as an Independent Director of the Bank, Mr. Weerawong presently serves as Independent Director and Chairman of the Nomination, Compensation and Corporate Governance Committee of SCB Life Assurance PCL, Independent Director and Chairman of the Audit Committee of Thai Airways PCL, Independent Director and Member of the Audit Committee of Berli Jucker PCL and Bangkok Dusit Medical Services PCL, and Director of National Power Supply PCL and Frasers Centrepoint Limited (a company listed on the Stock Exchange of Singapore).

With his legal expertise and extensive experience in corporate governance matters, Mr. Weerawong provides a valuable contribution to the Board in both areas.



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

Khunying Jada Wattanasiritham 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 career in banking at the Bank of Thailand before joining the Siam Commercial Bank in 1975. She was appointed the Bank's President and CEO in 1999 and retired from the post in January 2007. Currently, she is an Independent Member of the Board of Directors of the Bank and also serves on the Bank's Corporate Social Responsibility Committee, and Nomination, Compensation and Corporate Governance Committee.

She was bestowed the Royal decoration of Chula Chom Klao with the title Khunying in 2000. In 2006, Khunying Jada served as the Chairperson of the Thai Bankers' Association and was appointed a Member of the National Legislative Assembly. She also received the prestigious "Best CEO of the Year 2006" award from the Stock Exchange of Thailand.

Apart from serving as a Director of the Bank, Khunying Jada also serves as Chairperson of SCB Life Assurance PCL, Chairperson of Samaggi Insurance PCL, Chairperson of Siam Paragon Development Co., Ltd., and Independent Director of Minor International PCL. Additionally, she also serves on the Councils and Boards of several academic and non-profit organizations.



Mr. Krirk Vanikkul
Independent Director and Member
of the Nomination, Compensation
and Corporate Governance Committee

Mr. Krirk Vanikkul received an L.L.B. with Second-Class Honors from Chulalongkorn University, a B.A. in Jurisprudence (Honors) from Oxford University, U.K.; and a Barrister-at-Law Degree from Middle Temple, London, and the Institute of Legal Education, Thai Bar Association.

Mr. Krirk has a strong legal background and has held various key positions in several organizations, including as Deputy Governor for Financial Institutions Stability, Bank of Thailand, from 2009-2014.

Mr. Krirk was appointed as an Independent Director of the Bank and Member of the Nomination, Compensation and Corporate Governance Committee, with effect from 1 November 2015. At present, Mr. Krirk also holds significant

positions in several leading organizations, including as Member of the Council of State, Expert Director of the Office of Knowledge Management and Development, Director and Chairman of the Audit Committee of Agrow Enterprise Co., Ltd., and Independent Director of Italian-Thai Development PCL.



Mr. Chakkrit Parapuntakul
Director and Member of the
Nomination, Compensation and
Corporate Governance Committee

Mr. Chakkrit Parapuntakul received a Bachelor of Accounting Degree from Thammasat University and an M.B.A. from Angelo State University, Texas, U.S.A.

Mr. Chakkrit was appointed as a Director of the Bank with effect from 25 November 2015. In addition, he currently serves as Director-General of the Treasury Department, Ministry of Finance, Member of the Board of Directors of Dhanarak Asset Development Co., Ltd., and President of the Thammasat University Commerce and Accountancy Alumni.

Mr. Chakkrit has broad work experiences in the public sector and state-owned enterprises in a number of key positions including as: Director-General of the Public Debt Management Office; Deputy Permanent Secretary of the Ministry of Finance; Chairman of the Board of Directors of Thailand Post Co., Ltd.; Representative of the Ministry of Finance in the nation's dealings with international lenders; Director and Chairman of the Audit Committee and Member of the Internal Control and Risk Management Committee of the Credit Guarantee and Investment Facility (CGIF), which was established by the Asian Development Bank (ADB) as a key component of the credit guarantee and investment initiative of the ASEAN+3

cooperation. He also served on the Board of Directors of several private companies including, Chairman of the Board of Directors of ASEAN Potash Mining PCL, and as a Member of the Board of Directors of Krung Thai Bank PCL, PTT Exploration and Production PCL, Thai Smile Airways Co., Ltd., and Ratchaburi Energy Co., Ltd.

With his wealth of knowledge and experience in key positions at leading organizations in the public and private sectors, including service as a senior executive at state enterprises, Mr. Chakkrit always bring valuable perspective to the Board and provides strong support to the Bank's progress.



Dr. Ekniti Nitithanprapas
Director and Member of the
Nomination, Compensation and
Corporate Governance Committee

Dr. Ekniti Nitithanprapas earned a B.A. Degree in economics (Honors) from Thammasat University under a scholarship from the Thammasat Economics Association. He went on to receive an M.A. Degree in economics from the University of Illinois at Urbana-Champaign, U.S.A. and a Ph.D. in economics from Claremont Graduate University, U.S.A., both under Royal Thai Government scholarships.

Dr. Ekniti was appointed as a Director of the Bank with effect from 25 November 2015. He also serves as the Director-General of the State Enterprise Policy Office. Formerly, he was Deputy Director-General of the Fiscal Policy Office; Minister (Office of Economic & Financial Affairs), Royal Thai Embassy, United Kingdom and Europe; and a senior advisor at the World Bank in Washington, D.C.

Dr. Ekniti is the author of several academic publications and books such as "Domino Effect: Ways for Thailand to Survive When Global Economy Is Hanging by Thread" and the article titled "the Asian Crises Reexamined" published in MIT Press Journals of Asian Economic Papers. He garnered the Rising Star Economist Award 2009 from the Thammasat Economics Association, Thammasat University and the Outstanding Alumni Award 2015 from the University of Illinois. He was also President

of the Rugby Football Club of Thammasat University and a player on Thailand's National Youth Rugby Squad.

With a strong background in economics and substantial experience in both domestic and international settings, Dr. Ekniti makes a substantial contribution to the Bank's strategy and direction in the challenging economic landscape it faces today.



Mrs. Kannikar Chalitaporn
Director, Member of the Executive
Committee, and Member of the
Corporate Social Responsibility
Committee

Mrs. Kannikar Chalitaporn holds a Bachelor's Degree in business from the University of Colorado and attended the Advanced Management Program at Harvard Business School. Prior to joining the Bank, she worked with Unilever Thailand for 32 years. During her 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.

Mrs. Kannikar joined the Bank's Board of Directors 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 the Bank's retail business, and is widely recognized as the architect behind the hugely successful transformation of the Bank's retail franchise.

Mrs. Kannikar was President of the Bank from 2007 to 2015. She has been the recipient of 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, the "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, the "Best CEO for Analysts" award in 2009, and the "Best CEO in the Financial Sector" award in 2011 from the Securities Analysts Association of Thailand. In 2012 she was named one of the most influential executives and most powerful women leaders in Southeast Asia by Alpha Southeast Asia magazine.



Mr. Arthid Nanthawithaya
Director, Chief Executive Office,
Deputy Chairman of the Executive
Committee, and Member of the
Corporate Social Responsibility
Committee

Mr. Arthid Nanthawithaya holds a Bachelor's Degree in economics from Chulalongkorn University, an M.B.A. in finance from The Sasin Graduate Institute of Business Administration, and participated in the Exchange Program of the Wharton School, University of Pennsylvania, U.S.A. He has over 20 years of experience in finance and banking. Following his success in providing advice to customers in the Wholesale Banking Group regarding many large business transactions, he is widely recognised for his acumen within the capital markets and for treasury-related products.

Mr. Arthid commenced his career at Siam Commercial Bank's Treasury Department in 1994, moving on to Cargill Financial Services as Hedge Fund Manager in 1998. After that, he joined Standard Chartered Bank, where he contributed to the growth of its capital markets business, culminating in a strong presence for the Bank in regional capital markets. His last position at Standard Chartered Bank was as Managing Director and Regional Head of Capital Markets, Southeast Asia.

Mr. Arthid re-joined Siam Commercial Bank in 2008 as its Senior Executive Vice President within the Corporate Banking Group and, concurrently, from 2009, was appointed to head its Global Markets Transactional Services (GMTS) Group. In January 2011, the Corporate Banking Group of the Bank and all related product and operation groups were merged under a single umbrella to form the Wholesale

Banking Group. Mr. Arthid was appointed as the head of this important new group from its formation. He repositioned the Bank's wholesale franchise in this segment to the forefront of the market, while leading exceptional growth of the investment banking and corporate finance businesses at the Bank.

Previously, Mr. Arthid served as Chief Executive Officer of SCB Securities Ltd., Director and Chairman of the Investment Committee of SCB Life Assurance PCL., Director of SHIN Corporation PCL., and Director of CAT Telecom PCL.

Mr. Arthid was appointed as a Director of the Bank with effect from 2 April 2015, and Chief Executive Officer and Deputy Chairman of the Executive Committee with effect from 3 April 2015.



Mr. Yol Phokasub
President, Member of the
Executive Committee, and Member
of the Corporate Social Responsibility
Committee

Mr. Yol Phokasub holds a Bachelor's Degree (Honors) in computer science and software engineering from Imperial College, University of London, U.K.

Mr. Yol commenced his career at Siam Cement Group in 1986 and later joined Unilever Thailand in 1989. The 17 years of his experience at Unilever spanned a number of roles in information technology, supply chain management, manufacturing, sales and marketing at both the national and regional levels, providing him with deep insight on consumer behaviour. His last position at Unilever was as Managing Director of Unifoods (Thailand) and as a Management Member of Unilever Asia Ice Cream and Foods. Also, he served as Director and Vice Chairman of Unilever Thailand. In 2006, he joined the Dutch Mill Group, a leading supplier of dairy products in the region, as Chief Operating Officer.

In June 2007, Mr. Yol joined Siam Commercial Bank as Senior Executive Vice President, Retail Banking Group. In this role, he used his expertise in consumer markets to enhance the Bank's leadership in retail financial services. In October 2013, his responsibility was expanded to cover the Business Banking Group.

Previously, he served as Advisor to the Board Members of the Board of Investment of Thailand (BOI) during 2012-2013, Chairman of the Board of Directors of SCB Asset Management Ltd, Vice Chairman of the Board of Directors of SCB Life Assurance PLC, and Vice Chairman of the Board of Directors of VinaSiam Bank.

Mr. Yol was appointed as a Director of the Bank, with effect from 2 April 2015, and as President to replace Mrs. Kannikar Chalitaporn, with effect from 3 April 2015. Since 2013 he has been a Member of the Advisory Board of MasterCard Asia/Pacific Pte. Ltd.

SENIOR EXECUTIVE OFFICERS

Dr. Vichit Suraphongchai

Chairman of the Executive Committee

Mr. Arthid Nanthawithaya

Chief Executive Officer and Deputy Chairman of the Executive Committee

Mr. Yol Phokasub

President

For profiles of:

Dr. Vichit Suraphongchai, please refer to page 8

Mr. Arthid Nanthawithaya, please refer to page 15

Mr. Yol Phokasub, please refer to page 16



Mr. Deepak Sarup
Senior Executive Vice President,
Chief Financial Officer

Mr. 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's finance, technology and operation functions. Immediately prior to assuming CFO responsibilities in 2008, he served as the Group Chief Information Officer of Siam Commercial Bank PCL. for about five years. Since joining the Bank, he led its ambitious and far-reaching transformational Change Program and the drive to successfully transform the Bank's operating model, business strategies, organizational structure and 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.

Mr. Sarup commenced his career in 1976 in the London office of Touche Ross & Co. (now Deloitte & Touche). He holds a Bachelor's Degree with Honors and a Diploma with Distinction. 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, U.S.A. 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). He currently serves on the Advisory Board of Westminster Business School in London, as the Vice Chairman of the Board of Directors of SCB Life Assurance PCL, and as the Chairman of Supernap Thailand Ltd.



Mr. Sarunthorn Chutima
Senior Executive Vice President,
Head of Special Business

Mr. Sarunthorn Chutima serves as the Senior Executive Vice President, Head of Special Business, which is responsible for monitoring and preventing new NPL formation, managing the bulk of the Bank's portfolio of non-performing loans (NPLs) and non-performing assets (NPAs), and providing practical advice on restructuring debts. He has 31 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 as Executive Vice President, Corporate Division 1 in 2003. Subsequently, he was promoted as First Executive Vice President, Special Situations Group in February 2009 in order to provide practical advice for restructuring debts and develop a proactive and systematic framework to protect against new NPL formation for customers adversely affected by changes in the economic environment. He was promoted to Senior Executive Vice President in December 2010.



Mrs. Wallaya Kaewrungruang
Senior Executive Vice President,
Chief Legal and Control Officer
and Company Secretary

Mrs. Wallaya Kaewrungruang is a veteran in the field of financial law. With over 31 years of experience in banking and financial law, she has a deep understanding of commercial bank operations to further develop and add value to SCB's legal functions. Before joining SCB, Mrs. Wallaya worked as a legal executive for firms in the banking and financial industry, including Krungthai Legal Services Co., Ltd., Bank of Asia PCL, Sukhumvit Asset Management Co., Ltd., and most recently as Senior Executive Vice President, Managing Director, Compliance and Legal Management Group for Krung Thai Bank PCL. She holds LL.B. and LL.M. degrees in Business Law from Chulalongkorn University, and an LL.M. in International Banking Law from Boston University, U.S.A. She is also a Barrister-at-Law at the Institute of Legal Education, Thai Bar Association. She joined the Bank as Senior Executive Vice

President in June 2014 and was appointed as the Company Secretary in July 2015 to support the Board with respect to statutory and supervisory requirements and good corporate governance.



Mr. Anucha Laokwansatit, CFA
Senior Executive Vice President,
Chief Risk Officer

Mr. Anucha Laokwansatit was appointed as Senior Executive Vice President and Chief Risk Officer of the Bank in June 2015. He was also appointed as a Board Director of SCB Life Assurance PCL. on June 25, 2015 and as Chairman of the Board of SCB Asset Management Ltd. on July 21, 2015. Prior to assuming his position with the Bank, he served as General Manager and Chief Investment Officer at AIA Thailand Branch, from 1999 to 2015. From 1998 to 1999 he was Assistant Secretary General for the Financial Sector Restructuring Authority, and between 1991 and 1998 he was Financial Advisor to the Executive Board at TPI Polene PCL, Executive Vice President at Thai Nitrate Co., Ltd and Executive Vice President at Thai Caprolactam PCL. From 1990 to 1991, he was Associate Director of Structured Finance at Chase Manhattan Asia Ltd, Hong Kong, and from 1983 to 1990 he was Vice President of Corporate

Banking at Chase Manhattan Bank, Bangkok Branch. Mr. Anucha obtained his MBA with a concentration in finance and international business from the University of Chicago, U.S.A, and his Bachelor of Science degree, majoring in finance, from San Francisco State University, U.S.A.



Dr. Jens Lottner
Senior Executive Vice President,
Chief Strategic Officer

Dr. Jens Lottner was appointed as Senior Executive Vice President and Chief Strategic Officer of the Bank in June 2015. Dr. Lottner began his career with McKinsey & Company in 1992 in Germany, where he was elected Partner in 2000. He moved to Malaysia in 2001 and subsequently to Singapore in 2005, from where he was a Senior Partner leading McKinsey's financial services practice in ASEAN until 2012. Three years prior to joining the Bank, Dr. Lottner was a Senior Partner and Managing Director of the Boston Consulting Group in Singapore, heading its financial services practice across ASEAN. Dr. Lottner holds a Doctorate in Economics from the Dresden University of Technology, Germany, and obtained a Diploma in Economics from the University of Bonn, Germany.

EXECUTIVE OFFICERS*

First executive vice president

Mrs. Apiphan Charoenanusorn
Dr. Arak Sutivong
Ms. Araya Phuphanich
Mr. Christian Roland
Dr. Ellen Nora Ryan
Mr. Grish Attagrish
Ms. Jamaree Ketrakool
Mr. Kamalkant Agarwal
Mrs. Kanchana Rojvatuny
Mrs. Kannika Ngamsopee
Mr. Kiradit Arromdee
Mr. Krieng Wongnongtaey
Mr. Narong Srichukrin
Ms. Phanporn Kongyingyong
Mrs. Pikun Srimahunt
Mrs. Pimolpa Suntichok
Mr. Pipat Assamongkol
Mr. Pongsit Chaichutpornasuk
Mr. Rungruang Sukkirdkijpiboon**
Mr. Sarut Ruttanaporn
Dr. Sutapa Amornvivat
Mr. Suthipat Serirat
Mr. Vipon Vorasowharid
Mr. Vishrut Jain
Ms. Vorada Thangsurbkul
Mr. Wasin Saiyawan
Mr. Worawat Suvagondha

Executive vice president

Dr. Amarit Laorakpong
Mr. Aphisak Kiewkarnkha
Mr. Arapat Sangkharat
Mr. Artapong Porndhiti
Mr. Chanmanu Sumawong
ML. Chiradej Chakrabandhu
Mr. Chiravuthi Bunyasiri
Mr. Ekkapol Apinun
Mr. Erik Stephen Kragas
Mr. Kampol Jantavibool
Ms. Kluaymai Devahastin
Mr. Korapat Boonsermsombat
Mr. Manop Sangiambut
Mrs. Metinee Jongsaliswang
Mr. Nopadol Mungonchai
Mr. Paiboon Tangkanokpairroj
Ms. Pakachat Taychaburapanone
Mr. Parnu Chotiprasidhi
Ms. Pipavin Sodprasert
Mr. Pornthep Panyarachun
Mr. Rungsan Ongsaranakom
Mr. Rungsi Vongkitbuncha
Mr. Sakda Dumnakkaew
Ms. Salisa Hanpanich
Ms. Saranya Vajakul
Ms. Siripen Olankijcharoen
Mr. Sirote Vichayabhai
Mr. Siva Rkrishnan
Mr. Somboon Ruamkonthong
Mr. Somchai Sanyalaksiri***
Mr. Somkiat Kuvichitsuwan
Ms. Soramon Inkatanuvatana
Mr. Tanik Tarawisid
Mr. Teerapol Rattakul
Mr. Thana Kungbunpot
Dr. Woraphon Watunyuta

* As of January 1, 2016

** Mr. Rungruang Sukkirdkijpiboon has resigned from the Bank with effect from March 1, 2016.

*** Mr. Somchai Sanyalaksiri has retired from the Bank with effect from March 1, 2016.

ORGANIZATION STRUCTURE

Governance structure
as of January 1, 2016

BOARD OF DIRECTORS

BOARD COMMITTEES

Executive Committee

(Chairperson: Dr. Vichit Suraphongchai)

Audit Committee

(Chairperson: Mr. Prasan Chuaphanich)

Nomination, Compensation, and Corporate Governance Committee

(Chairperson: Mr. Chumpol NaLamlieng)

Corporate Social Responsibility Committee

(Chairperson: Prof. Vicharn Panich, M.D.)

MANAGEMENT COMMITTEES

People Development Committee

(Chairperson: Dr. Vichit Suraphongchai)

Assets and Liabilities Management Committee

(Chairperson: Dr. Vichit Suraphongchai)

i-Committee

(Chairperson: Dr. Vichit Suraphongchai)

Risk Management Committee

(Chairperson: Mr. Arthid Nanthawithaya)

Equity Investment Management Committee

(Chairperson: Mr. Arthid Nanthawithaya)

Management Committee

(Chairperson: Mr. Yol Phokasub)

Information Technology Steering Committee

(Chairperson: Mr. Yol Phokasub)

MANAGEMENT STRUCTURE

Customer Segment	Product	Strategic	Risk and Control	Support
<ul style="list-style-type: none"> • Retail Segment • SME Segment • Wealth Segment • Corporate Segment • Client Acquisition 	<ul style="list-style-type: none"> • Auto Finance or Personal Loan Products • Mortgage and SSME Products • Retail Banking Solutions • Retail Credit • Commercial Banking Products • Investment Banking and Capital Markets • Wealth Products 	<ul style="list-style-type: none"> • Partnership & Alliance • Transformation • Digital Banking • Corporate Strategy and Business Development • International Banking • Human Resources • Business Strategy 	<ul style="list-style-type: none"> • Risk Management • Audit • Legal • Compliance • Finance & Group Treasury • Financial Crime and Security Services • Safety and Security 	<ul style="list-style-type: none"> • Special Business • Technology • Operations • MIS • CSR and Corporate Communication • Branding and Marketing • Economic Intelligence Center (EIC)

MAJOR SCB GROUP COMPANIES



100% of ownership



100% of ownership



99.17% of ownership

THAILAND'S ECONOMY IN 2015 AND OUTLOOK FOR 2016



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EIC Online offers a collection of in-house macroeconomic and sectorial impact analyses, to equip clients with valuable insights for accurate and up-to-date business and strategic planning.

The Thai economy recovered at a sluggish pace in 2015.

Thailand's GDP grew by 2.8 percent in 2015, up from 2014, when political instability dragged growth down to 0.9 percent. Tourism and fiscal spending on economic stimulus measures were the main growth drivers in 2015. Nevertheless, the recovery was weak because of the strained global economic conditions, causing Thai exports to shrink, in turn depressing private investment. Drought conditions and the fall in prices for farm products eroded household purchasing power and spending.

The government responded by launching various economic stimulus measures.

Short-term measures sought to improve the finances of low- and medium-income households as well as SMEs. These measures included home loans for low-income families, soft loans to some 70,000 village-level community funds nationwide, speedy disbursement of the national budget to local governments for small investment projects, tax cuts and soft loans for SMEs. To promote consumption, the government reduced fees on residential real estate transfers and mortgage registrations, and provided a tax credit for the purchase of goods and services not exceeding Baht 15,000 at the end of the year. Medium- and long-term measures included incentives for investment in designated industrial clusters and special investment privileges for targeted "sunrise" industries.

Exports dropped for the second consecutive year in 2015.

Thailand's shipments fell by 5.8 percent in dollar terms in 2015, despite the baht's 10 percent depreciation, following the 0.4 percent drop in exports in 2014. The roughly 50 percent decline in global prices for crude oil contributed significantly to the export contraction, since it pushed down prices of oil-related exports, such as finished oil products, chemicals & plastics and rubber, which constitute around 18 percent of total Thai exports. Other negative factors were the slowdown of China's manufacturing industries and the move of several large electronics factories from Thailand. Nevertheless, demand for Thai products from the CLMV region, comprising Cambodia, Laos, Myanmar, and Vietnam, grew at a solid pace.

The Bank forecasts that the Thai economy will grow at 2.5 percent in 2016.

GDP is expected to continue recovering at a moderate pace, constrained both by weak exports, which will remain affected by China's economic downturn, and by anemic consumer spending given the high level of household indebtedness and falling income in the agriculture sector. As a result, Thailand's economic growth will depend on the effectiveness of fiscal measures at stimulating private investment. These include various tax measures, acceleration of the Public-Private Partnership (PPP) programs in infrastructure investment, and the Board of Investment's enhancement of privileges and incentives for corporate investors. Early signs of progress became evident in late 2015, as many of the government's large-scale projects moved forward to contract awards. For example, the cabinet approved 20 transportation infrastructure projects, worth approximately Baht 1.8 trillion. The advancement of these projects will push budget disbursement up to reach the target level set for fiscal 2016. Further, initiation of the projects will boost private-sector confidence and play a major role in stimulating the economy in 2016.

Key external factors in 2016 are the expected U.S. interest rate hikes and a likely devaluation of the yuan, as well as additional easing of monetary policy in Japan and the euro zone.

The U.S. Federal Reserve began raising its policy interest rate for the first time in almost eight years in December 2015, and will likely continue gradually raising it in 2016, because the U.S. economy and job market appear well on the way to a recovery. Conversely, China's economic slowdown will prompt the People's Bank of China to cut its interest rate and support a devaluation of the yuan. Similarly, the Bank of Japan and European Central Bank will ramp up their quantitative easing programs. The divergence in monetary policy among the world's major economies may lead to volatility in financial asset prices and international flows of capital. Under these conditions, the Bank expects that Thailand's policy interest rate will be held steady at 1.5 percent throughout 2016, and that the baht will weaken to 37 per U.S. dollar by the end of the year.

INDUSTRY AND COMPETITION REVIEW

2015 was a challenging year for the Thai banking sector, given lackluster economic growth and its impact on both income and asset quality. Still, Thailand's commercial banks achieved modest growth in terms of assets, loans and deposits. By year-end, the number of Thai commercial banks registered in Thailand stood at 19, comprising 14 commercial banks, 1 retail bank and 4 foreign bank subsidiaries, up from 17 at the end of 2014. The increase was from two foreign banks (namely ANZ Bank (Thai) and Sumitomo Mitsui Trust Bank (Thai)) that received a license to set up a subsidiary under the Bank of Thailand's Financial Sector Master Plan Phase II. In early 2015, one foreign bank branch, namely the Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU), was successfully integrated into the Bank of Ayudhya.

Comparison of SCB's Performance with the Thai Commercial Banking Sector*

as at December 31, 2015

Unit: Baht billion

Financial statement (consolidated)	Thai commercial banking sector *		Change % yoy	SCB	SCB's
	2015	2014		2015	market share %
Assets	15,544	14,682	5.9	2,774	17.8
Gross loans	10,686	10,091	5.9	1,833	17.2
Deposits	10,753	10,486	2.5	1,891	17.6
Shareholders' equity	1,632	1,452	12.4	307	18.8
Net interest income	446	427	4.4	83	18.6
Non-interest income	264	229	15.1	55	20.7
Non-interest expenses	311	293	5.9	49	15.8
Operating profits	399	363	9.9	88	22.1
Loan loss provisions	149	94	58.6	30	20.0
Corporate income tax	46	51	-11.0	11	25.1
Net profit (attributable to shareholders of the Bank)	193	207	-6.8	47	24.4

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

In 2015, the Thai commercial banking sector's aggregate net profit was Baht 193.0 billion, a 6.8% decline from Baht 207.0 billion in the prior year. All big Thai banks reported a decline in net profit, mainly due to the huge increase in loan loss provisions, albeit that their operating profit registered positive growth. However, aggregate net interest income and non-NII of all Thai banks increased by 4.4% yoy and 15.1% yoy, respectively.

Net interest income (NII) remained the main source of the sector's income, and the proportion of NII to total income stood at 63% in 2015, down from 65% the prior year. In absolute terms, NII increased by 4.4% to Baht 445.9 billion in 2015, from Baht 427.1 billion the year preceding, mainly as a result of loan growth of 5.9% yoy as well as the substantial decline in interest expenses on deposits. In 2015, the sector's net interest margins (NIM) dropped significantly by 17 bps to 3.10%, mainly due to a large drop in yield on earning assets, particularly at big banks, following the two policy rate cuts in 1H15, which was partly offset by the reduction in the cost of deposits.

Non-interest income grew significantly by 15.1% to Baht 264.1 billion in 2015, from Baht 229.5 billion the year before, mainly due to the higher net fee and service income, higher net trading and FX income and higher gain on investments; the latter mostly from the gain on sale of equity investments by a few big banks in 2015. Thus, the non-interest income contribution increased to 37% in 2015, from 35% of total income in the prior year.

Non-interest expenses increased by 5.9% to Baht 310.6 billion in 2015, from Baht 293.3 billion in the previous year, mainly from higher personnel-related expenses and 'other expenses' as one big bank recorded a large impairment on IT in 2015. As operating expense growth was lower than revenue growth, the sector's cost-to-income ratio fell to 43.7% in 2015, from 44.7% in the prior year.

As at December 31, 2015, the aggregate assets of the Thai commercial banking sector stood at Baht 15,544 billion. Specifically, total assets, a key growth index for banking institutions, grew by Baht 862 billion, a 5.9% year-on-year increase, in part from loan growth and in part from the merger of a local bank with a foreign bank branch in the first quarter of 2015.

Gross loans rose by 5.9% yoy to Baht 10,686 billion. The yoy growth in loans was mainly from the SME segment, as a result of the Government's soft-loan scheme, and from the merger of a local bank with a foreign bank branch in the first quarter of 2015. Excluding loans relating to the merger, sector loan growth would be at 3.6% yoy. The growth in loans by commercial banks registered in Thailand, including foreign bank branches, as classified by business type, was as follows: Personal/consumer loans (28.1% of total loans) grew by 6.3% yoy, mainly from home loans (+9.5% yoy) given the continued demand in the residential property market, while hire-purchase loans expanded slightly by 1.0% yoy. On the commercial side, manufacturing/production loans, which accounted for 17.2%

of total loans, increased by 1.3% yoy; utilities loans (electricity, gas, steam and air conditioning supply) grew by 14.1% yoy; and loans for real estate activities rose by 9.0% yoy.

During 2015 the central bank cut its policy rate by a total of 50 bps to 1.50%, from 2.00% at the end of the prior year. As a result, the sector's minimum lending rates (MLRs) dropped to 6.50%-8.62% at the end of 2015, from 6.75%-8.72% in the previous year.

Deposits at the Thai commercial banking sector rose by 2.5% yoy to Baht 10,753 billion due to the merger of a local bank with a foreign bank branch. Excluding the impact from the merger, sector deposit growth would be only 1.1% yoy. In 2015, the competition for deposits was relatively mild, as a result of the weak demand for loans amid lukewarm business sentiment. The three-month fixed deposit rates fell to 0.25%-2.00% at the year-end, from 1.00%-2.50% at the end of 2014. Nonetheless, the gross loan-to-deposit ratio of the Thai commercial banking sector rose to 99.4% at the end of 2015, from 96.2% at the end of the preceding year, as customers shifted to higher yield products and loans growth outpaced deposits.

As at December 31, 2015, the Thai commercial banking sector's gross NPLs on a consolidated basis stood at Baht 343.7 billion, up from Baht 289.1 billion in 2014. In percentage terms, the NPL ratio increased to 2.9%, from 2.5% the year before. The increase in absolute NPLs was from: loans to one large corporate customer in the manufacturing sector (and its offshore affiliate) that were classified as NPLs in 2015; loans to wholesale and retail trade (mostly in the SME segment); the consumer loan segment (mainly housing and auto loans). Given the substantial increase in NPLs, the NPL coverage ratio of the banking sector fell to 129% in 2015, from 138% in 2014.

All Thai banks adopted Basel III from January 1, 2013. As at December 31, 2015, the Thai commercial banking sector's total capital adequacy on a bank-only basis stood at 16.6%, higher than



Siam Commercial Bank held a special "SCB Investment Symposium 2015: The World Ahead" event featuring the country's most prominent economic gurus, who provided in-depth analyses and updates on key economic data and situations around the world that could impact Thailand's economy.

the current minimum regulatory capital requirement under Basel III which requires a total capital ratio of not less than 8.5%.

Overall, the Thai banking sector was faced with deterioration of asset quality, resulting in an increase in loan loss reserves and a decline in net profit. However, total income in the Thai banking sector continued to grow from both NII and non-NII, and the capital positions remained robust to support both business growth and any unforeseen adverse events.

Thai banks are likely to maintain a high level of capital adequacy in order to meet future regulatory changes, which will arise from the implementation of international accounting standards (IFRS and IAS) and Basel IV, and to prepare for new threats from non-bank competitors, particularly from new digital entrants into the banking space.

In 2016 and beyond, Thai banks are likely to strengthen their income-generating capabilities and focus on digital banking to serve the rapid change in customer lifestyle and needs. Also, banks will face a challenging global and domestic economic landscape.

PERFORMANCE AND PLAN

SCB Easy App เวอร์ชันใหม่ พร้อมใช้งานแล้ววันนี้



The new version of SCB's online banking service offers a simple and easy way to financial management, letting clients manage their financial needs anytime, anywhere using their computer or smartphone.

Business Overview

Background

Siam Commercial Bank (SCB) was established by Royal Charter as Thailand's first indigenous bank on January 30, 1906. Since its inception, the Thai Royal Family and later the Crown Property Bureau have been the Bank's major shareholder. Over the past 110 years, SCB has had a pivotal role in shaping the Thai financial services landscape through many economic cycles and periods of political strife. With the strong support of its major shareholder, it has managed to emerge from these changes as a bigger, better and stronger Bank and today has the highest market capitalization in the financial sector.

Following the Asian financial crisis in 1997, SCB undertook a major recapitalization by joining the Ministry of Finance's Tier 1 Capital Support Scheme (the August 14, 1998 Measure), which resulted in the Ministry of Finance becoming, along with the Crown Property Group, one of the two largest shareholders of the Bank in May 1999. In 2003, the Ministry of Finance established the Vayupak Fund 1 and transferred a substantial part of its stake to the Fund on December 1, 2003. As of December 30, 2015, the Crown Property Bureau held 23.69% of SCB shares, while Vayupak Fund 1 held 23.12% and the Ministry of Finance held 0.09%.

SCB Today

As a leading universal banking group in Thailand, SCB provides a wide array of financial products and services to meet the needs of a broad range of customers. SCB's vision is to be 'the Bank of Choice for its Customers, Shareholders, Employees and Community.' Its mission is to be the best universal bank in Thailand. Befitting its status as a universal bank, SCB has a large footprint across the financial services landscape in Thailand covering all customer and product segments.

In addition to its core deposit- and credit-related transactional services, the Bank provides a comprehensive range of products and services tailored 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. For corporate and business customers, the Bank offers cash management-related services, lending products, international trade financing, treasury products, debt and capital market products, corporate advisory, investment banking and other related financial services. The services provided by the Bank's major subsidiaries and associates cover both corporate and retail clients and include securities trading, asset management and life insurance.

Key Developments in 2015

The Bank went through a major reorganization in 2015 to promote collaboration across functional units, empowerment and decision-making agility as well as customer centricity. As a result, SCB's organizational structure is now centered around five organizational clusters:

1. Customer Segment Cluster: Retail Segment, SME Segment, Wealth Segment, Corporate Segment and Client Acquisition.
2. Product Cluster: Auto Finance and Personal Loan Products, Mortgage and SSME Products, Retail Banking Solutions, Retail Credit, Commercial Banking Products, Investment Banking and Capital Markets, and Wealth Products.
3. Strategic Cluster: Corporate Strategy and Business Development, Business Strategy, Transformation, Partnership and Alliance, Digital Banking, International Banking and Human Resources.
4. Risk and Control Cluster: Risk Management, Audit, Legal, Compliance, Finance and Group Treasury, Financial Crime and Security Services, and Safety and Security.
5. Support Cluster: Special Business, Technology, Operations, MIS, CSR and Corporate Communications, Branding and Marketing, and Economic Intelligence Center (EIC).

In addition, the Bank has three major subsidiaries: SCB Securities Co., Ltd.; SCB Asset Management Co., Ltd; and SCB Life Assurance PCL. Each of these companies provides a range of financial services to meet the specific needs of its customers.

2015 Performance

2015 was a challenging year for SCB, characterized by a weaker-than-expected economy, a few one-off adverse events specific to SCB, as well as a leadership transition and ensuing internal reorganization of the Bank. While these challenges culminated in a decline in SCB's net profit for the first time in more than five years, the Bank has continued to outperform its sector and maintained its leadership position in terms of net profit and market capitalization. SCB's relatively sound financial results despite challenging conditions reflects the resilience of its business model, the soundness of its business strategies and its effective execution.

In 2015, the Bank registered a return-on-equity (ROE) of 15.9%, with a net profit of Baht 47.2 billion, an 11.5% yoy decrease of Baht 6.1 billion from the net profit of Baht 53.3 billion recorded in 2014.

Total income, at Baht 137.4 billion, increased 7.2% from 2014, mainly due to large gains from the sale of equity investments in 3Q15. Excluding these large one-off gains on investment, the rate of growth was somewhat lower than expected, which was the result of the subdued state of the economy throughout the year, particularly in terms of lackluster demand for new loans from qualified borrowers.

Net interest income rose by 2.1% from the prior year, primarily due to the significant reduction in the cost of deposits in line with the Bank's strategy. Non-interest income also rose, due mainly to large gains on the sale of equity investments in 3Q15, while net trading and FX income and net fee income continued to grow.

To maintain stable profitability despite the sluggish economy, the Bank continued to focus on cost control and productivity improvements, resulting in a cost-to-income ratio excluding the large one-time investment gains of 36.6% (if the one-time investment gains were included the ratio would be 35.6%), an improvement from 37.5% in 2014, and much better than the target of 38-40% set at the start of the year.

The Bank reported total assets of Baht 2.77 trillion, an increase of Baht 74 billion (or 2.8%) from the end of 2014, the slower underlying growth reflective of the prevailing economic conditions.

Total loans grew by 3.2% yoy, in line with the Bank's revised target, which was revised downward as a result of both global economic volatility and lackluster economic growth in Thailand. The ratio of NPLs to total loans increased to 2.9%, after loans to two large corporate customers (SSI and SSI-UK) were classified as NPLs as well as the rising default levels in the SME and mortgage segments, which were affected by the weak economy. Further, the Bank set aside a 100% provision for SSI-UK, assuming no collateral value, and subsequently wrote off this loan at the end of 3Q15. For the loan to SSI Thailand, the Bank made substantial additional provisions. As a result, the provisions for loan losses increased significantly from Baht 13.2 billion in 2014 to Baht 29.7 billion in 2015. Given the significant rise in NPLs, the NPL coverage ratio fell from 138.1% to 109.8% in 2015.

The Bank maintained its leadership in a range of products and services across customer segments, as well as a leading position in terms of network reach throughout the country. At the end of 2015, the Bank had 1,209 branches, 9,904 ATMs, and 104 foreign exchange kiosks. In addition, the Bank continued its significant investment in developing digital capabilities which was reflected in the rapid growth in its registered user base of mobile and internet banking services in 2015.

Percent of revenue for customer segments (Consolidated)	2015	2014	2013
Corporate Segment ^{**}	20%	21%	22%
SME Segment [*]	14%	15%	16%
Retail Segment ^{***}	57%	57%	55%
Others ^{****}	9%	7%	7%

* Results of major subsidiaries have been allocated to each segment as appropriate.

** Including Client Acquisition (mid-corporate) Segment

*** Including Wealth Segment

**** Including Group Treasury, equity investments and subsidiaries and affiliates whose revenue is not included in the customer segments.

As a business in the services industry, the Bank believes in the critical importance of nurturing a high level of employee engagement, together with a high level of customer engagement. The Bank contracts third-party experts to measure both of these engagement levels using proven methodologies. The survey results show that SCB's robust engagement model has helped attain industry-high levels of customer and employee engagement, providing the Bank a unique competitive edge today and the best assurance of sustainable profitability in the years ahead.

2015 Highlights

SCB sustained a strong market position in the Thai banking sector:

- Net profits at Baht 47.2 billion were the highest in the Thai financial sector despite a year-on-year decline due to the increase in loan loss provisions.
- A market capitalization of Baht 406 billion (as of December 30, 2015), the highest of the listed financial institutions in Thailand.
- ROE at 15.9% and ROA at 1.7%, levels that rank among the highest across all Thai banks.

Strategy

Long-term strategic focus/corporate objective

The financial services industry is undergoing a paradigm shift from the rapid change in customers' expectations, the regulatory landscape and competition from new digital entrants. These shifts have profound implications for existing businesses, prompting the Bank to rethink its business model for the future.

As a result, the Bank has initiated a bold new transformation journey with the following key thrusts:

- Emphasize value creation and long-term sustainability.
- Dedicate resources to 'building' new growth engines while 'doing' business-as-usual. In addition to growth from its core operations, the Bank has identified an initial set of six "national agenda" initiatives and has mobilized resources accordingly. These six initiatives are as follows:
 - **SME Transformation:** Develop and implement a new SME operating model that will leverage existing retail distribution strength and new digital technologies, particularly at the smaller end of this market. An initial proof-of-concept is underway.
 - **Wealth Transformation:** Develop and implement an improved operating model and related new capabilities to emerge as the best Thai bank in supporting customers in managing and growing their wealth.
 - **Mid-Corp Expansion:** Foster differentiation and create a distinctive customer experience to broaden existing customer base and strengthen relationships in the mid-corp client segment.
 - **Digitalization:** Create a new digital experience to better engage and excite customers through building a scalable digital banking platform.
 - **Business Intelligence:** Differentiate and create value for customers through distinctive insights, enabled by advanced analytics and knowledge sharing platforms.

- **Payment:** Offer superior end-to-end payment and transaction banking solutions through a world-class payment platform and a comprehensive payment ecosystem.
- Invest in foundation-building, e.g., a new bank operating model with agile decision-making, a self-audit and control culture, cultivating a new mindset (new "DNA") across all employees, and substantial investment in new technologies and strategic partnerships.

Plans for 2016

In addition to embarking on the transformational journey, the Bank has identified several key performance imperatives for 2016, which aim at broadening, strengthening and sustaining the growth of its core operations:

- Rebalance the portfolio: Improve portfolio's risk-adjusted return on capital (RAROC).
- Grow within: Increase the fee income and asset base from existing customers.
- Drive digital: Increase usage of all digital channels.
- Leverage the bank: Cross-utilize channels and customer base across the full span of the Bank's many units and subsidiaries.

In addition, the Bank identified four key enablers to support its performance imperatives:

- Risk: Improve controls and centralize business intelligence.
- Customer experience: Reduce customer pain points, especially transactions and credit approval turnaround time.
- Change management: Focus on collaboration, execution and agility.
- People: Improve competencies through the SCB Business Institute.

Anchored on these elements, the 2016 business plan ensures that the Bank achieves long-term sustainability and value creation while continuing to deliver above-average profitability, return on equity (ROE) and return on assets (ROA).

The Bank will continue to place a strong emphasis on sustaining a high level of employee engagement and cultivating SCB as a great place to work. Concurrently, it will also maintain a world-class level of customer engagement. These two drivers will further optimize shareholder value and provide a distinct competitive edge.

Finally, SCB adheres to best practices for corporate governance, and also encourages employees to participate in the Bank's CSR activities, especially projects related to the development of youth and communities.

Key Performance Targets Announced for 2016

While the economic recovery is likely to be modest in 2016, the Bank expects to deliver competitive results, reflecting the sustainability of its performance and resilience of its strategies.

- Return-on-equity (ROE) of 15-18% (compared to 15.9% in 2015).
- Return-on-assets (ROA) at 1.6-1.9% (compared to 1.7% in 2015).
- Loan growth of 4-6% (compared to 3.2% in 2015).
- Cost-to-income ratio of 38-40% (compared to 35.6% in 2015).
- NPL ratio below 3.0% (compared to 2.9% in 2015).

Corporate Segment



PTT named SCB as liquidity management and payment agent under the bank's new "PTT Cash Easy 1.0" system. The deal will see the use of innovative digital technology to transform traditional financial management to an automated system, raising business efficiency for both incoming and outgoing cash for PTT and its business partners.



Siam Commercial Bank, as Financial Adviser and Mandated Lead Arranger for the fund mobilization of Gunkul Engineering PCL, inked a funding support agreement worth Baht 3.7 billion to finance Gunkul's 60 megawatt wind power project.

Setting aside the major financial impact from Sahaviriya Steel Industries and its U.K. affiliate ("SSI") being classified as NPL, the Corporate Segment delivered positive income growth in 2015, despite a challenging economic backdrop in Thailand and globally. Structured finance solutions were a key contributor to this growth, as the Corporate Segment proved the soundness of its strategy, backed by effective execution, in growing income with less use of capital during a year characterized by weak business sentiment.

The Corporate Segment continued to sustain its leadership in investment banking, capital markets and financial markets by winning several major deals during the year. The Segment also maintained its market position in loans and deposits and grew substantially its volume of current and savings account (CASA) deposits and corporate trust services, attaining higher market share in both two sectors.

On the cost side, the Corporate Segment successfully lowered its cost of deposits while growing the deposit balance throughout the year. Likewise, effective implementation of expense control reduced total expenses, helping the Corporate Segment further optimize its profitability despite adverse conditions.

2015 Performance

- Delivered net operating profit growth of 6% yoy, with positive total income growth of 3% yoy (excluding the impact from SSI).
- Solid fee income growth from financial market derivatives, corporate trust and capital markets.
- Grew corporate customer CASA by 19% yoy while lowering cost thereof by 11 bps.

Highlights of 2015

- Good business growth with positive operating profit (excluding SSI) and relatively lower use of capital amid weak economic conditions.
- Delivered higher deposit balances while lowering cost of deposits throughout the year.
- Retained its position in the top ranks in investment banking, capital markets and financial markets.
- Successfully launched "PTT Cash Easy 1.0" as a sophisticated liquidity management solution and integrated online payment system for the national oil and gas company, marking a pioneering transformation of traditional cash management using innovative digital technology.
- Achieved industry recognition in key corporate products and services in 2015:
 - "Best Investment Bank" and "Best Foreign Exchange Bank" awards from *FinanceAsia*
 - "Best Equity House," "Best Domestic Custodian," "Best Domestic Bond House," "Best Renminbi Bank" and "Best Trade Finance Solution" awards from *The Asset*.
 - "Top Underwriter" award from the Thai Bond Market Association.
 - "Best Debt House," "Best Foreign Exchange Bank," "Best Local Cash Management Bank for S-M-L Corporates," "Best Overall Domestic Cash Management Services for S-M-L Corporates," and "Best Overall Cross-Border Cash Management Services for S-M-L Corporates" awards from *Asiamoney*.
 - "House of the Year" from *Asia Risk Magazine*.
 - "Best Foreign Exchange Provider 2015" awards from *Global Finance*.



Siam Commercial Bank provides Baht 5.7 billion funding to support 5 condominium projects by Sansiri and BTS under the new brand name "THE LINE".

Plans for 2016

In 2016, the Corporate Segment will focus on acquisition of new customers to broaden and diversify its base and pursue innovative structured deal solutions to maintain business growth momentum while ensuring long-term sustainability of its results. The main strategic thrusts for 2016 are to:

- Drive balance-sheet efficiency and risk-return control through disciplined portfolio management, particularly from proactively monitoring loan portfolio quality and containing, as far as possible, NPL growth.
- Overhaul the operating model to substantially expand the customer base and strengthen the franchise by active engagement of relatively passive customers, specifically from better use of SCB's transaction banking services.
- Develop compelling value propositions through bundling products to enhance customer appeal.
- Maintain market leadership in the structured deal market by securing a majority of landmark deals through superior industry expertise and customized solutions. Building on its past successes, the Corporate Segment will transform its broad experience in closing large deals to create optimal templates and solutions for the lower-tier deals and for new clients.
- Maintain course with the government's ambitious roadmap for infrastructure projects and identify high potential business opportunities where SCB may provide competitive value.

SME Segment



To boost domestic consumption, Siam Commercial Bank PCL (SCB) and the Federation of Thai Industries (FTI) organized an eleventh SCB-FTI Factory Outlet Fair aimed at promoting business opportunities for Thai small and medium-sized enterprises (SMEs) while offering value shopping for consumers.

In 2015, as the country faced sluggish economic recovery, the Bank embarked on a transformative journey to rebuild its SCB SME business unit, which will help strengthen capabilities to support Thai SMEs and expand growth in the years ahead. The Bank will continue to focus on providing superior solutions and excellent service levels for SME customers to promote sustainable growth. However, the Bank will aim to refine its operating model and improve productivity by leveraging from the retail business to better serve SME customers with integrated financial solutions and services. Also, by adopting a goal to become the customers' "Bank of Choice", the Bank will strive to accommodate the broad needs with comprehensive financial services and knowledge-sharing initiatives.

The Bank received the "Best SME Bank" award from *Alpha Southeast Asia* magazine and *Asian Banking & Finance* magazine for four consecutive years from 2012-2015, underscoring its efforts to both broaden and deepen its presence in the SME marketplace.

2015 Performance

- **Delivered credit growth in line with the market.** The SME lending portfolio grew by approximately Baht 16 billion, or 4.78%, to approximately Baht 357 billion, largely within the medium-size business segment and, to a lesser extent, smaller-size segment.
- **Contributed the largest portion of the government's soft loan phase 1 program** to support SMEs, allotting Baht 25 billion from total of Baht 100 billion to lending under this program.
- **Delivered increased fee revenue** from SMEs through a 5.93% expansion of fee-based income, largely through growth in loan-related fees.

2015 Highlights

- **Going beyond credit lending and driving towards transaction banking:** With an increased effort to become parts of the customers' everyday financial activities and to offer superior transaction banking, the Bank has been continuously developing and innovating its non-credit products and services to better satisfy customers' needs. Success in this area was reflected through the increased popularity of the BCM (Business Cash Management) packages, which are designed to support SME customers in managing their transactional activities, promoting more convenience and liquidity via special benefits and comprehensive product bundling. More than 10,000 packages were sold in 2015, testifying to their popularity.
- **Expanding offers across industries and throughout customers' supply chains:** By studying the SME market, the Bank has identified many new opportunities within and beyond

the current market landscape. For example, the Bank has been offering a risk program to PTT gas stations which provides gas stations a significant increase in financial flexibility while also diverting some of PTT's cash management activities to SCB. Also, this business segment made a significant move to penetrate the lucrative chemical products industry, offering comprehensive financial products and solutions together with other value-added offerings such as FX news, Economic Intelligence Center updates to downstream SME traders and manufacturers.

- **Strengthening connections among business owners/successors through networking programs:** To continue emphasizing the importance of strong business connections and the resulting business opportunities, the Bank arranged special workshops for customers under the IEP (Intelligent Entrepreneur Program) and YEP (Young Entrepreneur Program); namely, "Speed Networking" and "IEP Reunion" meeting events, which allow members from past years to return and share their experience as well as insights for running successful businesses. With up to 300 attendants at IEP and 200 at YEP (the programs have been running for 11 and 19 years successively), the events were a great success in fostering cooperation.
- **No. 1 contributor to government's soft loan program:** In a swift response to the government's soft loan program, SCB was the first bank to originate loans under the program, securing up to Baht 25 billion from total of Baht 100 billion in loans used to help boost growth in Thai SME sector; showcasing SCB as a big and committed contributor to both the program and Thai SMEs.
- **SCB as a superior and trusted brand among Thai SMEs:** Through promoting SME-related products and services over the past year, SCB SME has gained a much stronger presence and brand association among Thailand's small enterprises. The success was also reflected in the "2015 Thailand's Most Admired Brand among SMEs" award to SCB - given by *BrandAge* magazine. The award was based on research in major cities across the country via teams from many universities.



Siam Commercial Bank and Chulalongkorn University jointly launched an 11th SCB SME Intelligent Entrepreneur Program (SCB IEP). The program aims to hone business management and problem solving skills necessary for SME entrepreneurship, while forging a strong SME business network.

Plans for 2016

- Expand portfolio by strategically adding assets in targeted industries.
- Proactively manage portfolio quality by setting up prevention teams to assist and give advice to SME customers impacted by business downturn to ensure smooth business performance.
- Strive to increase 'Bank of Choice' share among SMEs by offering innovative solutions and services that promote greater convenience, financial liquidity and transaction efficiency.
- Improve and differentiate branches serving SMEs to increase convenience and pave the path for SCB to be recognized as a superior transactional bank, as well as setting the stage for future digital migration.
- Reinforce the SCB brand association with SME businesses by hosting events that proactively support SMEs, such as SCB SME expo, SCB SME Business matching, etc.

Retail Segment

Despite the economic headwinds in 2015, the Retail Segment, by far the Bank's largest unit in terms of revenue and profitability, continued to deliver strong financial performance and maintained its leadership positions in key retail banking products. In light of the subdued economic outlook for 2016, the Bank will continue to maintain a cautious stance toward expansion of consumer lending, with the aim to increase returns through prudent portfolio growth, to lower the cost of deposits and to further improve its risk management practices.

The Retail Segment remained fully committed to provide the highest level of customer service in 2015 and to efficiently operate one of the most extensive branch networks in Thailand. SCB continued to expand its network and to uplift its service level to achieve even higher customer convenience and satisfaction. During the year, the Bank added 12 branches and 367 ATMs to increase the network's physical footprint and nationwide coverage. Concurrently, the Bank enhanced its digital services to better support rapidly growing online volume of non-branch/non-cash transactions, following increased customer adoption of electronic banking channels, particularly via mobile devices.

2015 Performance

- **Expanded prudently while retaining #1 rank in retail credit:** Given adverse conditions in 2015, the Retail Segment focused on growing mortgage loans, which have proven resilient during economic slowdown. As a result, mortgage lending grew by 8.7% yoy, contributing to the Retail Segment's strong loan growth of 6.7% and maintaining the Bank's leadership position in retail lending. (SCB's Retail Segment is skewed toward the middle and high end of the retail market, which have faced less economic stress compared to the lower end of the market.)
- **Reduced funding cost:** The SCB Group's combined deposits and AUM (placed mainly through SCB Asset Management) increased slightly (0.1% yoy) to Baht 2,691 billion, primarily from the growth of mutual funds while deposits dropped slightly yoy. The continuous shift toward asset management products, primarily from shifting funds formerly placed in high-yield fixed deposits, is a reflection of customers' increasing appetite for higher risk and return as well as the sharp drop in fixed deposit rates across the banking sector. This ongoing shift was the main factor in reducing the cost of deposits (including B/Es) by 0.16% in 2015, which in turn resulted in a significant increase in net interest income for the Retail Segment during the year.
- **Improved asset quality:** The Retail Segment managed to contain its NPL ratio at 2.02% in 2015, a significant decrease from the 2.27% a year earlier, through pre-emptive interventions where customers faced liquidity pressures and effective NPL management, including sales.



Siam Commercial Bank introduces a "Never Say No" campaign providing solutions for the financial needs and concerns of its loan clients.

Highlights of 2015

- **Sustained leadership position in retail credit:** Notwithstanding intensified competition amid adverse economic conditions, the Retail Segment successfully maintained its position as Thailand's #1 provider of retail credit. Specifically, its mortgage business has continued to grow in line with market growth, supporting the entrenched #1 position of the Bank in mortgage lending, with a market share of over 30%. In terms of hire-purchase loans, credit cards and personal lending products, the focus in 2015 was on growing the portfolio prudently and actively managing credit risks. The result was a significant decrease in aggregate retail NPLs namely, 2.02% in 2015, down from 2.27% in the preceding year.
- **Expanded network and enhanced service:** As part of its continual efforts to improve customer convenience and service quality, the Bank extended its distribution network to a total of 1,209 branches, 9,904 ATMs and 104 foreign-exchange kiosks nationwide in 2015. This expansion of SCB's market-leading footprint proceeded at a somewhat slower pace than in 2014, and in response to customer's changing lifestyles and branch-type preference, the focus was on locations with high transaction volumes, such as malls and shopping centers. In addition, SCB continued to maintain its high level of customer satisfaction as measured by the 'TRIM' index score of 89, measured on a regular basis by independent third parties. This performance stands within the 90th percentile of all banks participating in this worldwide survey.
- **Won marketplace recognition for wealth management franchise:** Despite the sluggish economy, the SCB Private Banking service for high-net-worth customers and SCB FIRST Privilege Banking for affluent customers continued to grow, with a steady increase in the number of customers in 2015. SCB supports both these customer groups with wealth management advisory services and specialized products. SCB Private Banking has won recognition and awards from globally recognized media, including:
 - "Best Private Bank" in Thailand (fourth consecutive year) in the *Euromoney* Private Banking and Wealth Management Survey.
 - The "Best Private Bank" in Thailand award (third consecutive year) from *The Banker* magazine.
 - "Best Private Bank" in Thailand award from *The Asset* magazine.

With the aspiration to provide services that correspond to a high international standard, SCB collaborated with the Wealth Management Institute (WMI) in Singapore, whose prestigious Master of Science in Wealth Management program was ranked the top in Asia and 3rd in the world by the *Financial Times* in 2015. The Bank and WMI have jointly implemented the SCB Wealth Academy programs, which will develop Private Banker and SCB FIRST Privilege relationship managers so that they have a substantially improved capacity to advise customers on investment products and to better match a portfolio to the client's risk profile.



SCB teams up with globally-recognized investment management expert Aberdeen Asset Management to offer a variety of attractive investment products meeting the needs of high net worth clients through the unprecedented adoption of an open architecture platform.

Plans for 2016

In 2016, the Retail Segment will further reduce its funding cost, maintain stringent risk management practices over underwriting and collection activities, and promote further adoption of digital banking. To better serve customers, the Retail Segment plans to enhance its distribution channels in major ways, to uplift service and to broaden its product offerings to address the emerging needs of all clients. In particular, it plans to:

- Drive CASA (current account and saving account) to lower the cost of funding.
- Enhance the distribution network to reflect the needs of different segments (SME, wealth customers, etc.).
- Drive digital solutions that offer customers greater convenience yet with lower operating cost to the Bank.
- Deploy Big Data technologies to gain deep customer insights.
- Equip staff with appropriate segment-specific knowledge (SME, wealth) so that they are able to offer financial advisory and solutions that match the needs of customers in all retail segments.

Special Business Function (SBF)

The Special Business Function (SBF) is responsible for managing the Bank's portfolio of non-performing loans (NPLs) and non-performing assets (NPAs). Previously known as the Special Business Group, this unit broadened its scope of responsibility in 2008 to encompass the management of proactive, preventative approaches for handling potential non-performing loans. These approaches include identifying potentially delinquent loans by using internal or external indicators and providing these customers with debt restructuring solutions to prevent default while at the same time assisting the customers to recover from a difficult business and/or financial situation.

SBF's key achievement in 2015 was its success in reducing the Bank's NPL portfolio to mitigate the impact of new delinquencies, which continued to rise as a result of weak economic conditions throughout the year. This performance reflects the effectiveness of SBF's efforts to strengthen its NPL work-out capabilities. In particular, the SBF made progress by centralizing and automating more processes, which further improved the results from debt collection activities compared to previous years.

2015 Performance

- **NPL reduction:** The Special Business Function has had a pivotal role in reducing the Bank's consolidated gross NPL ratio from 3.25% at the end of 2010 to 2.89% at the end of 2015. Various resolution methods were employed to reduce NPLs, including debt restructuring, transfers of assets and equity securities, modification of repayment terms & conditions, and combinations thereof.
- **NPA sales:** During the year, the Bank successfully disposed of assets of approximately Baht 1.3 billion.
- **Prevention:** The SBF commenced implementation of an "Early Warning Signs" system in 2008 to detect loans-at-risk that might turn non-performing and to pro-actively assist these borrowers in managing the financial difficulties they face. In 2012, the preventive method was upgraded to "Special Attention," which emphasized loans-at-risk and identified pre-emptive measures that could be of use for these borrowers.

In 2015 SBF developed new measures specifically for customers that were facing the brunt of the slowing economy and identified actions that customers should consider to minimize potential financial difficulties.

- **Process & system improvement:** The Function has implemented a new debt-collection management system to better manage NPLs and deploy preventative measures as well as to improve collection practices.

2015 Highlights

- Improved processes to prevent new NPL formation and/or to reduce the NPL portfolio given the subdued economic conditions that pushed up delinquencies during the year.
- Sold NPAs totaling Baht 1.3 billion during the year.

Plans for 2016

Given the uncertain economic outlook for 2016 amid a number of downside risks, SBF intends to continue to use a proactive stance, focusing special attention on lowering the formation of NPLs. Also, it will emphasize strengthening communications with all business units that originate loans so as to collaborate to reduce NPL formation.

- **NPL prevention:** SBF will continue a "Preventive Workout" approach that will extend the scope and depth of SBF services to handle loans-at-risk at an earlier stage so as to prevent subsequent delinquency, in close collaboration with the business units that originated these loans and the Risk Management Function.
- **Expedite NPL reduction:** SBF will modify its organizational structure to handle NPL customers by segments and execute resolution strategies that best fit with each segment. Also, SBF will canvass investors interested in purchasing NPL portfolios to expedite NPL reduction.
- **NPA sales:** SBF plans to accelerate the disposal of NPAs via the Bank's extensive branch network, brokers, NPA marketing events, and its website (BuyatSiam.com), to reach a broader range of prospective buyers.
- **Process & system improvement:** By extending the scope of the recently implemented system to cover more customer segments, SBF will further enhance its capabilities in NPL reduction through streamlining operational workflow and improving productivity of the work-out teams.

SCB Securities Co., Ltd. (SCBS)



Easy Stock is a channel for opening an online stock trading account. Simply log in to www.scbeasy.com and select the Easy Stock menu to kick start the process. It takes less than 15 minutes for SCBS to approve new accounts.

Established in 1995, SCB Securities Co., Ltd. (SCBS) is the brokerage and equity capital market arm of the Bank. 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 its head office at SCB Park Plaza and its eight branches (Sinhorn, Chalermnakorn, Ratchayothin, Central West Gate, Chiang Mai, Faculty of Medicine Chiang Mai, Tha Phae, and Hat Yai) as well as an online channel (www.scbsonline.com), SCBS has won the trust of investors and has become established as one of Thailand's leading securities companies.

SCBS was able to enhance its competitive positioning during a year when Thai brokers were pressured by lower trading volume and higher competition. Whereas the industry's aggregate revenue declined by 6%, the company declined its income by 1%. SCBS's rank among brokers climbed three notches to #8. The company benefited from its leadership in innovation, increasing new online account openings sevenfold after the launch of Easy Stock, a paperless digital service that opens an account in just 15 minutes. SCBS also offered innovative new services and programs that are especially appealing to sophisticated investors and high-net-worth individuals, in line with its strategy to focus on high-yield market segments.

2015 Performance

- The weak pace of global economic recovery and other factors dragged the Thai capital market downward, reducing the average daily trading value to Baht 40 billion (excluding market proprietary trading), down 3% from Baht 42 billion in 2014. Competition increased as two new online brokers opened operations during 2015, following the entry of four new brokers the year before. Also, the aggregate income of all securities companies declined to Baht 41 billion, a fall of 6% yoy, while aggregate profits fell to Baht 9 billion, a drop of 20% yoy.
- Despite all the above negative factors, SCBS outperformed the industry as a whole. Revenues maintained at Baht 1.6 billion, down 1% from the previous year. However, net profit fell to Baht 453 million, a decline of 24% that was largely attributable to the litigation claim in 2015 and high base effect of an income tax reversal that had lifted profits in 2014. Excluding this one-time factor, the profit decline in 2015 would have been only 11%. SCBS's 18% ROE and 65% cost-to-income ratio were generally much better than the industry averages. The company's market share rose to 4.01%, a gain of 0.30% from 3.71% in 2014. SCBS's broker ranking climbed to #8, up from #11 in the previous year.

2015 Highlights

- Won “Best Prime Brokers in Thailand” award from *The Asset Triple A* magazine.
- Reaffirmed National Long-Term Rating at AA- (tha) by Fitch Ratings.
- Increased investment in SuperNap (Thailand) Ltd. to Baht 70.5 million. This landmark investment in a best-in-class co-location data centre is expected to return significant profits within a few years.
- Acted as a lead IPO underwriter for Bangkok Ranch PCL (BR), Star Petroleum Refining PLC (SPRC), and Amata VN PCL (AMATAV).
- New online account applications skyrocketed by sevenfold, following the launch of Easy Stock, the nation's fastest way to open a brokerage account. Easy Stock allows any SCB client to open an SCBS account online via SCB Easy Net within just 15 minutes, without submitting any paper documents. No competing service is as streamlined or convenient.
- Offered DIY offshore online trading tool for clients to invest and keep track of their money offshore 24/7. This appeals especially to sophisticated investors and any client seeking to diversify, as this platform facilitates trades in 19 countries around the world, including the United States, Europe, Japan, Hong Kong, the AEC nations and others.
- Introduced an innovative and exclusive investment seminar called SCBS Infinite Wealth Program. Some 800 applicants competed to join the program, which accepted 40 members in its first session and 60 in the second session. It offers classes four times a month over four months as well as an overseas trip to meet with SCB's partners at major investment banks. Participants were mostly young, ages 25-45, and included prominent business figures and high-net-worth individuals.

Plans for 2016

- Focus on high-yield brokerage business segments via projects to increase integration with SCB's wealth management and retail banking businesses.
- Boost derivative product capability to scale up the volume while leveraging the deal flow from SCB's wealth management and corporate banking clients.
- Further enhance efficiency and productivity by transforming technology and building people capability.
- Assure service quality is up to the desired high standard for every client touch point.

The advertisement for SCBS Stock Advisor V.2.5 is presented in a vertical layout. At the top, a woman in a professional blue suit is smiling and holding a smartphone. To her left, a blue speech bubble contains the text 'SCBS Stock Advisor V.2.5 ฉลาดกว่าเก่า! ถามอะไรก็ตอบได้' (Smarter than before! Ask anything, get an answer). Below this, the text 'โบรกเกอร์แห่งแรก!!' (The first broker!!) is prominently displayed, followed by a smaller line of Thai text. The middle section features six icons representing app features: Alert (bell icon), News (document icon), Chart (line graph icon), Advisor (person icon), Fundamentals (document icon), and DEA (lightbulb icon). Each icon is accompanied by a brief description in Thai. At the bottom, there is a dark blue banner with the text 'SCBS Call Center 02 949 1999' and the website 'www.scbsonline.com'. On the right side of the bottom banner, it says 'Get SCBS Stock Advisor on App Store and Google Play'.

SCBS has upgraded its 'SCBS Stock Advisor' smart phone stock analysis application with the introduction of its "Stock Advisor of Genius" investment tool that lets clients create a better portfolio by providing the right answers to their investment questions.



The SCB Group won 5 awards at the Money & Banking Awards 2015 award presentation ceremony. Privy Councilor General Surayud Chulanont presided over the Money & Banking Magazine event held at the Plaza Athenee Bangkok - A Royal Meridien Hotel.

SCB and other investment partners established the 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, as a result of its solid investment performance and its extensive distribution capabilities through more than 1,209 SCB branches, together with access to the Bank's large customer base.

SCBAM had another successful year in 2015, marked by consistent growth in total assets under management (AUM) and increased industry recognition, even though the industry's growth rate was minimal due to the economy's stagnation. SCBAM had Baht 1.2 trillion of assets under management, growing by 15.2% from the prior year, and emerging as the #1 ranked asset manager in the Thai market. In the private fund business, it retained the #1 rank, with a 41.5% share in the market. These and other good results helped SCBAM to win nine industry awards, the most of any year in its history, including honors both at home and abroad.

SCBAM is positioned to grow steadily as demand for its high performing asset management services is poised to rise in the years ahead. Yet, several challenges are likely, particularly during periods of slow economic growth and external uncertainties. Pressure will also result from rising competition, as the launch of the ASEAN Economic Community may bring new competitors into the local marketplace. Responding to the opportunities and pressures, SCBAM seeks to continuously develop its investment products and services, as well as building on the company's strong performance track record through enhanced capabilities and relationships.

2015 Performance

- SCBAM's AUM (including the management of funds related to the resolution of the problems of financial institutions) grew by 15.2% to Baht 1.2 trillion, comprising mutual funds, provident funds and private funds. The company now has more than 864,286 unit holders and is ranked #1 in Thailand by AUM.
- SCBAM had a 19.7% share of the total market in mutual funds, with AUM of Baht 800 billion and was placed as #2 in terms of market share in Thailand.
- Provident funds' AUM rose to Baht 118 billion, up by 6.7%, with a higher market share of 13.3%, compared to Baht 110 billion and 13.2% market share the previous year.
- Private funds' AUM retained the industry's #1 position in terms of market share, at Baht 245 billion, growing by 129.6%, with a higher market share of 41.5%, compared to Baht 107 billion and 22.3% market share the preceding year.
- SCBAM operates a portfolio of property funds (type 1) and infrastructure funds, accounting for 25.4% of the overall industry in this category, with AUM of Baht 129 billion.

2015 Highlights

- Awarded "The World's Best Asset Managers for Corporates Awards 2015: Thailand Best Asset Manager" by *Global Finance magazine* (London).
- Awarded "Asset Management Awards 2015: Thailand Fund House of the Year" by *AsianInvestor Asset Management magazine* (H.K.).
- Awarded "SET Awards 2015: Best Asset Management Company Awards," by the Stock Exchange of Thailand (SET) and *Money & Banking magazine* (2nd consecutive year).
- Awarded "Asia Asset Management, Best of the Best Awards (Thailand): Best Pension Manager" by *Asia Asset Management magazine* (H.K.).
- Awarded "Asia Asset Management, Best of the Best Awards (Thailand): CIO of the Year" for Mr. Narongsak Plodmechai by *Asia Asset Management magazine* (H.K.).
- Awarded "9th Annual Alpha Southeast Asia Best Financial Institution Awards 2015: Thailand Best Asset & Fund Manager" by *Alpha Southeast Asia magazine* (H.K.).
- Fitch Ratings (Thailand) affirmed the National Asset Manager Rating (AMR) at "Highest Standards (tha)" for the 3rd consecutive year in recognition of SCBAM's strong domestic market position in Thailand.
- Awarded "Money & Banking Awards 2015: Best Equity General" for SCB SET Index Open End Fund (SCBSET), by *Money & Banking magazine*.
- Awarded "Money & Banking Awards 2015: Best RMF Money Market" for SCB Short-Term Fixed Income RMF (SCBRM1), by *Money & Banking magazine* (3rd consecutive year).

Plans for 2016

Highlights of SCBAM's plans for 2016 are to:

- Enhance fund management practices in order to sustain above-average industry performance.
- Establish reciprocity with global partners to diversify asset allocation and investment products available to the market.
- Maintain #1 position in the asset management industry in Thailand for private fund business and increase market share for mutual fund business, including property funds (type1) & infrastructure funds, and the provident fund business.
- Enhance brand reputation in the market as a trusted asset manager with strong investment capabilities, high performing products and excellent services.
- Upgrade the internal systems to improve work efficiency and internal control.



SCBAM wins Thailand Fund House of the Year at the AsianInvestor Asset Management Awards 2015. AsianInvestor magazine is a leading publication dedicated to the region's asset management industry and is published by Haymarket Media Group Limited, UK.

SCB Life Assurance PCL (SCB Life)



SCB has teamed up with SCB Life Assurance to introduce a new “Do It For Love” life insurance campaign catering to clients needing life protection and savings within a single insurance policy. Under the scheme, clients only need to make insurance premium payments for 5 years in return for life protection coverage until they are 80 years old, or opt to get a lump sum upon maturity.

SCB Life Assurance Public Company Limited (SCB Life) is the life insurance arm of the SCB Group and is a leader in the life assurance industry in Thailand. As of 2015, SCB owned 99.17% of SCB Life, while public investors owned the remaining 0.83%. During the year, the Bank made a voluntary tender offer to acquire the minority shareholding as part of a delisting initiative that was a tactical response to non-compliance with the Stock Exchange of Thailand's requirement regarding minimum free float, namely, the portion of shares held by public investors was less than 15%. The Company was delisted from the SET on May 20, 2015.

SCB Life focuses mainly on the development and underwriting of traditional life insurance products for sale primarily through the SCB branch network and to a lesser extent SCB Life agents through branch/agency offices throughout Thailand.

2015 Performance

2015 was another successful year for SCB Life despite higher competition in its industry and Thailand's subdued economic conditions. SCB Life increased its after-tax net profit by 17% from the year before, with net profit rising to Baht 6.8 billion. Gross premium income climbed by 9% to Baht 53 billion, up largely from policy renewals and sales of single-premium policies. SCB Life lifted its market-share rank to 5th out of 24 life insurance companies in 2015 on a total premium basis, with a 9.9% market share, up from 6th position and a 9.6% market share the year before. On a new business basis, SCB Life was ranked 5th out of 24 life insurance companies, with a market share of 10.2%, down from 4th and a 12.1% market share in the prior year.

2015 Highlights

- Won recognition as the “Best Life Insurance Company, Thailand” from *World Finance* magazine.
- Increased net profits by 17% to Baht 6.8 billion.
- Lifted total gross premiums by 9% year-on-year to Baht 53 billion.
- Sustained the high return on equity of 35%.

Plans for 2016

In January 2016, SCB and SCB Life established a joint task force to reexamine and, where necessary, enhance the way the SCB Group conducts its life insurance business. The primary focus of this joint task force is to invigorate the Group's leadership in the bancassurance channel by ensuring that the business model meets ever-increasing customer expectations and responds to a higher level of market competition.

As well, SCB Life will build upon the new core life insurance system implemented in 2015 to further raise its operational efficiency and the quality of customer service, as described below.

In 2016, the Company will focus on:

- **Delivering above-par products that meet customers' life insurance requirements:** Growing public awareness of the advantages of life insurance and the various types of insurance products has raised customers' expectations for policies tailored to meet specific needs dictated by lifestyle choices and related demographic characteristics.
- **Continuing to build the agency sales channel:** Following introduction of a new agency compensation scheme in early 2015 to better focus on qualitative issues, the Company will continue to develop its agents to increase productivity and contribution to growth.
- **Leveraging on the new core system:** Following the successful implementation of a new core life insurance system, SCB Life will further automate and re-design policy administration processes to be more efficient, as well as to enhance service delivery and improve the customer experience.
- **Reinforce risk management practices:** As global financial markets and the Thai capital markets become increasingly volatile, the investment climate will become increasingly challenging. In response, SCB Life will upgrade its risk management policies and practices to ensure that risks are properly measured, adequately monitored and effectively managed.

53 AWARDS OF SUCCESS



BEST BANK IN THAILAND AWARDS

FROM FIVE LEADING PUBLICATIONS & INSTITUTIONS

- Global Finance, U.S. (10th consecutive year)
- The Asset, H.K. (8th consecutive year)
- Asiamoney, H.K. (8th year)
- Money and Banking
- Business + associated with University of the Thai Chamber of Commerce (UTCC)

SCB earned a Thailand's Top Corporate Brands ranking from Chulalongkorn University's Faculty of Commerce and Accountancy (6th consecutive year)

AWARDS FOR EXCELLENCE IN FINANCIAL PERFORMANCE AND MANAGEMENT

- Asia's Icon on Corporate Governance by Corporate Governance Asia, H.K. (8th consecutive year)
- Asia's Best CEO and Asia's Best CFO by Corporate Governance Asia, H.K. (4th consecutive year)
- Best CFO by Investment Analysts Association (5th consecutive year)
- Financial Management Excellence by Thailand Management Association (3rd year)

AWARDS WON BY BUSINESS UNITS

CORPORATE SEGMENT

FROM THE ASSET, H.K.

- Best Domestic Custodian (9th consecutive year)
- Best Bond House of the Year (6th year)
- Best Equity House (2nd consecutive year)
- Project Finance Deal of the Year for Nam Ngiep 1 Hydroelectric Power and Gulf VTP company
- IPO Deal of the Year for EGAT
- Best Hybrid Securities
- Best Trade Finance Solution
- Best Renminbi Bank
- Best SME Trade Finance

FROM FINANCEASIA, H.K.

- Best Investment Bank (2nd consecutive year)
- Best Foreign Exchange Bank (7th year)

FROM ASIAMONEY, H.K.

- Best Local Cash Management Bank (10th consecutive year)
- Best Overall Domestic Cash Management Services for S-M-L Corporates (4th year)
- Best Overall Cross-Border Cash Management Services for S-M-L Corporates (4th year)
- Best Domestic Provider of Foreign Exchange Services (5th year)
- Best Debt House (2nd consecutive year)

FROM GLOBAL FINANCE, U.S.

- Best Foreign Exchange Provider (8th consecutive year)

FROM ALPHA SEA, H.K.

- Best Bond Deal of the Year in Southeast Asia
- Best IPO Deal of the Year in Southeast Asia

FROM ASIA RISK, H.K.

- House of the Year (3rd year)

FROM THAI BOND MARKET ASSOCIATION

- Top Underwriter (6th consecutive year)

SME SEGMENT

- Best SME Bank by Alpha SEA, H.K. (4th consecutive year)
- SME Bank of the Year from Asian Banking & Finance, SG (4th consecutive year)

RETAIL SEGMENT

- Best Private Wealth Management Bank by The Asset, H.K. (4th consecutive year)
- Best Private Bank by Euromoney, U.K. (2nd consecutive year)
- Best Private Bank by The Banker, U.K. (2nd consecutive year)
- Awards for Distinction by Asian Private Banker, H.K.
- Best e-Commerce Solution by MasterCard

OTHER AWARDS

- Top Brand Engagement by Thailand Social Award (2nd consecutive year)
- Best Use of Social Media in Asia by Timetric
- Best CSR by Corporate Governance Asia, H.K.
- Best Investor Relations by Corporate Governance Asia, H.K. (6th consecutive year)
- ASEAN Corporate Governance Awards - Top 50 Publicly Listed Companies by ASEAN Corporate Governance Conference and Award in 2015
- Consumer Protection - Thailand Call Center Award, by the Office of the Consumer Protection Board in cooperation with the Management System Certification Institute Thailand (2nd consecutive year)

RISK MANAGEMENT AND RISK FACTORS

Risk Management

SCB's many consecutive years of strong performance imply the mandate to sustain and build further upon this track record. This in turn requires a stance of ongoing prudence and responsiveness, especially because the Bank's presence continues to grow in terms of assets, customers and staff. As its operations increase in complexity and size, and stakeholders raise their expectations, the Bank must take all these into account. The environment in which the Bank operates is also increasingly complex and subject to fluctuation and change. With all this in mind, SCB emphasizes vigilance in risk management as a key responsibility and top priority.

The Bank has put in place a robust risk management framework that centers on four major parts described below. This framework is supervised by a transparent and sturdy governance structure that has 10 distinct components, also detailed below. For the purpose of effectiveness in risk management, the Bank has classified its key risk factors into 15 categories, each of which has corresponding risk management procedures, as discussed at the end of this section.

By continually strengthening the format and performance of the Bank's risk management framework and governance, SCB will stay well apprised of current and emerging economic conditions, whether favorable or otherwise, and remain appropriately responsive.

An overview of the Bank's risk management system, risk management governance structure and key risk factors follows.

Risk Management System

SCB's risk management system has four major parts:

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 types are discussed in detail below under the heading "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 ratings-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 as well as risk models to estimate loss given default (LGD) and exposure at default (EAD). For derivative products, the Bank relies upon the potential future exposure (PFE) methodology to measure credit risk exposure.
- **For market risk**, the measurements include both statistical tools, such as value at risk (VaR), and non-statistical methods, including risk-factor sensitivity analysis, position measures and stress testing for trading book exposures.
- **For interest rate risk in the banking book (IRRBB)**, the Bank measures the 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.
- **For liquidity risk**, the measures cover balance-sheet structure, cash flows of assets and liabilities, and off-balance-sheet items. The liquidity risk measurement

framework includes liquidity ratio, maximum cumulative outflow (MCO) and also the recently introduced liquidity coverage ratio (LCR).

- **For operational risk measurement**, the Bank uses risk and control self-assessments as well as loss incident data to determine risk and the effectiveness of the control environment underlying its operations, applying both measures within each business unit. Moreover, as part of its risk mitigation process, the Bank has established a business continuity plan (BCP) to ensure continuity of key activities during a business interruption related crisis event. The Bank's operational risk management approach requires a review of the risk profiles of all new products and material changes to existing products. It also has oversight of the Bank's insurance management framework to reduce the impact from potential operational risk events.
- **For strategic risk and reputational risk**, the Bank forms assessments relying primarily upon qualitatively set, risk factors and indicators.

To implement 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 that comprises 10 elements, as follows:

1. Policies

The Board of Directors has the responsibility to review and approve the Bank's major risk management policies, e.g., the Risk Management Policy of the SCB Financial Group; the Intra-SCB Financial Group Transaction Policy; Credit Policy Guide; Internal Capital Adequacy Assessment Process Policy (ICAAP Policy); Stress Testing Policy; Market Risk Policy; Trading Book Policy; Interest Rate Risk in the Banking Book Management Policy; Liquidity Risk Management Policy; Operational Risk Policy; and Business Continuity Management Policy.

Beyond these, the Board of Directors approves two other key related guidelines: Strategic Risk Management Guidelines; and Reputation Risk Management Guidelines.

2. Authority

The Board of Directors has the authority and responsibility for approving the delegation of its 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 and approval.

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 for approval. In addition, the Executive Committee is authorized to approve loans and investments, and to administer related functions as pre-determined by the Board of Directors.
 - 3.1.2 **The Audit Committee** comprises independent members of the Board who are responsible for reviewing the adequacy of the Bank's risk management policies, internal control, 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 for approval; 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 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 to enhance internal control. 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 non-retail 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 using underwriting criteria that are approved by the Executive Committee or the Retail Credit Committee. Additionally, the Bank assesses and measures retail credit portfolio risks through portfolio segmentation analysis by both product and customer segment.

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), position measures and stress testing. In addition, trading portfolio performance is monitored and controlled by using management action triggers (MAT).

6. Interest rate risk in the 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 interest rate fluctuations under normal and stress situations. To monitor IRRBB, the Bank produces a repricing gap report to analyze and estimate the risk. This analysis, the risk estimates and risk management strategies are then reported to the Assets and Liabilities Management Committee (ALCO) which takes further action, if necessary.

7. Liquidity risk governance

The Bank has controls and liquidity risk management in place to ensure that it maintains adequate sources of liquidity in order to have sufficient future cash flows to cover its activities under both normal and stress conditions by using cash flow forecasts and liquidity gap projections. These cash flows and liquidity gap forecasts are then used to monitor and control the Bank's overall liquidity risk. The Bank's policy is to maintain the liquidity ratio (liquid assets, as a percentage of total deposits including bills of exchange) at an appropriate level, and to monitor net cash outflows under several time buckets to ensure that the Bank will be able to meet its liquidity needs on a timely basis.

8. Operational risk governance

The Bank has adopted three lines of defense as a core principle of the risk management framework in managing uncertainty and preventing risks. The first line of defense is the front-line business unit, which is responsible for ensuring that the risk control environment is properly established as part of day-to-day operations. The second line of defense is the oversight functions (e.g., Risk Management and Compliance functions), which facilitates and monitors the effectiveness of risk management practices as well as noncompliance with applicable laws and regulations.

The Bank's third line of defense comprises the independent assurance providers (e.g., internal audit and other independent assurance providers), who provide independent review and objective assurance on the effectiveness of the internal control system.

Additionally, the Risk Management Function presents an operational risk agenda at business-level committees and

provides risk management information systems dashboards and key risk indicators to management across key functions on a regular basis.

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 in accordance with 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 companies in the solo consolidation group to promptly report, and seek prior agreement for any transaction 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 require that any such transactions shall not have any special conditions that are different from those of ordinary business transactions.

Any company that is wholly owned or substantially 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 Function

The Risk Management Function reports to the president and is responsible for determining the framework for risk management and recommending risk management policies, as well as monitoring and reporting on major types of risk. The Risk Management Function 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 from economic uncertainties

Thailand's economy recovered only moderately in 2015, as weak global and local economic conditions stalled exports and the private sector reduced capital spending. Further, falling agricultural prices and the drought have reduced household purchasing power.

As for 2016, the Bank forecasts that Thailand's GDP will grow at 2.5 percent, driven by fiscal stimuli. This stimuli include tax measures, the acceleration of the Public-Private Partnership (PPP) scheme for infrastructure investment, investment promotion via special privileges from the BOI, and fast-tracking investment in transportation infrastructure. However, exports are unlikely to recover, while household spending will continue to be constrained by high indebtedness and lower farm income.

A risk for the economy would be any slowing in disbursement of the government budget for infrastructure investment. These

long-awaited projects will be crucial in boosting private-sector confidence and stimulating private investment. Nevertheless, household debt, which now stands at about 80 percent of GDP and is concentrated among low-income households, will forestall any recover in consumer spending. Farm incomes may be further reduced by the current drought and low global prices for rubber and other agricultural commodities.

With respect to external factors, China's economic slowdown is the key risk, which has to be closely monitored. This will drag on not only Thailand's economy but also those of its trading partners in Southeast Asia. The divergence in monetary policy among the world's major economies may lead to volatility in financial asset prices and international flows of capital. Whereas the United States' policy interest rate is expected to rise, the euro zone and Japan will continue to inject liquidity into their economies and maintain abnormally low interest rates. Also, China may reduce its policy rate and devalue the yuan to fight the economic slowdown. On the other hand, higher U.S. interest rates will raise funding costs in the bond market, in line with U.S. treasury yields, and weaken the baht.

To manage the risk arising from economic fluctuations, the Bank regularly reviews its credit quality to ensure the adequacy of loan loss provisions, and regularly monitors its portfolio for potential credit concentration that could jeopardize the Bank's solvency in the event of a severe economic contraction. In accordance with regulatory guidelines, the Bank has also established an internal capital adequacy assessment process, or ICAAP, to help ensure capital adequacy by assessing the types and levels of risks facing the Bank. Stress testing is a key capital assessment technique that the Bank employs under ICAAP to ensure that it can cope with economic downturns and that it 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 business 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 and related parties or project must not exceed, without regulatory approval, 25% of capital of full Consolidation companies.
- Sum of Lending, investment, contingent liabilities or lending-like transactions to all major borrowers and related parties, of which total debts exceeding 10% of the Bank's total capital must not exceed three times the Bank's total capital.

Additionally, the Bank requires that lending is not concentrated in a particular industry. This is determined from industry trends, the business opportunity, 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 the counterparty's credit ratings and the Bank's own 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 of 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 could affect the Bank's profitability and capital adequacy.

At the end of 2015, Bank-only NPLs stood at Baht 57,197 million or 2.8%, up in absolute terms and percent of total credit from Baht 41,626 million or 2.1% in 2014. (The explanation for this increase is provided in the MD&A section.) These NPLs can be classified into four categories: restructured debts 75.7%, debts pending completion of restructuring negotiations 9.4%, debts pending the outcome of legal proceedings 6.8%, and debts pending legal execution 8.1%.

The Bank manages its NPL risk by setting aside adequate loan loss provisions for expected losses. At the end of 2015, the Bank had total loan loss provisions of Baht 63,541 million, covering 111.1% 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 would arise in the event of contractual failures caused by customers, counterparties or the Bank.

At the end of 2015, the Bank's obligations arising from aval and guarantees, liability under unmatured import bills, and letters of credit amounted to Baht 42,005 million (a 8.3% 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

Because most collateral placed with the Bank is in the form of real estate, a sluggish property market in which property prices may decline would negatively affect this collateral. As a result, the Bank could 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 establishing loan loss provision, capital calculation and debt restructuring.

The Bank has managed impairment risk through the 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 the 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, collateral is re-appraised every year.

In terms of the choice of appraiser, the Bank is allowed by the BOT to use its internal appraiser for loans of any size. To ensure transparency, and prevent conflicts of interest, the Bank's pricing appraisal process is independent from the credit approval function. Also the Bank assigns the internal appraiser to monitor property price movements in the market on a regular basis. In the event that there is any reason to believe that a market price is likely to change by more than 20% within a period of 1 year, the internal appraiser must report this trend to the Bank immediately to ensure that the Bank will take action to review the collateral value.

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 and customer transactions for money transfers as well as payments related 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 at a time when the Bank is a net creditor, the Bank would suffer a foreign exchange loss, whereas depreciation of the Thai baht would enable the Bank to reap the benefit of foreign exchange gains. On the other hand, if the Bank were in a net-debtor position, the appreciation of the Thai baht would generate a foreign exchange gain for the Bank; and conversely, the depreciation of Thai baht would create 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, management action triggers, etc.

As of December 31, 2015, the Bank's foreign currency position was as a net debtor of USD 292 million (USD equivalent), and VaR was Baht 41.06 million.

9. Interest rate risk

The fluctuation of interest rates affects the Bank's interest income and expenses, and economic value of equity. 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, assuming all other factors are constant, 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 might 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, sensitivities to yield curve and basis shifts (basis point value), and stress testing. For banking book exposures, limits are determined based on percentage of income and capital.

As of December 31, 2015, VaR of interest rate risk exposure in the trading book was Baht 74.59 million. For the banking book, a 1% increase of interest rates for a period of one year would increase net interest income by Baht 327 million, and will decrease economic value by Baht 5,816 million.

10. Liquidity risk

Liquidity risk is a critical risk area, which arises from a mismatch of maturity of the Bank's assets and liabilities. A commercial bank typically raises a substantial portion of its funds from short-term instruments, e.g., short-term fixed deposits and demand deposits such as savings accounts and current accounts. At the same time, a bank uses funding from these sources to extend loans that generally have longer tenure than the deposits.

To manage the underlying liquidity risk, SCB maintains adequate liquidity at all times, to ensure that the Bank is in a position to meet all its obligations, to repay depositors and

to fulfill commitments to lend without having to liquidate assets or raise funds on unfavorable terms. Further, the Bank also monitors and performs in-depth liquidity gap analysis for both normal and stress scenarios to ensure that the assets and liabilities structure is positioned well within the acceptable risk tolerance level.

The Bank has a policy to maintain its daily liquidity ratio at 20% or higher, measured as total liquid assets to total deposits and bills of exchange - well in excess of the regulatory minimum of 6%. At the end of December 2015, the Bank had liquid assets at 28.83% of total deposits and bills of exchange, thus assuring the Bank of ample liquidity under both normal situations and crisis scenarios.

11. Strategic risk

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

The Board of Directors has adopted strategic risk management guidelines as a framework to provide a formalized and structured approach in managing strategic risk. Strategic risk is managed throughout the strategy setting process itself and through the assessment of strategic risk. The strategy process - including strategic planning, alignment and change management, implementation and monitoring, and performance evaluation and feedback - is designed so as to ensure the sufficiency of information taken into consideration in formulating and implementing strategy. 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 and Business Development Function is currently the strategy process owner responsible for supporting the Board and senior management to formulate and review strategy as well as to recommend prompt action (if required). Also, the Corporate Strategy and Business Development Function is responsible for strategic 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. (For reputation risk please refer to 14 below). 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 effective operational risk management, while aiming to continually improve this crucial process 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 has implemented. The respective units perform risk and control self-assessments (RCSA); 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. The RCSAs are revisited on a regular basis in order to identify new emerging risks or any deterioration in control conditions. The results are presented to business unit committees and relevant senior committees for agreement and setting of action plans to mitigate or eliminate the risk where the exposure is deemed unacceptable.

To ensure that critical businesses and service to customers are not materially disrupted during a crisis or unexpected circumstances, the Bank continued to improve its crisis management and business continuity capabilities throughout 2015.

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, Anti-Money Laundering Office and other relevant authorities.

The Bank has established a Compliance Function, responsible for providing advice, recommendations and opinions on various issues, co-ordinating with the relevant functions within the Bank, and set up the control and monitoring programme, in order to ensure that the Bank and its subsidiaries in the SCB Financial Group are in compliance with applicable statutory laws, rules and regulations as well as the Bank's internal policies and procedures. The Compliance Function reports significant compliance issues to the Bank's management and to relevant committees so as to manage compliance risk effectively.

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 because it is influenced by changing political, economic and social conditions, including specific public expectations regarding the Bank.

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

The Board of Directors has established procedures for the Bank in dealing with businesses or issues that might have any significant potential to become subject to public criticism requiring, in the first instance, that 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. This referral is 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 CSR and Corporate Communication Division, which includes the Public Relations Unit, is responsible for coordinating with business and non-business units within the Bank to identify and monitor reputation risk factors including:

1. Transactions that might affect the Bank's reputation.
2. Incidents of regulatory non-compliance.
3. Customer complaints.

4. Adverse impact from employee-related issues.
5. Negative media coverage.
6. Financial standing and integrity of the Bank.

CSR and Corporate Communication Division is responsible for conducting 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 global 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 adopted this framework with minor local adjustments in order to ensure that Thai commercial banks meet the stringent international standards.

In line with the Basel III timeline, all Thai commercial banks, since January 1, 2013, are required to maintain a total capital adequacy ratio of not less than 8.5%; of which no less than 4.5% must be in the highest quality of capital for loss absorption, e.g., common equity Tier 1 (CET1) capital and no less than 6% in total Tier 1 capital. Beyond the Basel III minimum requirement of 4.5% in CET1 capital, the BOT plans to adopt an additional capital conservation buffer of up to 2.5% of CET1, which will be phased in at 0.625% p.a. starting from January 1, 2016 and continuing to January 1, 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.

From January 1, 2013, SCB adopted the Basel III guidelines on a bank-only basis, and on the same date adopted the guidelines for the consolidated basis ahead of the corresponding BOT deadline. The Bank continues to apply the standardized approach as a guideline for maintaining regulatory capital adequacy for credit risk, market risk in the trading book, and operational risk. Also, the Bank continues to manage, monitor and report its capital adequacy position through the internal capital adequacy assessment process (ICAAP), which includes developing estimates for future capital requirements and stress testing. The Bank 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 on an annual basis by the end of March. Furthermore, in order to encourage market discipline, the BOT requires commercial banks to disclose key information on capital structure and adequacy, risk exposure and risk assessment and management, or 'Pillar III disclosure' on the Bank's website, on a semi-annual basis.

At December 31, 2015, under the Basel III framework, the Bank had total capital of Baht 316 billion, of which Baht 257 billion is classified as CET1/Tier 1 capital (14.0% of risk-weighted assets) and Baht 59 billion (3.2% of risk-weighted assets) is classified as Tier 2 capital. For SCB Financial Group, the total capital stood at Baht 325 billion, of which Baht 265 billion is classified as CET1/ Tier 1 capital (14.1% of risk-weighted assets) and Baht 59 billion (3.2% of risk-weighted assets) is classified as Tier 2 capital.

Furthermore, if the Bank's 2H15 net profit were to be incorporated in determining capital adequacy, CET1/ Tier 1 capital would stand at 14.9% on a Bank-only basis and 15.0% on a consolidated basis.

Hence, the Bank is confident that its current level of capital is more than adequate to support its planned business growth and meet any new regulatory requirement as well as provide a cushion against the impact from possible adverse economic conditions in the future.

Risks to Shareholders

Risks to shareholders might arise in the event the shareholders do not receive the expected return from their investments. Returns to shareholders can be in the form of both dividend income and capital gains. Dividend income is the direct result of the Bank's operating performance. When the Bank reports healthy net profit in a financial year, shareholders should expect to receive dividend income as stated in the Bank's policy on dividends in the range of 30-50% of the Bank's consolidated net profit. In terms of capital gains, the sole underlying factor is the price performance of SCB shares, which in turn reflects multiple variables such as the Bank's performance and outlook, domestic and global economic conditions and outlook, domestic political stability, foreign funds inflows and outflows - most of which are beyond the Bank's control.

The Bank's performance is the only variable within the Bank's control, and in recent years this has been in line with or well above market expectation. At the start of each year, the Bank provides broad guidance on its financial targets. Thus, the risk to shareholders is that the Bank may not be able to meet the said financial targets in a particular year, which might affect both the dividend and the share price. However, this risk is mitigated by the fact that SCB has a clear business strategy with appropriate short- to medium-term strategic thrusts, along with clear annual

financial targets. In addition, the Bank has delivered the highest net profit among the Thai financial institutions, in a very competitive environment. While past performance does not guarantee future results, it does demonstrate the competitive positioning of the Bank, the effectiveness with which it formulates and executes strategies and the quality of its management team. As a result, the Bank expects to be better shielded from the adverse impact, if any, from external factors, as compared to many other banks in the industry.

The Bank's two major shareholders account for a sizable proportion of total shares outstanding and this poses a potential risk should these major shareholders unwind large positions onto the stock market. This might adversely impact the Bank's share price. Nevertheless, the Bank expects the impact from this potential risk factor to be relatively short, given that the Bank's shares make up one of the highest market capitalizations on the stock exchange, which in turn makes it one of the most liquid stocks, with some of the highest trading volumes on the exchange. Also, the said two major shareholders have held these shares for a long time and have never expressed or indicated any interest whatsoever in diluting or divesting their holdings.

SUSTAINABILITY AT SCB

SCB is committed to conducting business in accordance with good governance practices, recognising that ethical business conduct, transparency, social and environmental responsibility are essential for building and maintaining public trust. SCB is therefore continuously improving its business processes and developing a wide range of financial products and services to meet customer needs in various segments, while striving to be a truly innovative organisation. The Bank also uses its capacity and extensive branch network to increase access to financial services and promote financial literacy among consumers of all ages, in order to support its stable growth as well as strengthen the foundation for economic sustainability for Thai society as a whole.

SCB recognises the importance of being prepared for challenges in order to adapt to changes and manage associated risks, whether they are in stakeholder expectations, economic conditions, climate change, aging demographics, or disruptive innovations. Organisational agility provides the ability to continually adjust

strategies to constant change, and helps to build and sustain the Bank's strength and resilience. SCB is therefore committed to building its employees' capacity and positive view of change, while maintaining the highest standards of professional ethics in providing services.

In addition to economic sustainability, SCB also places importance on positive social impact and environmental conservation. SCB has therefore encouraged a culture of volunteerism among its employees, so that they have the opportunity to participate in creating social impact. As a result, SCB works hand in hand with the Siam Commercial Foundation (SCBF), and other partner organisations in various activities that cover youth and education, environmental management and quality of life, and building capacity among local communities. Moreover, SCB has also shared lessons learned from highly effective community projects to other interested organisations for further development of impactful programs. (Please refer to Sustainability Report for more detail)

INTERNAL CONTROL AND RISK MANAGEMENT

The Bank monitors and assesses the adequacy of its internal control system and the effectiveness of its risk management systems on an annual basis. This assessment covers five components: the control environment, risk assessment, control activities, information and communications, and monitoring activities. Activities undertaken under each of these components are outlined below:

Control Environment

The Bank requires that all business and functional units, including those under the umbrella of its financial group, maintain a culture and environment that provides for a sound and effective internal control system, together with a commitment by all employees to adhere with the principles of integrity and transparency. The Bank believes that a sound internal control system is critical foundation in meeting its business objectives in a sustainable manner.

Accordingly, the Bank has prepared formal policies and procedures requiring that management and staff at every level in the organization have a role, duty and responsibility for maintaining sound internal control. The Bank has established an organizational structure that supports maintenance of an internal control system through clear supervisory lines, scope of authority for management and staff, and effective segregation of duties, all of which are under the oversight of the Board of Directors. The Board of Directors is independent from management and exercises oversight over the development and effectiveness of the internal control environment. In 2015, the Bank reorganized its organizational structure, around five clusters, including a Risk and Control Cluster. The new structure has further elevated the importance of the risk and control related functions and provides a better platform for monitoring and oversight of the control environment and risk management. In addition to creating this new cluster, the reorganization separated the Compliance Function from the Audit Function to strengthen the internal checks and balances consistent with good governance principles.

As part of its ongoing efforts to maintain effective internal control and risk management and efficient business operations, the Bank provides extensive training to ensure that executives and staff possess the relevant knowledge and skills to undertake their duties. Also, the Bank has a Code of Conduct that provides the rules and practices that all employees must follow or be subject to appropriate disciplinary action. Under the whistleblower policy, the Bank has introduced a Whistleblower Hotline, (in addition to an e-mail inbox, whistleblower@scb.co.th, or by way of letters to the president, head of Audit Function, or head of Human Resource Function), as a new communication channel. Complaints and notifications that may indicate potential fraud or corrupt practices are then forwarded to the executives concerned for further action. The Bank has undertaken these and other related efforts to ensure that management and staff perform their functions with transparency, integrity, fairness and accountability, and that their performance is routinely reviewed so as to engender greater trust with all stakeholders.

Risk Assessment

The Board of Directors has assigned the Risk Management Committee the responsibility for formulating policies and duties related to risk management for the Bank and the SCB Group, as well as overseeing and reviewing the effectiveness of the risk management framework and risk assessment procedures on a regular basis. When planning for new or improved risk management practices, the Committee considers internal and external factors including the potential risk of material fraud or operational errors. The Risk Management Committee provides updates from its meetings to the Executive Committee, the Audit Committee and the Board of Directors on a monthly basis.

The Bank continually develops and improves its risk management processes and risk assessment procedures, concurrently with establishing controls, identifying and monitoring the underlying risk levels, and assessing the potential exposure to the Bank. Also, the

Bank evaluates the adequacy of its capital and the provisions for impairment to its assets after taking into account significant risk factors. The aim is to ensure compliance with the related regulatory requirements, and maintain adequate capacity to support future growth and cope with unforeseen risks.

Control Activities

The Bank has formal policies, regulations, operational procedures, manuals, and instructions, which are reviewed and updated on a regular basis. This includes general controls over the information systems covering data center operations, including data networks, system development and testing, IT system maintenance, and IT security procurement and management.

Further, the Bank emphasizes the segregation of duties as a key control to maintain adequate and appropriate controls over operations at every level within the organization and to maintain a system of checks and balances, particularly for activities prone to the risk of inappropriate decisions or giving rise to a conflict of interest.

In response to the KMIT related embezzlement incident in early 2015, the Bank has improved and enhanced the internal control processes to boost the effectiveness and efficiency of the Bank's operational processes, particularly at its branch network. In addition, the Bank has engaged an external consultant to review Group's internal control systems and to recommend improvement in line with international best practices.

Information and Communications

The Bank and the SCB Group has developed and implemented systems that provide complete, reliable and timely information to the Board of Directors, executives and other stakeholders such as shareholders, investors, and regulators. These systems are upgraded on an ongoing basis.

The Bank emphasizes the importance of IT security and the confidentiality of confidential customer data, with continual enhancement to the underlying systems and procedures to ensure that its security measures remain sound and appropriate.

The Bank provides internal communication channels to managers in the Bank and the SCB Group to disseminate policies, regulations, procedures, manuals and other essential information to the appropriate employees. These communications are designed to keep all executives and relevant staff knowledgeable and informed and facilitate compliance with the policies, procedures, and regulations in a proper and timely manner. In addition, the Bank provides a separate communication channel to enable anonymous or confidential communication, from both internal and external parties, under its whistleblower policy.

Monitoring Activities

The Compliance Function is responsible for reviewing and monitoring all units within the Bank and the SCB Group to ensure legal and regulatory compliance. The Audit Function reviews internal controls to ensure that these controls are appropriate and are functioning as designed. The Audit Function also analyzes the root cause of any material incidents found during the audit in order to facilitate appropriate corrective action and improve operational procedures, if appropriate. Further, the Function also follows up on the implementation of its recommendations to ensure that issues of concern are resolved and improvements, if any, are made.

The Audit Committee and the Board of Directors have reviewed the results of the assessment of internal control and their adequacy and discussed this assessment with the Bank's management. The Audit Committee's opinion is that the Bank's internal control system and risk management system are appropriate and adequate for its business operations. This conclusion was in line with the opinion of the external auditors.

CORPORATE GOVERNANCE REPORT 2015



SCB received a TOP50 ASEAN PLCs Award 2015 from the Philippines Securities and Exchange Commission in the Philippines. The award is for the top 50 listed companies on the ASEAN CG Scorecard.

The Board of Directors is deeply cognizant of the critical importance of corporate governance (CG) in the pursuit of sustainable growth, creation of long-term shareholder value and securing the trust of all stakeholders, including shareholders, customers, employees, partners and the community. The Board believes that good corporate governance will help nurture the steady growth of our capital market and increase value for shareholders over the long term. As a result, the Board consistently adheres to good corporate governance based on generally accepted principles and practices, both nationally and internationally. Adherence to these practices have contributed to the Bank's success over the past decade and won recognition from several organizations. For instance, in the 2015 CG assessment results announced by the Thai Institute of Directors (IOD), the Bank was recognized as an organization with excellent corporate governance practices. Further, the Thai Investors Association awarded the Bank a 'full' score of 100 points for the sixth consecutive year in its assessment of shareholders' meetings from 2010-2015, resulting in SCB being one of the few companies in Thailand that received the highest rating in corporate governance for three consecutive year, during 2012-2014, under the ASEAN CG Scorecard assessment process.

As part of the Bank's commitment to sustainable development, SCB supports the efforts of Thai society to promote and adhere to the principles of the 'Sufficiency Economy' philosophy. As a financial institution, the Bank recognizes the importance and applicability of the Sufficiency Economy principles of risk management, balance, reasonableness, ethics and knowledge management in both developing business strategy and conducting everyday operations. Indeed, these principles are the bedrock by which corporate governance is implemented at the Bank, as further highlighted in SCB's Sustainability Report, published together with this Annual Report.

Corporate Governance Policy

The Board has assigned the Nomination, Compensation and Corporate Governance Committee to formulate the Corporate Governance Policy and monitor compliance therewith. The Committee also reviews and revises the Policy to ensure that it is appropriate and in line with the guidelines issued by supervisory authorities, as well as with internationally accepted standards for corporate governance. The Bank's Corporate Governance Policy encompasses the following core elements:

- 1) The Policy requires that Bank must have established a clear vision, mission and code of conduct governing practices of the directors, managers and employees of the Bank. 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 the Bank's mission of becoming **"The Best Universal Bank in Thailand."**
- 2) The Policy formalizes, among other matters, the structure of the Board and Board committees, inclusive of roles and responsibilities, composition, and tenure of members; the Board's meeting procedures; nomination and appointment of members of the Board; orientation for the Board's new members; the holding of positions by the directors in other companies; the separation of position and roles among the chairman of the Board, the chairman of the Executive Committee and the top executives; remuneration of directors and persons with authority to manage the Bank's operations; assessment of performance of the Board and persons with authority to manage the Bank's operations; succession planning; and the roles and functions of the company secretary.

- 3) The policy enumerates the rights and treatment of stakeholders (shareholders and other stakeholders) in terms of arrangement of shareholders' meetings, 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 governing connected transactions, conflict of interest, and conflict-of-interest reporting of directors and persons with authority to manage the Bank's operations.

In this regard, the Corporate Governance Policy is publicly disclosed and available on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," and then "Corporate Governance Policy."

2015 Corporate Governance

The Bank's corporate governance practices in 2015 are summarized as follows:

1. Rights of Shareholders

The Bank has complied with its Corporate Governance Policy with the aim of ensuring that shareholders enjoy their rights and exercise such rights in an equitable manner, such as buying or selling shares, receiving dividends and receiving adequate, timely and complete information about the Bank through 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, determination of audit fees, amendment to provisions of the Memorandum and Articles of Association, and approval of special transactions (if any) (e.g., capital increase or reduction, acquisition or disposal of significant assets, or connected transactions etc.) The shareholders may cast their votes on the aforesaid matters according to details provided in the Notice of the Annual General Meeting of Shareholders or, if applicable, an Extraordinary General Meeting. The principles adopted by the Bank in respect of treatment of shareholders are shown in detail on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," "Corporate Governance Policy," and then "Section 3 - Rights and Treatment of Stakeholders."

1.1 Shareholders' Meeting

In 2015, the Bank held its Annual General Meeting of Shareholders (AGM) No. 192 on 2 April 2015. The Bank conducted the proceedings in a manner to ensure that the shareholders were able to exercise their rights in accordance with the law, relevant regulations and good governance practices.

- 1) The Bank ensures that shareholders receive clear and adequate information, have sufficient time to consider agenda items of the AGM, and are able to easily access the Notice of the AGM and its accompanying documents. To this end, the Bank posted the Notice of the AGM and proxy forms in both Thai and English on its website 31 days prior to the meeting date. Then, the Notice of the AGM, in both Thai and English, together with the 2014 Annual Report (in CD-ROM format) 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, rationale, and opinions or recommendations of the Board) as well as accompanying documents, including details of meeting procedures, voting and proxy appointments. Furthermore, the Bank posted the Notice of the AGM on bulletin boards at its

head office and all its branches. The Meeting Notice was also advertised for three consecutive days in newspapers at least three days prior to the date of the AGM. Also, shareholders were entitled to receive the printed 2014 Annual Report before the date of the meeting from the company secretary upon request.

- 2) To recognize shareholders' rights to know and fully access information shareholders were allowed to submit questions in advance of the AGM through various channels in accordance with the guidelines on the Bank's website. Shareholders can propose questions in advance through various channels such as by letter to the company secretary or by e-mail to: company_secretary@scb.co.th. The Nomination, Compensation and Corporate Governance Committee considers such questions before proposing them to the Board.
- 3) To encourage and facilitate participation of all shareholders (individuals, juristic persons and institutional investors) to attend the AGM and exercise their rights in an equitable manner, the Bank delivered the Notice of the AGM together with the Proxy Form B to each shareholder for the appointment of proxies to attend the meeting on their behalf in the event that any shareholder was unable to attend the AGM in person. Furthermore, institutional investors such as fund managers or custodians were invited to nominate their representatives to attend the meeting and, for their convenience, the Bank assigned officers to check the required documents in advance of the meeting.
- 4) To facilitate attendance by all shareholders and proxy holders, the AGM was held on a working day at the Bank's head office. On the meeting day, the registration counters were open two hours prior to the meeting time to facilitate procedural document checks and registration. 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 fund managers or custodians. For efficiency and convenience, the Bank allocated to each shareholder or proxy holder the ballot bearing the same bar code as their registration bar code for voting on each agenda item. 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 remaining agenda item.
- 5) The chairman of the Board presided as the chairman of the meeting and all 15 directors of the Bank were in attendance together with the Bank's senior executives and the external auditors in order to clarify and respond to any questions or issues raised by shareholders or their proxies. Prior to proceeding in accordance with the meeting agenda, the company secretary informed the meeting of the voting procedure for each agenda item. Holders of the Bank's ordinary and preferred shares, including proxy holders who attended the meeting, were entitled to cast their votes based on the one-share-one-vote basis. In order to increase the efficiency and speed of the voting process, only the ballots for disapproval and abstention votes were collected. Voting and ballot counting were conducted openly, and the bar code system was employed in tabulating and reporting votes. SCG Legal Counsel Limited was assigned by the Bank to review and inspect the validity of the proxy appointments, adequacy of quorum, and tabulation and reporting of votes. Further, the voting results for each agenda item were reported to the meeting in a timely, accurate and transparent manner.
- 6) Multimedia presentations were used at the meeting to highlight both the 2014 performance and the 2015 business strategies. The chairman of the meeting allowed shareholders

to ask questions and/or make recommendations on an equitable treatment basis and asked that comprehensive responses were provided to all questions or issues raised. The directors and management jointly responded to shareholders' questions and clarified issues. The company secretary recorded minutes of the meeting and the votes cast under each agenda item. Additionally, the meeting proceeded in accordance with the announced agenda, and the Bank did not switch, add, or revise any agenda items or modify previously issued information at the meeting.

- 7) Immediately following the meeting, the resolutions adopted were posted in both Thai and English on websites of the Stock Exchange of Thailand and of the Bank. This disclosure was made in compliance with applicable requirements prescribing that the AGM resolutions must be posted at least one hour in advance of trading hours of the Stock Exchange of Thailand. In addition, the minutes of the AGM in Thai and English were submitted to the Stock Exchange of Thailand and made available on the Bank's website within 14 days following the meeting to allow shareholders early access and for all other stakeholders to note and study the Bank's AGM proceedings. The minutes were available for future reference, and each material matter proposed at the meeting was recorded in these minutes. These matters included the list of directors and senior executives who attended the meeting; the voting procedures; abstracts of the questions and issues raised and the answers or clarifications provided by the Board and/or senior executives; and the resolutions reached, together with the number of votes for approval, disapproval and abstention of each resolution for which a vote was required.

In addition to the AGM mentioned above, the Bank held the Extraordinary General Meeting of Shareholders No. 1/2015 on 3 November 2015 to obtain shareholders' approval on a specific transaction of the Bank in order to meet the requirements of laws and the relevant regulatory authorities. The Extraordinary General Meeting of Shareholders was organized in accordance with the Bank's Articles of Association, laws and corporate governance principles, in a manner similar to the AGM.

1.2 Dividend Payment

The Bank has a dividend policy that provides guidance that the dividend payout will usually be in the range of 30-50% of its consolidated annual net profit and such payout would take into account the long-term return to all shareholders. Dividends are considered in any year where the Bank, after deduction of all statutory and other reserves, posts a profit but provided that there is no accumulated losses and the Bank is able to maintain adequate capital funds in compliance with the regulatory requirements, as well as taking into account the need to preserve capital for near-term business needs. The interim dividends and annual dividends are paid within 30 days after the Board or the shareholders' meeting approves the dividend payment.

At the 2015 AGM, the meeting resolved to approve the dividend payment from the Bank's 2014 operating results to holders of the Bank's preferred and ordinary shares at the rate of Baht 6.00 per share, equivalent to a total of Baht 20,395 million or approximately 38.2% of the 2014 net profit in the Bank's consolidated financial statements. The details of dividend payment were as follows:

- 1) The Board in its meeting No. 10/2014 dated 26 August 2014 resolved to approve an interim dividend payment at the rate of Baht 1.50 per share to holders of the Bank's preferred and ordinary shares. The interim dividends were paid to holders of the Bank's preferred and ordinary shares on 19 September 2014 (24 days from the date of approval of the interim dividend payment by the Board); and

- 2) The final dividend was paid at the rate of Baht 4.50 per share to holders of the Bank's preferred and ordinary shares on 30 April 2015 (28 days from the date of approval of the dividend payment by the shareholders' meeting).

1.3 Communication Among the Bank's Shareholders

The Bank does not seek to prevent communication among its shareholders. Shareholders are at liberty to share information with each other and may request for a copy of the list 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, are entitled to the same shareholder rights and are treated on an equitable and fair basis. The principles of equitable treatment of shareholders, to which the Bank has adhered, are provided on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," "Corporate Governance Policy," and then "Section 3 - Rights and Treatment of Stakeholders."

2.1 Invitation to Shareholders to Propose Agenda Items and Candidates for Directorship prior to the Shareholders' Meeting

The Bank's shareholders are invited to propose matters to be included as agenda items for the AGM and to nominate qualified candidates for directorship to the Nomination, Compensation and Corporate Governance Committee, using the criteria provided on the Bank's website. These proposals are submitted to the company secretary via post or e-mail at company_secretary@scb.co.th. The Nomination, Compensation and Corporate Governance Committee will consider the shareholders' proposals prior to submitting them to the Board for further consideration. The decision on the matter will be notified to the shareholders concerned for acknowledgment. Any proposals that are accepted will be included in the agenda at the next AGM.

The Bank invited shareholders to propose agenda items and candidates for directorship (including questions) for the 2015 AGM three months prior to the end of the Bank's accounting period, i.e., from 1 October to 31 December 2014.

2.2 Proxy Appointments for Shareholders' Meeting

To promote shareholders' rights, the Bank has made available at each shareholders' meeting three types of proxy forms (Form A, Form B and Form C) as determined by the Department of Business Development, Ministry of Commerce, in order that any shareholders who cannot attend a shareholders' meeting in person may appoint proxies to attend the meeting on their behalf and exercise their rights as shareholders.

At the 2015 AGM, the Proxy Form B, which indicates specific details of a proxy appointment, were delivered to shareholders together with the Notice of the Annual General Meeting of Shareholders. Shareholders were provided with an additional option of appointing as their proxies one of two independent directors of the Bank who did not have any conflict of interest in the relevant agenda items of the AGM. In this regard, shareholders were supplied with complete biographical details of these independent directors. The shareholders were able to appoint either one of the two independent directors or any other person of their choosing as proxy. In addition, shareholders were able to download Proxy Form A or Proxy Form C from the Bank's website for their use as and when applicable.

2.3 Ballots for Shareholders' Meeting

In the 2015 AGM, ballots were used for voting on every agenda item, but only the ballots indicating disapproval and abstention votes were collected. In order to ensure that the voting process was efficient, accurate, speedy and verifiable, a bar code system was employed in tabulating votes. Prior to proceeding in accordance with the meeting agenda, the company secretary informed the meeting of the voting and vote tabulation procedures. In addition, the ballots cast for each agenda item were retained for future examination.

2.4 Election of Director on an Individual Basis

As part of the election process for directors, the profiles of directors nominated for election are disclosed in the notice of the shareholders' meeting to support the shareholders' consideration. Each profile included information such as the nominee's age, education, work experience, positions in other listed and non-listed companies, date of appointment as director, meeting attendance in the previous year, and type of directorship. In the case of independent directors, the Bank additionally provides its definition of independent directors and other information such as their relationship or conflicts of interest with the Bank, its parent companies, its subsidiary companies, its associate companies and any other parties having the authority to control the Bank or juristic persons with potential conflicts of interest with the Bank either currently or during the two years prior to their appointment as the Bank's independent director.

At every AGM, one-third of the directors retire by rotation. At the 2015 AGM, five directors retired by rotation. The Bank arranged for shareholders to elect individual directors to replace the outgoing directors by casting their votes. Similar to voting on other agenda items, only disapproval and abstention ballots were tabulated. The AGM minutes clearly show the voting results for each director appointed by the shareholders.

2.5 Determination of Directors' Remuneration

As stipulated in the Bank's Articles of Association approved by the shareholders' meeting, a director is entitled to receive remuneration from the Bank through gratuities, meeting allowances, rewards, bonuses or other benefits consistent with the Articles of Association or the resolution of the shareholders' meeting. Such remuneration may be fixed or specified from time to time according to the regulation laid out, or may be allowed to remain in effect until changed. Further, a director is also entitled to a per diem and fringe benefits according to the regulations of the Bank. The Nomination, Compensation and Corporate Governance Committee is assigned by the Board to recommend directors' remuneration to the Board and to seek approval from the shareholders' meeting on an annual basis. The Board has set as a policy that the directors' remuneration should be: appropriate and commensurate with directors' scope of duties and responsibilities; comparable to other major listed companies and commercial banks; and in line with prevailing business conditions and trends.

2.6 Internal Control

The Board recognizes the need to prevent the use of confidential and non-public information for inappropriate gains by directors, executives and employees. To this end, the Board has established the Corporate Governance Policy and procedures for handling connected transactions in order to prevent conflict of interest and require disclosure of connected interest in compliance with regulatory requirements. Relevant details are published on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," "Corporate Governance Policy" and then "Section 4-Internal Control," can be summarized as follows:

1) Internal Controls over the Use of Inside Information by Directors and Employees

The Board has formulated comprehensive guidelines for the disclosure of information, the prevention of conflict of interest and the inappropriate or illegal use of non-public information, as summarized below:

- Establishing a Code of Conduct for directors and employees, covering such matters as the use of non-public information and the requirement to maintain confidentiality of customer information. This Code of Conduct has been disseminated to directors, executives and staff, and strict compliance is expected.
- Establishing regulations governing securities trading by directors, executives and employees that prohibit insider trading. These regulations also apply to related parties of directors, executives and employees.
- Imposing non-trading periods on directors, executives and employees involved in the preparation of financial statements, prohibiting them from trading in the Bank's securities and securities which have SCB ordinary shares as an underlying asset (e.g., derivative warrants, futures, options) during the 14-day period preceding the announcement of quarterly, semi-annual and annual financial statements.
- Requiring directors and persons with management authority (as defined in the Securities and Exchange Act, B.E. 2535 (A.D. 1992)) to disclose information on their shareholdings and trading in the Bank's securities and securities that have the Bank's ordinary shares as an underlying asset to the Bank and the Office of Securities and Exchange Commission within three working days. The company secretary is responsible for compiling reports on shareholding changes and including these reports as a regular agenda item at Board meetings.
- Establishing regulations against the use of non-public information in order to prevent leakage of confidential and/or non-public information of the Bank and/or its customers as well as to prevent use of inside information by persons having access to such information for personal gain or benefit of others. In this regard, the Bank has assigned the Compliance Function to monitor securities trading of persons with access to non-public information to ensure compliance with relevant regulations.

2) Internal Control for Connected and Conflict-of-Interest Transactions

The Bank's policy and guidelines regarding the approval process and engagement in connected or conflict-of-interest transactions is 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 governing connected transactions and conflict-of-interest transactions whereby directors and executives are prohibited from participating in the consideration and decision-making of any matter in which they might have an interest. The company secretary makes note of any disclosed related interests in the minutes of the meeting.
- To set a pricing policy and conditions for related-party transactions to ensure that such pricing and conditions are in line with those of other similar transactions with unrelated third-parties (Arm's Length Principle) and must be seen as being reasonable, fair and providing maximum benefit to the Bank.

- To require that the transaction shall not be approved by any person with a conflict of interest and that the approval must be in the form of a Board resolution excluding any director with a conflict of interest.
- To require that the Board alone (excluding any director with a conflict of interest) is vested with the authority to consider and approve credit facilities, investment, contingent liabilities or credit-like transactions between the Bank and its major shareholders or businesses related to the Bank, directors, or persons with management authority or their related parties (as defined in the Financial Institutions Business Act, B.E. 2551 (A.D.2008)).

Additionally, the Bank requires the appointment of an independent financial advisor (if a connected transaction exceeds certain pre-determined thresholds) whose role is to provide an opinion on connected transactions, particularly as it relates to the acquisition or disposal of significant assets of the Bank and its subsidiaries, any merger or other transaction as prescribed by law. The Board has assigned the Audit Committee to review the procedures and oversight all material transactions to ensure that they are compliant with applicable laws and/or regulations.

The information in respect of related transaction policy and details of transactions between the Bank and related persons are shown in this Annual Report under the section heading of "Related Party Transactions" and "Financial Statement and Notes."

3) Conflict-of-Interest Report

The Bank requires directors and persons with management authority (as defined in the Financial Institutions Business Act, B.E. 2551 (A.D. 2008)) to report to the company secretary on a quarterly basis any conflict of interest arising for themselves and their related parties as well as changes to any existing reported items. The company secretary collects and submits such reports to 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). This information is used by the Bank for monitoring transactions between the Bank and directors, persons with management authority, and/or their related parties in accordance with legal requirements.

3. Role of Stakeholders

3.1 Treatment of Stakeholders

As one of the largest organizations within the Kingdom, with a long heritage of service to the country as the first Thai bank, the Bank recognizes that it needs to respond to the interests of a broad range of stakeholders. This is made explicit in the Bank's vision 'To Be the Bank of Choice for Our Customers, Shareholders, Employees and the Community.' The issue of responsibility to stakeholders is covered in more detail within the 2015 Sustainability Report. The essence is summarized below:

Customers: The Bank exists to serve its customers, who encompass almost the entire spectrum of Thai society. For all of them, the Bank aspires to provide a broad range of products and services and to service their needs via branch, electronic and direct channels. The overriding aim is for the Bank to be viewed as the main financial services partner for customers through the provision of reliable services, innovative products and trustworthy conduct. The Bank measures its success through regular customer surveys and by aiming for (and attaining) a market-leading score from such surveys.

Shareholders: The Bank's existence is made possible by the capital contributions of a large number of shareholders. To all of them the Bank aspires to provide transparent and market-leading disclosure, parity of treatment, and an above industry-average, sustainable return on equity. Today, its success in this aim is evident from the Bank maintaining the highest market capitalization across the Thai financial services sector.

Employees: Employees will always remain the Bank's most valuable asset, and the recruitment, retention and development of employees is central to the Bank's successful execution of its near-term and long-term business strategies and the achievement of its mission and vision. Employee interests are addressed through appropriate compensation practices, skill and competency development programs, career advancement opportunities and a range of employee benefits, which are regularly reviewed to ensure appropriateness. Equally, the Bank actively supports diversity in the workforce and prohibits any discrimination based on gender, age, religious belief or disability. The Bank allows employees to exercise their right to join labor unions and encourages all employees to suggest ideas for improving or adjusting the Bank's policies, practices, products, procedures and services. As with customers, the Bank engages third-party experts to conduct regular employee engagement surveys and benchmarks the results against a global database. In 2015, the Bank's score was ranked in the top 10% of this global database.

Community (including business partners, competitors, creditors and suppliers): the Bank aspires to be a model corporate citizen in Thailand. To that end it: behaves in an ethical and transparent way with competitors and business partners; honors its obligations and covenants with creditors and suppliers; follows transparent procurement practices that will ensure that procurement is transparent and free from corruption and; does not participate in activities that might be detrimental to Thai society or the quality of life of its residents. Further, the Bank recognizes and supports the Universal Declaration of Human Rights and ensures that its business activities, particularly lending, are conducted so that the tenets of this Declaration are observed. The Bank adopted a "Supplier Code of Conduct" to encourage its suppliers to do their businesses ethically, respect the freedom and rights of others, and treat their workers responsibly in accordance with labor rights and human right principles, including occupational health, safety and environment standards.

The Bank has actively and consistently supported and carried out activities that are beneficial to its community and society at large. Further, to propagate a sense of volunteerism, the Bank has encouraged all employees to regularly participate in such activities. In promoting respect for intellectual property rights and deterring the infringement thereof, the Bank has incorporated policies and guidelines related to intellectual property in its Employee Code of Conduct. It is the responsibility of all employees to protect the Bank's intellectual property from unauthorized use and dissemination and to respect the rights of intellectual property owners when it uses proprietary products.

Environment: The Bank abides by all applicable environmental laws and regulations and implements effective safety and environmental management measures to prevent any negative impact on local communities. Further, SCB supports the conservation of natural resources and the environment through awareness-raising campaigns and programs to educate and engage staff, business partners, customers and other CSR networks in supportive programs and activities. The Bank has increased its internal energy-use efficiency by upgrading lighting and electronic systems. It also has reduced the use of paper in both internal and external processes. It became the first financial institution to participate in the nation's pilot carbon-offset program to support the domestic

voluntary carbon credit market. In this regard, the Center of Excellence on Environmental Strategy for GREEN Business (VGREEN) of Kasetsart University assisted the Bank in the analysis of carbon emissions from its energy and resource consumption.

Anti-Corruption: The Bank has enforced its Anti-Corruption and Bribery Policy, which has been approved by its Board of Directors and will also be adopted by all companies in the SCB Financial Group. The said Policy clearly sets out the definitions and forms of "corruption and bribery," including measures against corruption and bribery, and will be reviewed at least annually. Executives and employees at all levels are required to comply with the Policy. To demonstrate the Bank's willingness regarding the implementation of anti-corruption efforts, the Bank participated in the Declaration of Intent as promoted by the Thailand's Private Sector Collective Action Coalition Against Corruption, and communicated the Policy, following the Board's approval thereof, across the organization to promote bank-wide compliance. The Collective Action Coalition Against Corruption (CAC) certified the Bank's CAC membership at its meeting in the fourth quarter of 2014. Anti-corruption and bribery knowledge has been disseminated to employees at all levels of the Bank through internal communication channels, including the relevant entities and stakeholders of the Bank to promote transparent and ethical business practices. All employees of the Bank must participate in in-house training courses which are related to anti-corruption, such as the e-learning courses on anti-money laundering/combating the financing of terrorism (AML/CFT), and anti-corruption and bribery. Employees are also encouraged to participate in anti-corruption activities arranged by agencies or institutions such as the Anti-Corruption in Thailand: Sustaining the Momentum" session under Thailand's 6th National Conference on Collective Action Against Corruption arranged by the CAC.

To actively monitor and evaluate compliance with the Anti-Corruption Policy, the assessment of the Bank's corruption and bribery exposure has been regularly conducted; and the Audit Committee is mandated to oversee the Bank's internal controls, which must be adequate and effective in protecting the Bank from the risk of corruption and bribery, and report the results to the Board of Directors. In addition, there are internal units directly in charge of disseminating relevant knowledge to the directors, and executives and employees across the Bank to ensure adequate understanding of the policy and practices and to promote strict compliance.

3.2 Contact Channels for Stakeholders

The Bank provides multiple channels for various groups of stakeholders to directly contact the relevant unit as follows:

- Customers or third parties can communicate with the Bank through staff at branches or relationship managers or through the Call Center at 0-2777-7777, or by writing to a senior executive of the Bank. All communications are tracked and usually responded to within a short specified period.
- Employees are informed that the Bank has multiple channels to accept complaints and reports of employee misconduct. Employees can voice their opinions and report on any unfair treatment, fraudulent activity or suspicion of misconduct directly to their supervisors or through other channels, anonymously if preferred, as follows:
 - SCB's Whistleblower Policy provides a channel through which employees can report complaints, fraud or non-compliance with the Bank's regulations, rules and Code of Conduct as well as any unfair treatment they might have suffered. The aim is to ensure the Bank's adherence to its principles of transparency and corporate governance. To report complaints, fraud or non-compliance, any employee

e-mail to whistleblower@scb.co.th or write a letter to the president or head of audit, at PO Box 177, Jatujak Delivery Post Office 10900, or by using the telephone (0-2544-0000). A brief report on the action taken in this regard will be reported to the Audit Committee every quarter.

- The HR Call Center at 0-2544-4444 is a channel for employees to make inquiries related to employment and/or benefits or to share opinions.
- Purple People Talk" is a channel through which employees can voice their opinions, report issues or consult with the head of Human Resources via e-mail (purple_talk@scb.co.th) in order to nurture SCB as a great workplace.

It is the Bank's policy to protect the confidentiality and anonymity of employees reporting misconduct or complaints in order to prevent retaliation or adverse effects on them. An independent, issue-specific investigation team is quickly set up by the Bank to investigate any issue and/or possible fraudulent behavior when notified by an employee, when warranted. If the grounds for a complaint are proven, the matter is escalated for disciplinary action in accordance with the following procedure:

- Employees submit opinions, reports, or complaints relating to fraud via a range of channels, where they can choose to remain anonymous, if they so wish, and the matter will be treated as confidential.
- The Working Team conducts a preliminary investigation. The progress will be reported to the informants if they have chosen to be identified.
- The Working Team submits complaints or misconduct that is well grounded to relevant units in order to appoint an investigation committee according to the Bank's regulations or to the Financial Crime & Security Services Division for further action.

The Bank takes action as deemed appropriate in each case without disclosing the sources of information so as to protect confidentiality of the informants.

Further, all stakeholders can raise complaints, or make suggestions or comments to the Board and management of the Bank through the following address:

- | | |
|--|--|
| <ul style="list-style-type: none"> • Board Secretariat and Shareholder Services | <ul style="list-style-type: none"> - First Senior Vice President Board Secretariat and Shareholder Services Division
The Siam Commercial Bank PCL,
9 Ratchadapisek Road, Jatujak,
Bangkok 10900
Telephone: 0-2544-4221
Fax: 0-2937-7931
E-mail: company_secretary@scb.co.th |
|--|--|

Also, the Bank has established a clear policy and procedure for handling complaints from customers, suppliers and other stakeholders. All complaints received are kept confidential, investigated and resolved (if applicable) as well as reported to the Audit Committee and the Board.

4. Disclosure and Transparency

4.1 Disclosure Policy and Practice

The Bank's disclosure policy and procedures are incorporated within the Corporate Governance Policy, and Investor Relations has been assigned the role and responsibility to provide disclosure of the Bank's information in accordance with the following principles:

- 1) Information to be disclosed must be accurate, adequate and clear as well as disclosed on a timely basis;
- 2) Disclosure must comply with all applicable rules and regulations;
- 3) Stakeholders including shareholders, investors, analysts and interested persons must have equal right of access to the information disclosed by the Bank; and
- 4) Information that could affect the price of the Bank's shares or influence investors' decisions or affect the rights of shareholders must be immediately disclosed, as appropriate, to the public through the Stock Exchange of Thailand.

The Bank has designated officers and Investor Relations to be responsible for disclosure as well as maintaining the operating results disclosure schedule as specified in its Corporate Governance Policy. Audited annual financial statements are released within 60 days from the end of each financial year. Quarterly financial statements are disclosed together with the Management Discussion and Analysis (MD&A) and are released within 45 days from the end of each quarter to help investors better understand the Bank's operating results.

In addition, the Bank's Corporate Governance Policy requires directors and management to disclose their holdings of the Bank's shares. Changes in the holdings of the Bank's shares by directors and members of management in 2015 are shown in the "Report of Bank Ordinary Shareholding by Directors and Senior Management" in the Supplementary Information section of this Annual Report.

In 2015, disclosure activities undertaken by Investor Relations are summarized below:

Form of activity	Frequency (times)
One-on-one meetings/conference calls with investors and equity analysts	112
General meetings with equity analysts	4
Participation at investor conferences	8
Global non-deal road shows	4

The Bank also regularly held press conferences and media events and issues press releases to publicize and promote its activities.

Interested persons can contact Investor Relations at:

Investor Relations
The Siam Commercial Bank PCL,
9 Ratchadapisek Road, Jatujak, Bangkok 10900
Telephone: 0-2544-4358
Fax: 0-2937-7721
E-mail: investor.relations@scb.co.th
Website: www.scb.co.th

4.2 Investor Relations

Investor Relations is a functional unit of the Bank that is responsible for the accuracy, adequacy and clarity of disclosure of the Bank's

information to investors on a timely basis in accordance with the Bank's disclosure principles and applicable requirements and regulations. Beyond its planned activities such as meetings with investors and analysts, participation at investor events and arranging roadshows, Investor Relations serves as the primary point of contact for all shareholders, analysts, fund managers, bondholders and rating agencies. The chief executive officer and deputy chairman of the Executive Committee, the president, CFO and other senior executives participate in investor relations activities.

The Investor Relations Code of Conduct is published on www.scb.co.th/en/about-scb/investor-relations/code-of-conduct-ir.

4.3 Auditors

The auditors' qualifications are scrutinized by the Audit Committee in terms of their independence, suitability, accountability, and absence of any conflict of interest with respect to the Bank and its subsidiaries, management, major shareholders or related parties thereof, and approval by the Securities and Exchange Commission (SEC). The Audit Committee also reviews the annual audit fees in terms of the scope of audit and proposes the qualified auditors and the audit fees to the Board for further consideration and consideration by the AGM.

Details regarding the audit fees and other service fees paid by the Bank to the auditor as well as the auditor's report for 2015 are available in the sections titled "Audit Fees" and "Audit Report of Certified Public Accountant" of this Annual Report.

4.4 Compliance with the Principles of Good Corporate Governance as Stipulated by the Stock Exchange of Thailand

The Bank aims to adhere to national and international corporate governance standards. However, certain practices of the Bank are not yet in line with the principles of good corporate governance stipulated by the Stock Exchange of Thailand due to reasons as set out below:

- The Board should have an appropriate number of members ranging from 5 to 12 - At present, the Board is comprised of 17 members. As the Bank's business has grown in size and complexity, this number is considered appropriate and essential for effective performance of the Bank.
- The Bank should submit a notice of shareholders' meeting at least 21 days in advance of the meeting date - In 2015, the Bank's notice of shareholders' meeting was submitted to the shareholders 15 days in advance because the Bank's Articles of Association governing the register closing stipulate that prior to a shareholders' meeting the Bank may temporarily suspend the share transfer registration until, at a maximum, 21 days in advance of a shareholders' meeting. As a result, it is not possible for the Bank to submit a notice of shareholders' meeting to shareholders longer than 21 days prior to the shareholders' meeting date. Nonetheless, the Annual General Meeting of Shareholders No. 192, held on 2 April 2015, resolved to approve the amendment to the Articles of Association in relation thereto to comply with the Securities and Exchange Commission Act B.E. 2535 in connection with the record date. Such amendment allows the Bank to convene a shareholders' meeting within 2 months from the record date, and the Bank should be able to comply with this requirement for an earlier notice.
- The Bank should include in its policy a requirement that its directors and senior executives declare to the Board or designated persons their intent to trade SCB shares at least 1 business day in advance of the transaction date - At present,

no policy of the Bank explicitly requires such declaration, but the Bank already has in place clear regulations governing the prevention of insider trading. These regulations include the Directors Code of Conduct, the Employee Code of Conduct, the rules governing securities trading by directors, executives and employees, the insider trading rule, the guideline on declaration of securities holding by the directors, executives and employees, and the non-trading period rules with which the directors, executives and employees must comply.

5. Responsibilities of the Board

5.1 Board Composition

At the end of 2015, there were 17 directors, and the number of directors was commensurate with the expansion and increased complexity of the Bank's business. The Bank selects its Board members based on the criteria set forth by relevant regulators and with the aim of fostering diversity in terms of age, gender, knowledge, skill, experience and other key attributes.

The 17 directors consist of 3 women and 14 men with diversified professional backgrounds in banking, accounting and finance, business administration, strategic management, risk management, social responsibility and corporate governance, economics, laws, regulation of financial institutions, and other experience that is considered beneficial and relevant to the Bank's business. Composition of the Board is as follows:

The 9 independent directors* (representing 52.94% of the total directors) are Mr. Anand Panyarachun, Mr. Prasan Chuaphanich, Prof. Vicharn Panich M.D., Mr. Chumpol NaLamlieng, Dr. Kulpatra Sirodom, Mr. Ekamol Kiriwat, Mr. Weerawong Chittmittrapap, Khunying Jada Wattanasiritham and Mr. Krirk Vanikkul

The 4 executive directors (representing 23.52% of the total directors) are Dr. Vichit Suraphongchai, Mrs. Kannikar Chalitaporn, Mr. Arthid Nanthawithaya and Mr. Yol Phokasub.

The non-executive directors, which comprise 4 directors representing the major shareholders, are Dr. Chirayu Isarangkun Na Ayuthaya, M.R. Disnadda Diskul, Mr. Chakkrit Parapuntakul and Dr. Ekniti Nitithanprapas.

The names of the Bank's directors and their respective number of

* The term "independent director" has the meaning specified in the Bank of Thailand's Notification No. SorNorSor. 13/2552 Re: Corporate governance of financial institutions, and the Capital Market Supervisory Board's Notification No. TorJor. 28/2551, Re: Application and approval for offering newly issued shares, and/or their amendments (if any). Moreover, the number of shares held by an independent director and his/her related parties combined shall not exceed 0.5% of the total voting shares of the Bank, or the Bank's parent company, subsidiaries, or associate companies, or major shareholders, or the persons having the authority to control the Bank. This shareholding restriction of not more than 0.5% is the Bank's standard, which is a higher standard than that set by the Capital Market Supervisory Board, which prohibits an independent director from holding more than 1% of the total voting shares of the company of which he/she is a director.

Table 1: Board of Directors (As of 31 December 2015)

Name	Position	Date of appointment as director	Number of years in directorship ⁶⁾
1. Mr. Anand Panyarachun	Chairman of the Board and Independent Director	6 March 1984 2 October 1992	1 st round: 7 years (1984 - 1991) 2 nd round: 23 years 3 months (1992 - present)
2. Dr. Vichit Suraphongchai	Director and Chairman of the Executive Committee	10 December 1999	16 years 1 month
3. Mr. Prasan Chuaphanich	Independent Director and Chairman of the Audit Committee	4 April 2013	2 years 9 months
4. Prof. Vicharn Panich M.D.	Independent Director and Chairman of the Corporate Social Responsibility Committee	29 September 2006	9 years 3 months
5. Mr. Chumpol NaLamlieng	Independent Director and Chairman of the Nomination, Compensation and Corporate Governance Committee	30 March 1998 5 April 2007	1 st round: 1 year 8 months (1998 - 1999) 2 nd round: 8 years 9 months (2007 - present)
6. Dr. Chirayu Isarangkun Na Ayuthaya	Director and Member of the Corporate Social Responsibility Committee	18 September 1987	28 years 3 months
7. M.R. Disnadda Diskul	Director and Member of the Corporate Social Responsibility Committee	22 November 1996 5 April 1999	1 st round: 2 years 2 months (1996 - 1999) 2 nd round: 16 years 9 months (1999 - present)
8. Dr. Kulpatra Sirodom	Independent Director and Member of the Audit Committee	19 June 2009	6 years 6 months
9. Mr. Ekamol Kiriwat	Independent Director and Member of the Audit Committee	5 April 2011	4 years 9 months
10. Mr. Weerawong Chittmittrapap	Independent Director and Member of the Audit Committee	22 September 2014	1 year 3 months
11. Khunying Jada Wattanasiritham ¹⁾	Independent Director, Member of the Corporate Social Responsibility Committee, and Member of the Nomination, Compensation and Corporate Governance Committee	2 February 1999	16 years 11 months (Independent director: 6 years 2 months)
12. Mr. Krirk Vanikkul ²⁾	Independent Director and Member of the Nomination, Compensation and Corporate Governance Committee	1 November 2015	2 months
13. Mr. Chakkrit Parapuntakul ³⁾	Director and Member of the Nomination, Compensation and Corporate Governance Committee	25 November 2015	1 month
14. Dr. Ekniti Nitithanprapas ⁴⁾	Director and Member of the Nomination, Compensation and Corporate Governance Committee	25 November 2015	1 month
15. Mrs. Kannikar Chalitaporn	Director, Member of the Executive Committee, and Member of the Corporate Social Responsibility Committee	21 January 2002	13 years 11 months
16. Mr. Arthid Nanthawithaya ⁵⁾	Director, Deputy Chairman of the Executive Committee, and Member of the Corporate Social Responsibility Committee	2 April 2015	9 months
17. Mr. Yol Phokasub ⁵⁾	President, Member of the Executive Committee, and Member of the Corporate Social Responsibility Committee	2 April 2015	9 months

Remark:

- 1) Khunying Jada Wattanasiritham qualified as an independent director from 19 October 2009.
- 2) Mr. Krirk Vanikkul was appointed as director in replacement of Mr. Apisak Tantivorawong, who resigned from the directorship.
- 3) Mr. Chakkrit Parapuntakul was appointed as director in replacement of Pol. Gen. Adul Sangsingkeo, who resigned from the directorship.
- 4) Dr. Ekniti Nitithanprapas was appointed as director in replacement of Mr. Kulit Sombatsiri, who resigned from the directorship.
- 5) Mr. Arthid Nanthawithaya and Mr. Yol Phokasub were elected by the AGM as additional directors.
- 6) Information as of 31 December 2015.

years as director are provided in Table 1.

5.2 Directors' Term of Position

One-third of the total number of directors must retire by rotation at every annual general meeting of shareholders. Those directors who have held office for the longest time period are selected to retire. In case the number of directors is not a multiple of three, the number of directors to retire shall be the number closest to one-third of all directors. Directors retiring by rotation may be re-elected to continue in office.

To enhance transparency and corporate governance, the Bank has adopted the principle that the tenure of an independent director shall not exceed 9 years. As regards the tenure of directors as members of board committees, namely the Audit Committee, the Corporate Social Responsibility Committee and the Nomination, Compensation and Corporate Governance Committee, their tenure shall be concurrent with their directorships. In 2015, the independent directors who have served on the Board for more than 9 years and shall retire and not offer themselves for reelection at the 2016 AGM are Mr. Anand Panyarachun, Prof. Vicharn Panich M.D. and Mr. Chumpol NaLamleng. However, the Board concurred with the Nomination, Compensation and Corporate Governance Committee's recommendation to propose the Annual General Meeting of Shareholders No. 193 that Mr. Anand Panyarachun should be re-elected to continue his office as the Board is of the view that, in addition to his intelligence and unparalleled credentials which are widely recognized, Mr. Anand has been heralded for his integrity and this will help strengthen the Bank's reputation as a transparent organization. Furthermore, Mr. Anand is considered a significant contributor in determining the visions of the Bank in various aspects, which results the Bank's business operation being able to achieve the established goals. He also has a major role in encouraging all members of the Board and the senior management team to elevate their roles for the greater benefits of the Bank. Going forward, the Bank, as a financial institution, essentially requires personnel with the depth and breadth of knowledge and abilities.

5.3 Segregation of Roles, Duties and Responsibilities

The Bank has clearly segregated the positions and authority of the chairman of the Board, chairman of the Executive Committee, chief executive officer and the president to enhance the effectiveness of performance, 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 serve as the chairman of the Executive Committee, the chief executive officer or the president of the Bank, or 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 operations management. The key roles of the chairman of the Board are: to ensure that Board meetings are conducted effectively and matters that are essential to the Bank's operations and/or performance are placed on the meeting agenda, particularly matters related to corporate strategy; to allocate sufficient time for management to present clear and timely information; to allow attending Board members to voice their opinions and ask questions; and to 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, such as the composition of the Board, directors' performance of duties, and succession planning for top executives, is in compliance with adopted policies.

Chairman of the Executive Committee - The chairman of the Executive Committee is a Board-appointed director with powers

and duties to manage and control the business of the Bank as delegated by the Board. The chairman of the Executive Committee is empowered to develop and implement key strategies and practices relating to the business of the Bank in addition to responsibilities from appointments on other Board committees. The role of the chairman of the Executive Committee also includes ensuring the Executive Committee's compliance with its charter, and execution of documents or contracts on behalf of the Bank. The Executive Committee Charter is available on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," and then "Charter of the Board and Board Committees."

Chief Executive Officer and Deputy Chairman of the Executive Committee - In 2015, the Board deemed it appropriate to modify the Bank's leadership structure and resolved to establish a position of chief executive officer and deputy chairman of the Executive Committee. The Board agreed to appoint a director as the chief executive officer and deputy chairman of the Executive Committee to be principally in charge of the strategic direction of the Bank and its policies, and partly accountable for the formulation of the Bank's business plans, its performance, and its reputation under the corporate governance principles to drive the Bank toward the realization of its vision.

President - The president is a Board-appointed director with the main role to set the vision and long-term strategy of the Bank, including the responsibility to manage the business according to the action plan.

5.4 Directorships of Other Companies

The Bank has established a clear policy regarding holding of positions by the Bank's directors in other companies. The Bank's directors are not allowed to hold directorship in more than 5 listed companies, which is in line with the practice of the Thai Institute of Directors. Further, in order to comply with the regulations of the Bank of Thailand, the Bank's directors and/or its senior executives can be the chairman, or an executive director, or an authorized director of other companies but in up to 3 businesses groups only.

Further to the policies stated above, the Bank has established an internal guideline pertaining to holding of positions in other companies. This requires directors to notify the Nomination, Compensation and Corporate Governance Committee prior to assuming a position in a company or organization so that the Nomination, Compensation and Corporate Governance Committee can review the appropriateness of the appointment and compliance with relevant laws and regulations. The company secretary shall regularly report changes in positions of directors to the Board of Directors. Information about positions held by the Bank's directors in other companies is disclosed to shareholders in this Annual Report. In this regard, no director holds positions in more than 5 listed companies, and no executive director or senior executive of the Bank (executive vice president or higher) holds positions in more than 3 listed companies in other businesses groups.

5.5 Roles and Responsibilities of the Board of Directors

The Board of Directors is committed to pursue the highest standards of ethical conduct and comply with related legal requirements. The Board's roles, duties and responsibilities shall be in accordance with those specified by law, 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 targets and business direction proposed by management, with the aim of maximizing long-term shareholder value, taking account of the best interests of all relevant stakeholders. The Board is also

responsible for establishing the structure and processes that ensure there are appropriate systems and processes for risk management, audit and compliance, and internal control. Such systems and processes shall be regularly reviewed to ensure that they are appropriate and adequate for the Bank's business. *(Details of the roles, responsibilities and authority of the Board are available on the Bank's website (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 is committed to abiding with the following principles as stated in the Directors Code of Conduct: a) maintaining honesty, fairness and integrity in discharging their responsibilities, b) conducting personal transactions with the SCB Group, if any, only on an arms-length basis, c) maintaining the confidentiality of information, d) disclosing any conflict of interest, e) abiding with the law, and f) not accepting any inappropriate payments, gifts, entertainment or travel benefits from third parties. In addition, the Board, the Bank's executives and employees are committed to adhering to the principles under the Corporate Code of Conduct and the Employee Code of Conduct. *(Details regarding the Corporate Code of Conduct, the Directors Code of Conduct, and the Employee Code of Conduct are available on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," and then "Code of Conduct.")*

5.6 Committees

The following committees have been set up by the Board and delegated to review or oversee specific matters to support the Board's performance of duties.

5.6.1 Board Committees

At present, the Bank has 4 board committees, namely the Executive Committee, the Audit Committee, the Nomination, Compensation and Corporate Governance Committee, and the Corporate Social Responsibility Committee. The roles and responsibilities of each board committee are clearly defined in its charter, which is available on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," and then "Charter of the Board and Board Committees." A summary of each committee's operations in 2015 is as follows:

- **Executive Committee**

The Executive Committee is appointed by the Board and comprises a number of directors and executives at the level of senior executive vice president. For members of the Executive Committee serving as the Bank's directors, their terms on the Executive Committee are concurrent with their directorships. As at 31 December 2015, the Executive Committee had 9 members comprising 4 directors, namely Dr. Vichit Suraphongchai (chairman of the Executive Committee), Mr. Arthid Nanthawithaya (deputy chairman of the Executive Committee), Mrs. Kannikar Chalitaporn and Mr. Yol Phokasub, as well as 5 executives of the Bank, each of whom holds the position of senior executive vice president.

The major functions and responsibilities of the Executive Committee are to manage and oversee the Bank's business in accordance with the Bank's strategies and policies and consistent with the Board-approved business direction, including the screening of all matters prior to submission to the Board and approving requests within the scope of delegation assigned by the Board. In 2015, the Executive Committee held 44 meetings.

- **Audit Committee**

The Board initially appointed an Audit Committee in 1998 with responsibilities in several areas, i.e., financial reporting, internal control, internal audit, corporate governance and compliance with ethics and code of conduct. These responsibilities included: to review the Bank's financial statements to ensure the accuracy and adequacy of such statements; to ensure that the Bank has appropriate and effective internal control and an internal audit function; to review the Bank's compliance with regulatory and legal requirements; to review the adequacy of the Bank and SCB Financial Group's risk management processes and policies including the effectiveness of the implementation of the risk management systems; and to perform other duties as stipulated in the Charter of the Audit Committee, etc. Another key role of the Audit Committee is to nominate qualified external auditors and propose the corresponding audit fees to the Board for consideration prior to seeking approval from the shareholders' meeting. Further, the Audit Committee is tasked with assessing the external auditors' performance on an annual basis. The said assessment is used by the Audit Committee as supporting information for the nomination of qualified auditors in the following year.

As at 31 December 2015, the Audit Committee is comprised of 4 independent directors, namely Mr. Prasan Chuaphanich (chairman of the Audit Committee), Mr. Ekamol Kiriwat, Dr. Kulpatra Sirodom and Mr. Weerawong Chittmittrapap. Their tenures on the Audit Committee are concurrent with their directorships. Every member of the Audit Committee possesses extensive knowledge and experience in the review of financial statements of banks and there are 2 members graduated in accounting and finance. In 2015, the Audit Committee held 14 meetings, and details of its activities are within the Audit Committee Report provided as part of this Annual Report.

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

The three main responsibilities of the Nomination, Compensation and Corporate Governance Committee are, firstly, to nominate individuals for positions as directors or senior executives of the Bank as well as to propose for the Board's endorsement the appropriate remuneration for members of the Board and the Board committees prior to referring the matter to the shareholders' meeting for approval. Secondly, the Nomination, Compensation and Corporate Governance Committee is assigned to assure that the compensation offered to the Bank's executives is commensurate with their roles and responsibilities. Lastly, it formulates the Bank's policy in respect of corporate governance and proposes it to the Board for consideration and approval. Details regarding roles and responsibilities of the Nomination, Compensation and Corporate Governance Committee are elaborated in the Charter of the Nomination, Compensation and Corporate Governance Committee.

As at 31 December 2015, the Nomination, Compensation and Corporate Governance Committee is comprised of 5 directors, namely Mr. Chumpol NaLamlieng (chairman of the Nomination, Compensation and Corporate Governance Committee, independent director), Khunying Jada Wattanasiritham (independent director), Mr. Krirk Vanikkul (independent director), Mr. Chakkrit Parapuntakul and Mr. Ekniti Nitithanprapas. Their tenures on the Nomination, Compensation and Corporate Governance Committee are concurrent with their directorships. In 2015, the Nomination, Compensation and Corporate Governance Committee held 9 meetings, and details of its activities in 2015 are shown in

the Report of the Nomination, Compensation and Corporate Governance Committee in this Annual Report.

- **Corporate Social Responsibility Committee**

The roles and responsibilities of the Corporate Social Responsibility Committee are to develop and supervise the policy, business direction, and framework of the Bank's performance and activities in terms of contribution to the country's economy, social welfare and the environment. The Corporate Social Responsibility Committee focuses on building a strong CSR-related foundation to support the Bank's contributions, nurturing new initiatives, developing CSR related networks and sustaining success in the following three core areas: 1) youth development and learning enhancement, 2) volunteerism, and 3) the quality of life and environment.

As at 31 December 2015, all 6 members of the Corporate Social Responsibility Committee were directors, namely Prof. Vicharn Panich M.D. (chairman of the Corporate Social Responsibility Committee), Dr. Chirayu Isarangkun Na Ayuthaya, Khuningy Jada Wattanasiritham, Mrs. Kannikar Chalitaporn, Mr. Arthid Nanthawithaya and Mr. Yol Phokasub. Their tenures on the Corporate Social Responsibility Committee are concurrent with their directorships. In 2015, the Corporate Social Responsibility Committee held 8 meetings, and their efforts have led to the Bank's considerable success in implementing CSR activities and projects in accordance with the framework and policy set by the Board, details of which are shown in the 2015 Sustainability Report.

5.6.2 Major Committees Relating to Management of the Bank

There are 7 key committees relating to the management of the Bank, namely the Management Committee, the Risk Management Committee, the Assets and Liabilities Management Committee, the Equity Investment Management Committee, Information Technology Steering Committee, People Development Committee, and i-Committee. The roles and responsibilities of each committee can be summarized as follows:

- **Management Committee**

The Management Committee is responsible for formulation of the Bank's business plan and annual action plan; the Committee is also in charge of reviewing the operational results and formulating business strategies for competitive success, as well as monitoring and providing decisions on major projects of the Bank. In 2015, the Management Committee held 12 meetings to carry out its duties.

- **Risk Management Committee**

The Risk Management Committee is responsible for the formulation of risk management policies and guidelines for the SCB Financial Group. The Risk Management Committee is also tasked with the control and monitoring of risk, and supervising and assessing the performance of the SCB Financial Group in accordance with risk management policies and criteria as determined by the Bank and the Bank of Thailand. In 2015, the Risk Management Committee held 11 meetings to carry out its duties.

- **Assets and Liabilities Management Committee**

The Assets and Liabilities Management Committee is the key decision-making body for the Bank's risk management approach relating to liquidity risk, interest rate risk and exchange rate risk. The key responsibilities are to formulate strategies to address the liquidity, interest rate and foreign exchange risk faced by the Bank as well as to ensure the

adequacy of capital to support its business direction, including Tier II capital. Also, it ensures effective and efficient asset/liability management and the ability of the Bank to effectively respond to adverse economic conditions and unexpected shocks. In 2015, the Assets and Liabilities Management Committee held 11 meetings to carry out its duties.

- **Equity Investment Management Committee**

The Equity Investment Management Committee's responsibilities are to review and approve investment in or divestment of equities in the Bank's investment portfolio, including the investment and operational process associated with the investment. In 2015, the Equity Investment Management Committee held 3 meetings to carry out its duties.

- **Information Technology Steering Committee**

The Information Technology Steering Committee's responsibilities are to review the Bank's policies, strategies and projects with regard to technology, including measure and formulation of targets and review of issues and concerns. In 2015, the Information Technology Steering Committee held 8 meetings to carry out its duties.

- **People Development Committee**

The People Development Committee is in charge of formulating policies and strategies for the Bank's human resource management as well as monitoring and supervising implementation of, and compliance with, such policies and strategies. In 2015, the People Development Committee held 4 meetings to carry out its duties.

- **i-Committee**

The i-Committee is in charge of considering and formulating strategies and plans to support the operation and development of the "SCB Idea Track," with the main goal to strengthen innovation and foster the exchange of ideas. In 2015, the i-Committee held 7 meetings to carry out its duties.

5.7 Board Meetings

Meetings of the Board of Directors are held in accordance with the rules and procedures specified in the Charter of the Board and the Corporate Governance Policy. The meeting schedule of the Board is planned in advance for the entire year. The chairman of the Board determines agendas of the Board meetings. The chairman of the Executive Committee, the chief executive officer, the president or directors can propose agenda items through the company secretary. In addition, the Board has a policy to call for a meeting of the non-executive directors on a semi-annual basis. In 2015, there were 2 meetings of the non-executive directors. As far as possible, the meeting-related documents are delivered to directors 7 days in advance of each Board meeting in order that the directors have sufficient time to study the documents. Directors can request additional information through the company secretary.

At each Board meeting, executives are invited to attend the meeting on agenda items concerning their areas of responsibility in order to provide relevant information to the directors. Such discussions and meetings between directors and executives are also beneficial for executive succession planning. In addition, the Board has established a policy that if the meeting has an agenda to be voted on, at least two of every three board members must be present at the meeting.

In 2015, there were 12 Board meetings (including 2 Board Retreats) and 2 non-executive directors' meetings. Details of directors' meeting attendance are as shown in Table 2.

Table 2: Details of Attendance Record in 2015

Name	Board of Directors	Executive Committee	Audit Committee	Corporate Social Responsibility Committee	Nomination, Compensation and Corporate Governance Committee	Annual General Meeting of Shareholders No. 192	Extraordinary Meeting of Shareholders No. 1/2015
1. Mr. Anand Panyarachun ¹⁾	12/12	-	-	2/2	-	1/1	1/1
2. Dr. Vichit Suraphongchai ¹⁾	11/12	40/44	-	2/2	-	1/1	1/1
3. Mr. Prasan Chuaphanich ²⁾	11/12	-	14/14	-	-	1/1	0/1
4. Prof. Vicharn Panich, M.D.	11/12	-	-	8/8	-	1/1	1/1
5. Mr. Chumpol NaLamlieng	10/12	-	-	-	8/9	1/1	1/1
6. Dr. Chirayu Isarangkun Na Ayuthaya	12/12	-	-	6/8	-	1/1	1/1
7. M.R. Disnadda Diskul ¹⁾	10/12	-	-	2/2	-	1/1	1/1
8. Dr. Kulpatra Sirodom	12/12	-	13/14	-	-	1/1	1/1
9. Mr. Ekamol Kiriwat	12/12	-	14/14	-	-	1/1	1/1
10. Mr. Weerawong Chittmittrapap ³⁾	11/12	-	10/11	-	3/3	1/1	0/1
11. Khunying Jada Wattanasiritham	12/12	-	-	7/8	9/9	1/1	1/1
12. Mr. Krirk Vanikkul ⁴⁾	1/1	-	-	-	1/1	-	1/1
13. Mr. Chakkrit Parapuntakul ⁵⁾	1/1	-	-	-	-	-	-
14. Dr. Ekniti Nitithanprapas ⁵⁾	1/1	-	-	-	-	-	-
15. Mrs. Kannikar Chalitaporn	12/12	40/44	-	8/8	-	1/1	1/1
16. Mr. Arthid Nanthawithaya ⁶⁾	9/9	41/44	-	4/6	-	-	1/1
17. Mr. Yol Phokasub ⁶⁾	9/9	41/44	-	6/6	-	-	1/1
18. Mr. Maris Samaram ⁷⁾	3/3	-	3/3	-	-	1/1	-
19. Mr. Apisak Tantivorawong ⁸⁾	7/8	-	-	-	3/5	1/1	-
20. Mr. Kulit Sombatsiri ⁹⁾	9/10	-	-	-	6/7	1/1	-

Remark:

- 1) Mr. Anand Panyarachun, Dr. Vichit Suraphongchai and M.R. Disnadda Diskul resigned as members of the Corporate Social Responsibility Committee, effective on 24 March 2015.
- 2) Mr. Prasan Chuaphanich was appointed as the chairman of the Audit Committee in replacement of Mr. Maris Samaram, effective on 3 April 2015.
- 3) Mr. Weerawong Chittmittrapap resigned as a member of the Nomination, Compensation and Corporate Governance Committee, and was appointed as a member of the Audit Committee, effective on 3 April 2015.
- 4) Mr. Krirk Vanikkul was appointed as a director and member of the Nomination, Compensation and Corporate Governance Committee, effective on 1 November 2015.
- 5) Mr. Chakkrit Parapuntakul and Dr. Ekniti Nitithanprapas were appointed as directors, effective on 25 November 2015, and as members of the Nomination, Compensation and Corporate Governance Committee, effective on 27 November 2015.
- 6) Mr. Arthid Nanthawithaya and Mr. Yol Phokasub were elected by the AGM No. 192 as directors, effective on 2 April 2015, and were appointed as members of the Corporate Social Responsibility Committee, effective on 3 April 2015.
- 7) Mr. Maris Samaram left office as a director and chairman of the Audit Committee on 2 April 2015.
- 8) Mr. Apisak Tantivorawong left office as a director and member of the Nomination, Compensation and Corporate Governance Committee on 17 August 2015.
- 9) Mr. Kulit Sombatsiri left office as a director and member of the Nomination, Compensation and Corporate Governance Committee on 2 October 2015.

5.8 Board and Senior Executive Assessment

5.8.1 Assessment of Board of Directors and Board Committees

The Board assessment is divided into four parts covering: 1) self-assessment of individual directors; 2) assessment of the chairman of the Board; 3) assessment of the Board as a whole; and 4) assessment of Board committees.

The Board assessment is conducted annually. Comments and recommendations obtained from the assessment are considered and used for enhancing the effectiveness of the Board's performance and the support teams in order to strengthen the Bank's operation and of good corporate governance practices.

Additionally, to ensure effective assessment of the Board, the Bank engages an external consultant with professional expertise and experience in corporate governance to determine assessment guidelines and topics and to facilitate a board assessment at least once every 3 years, starting from 2012. In 2015, the Bank hired Aon Hewitt (Thailand) to process the assessment. The up-to-date assessment forms were submitted to all directors for their assessment and opinions, including individual interviews. The assessment results were then analyzed and proposed to the Board for consideration. Main assessment topics in the whole board assessment form included, for example, Board composition/structure, meetings, strategies and planning/managing company performance, risk management, corporate governance and social development, director and management development, and the executive succession plan. Performance of Board committees was also evaluated in dimensions such as undertaking of duties and responsibilities as set forth in the relevant charters, meeting effectiveness, and communication of the results or meetings resolutions to directors. The Board chairman's performance was also assessed in aspects such as his conduct at Board meetings and shareholders' meetings.

According to the results of 2015 Board performance assessment, the Board's performance was strong, and the performance of the Board and the Board Committees in most of the categories surveyed met or exceeded expectations. Nonetheless, the Board aspired to improve upon certain areas based on the findings from the evaluation and the recommendations of the independent appraisal with an aim to further elevate its effectiveness.

5.8.2 Senior Executive Assessment

Prior to proposing the matter to the Board for approval, the Nomination, Compensation and Corporate Governance Committee is responsible for assessing the performance of the Bank's senior executives, namely the chairman of the Executive Committee, chief executive officer, the president, and senior executives holding the position of executive vice president or higher, on an annual basis.

5.9 Procedure for Nomination of Directors and Senior Executives

The Nomination, Compensation and Corporate Governance Committee is responsible for screening and proposing to the Board qualified candidates that meet the Bank's strategies to serve as directors and members of Board committees based on each candidates' knowledge, capabilities, and the experience required for any director positions that fall vacant, as well as, in the case of independent directors, their independence. With regard to the directors representing major shareholders, in principle the major shareholders are required to propose individuals to be elected as the Bank's directors who are considered appropriate to the needs of the Bank. The Board only has the duty to verify that the qualifications of such individuals nominated are not contrary to relevant laws. Further, to conform to the Bank's policies governing directors' holding position in other companies, the Nomination,

Compensation and Corporate Governance Committee refrains from considering candidates who hold positions in five or more listed companies. The Nomination, Compensation and Corporate Governance Committee selects candidates for directorship from the pool of director of the Thai Institute of Directors Association (IOD) and the Bank (proposed by individual directors), as well as from the list of candidates proposed by shareholders. After a scrutiny of the candidates' qualifications to ensure compliance with laws and regulations, the Nomination, Compensation and Corporate Governance Committee will propose selected candidates to the Board for consideration. Following the Board's endorsement of the nominated candidates, the Bank will consult with and seek endorsement from the Bank of Thailand prior to proposing the candidates to the shareholders for approval.

The Nomination, Compensation and Corporate Governance Committee is also responsible for reviewing and screening the qualifications of persons nominated for senior executive positions and above, prior to proposing the nominations to the Board for approval and subsequently to the Bank of Thailand for endorsement of the appointment.

In 2015, the Nomination, Compensation and Corporate Governance Committee, at its Meeting No. 8/2015, refined the criteria for screening qualifications of directors to provide a framework for their nomination and selection in line with the Bank's strategic and business directions. The personal characteristics and expertise that constitute the desired qualifications of directors are defined and classified into three aspects: (1) Knowledge, expertise or experience in macro-level management, (2) Knowledge, expertise or specific experience in the management of financial institutions, and (3) Knowledge, expertise or experience in other fields that is deemed useful to the Board. The Nomination, Compensation and Corporate Governance Committee also reviewed and updated the Board Skill Matrix, a tool for analyzing qualifications of the existing Board that is also useful to consider when screening candidates for a new director position.

The above-mentioned processes for nomination, selection and appointment of directors and senior executives are conducted by the Board, the Nomination, Compensation and Corporate Governance Committee and relevant management without any discrimination on the grounds of race, religious belief, gender, marital status or physical disability.

5.10 Succession Planning

The Board has assigned the Nomination, Compensation and Corporate Governance Committee the responsibility for succession planning in order to ensure that the Bank has in place a succession plan that incorporates the nomination, selection and training for key positions, particularly the positions of the chairman of the Executive Committee, the chief executive officer, the president and executives at executive vice president level or higher, to ensure the continuity of the Bank's management and business operations as and when executive positions become vacant due to job transfer, retirement or resignation. In 2015, Mrs. Kannikar Chalitaporn indicated her desire to retire as the president. Hence, the Nomination, Compensation and Corporate Governance Committee considered qualified candidates and nominated qualified senior executives to succeed Mrs. Kannikar Chalitaporn: Mr. Arthid Nanthawithaya, senior executive vice president, Wholesale Banking Group, was appointed as chief executive officer (CEO) and deputy chairman of the Executive Committee, and Mr. Yol Phokasub, senior executive vice president, Retail Banking Group and Business Banking Group, was appointed as the president. Under the new leadership structure, all business units continue to report to the president while the chief executive officer is primarily responsible for the strategic direction of the Bank and its related policies. Both

will be jointly responsible and accountable for all key decisions of the Bank, and together they will steer the performance of the Bank and its management team towards agreed long term goals.

Also, the Bank has developed competency sets for many senior positions and job families to facilitate succession planning and employee career progression.

5.11 Director and Executive Remuneration

5.11.1 Director Remuneration

The Board requires that director remuneration should be commensurate with the duties and responsibilities that directors undertake to address stakeholders' expectations and in accordance with applicable laws and regulations. As a result, the Bank's directors must possess appropriate experience and qualifications and be offered remuneration appropriate to their contributions and responsibilities. The Nomination, Compensation and Corporate Governance Committee is responsible for proposing remuneration of directors and members of Board committees to the Board for consideration and, subsequently, for proposal to shareholders for approval annually.

At the 2015 AGM, the shareholders approved the resolution that the chairman of the Board receive a remuneration of Baht 1.8 million per year, and each member of the Board receive a remuneration of Baht 1.2 million per year. These rates are consistent with those adopted since 2000. In 2015, the Board of Directors, comprising 20 directors (including those starting or retiring during the year), received an aggregate remuneration of Baht 19.19 million.

At the said AGM, shareholders approved a bonus payment to directors at a 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 20,395 million or Baht 6.00 per share for the Bank's 2014 operating results, the directors' bonus for 2014 performance was set at Baht 60 million or 0.29% of the dividend.

Remark: The chairman of the Executive Committee, the chief executive officer and deputy chairman of the Executive Committee, the president, and other senior executives do not receive remuneration for serving on Board committees.

In 2015, members of the Board committees, i.e., the Executive Committee, the Audit Committee, the Nomination, Compensation and Corporate Governance Committee, and the Corporate Social Responsibility Committee, totalling 17 persons, received an aggregate remuneration of Baht 10.01 million.

Remuneration of individual directors is shown in Table 3.

Current Remuneration of the Board Committees as Approved by Shareholders at the 2015 AGM

Committee	Monthly remuneration (Baht)	Attendance fee (Baht/meeting)
Executive Committee		
• Chairman	-	-
• Member	300,000	-
Audit Committee		
• Chairman	75,000	15,000
• Member	50,000	10,000
Nomination, Compensation and Corporate Governance Committee		
• Chairman	45,000	15,000
• Member	30,000	10,000
Corporate Social Responsibility Committee		
• Chairman	45,000	15,000
• Member	30,000	10,000

Table 3: Details of Remuneration of Individual Directors in 2015.

Unit: Million Baht

Name	Board of Directors	Executive Committee	Audit Committee	Corporate Social Responsibility and Corporate Committee	Nomination, Compensation and Corporate Governance Committee	Directors' bonus for 2014 performance
1. Mr. Anand Panyarachun ¹⁾	1.80	-	-	0.11	-	5.65
2. Dr. Vichit Suraphongchai	1.20	-	-	-	-	3.77
3. Mr. Prasan Chuaphanich ²⁾	1.20	-	1.01	-	-	3.77
4. Prof. Vicharn Panich, M.D.	1.20	-	-	0.66	-	3.77
5. Mr. Chumpol NaLamlieng	1.20	-	-	-	0.66	3.77
6. Dr. Chirayu Isarangkun Na Ayuthaya	1.20	-	-	0.42	-	3.77
7. M.R. Disnadda Diskul ¹⁾	1.20	-	-	0.11	-	3.77
8. Dr. Kulpatra Sirodom	1.20	-	0.73	-	-	3.77
9. Mr. Ekamol Kiriwat	1.20	-	0.74	-	-	3.77
10. Mr. Weerawong Chittmittrapap ^{3) and 13)}	1.20	-	0.54	-	0.12	1.32
11. Khunying Jada Wattanasiritham ¹³⁾	1.20	-	-	0.43	0.45	3.77
12. Mr. Krirk Vanikkul ⁴⁾	0.20	-	-	-	0.07	-
13. Mr. Chakkrit Parapuntakul ⁵⁾	0.12	-	-	-	0.03	-
14. Dr. Ekniti Nitithanprapas ⁵⁾	0.12	-	-	-	0.03	-
15. Mrs. Kannikar Chalitaporn	1.20	2.68	-	0.33	-	3.77
16. Mr. Arthid Nanthawithaya ⁶⁾	0.90	-	-	-	-	-
17. Mr. Yol Phokasub ⁶⁾	0.90	-	-	-	-	-
18. Mr. Robert Ralph Parks ⁷⁾	-	-	-	-	-	0.96
19. Miss Supa Piyajitti ⁸⁾	-	-	-	-	-	1.45
20. Mr. Bodin Asavanich ⁹⁾	-	-	-	-	-	1.57
21. Pol. Gen. Adul Sangsingkeo ¹⁰⁾	-	-	-	-	-	2.49
22. Mr. Maris Samaram ²⁾	0.30	-	0.29	-	-	3.77
23. Mr. Apisak Tantivorawong ¹¹⁾	0.75	-	-	-	0.26	3.77
24. Mr. Kulit Sombatsiri ¹²⁾	0.90	-	-	-	0.33	1.32
Total	19.19	2.68	3.31	2.06	1.96	60.00

Remark:

- 1) Mr. Anand Panyarachun and M.R. Disnadda Diskul resigned as members of the Corporate Social Responsibility Committee, effective on 24 March 2015.
- 2) Mr. Maris Samaram left office as a director and chairman of the Audit Committee, effective on 2 April 2015; and Mr. Prasan Chuaphanich was appointed as the chairman of the Audit Committee in replacement of Mr. Maris Samaram, effective on 3 April 2015.
- 3) Mr. Weerawong Chittmittrapap resigned as a member of the Nomination, Compensation and Corporate Governance Committee and was appointed as a member of the Audit Committee, effective on 3 April 2015.
- 4) Mr. Krirk Vanikkul was appointed as a director and member of the Nomination, Compensation and Corporate Governance Committee effective on 1 November 2015.
- 5) Mr. Chakkrit Parapuntakul and Dr. Ekniti Nitithanprapas were appointed as directors on 25 November 2015, and they were appointed by the Board to serve as members of the Nomination, Compensation and Corporate Governance Committee effective on 27 November 2015.
- 6) Mr. Arthid Nanthawithaya and Mr. Yol Phokasub were appointed as directors on 2 April 2015.
- 7) Mr. Robert Ralph Parks left office as a director and member of the Nomination, Compensation and Corporate Governance Committee on 3 April 2014.
- 8) Miss Supa Piyajitti left office as a director and member of the Nomination, Compensation and Corporate Governance Committee on 20 May 2014.
- 9) Mr. Bodin Asavanich left office as a director on 1 June 2014.
- 10) Pol. Gen. Adul Sangsingkeo left office as a director and member of the Nomination, Compensation and Corporate Governance Committee on 29 August 2014.
- 11) Mr. Apisak Tantivorawong left office as a director and member of the Nomination, Compensation and Corporate Governance Committee on 17 August 2015.
- 12) Mr. Kulit Sombatsiri left office as a director and member of the Nomination, Compensation and Corporate Governance Committee on 2 October 2015.
- 13) Khunying Jada Wattanasiritham and Mr. Weerawong Chittmittrapap received remuneration of Baht 1.03 million and Baht 0.76 million respectively for serving as independent directors of a subsidiary of the Bank in 2015.

5.11.2 Executive Remuneration

The Nomination, Compensation and Corporate Governance Committee is responsible for proposing remuneration for executives, including the chief executive officer and the president, to the Board for endorsement. The remuneration should be appropriate for and in line with the Bank's policies as well as reflect short-term and long-term corporate performance and individual performance. The performance is assessed and benchmarked against KPIs, which include financial indicators, customer-related indicators, process development initiatives and other indicators, to build a solid foundation for sustainable success of the Bank. The remuneration is assessed using transparent criteria, scope of responsibilities, and competitiveness of the Bank as compared to leading financial institutions and companies in Thailand.

In accordance with the definition determined by the Office of Securities and Exchange Commission, the term "executives" refers to "the manager or the next four executives succeeding the manager, the persons holding equivalent position to the fourth executive and shall include the persons holding the position of manager or equivalent in the accounting or finance departments." In 2015, the number of the Bank's executives using this definition covered 10 persons, and collectively they received remuneration in the form of monthly salary, bonus and allowances of Baht 384.46 million (inclusive of the resignation and position realignment of 3 executives during the year). On the other hand, the term "executives" according to the definition of the Bank of Thailand refers to executives holding the position of executive vice president level or higher and the number of Bank's executives using this definition covers 78 persons, and collectively they received remuneration in the form of monthly salary, bonus and allowances of Baht 1,257.43 million (inclusive of 8 executives who resigned during the year).

5.11.3 Other Benefits for Director and Executive

Directors and executives of the Bank are entitled to receive other welfare and benefits in accordance with the Bank's regulations. Directors are entitled to medical benefits, including an annual medical check-up, that are equivalent to those offered to the Bank's executives at the level of executive vice president level or higher, and the chairman of the Board is additionally entitled to a company car benefit. In 2015, 5 non-executive directors of the Bank were allowed medical expense reimbursement of Baht 206,256.60. The Bank's executives are entitled to welfare and other benefits similar to those offered to other employees such as medical, annual medical check-up, life and accident insurance, welfare-type loans and provident fund contributions. In 2015, the Bank's provident fund contribution for 9 executives as defined by the Office of Securities and Exchange Commission, i.e., senior executive vice president level, was Baht 7.95 million, while the provident fund contribution for 71 executives as defined by the Bank of Thailand, i.e., executive vice president level and higher, was Baht 38.14 million.

5.12 Director Orientation

The Bank arranges orientation meetings for all new directors. At these meetings, briefings are provided covering the Bank's vision, strategies, key business targets and operating plans. These briefings are conducted by the president and senior executives. Also, important documents are provided to new directors, including the Director's Manual, the Memorandum and Articles of Association of the Bank, the Bank's Annual Report, and the Directors' Code of Conduct. These documents announce, among others, key information regarding the roles and responsibilities of directors, the Corporate Governance Policy, approval authority, prohibitions under applicable laws, and roles and responsibilities of the Board committees.

5.13 Director, Executive and Employee Development

5.13.1 Director Development

The Bank attaches importance to the development of its directors and encourages directors to participate in such courses or activities as will serve to enhance their knowledge and performance as members of the Board of Directors and Board committees. These courses and activities are usually arranged by the Stock Exchange of Thailand, the Office of Securities and Exchange Commission, the Thai Institute of Directors and other institutions. Detailed information with respect to the participation of the Bank's directors in the training programs organized by the Thai Institute of Directors Association (IOD) is shown in Table 4. Directors are also encouraged to attend overseas seminars and activities that promote an appreciation of corporate governance practices. In this regard, the Bank regularly keeps directors informed of relevant training courses. Details of participation of each director in training courses in 2015 are shown in Table 5.

Further, the Board of Directors has directed the Bank to regularly arrange appropriate development programs to ensure that directors remain current with the skills and knowledge related to their performance as members of the Board of Directors and Board committees and incorporate a suitable program in Board meetings, at least once per year.

Table 4: Participation of the Bank's Directors in Training Programs Organized by the Thai Institute of Directors Association (IOD)

Name	Director Accreditation Program (DAP)	Director Certification Program (DCP)	Role of Chairman Program (RCP)	Audit Committee Program (ACP)	Monitoring the Internal Audit Function (MIA)	Monitoring the System of Internal Control and Risk Management (MIR)	Improving the Quality of Financial Reporting (QFR)	Financial Statements for Directors (FSD)	Understanding the Fundamentals of Financial Statements (UFS)	Anti-Corruption for Executives Program (ACEP)	Financial Institutions Governance Program (FGP)	Monitoring the Quality of Financial Reporting (MFR)	Successful Formulation & Execution of Strategy (SFE)	The Executive Director Course (EDC)
1. Mr. Anand Panyarachun														
2. Dr. Vichit Suraphongchai			RCP 1/2000											
3. Mr. Prasan Chuaphanich		DCP 119/2009									FGP 6/2013			
4. Prof. Vicharn Panich, M.D.	DAP 62/2007	DCP 116/2009	RCP 22/2009					FSD 5/2009	UFS 10/2007	ACEP 9/2014				
5. Mr. Chumpol Nalamleng			RCP 2/2001											
6. Dr. Chirayu Isarangkun Na Ayuthaya			RCP 1/2000											
7. M.R. Disnadda Diskul			RCP 1/2000											
8. Dr. Kulpatra Sirodorn		DCP 0/2000		ACP 29/2009										
9. Mr. Ekamol Kiriwat		DCP 68/2005												
10. Mr. Weerawong Chittmittrapap		DCP 0/2000												
11. Khunying Jada Wattanasiritham		DCP 2/2000			MIA 2/2008							MFR 6/2008	SFE 14/2012	EDC 1/2012
12. Mr. Kirik Vanikul		DCP 42/2004					QFR 3/2006							
13. Mr. Chakkrit Parapuntakul	DAP 8/2004			ACP 5/2005										
14. Dr. Ekni Niithanrapas		DCP 93/2007						FSD 29/2015						
15. Mrs. Kannikar Chaltaporn			RCP 7/2002											
16. Mr. Arthid Nanthawithaya	DAP 106/2013													
17. Mr. YoI Phokasub	DAP 120/2015													

Table 5: Participation of the Bank's Directors in Training Courses in 2015

Name of Director	Course Subject	Organizer
1. Mr. Anand Panyarachun	- How to Sustain Economic Growth in Asia?	Cambridge Society of Thailand
	- Trans-Pacific Strategic Economic Partnership Agreement	Thailand Development Research Institute
2. Dr. Vichit Suraphongchai	- How to Sustain Economic Growth in Asia?	Cambridge Society of Thailand
	- E-Commerce and Digital Business Landscape in Thailand	The Siam Commercial Bank PCL
	- FinTech Investment and Outlook	The Siam Commercial Bank PCL
	- Trans-Pacific Strategic Economic Partnership Agreement	Thailand Development Research Institute
3. Mr. Prasan Chuaphanich	- Corporate Governance and Director Duties Excellent 2015	Quest Masterclass, Singapore
	- How to Sustain Economic Growth in Asia?	Cambridge Society of Thailand
	- Anti-Corruption Act	Thai Institute of Directors Association (IOD)
	- Financial Intermediation in the "New" Capitalism	The Siam Commercial Bank PCL
	- Thailand CG Forum	The Stock Exchange of Thailand
4. Professor Vicharn Panich, M.D.	- Corporate Governance and Director Duties Excellent 2015	Quest Masterclass, Singapore
	- CG Forum 2/2015 "The Responsibility of the Board and Management on Internal Control"	The Stock Exchange of Thailand
	- How to Sustain Economic Growth in Asia?	Cambridge Society of Thailand
	- Trans-Pacific Strategic Economic Partnership Agreement	Thailand Development Research Institute
5. Dr. Chirayu Isarangkun Na Ayuthaya	- How to Sustain Economic Growth in Asia?	Cambridge Society of Thailand
6. Dr. Kulpatra Sirodom	- Corporate Governance and Director Duties Excellent 2015	Quest Masterclass, Singapore
	- CG Forum 2/2015 "The Responsibility of the Board and Management on Internal Control"	The Stock Exchange of Thailand
	- How to Sustain Economic Growth in Asia?	Cambridge Society of Thailand
	- Anti-Corruption Act	Thai Institute of Directors Association (IOD)
	- Financial Intermediation in the "New" Capitalism	The Siam Commercial Bank PCL
7. Mr. Weerawong Chittmittrapap	- How to Sustain Economic Growth in Asia?	Cambridge Society of Thailand
8. Khunying Jada Wattanasiritham	- How to Sustain Economic Growth in Asia?	Cambridge Society of Thailand
	- Anti-Corruption Act	Thai Institute of Directors Association (IOD)
	- Financial Intermediation in the "New" Capitalism	The Siam Commercial Bank PCL
9. Mrs. Kannikar Chalitaporn	- How to Sustain Economic Growth in Asia?	Cambridge Society of Thailand
	- Financial Intermediation in the "New" Capitalism	The Siam Commercial Bank PCL
	- E-Commerce and Digital Business Landscape in Thailand	The Siam Commercial Bank PCL
	- FinTech Investment and Outlook	The Siam Commercial Bank PCL
	- Trans-Pacific Strategic Economic Partnership Agreement	Thailand Development Research Institute
10. Mr. Arthid Nanthawithaya	- How to Sustain Economic Growth in Asia?	Cambridge Society of Thailand
	- Trans-Pacific Strategic Economic Partnership Agreement	Thailand Development Research Institute
11. Mr. Yol Phokasub	- How to Sustain Economic Growth in Asia?	Cambridge Society of Thailand
	- E-Commerce and Digital Business Landscape in Thailand	The Siam Commercial Bank PCL
	- FinTech Investment and Outlook	The Siam Commercial Bank PCL
	- Trans-Pacific Strategic Economic Partnership Agreement	Thailand Development Research Institute

5.13.2 Executive and Employee Development

The Bank strongly believes that the continuous development of its employees at all levels is a key foundation for sustainable growth and business success, both in the short- and long-term. In 2014, the Bank primarily focused on the implementation of a systematic and comprehensive career development program to enhance the knowledge, skills and competencies of employees through identifying competency sets for each position and a corresponding career roadmap, including succession planning for key positions. This will enable the Bank to steer its people development efforts in alignment with the prevailing business needs, its future goals and strategies, and career advancement of its personnel based on proficiency and career preference. In pursuing its goal of becoming a learning organization, the Bank continued its implementation of a blended learning and development approach to promote learning-outside-the-classroom. In particular, internal skills development programs were reinforced by integrating current business scenarios. Other major programs implemented by the Bank included coaching programs, e-learning, a management associate program, leadership development programs, scholarship programs for domestic and overseas education, and a project named I-Plearn, which offers new and innovative "edutainment" learning tools.

Details of executive and employee development in 2015 are shown in the 2015 Sustainability Report.

5.14 Oversight of Subsidiaries and Affiliates

The Bank, as the parent company of companies in the SCB Financial Group, attaches importance to aligning the business direction of companies in SCB Financial Group to the Bank's policies and processes, as this contributes to synergy and operational effectiveness of the SCB Financial Group.

The Board of Directors has delegated to the Executive Committee the authority to nominate the Bank's executives with the appropriate business acumen and expertise as representative directors of companies in the SCB Financial Group in order to assist in the formulation of the policies and strategies of each affiliate and ensure, to the extent applicable, that these are in line with the Bank's key policies. In this regard, the Bank has developed a representative director handbook, which defines the roles and responsibilities of representative directors as well as provides guidelines for representative directors who have a key role in protecting the rights and interests of the Bank and its shareholders.

Also, to promote transparency and prevent conflict of interest, the Bank, as the parent company, has established policies and regulations governing transactions among companies in the SCB Financial Group based on applicable regulatory and legal requirements.

Further, the Risk Management Committee is established by the Board of Directors and tasked with monitoring and supervising risk management practices of all companies in the SCB Financial Group to ensure compliance with risk management policies and regulations imposed by both the Bank and the Bank of Thailand. Risk management policies for companies in the SCB Financial Group have been developed to provide standard guidelines for identifying, assessing, controlling, monitoring and reporting material risks specific to each company in the SCB Financial Group.

5.15 Board Support Unit

The Bank provides support to and recognizes the importance of the following units and personnel therein who are responsible for ensuring the Bank's proper compliance with laws and regulations as well as the Board's adherence to statutory and good corporate governance practices:

5.15.1 Audit Function

The Audit Function is an independent and business-neutral unit that has been established to improve the level of internal control, including policies, practices and procedures, and to ensure compliance therewith for the SCB Group. Also, the Audit Function conducts regular audits, identifies conditions requiring attention, provides advice, and recommends improvements to internal control, risk management systems, and corporate governance practices. The Audit Function is led by Mrs. Kannika Ngamsopee, first executive vice president, head of audit, who is responsible for ensuring that the aforesaid roles and responsibilities are effectively carried out. The head of audit reports directly to the Audit Committee. The Audit Committee has the duty to review the suitability of the head of audit in terms of qualifications and performance, as well as to endorse the appointment, removal, transfer, or dismissal of the head of audit, including conducting the annual performance assessment.

5.15.2 Compliance Function

The Compliance Function serves as the Bank's regulatory center, providing consultation and advice pertaining to regulatory requirements and the Bank's policies, practices, procedures and controls. It also coordinates with the regulators on behalf of the Bank. The Function is also in charge of formulating internal policies, rules and regulations that govern the regulatory and legal compliance for all employees and executives of the Bank. It is also responsible for screening the qualifications of persons nominated as directors or executives of the Bank and its subsidiaries to ensure that the nominees possess appropriate qualifications that meet legal and regulatory requirements. The Compliance Function is under the leadership of Mr. Nopadol Mungonchai, executive vice president, head of compliance.

5.15.3 Company Secretary

The Board of Directors has appointed a company secretary to act under the provisions of law and as further instructed by the Board of Directors. Currently, Mrs. Wallaya Kaewrungruang, senior executive vice president, chief legal and control officer, is the company secretary. The key roles are to support the Board with respect to statutory and supervisory requirements and good corporate governance. Functions of the company secretary are available on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," and then "Company Secretary."

Educational background, work experience, and training records of the persons mentioned above are provided in this Annual Report under "Information of the Management and Controller of the Bank."

REPORT OF THE NOMINATION, COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE

The Nomination, Compensation and Corporate Governance Committee comprises five directors, of which three, including the chairman of the Committee, are independent directors and two are non-executive directors. Key duties and responsibilities of the Committee are as set out in the Nomination, Compensation and Corporate Governance Committee Charter and the Corporate Governance Policy.

In 2015, the Committee held nine meetings. Highlights of the Committee's actions during the year were as follows:

1. Deliberated on and recommended appropriate actions to the Board relating to the Bank's revision of its practices and principles, provided under the Bank's Corporate Governance Policy and the Board's Charter, in order to be in line with internationally recognized corporate governance best practices such as the maximum term of independent directors, which was limited to a maximum of nine years.
2. Deliberated on a revision of the Bank's Articles of Association and recommended it to the Board and the shareholders' meeting for approval in order to strengthen the Bank's compliance with relevant laws and corporate governance principles as well as to achieve greater business agility.
3. Arranged the performance assessment of the Board, the chairman of the Board, individual directors, and the Board committees by engaging an external consulting firm so as to enhance the efficiency of the assessment process and comply with the Stock Exchange of Thailand's corporate governance principles. The chosen consultancy has expertise and experience in evaluating corporate governance practices, in setting assessment guidelines, and in conducting the performance assessment of the Board. The engagement of an external consulting firm, which was first adopted by the Bank in 2012, was repeated in 2015 in line with the Bank's plan to have the Board's performance assessed by an external consulting firm every three years.
4. Selected and nominated candidates for directorship from the director pools of the Thai Institute of Directors Association (IOD) and the Bank, as well as from the list of candidates proposed by the shareholders and directors of the Bank. In doing so, consideration was given to each candidate's qualifications to ensure the Board's diversity in terms of knowledge, competence, experience and education. The Committee gave precedence to a review of a nominee's qualifications prior to proposing nominations to the Bank of Thailand for endorsement and subsequently to the Board and/or the shareholders for approval.
5. Established preliminary guidelines for the screening of directors, which also serves as guidelines for the nomination and selection of directors, based on the Bank's strategic orientation and its business in a manner that will provide for sufficient diversity in the Board's composition - in terms of the knowledge and expertise essential for maintaining oversight of the Bank's business operations and the achievement of established goals.
6. Considered the level of compensation of the chairman of the Board and the members of the Board and Board committees based on the scope of their assigned duties and responsibilities, the Bank's operating results, and the economic situation to ensure suitability and reasonableness of the compensation, prior to proposing the level to the Board and the shareholders for approval. The directors' bonus rate for performance in 2014 was capped at 0.5% of the dividend payout.
7. Reviewed and signed off the Corporate Governance Report 2014, which was part of the Bank's Annual Report in 2014, prior to proposal thereof to the Board for approval.
8. Deliberated on and endorsed the appointment of members of Board committees, namely, the Executive Committee, the Audit Committee, the Nomination, Compensation and Corporate Governance Committee, and the Corporate Social Responsibility Committee, to ensure that the number of members of each committee's was sufficient for the effective performance of duties, and in compliance with the Charter of each Board committee.
9. Proposed the leadership succession plan to the Board for the positions of the chairman of the Executive Committee, the president and senior executives to ensure that the Bank has an appropriate process for planning, identifying and developing persons as successors to key positions that might become vacant following promotion, transfer, retirement or resignation. In 2015, Mrs. Kannikar Chalitaporn completed her term as the president; and the Nomination, Compensation and Corporate Governance Committee nominated two senior executives in her replacement. Specifically, Mr. Arthid Nanthawithaya was designated as the chief executive officer (CEO) and deputy chairman of the Executive Committee, and Mr. Yol Phokasub was designated as the president, both appointments effective from 3 April 2015. The Nomination, Compensation and Corporate Governance Committee also proposed for the Board's approval the new corporate and functional title scheme, in line with the new organizational structure, as well as the appointment of senior executives of the Bank in the new organizational structure and the application of new corporate and functional title scheme within the Bank following the endorsement of these changes by the Bank of Thailand.

10. Nominated candidates for senior executive positions to fill vacancies resulting from newly created positions, vacant positions or as a result of organizational restructuring. These nominations were proposed to the Board for approval and the Bank of Thailand for endorsement.
11. Arranged for the performance assessment of the chairman of the Executive Committee, the chief executive officer (CEO) and deputy chairman of the Executive Committee, the president, and senior executives of the Bank. Each assessment was conducted against predetermined short-term and long-term targets and performance criteria. The Nomination, Compensation and Corporate Governance Committee also deliberated on the remuneration framework and the compensation and benefit scheme for the aforesaid personnel as proposed by the management, prior to submission thereof to the Board for approval. In doing so, consideration was given to the nature and scope of the assigned duties and responsibilities for these personnel as well as to their performance, in addition to consideration of the general economic situation and the relevant industry benchmarks.
12. Deliberated on the productivity analysis report, which indicated the Bank's productivity in terms of operating income, profits and personnel expenses associated with senior executives, compared to its major peers, to gauge the efficiency of the Bank's senior executives.
13. Reviewed the progress report on the Bank's talent development programs for employees at the supervisory level, and re-defined the talent selection criteria to be adopted from 2016 onwards.
14. Revised the Bank's Employee Code of Conduct, to ensure its currency and compliance with the corporate governance principles and the Bank's Anti-Corruption Policy, including the regulations governing additional employment of executives and employees as directors outside the SCB Group or for any other positions. These code and regulations were enforceable on employees at all levels.



Mr. Chumpol NaLamlieng

Chairman of the Nomination, Compensation and
Corporate Governance Committee

AUDIT FEES

Audit Fees

External audit fees charged to the Bank and its subsidiaries for 2015 were Baht 25.4 million *(2014: Baht 25.6 million)*.

Non-Audit Fees

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

- Audits and examination as required by regulators such as special audits, examination of banking returns, information technology review covering the electronic money transfer system and audit of the Risk-Based Capital Reports.
- Examination of foreign exchange booths.
- Tax services.
- Review of the embedded value reporting (insurance company).
- Review of Financial Reports.
- Review of assets revaluation.

Non-audit fees paid to the external auditors for 2015 were Baht 7.9 million *(2014: Baht 8.2 million)*, of which Baht 1.9 million was paid in 2015, and Baht 6.0 million is due and payable in 2016.

RELATED PARTY TRANSACTIONS

The Bank places much significance on preventing directors and employees from misuse of inside information and misuse of their authority. Accordingly, the Bank has formulated policies, regulations and approval procedures for related-party transactions, as well as guidelines on connected transactions and information disclosure to prevent conflicts of interest from arising and to deal with such conflicts of interest in a transparent and fair manner if any such conflict arises.

The Bank's regulations and approval procedures for connected transactions and transactions that may involve a conflict of interest are as follows:

- Strict compliance with the notifications of Securities and Exchange Commission regulations and the Capital Market Supervisory Board regarding connected transactions and transactions that may involve a conflict of interest. In particular, directors or executives involved in a transaction that may lead to a conflict of interest are excluded from the consideration of such transaction. Further, the company secretary is required to record the relationship of the directors or executives to the issue under consideration in the minutes, if applicable.
- Pricing policy and conditions for transactions between the Bank and related entities are required to be on an arm's length basis and, broadly, on the same terms as those applied for transactions with unrelated third parties.
- The Board of Directors (excluding any director who has a conflict of interest) has approval authority for loans, investments, obligations or lending-like transactions involving the Bank's major shareholders or businesses having interests related to the Bank, directors and persons with management authority or their related persons (as defined by the Financial Institution Business Act B.E. 2551 (2008)).
- Oversight of the SCB Group's intra-group transactions ensures that each company's operations are in compliance with related regulations, and to prevent any conflict of interest arising from intra-group transactions.

The Disclosure of Intra-Group Transaction Policy and Risk Management 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 that are not wholly owned by SCB, an Intra-Group Transaction Policy has been approved and is annually reviewed by the SCB Board of Directors. This Policy serves as a guideline on risk management for intra-group transactions, with controls over any significant transactions. In particular, materiality ratios for lending, investment, contingent liabilities, and lending-related transactions are 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 formally, i.e., in writing, and with legal enforceability, and must not include special conditions that materially differ from similar business transactions with unrelated parties or, in the absence of any similar transactions, conform with market practices. Also, the Policy requires that all documentary evidence must be retained in accordance with customary business practices, and that approval for such transactions should be in a manner consistent with its risk level and materiality.

Policies and Trends Regarding Management of Related-Party Transactions

SCB's emphasis on good governance principles has led to a clear policy for related-party transactions that is compliant with the provisions of law and the notifications of the Stock Exchange of Thailand and the Securities and Exchange Commission regarding connected transactions. Also, SCB's policy for the acquisition and disposal of assets of listed companies is compliant with the notifications of the Bank of Thailand.

When the Bank is involved in any related-party transaction in the course of its business operations, it seeks to conduct the transaction transparently, fairly and with the appropriate level of internal approval.

Information Disclosure

The Bank has a policy on information disclosure covering all market-sensitive information. The thrust of the policy is to ensure that all significant information disclosed is timely, transparent and adequate. Also, misuse of inside information, either directly or indirectly, is prohibited.

The Bank discloses related-party transactions and connected transactions in compliance with the regulations of the Stock Exchange of Thailand, in the notes to the financial statements in the Annual Report in accordance with the requirements, conditions and manner for such information disclosure.

In 2015, the Bank had one material connected transaction which was disclosed in accordance with the regulations of the Stock Exchange of Thailand. The information pertaining to other connected transactions is disclosed in the notes to the financial statements.

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

The Board of Directors is responsible for the Bank's financial statements, the consolidated financial statements of the Bank and its subsidiaries that are provided in this Annual Report. The financial statements are prepared in accordance with accounting standards generally accepted 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 as well as for the benefit of the shareholders and general investors. Independent auditors have audited these financial statements, and their audit opinion is stated in the audit report.

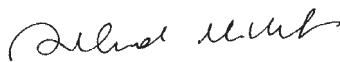
The Board of Directors has required the management of the Bank to adopt and maintain effective internal control and risk management system to provide reasonable assurance on the accuracy, reliability and adequacy of the Bank's accounting; the safeguarding of its assets; and the prevention against fraud and irregularities which have material effects on the accuracy and reliability of the Bank's financial reports.

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

In the context of the nature and scale of the Bank's business, the Board of Directors is of the view that the Bank's overall internal control system is adequate and appropriate, and can provide reasonable assurance that the financial statements of the Bank, including the consolidated financial statements of the Bank and its subsidiaries for the year ended 31 December 2015, which reflect the financial state and performance of the Bank and its subsidiaries at the said date, are reliable pursuant to applicable financial reporting standards, and are correct, complete, and accurate according to accounting standards, related laws and regulations.



(Mr. Anand Panyarachun)
Chairman of the Board



(Mr. Arthid Nanthawithaya)
Chief Executive Officer and Deputy Chairman
of the Executive Committee



(Mr. Yol Phokasub)
President

AUDIT COMMITTEE REPORT

The Audit Committee of Siam Commercial Bank PCL is comprised of four independent directors. Following a resolution of the Board of Directors' meeting no. 4/2015 on April 2, 2015, Mr. Weerawong Chittmittrapap was appointed as a member of the Audit Committee, replacing Mr. Maris Samaram, who retired as a director at the AGM in 2015. As a result, the members of the Audit Committee from April 2, 2015 were:

Mr. Prasan Chuaphanich	Chairman of the Audit Committee
Assoc. Prof. Dr. Kulpatra Sirodom	Member of the Audit Committee
Mr. Ekamol Kiriwat	Member of the Audit Committee
Mr. Weerawong Chittmittrapap	Member of the Audit Committee

Mrs. Kannika Ngamsopee, first executive vice president and head of Audit Function, serves as the secretary to the Audit Committee.

The Audit Committee has performed its duties in accordance with the scope of responsibilities defined in the Audit Committee Charter approved by the Board of Directors. In 2015, the Audit Committee held 14 meetings with management and senior executives in charge of the relevant organizational units in addition to regular meetings with the representatives of the Audit Function. Also, the Committee met with external auditors both with and without management being present at meeting. Summaries of the deliberations and recommendations of each Audit Committee meeting were presented to the Board of Directors to both inform the Board and, if appropriate, to seek direction on specific matters.

Highlights of the activities in 2015 are as follows:

- **Financial Reporting**

The Audit Committee, with support and advice from the external auditors and executives of the Finance Function, reviewed SCB's and its subsidiaries quarterly, half-year and annual financial statements, including the consolidated financial statements of the Group. This was to ensure that the financial statements were accurate and complete and provided all required material information and that they were prepared in accordance with the Thai financial reporting standards and related laws and regulations. This review included consideration of the findings and reports from audits and risk management. The Audit Committee regularly met with the external auditors and the Bank's finance executives to ensure that the financial statements provide a clear view of the financial state-of-the-affairs of the Bank and the Group and incorporate all events with significant impact on the financial statements at the time the statements are issued.

- **External Auditor**

The Audit Committee considers, on an annual basis, the appointment of the Bank's external auditor. Following its recommendation and the Boards endorsement thereof, the shareholders appointed KPMG Phoomchai Audit Ltd. as the auditor for SCB and its subsidiaries at the 2015 AGM, although in some countries where the Bank has a presence, it was necessary to appoint another firm. The recommendations to the shareholders was based on the auditor's qualifications, knowledge, capability, independence in accordance with the requirements of the Securities and Exchange Commission, and the quality of the audit over the past year, as well as the appropriateness of the audit fees.

- **Internal Control and Audit**

The Audit Committee considered the internal audit reports and results and reviewed the internal control assessment by management, the Audit Function, external auditors, the Bank of Thailand, and other regulators overseeing the Bank and its subsidiaries. The Committee monitored that corrective actions with respect to critical risk issues were taken by management. Also, in terms of any unusual incidents such as material frauds or operational errors, the Committee ensured that the cause for these incidents was identified, and appropriate action taken to prevent a recurrence, as far as possible.

In response to the KMIT-related major embezzlement incident in early 2015, the Bank improved and enhanced the effectiveness of its internal control. This included additional and stronger controls over the operations of the branch network and the advanced use of analytics to provide an early indication of abnormal patterns for transactions or activities. In addition, the Committee led in the selection and engagement of an experienced external consultant to review SCB Group's internal control systems and recommend improvements thereto, in line with international standards and practices.

The Audit Committee considered the independence of internal audit, approved the Internal Audit Charter, approved annual audit plans, and provided recommendations for more efficient and effective auditing practices. The Committee acknowledged the complaints and notifications it received, mainly through the whistle blower channel, and assessed these for any indication of potential fraud, misconduct, or corrupt practices. Further the Committee monitored the complaint management process to ensure that issues raised were handled in a proper and transparent manner.

As a result of the forgoing activities the Audit Committee concluded that the overall internal control environment of the Bank was appropriate and adequate for the business operations of the Bank and its subsidiaries. This conclusion was in line with the external auditors' opinion. Further, the Audit Committee was of the opinion that the first executive vice president and head of Audit Function has appropriately and effectively supervised and monitored the operations of the Audit Function. The annual merit increase was based on the assessment of her performance.

(See the profile of the first executive vice president and head of Audit Function on page 230)

- **Regulatory Compliance**

The Audit Committee reviewed SCB and its subsidiaries' compliance with applicable laws and regulations, and the Compliance Function's performance, on a monthly basis. This was to ensure: the effective monitoring and control over the regulatory compliance of the operations and business policies and practices of units under SCB and its subsidiaries; and corrective actions have been taken when appropriate, including improvements in the operational processes in accordance with the related regulations. The Audit Committee regularly reported to the Board of Directors all critical issues and significant regulatory changes that may affect the Bank's operations. The Audit Committee reviewed and approved the annual compliance report, before its submission to the Bank of Thailand and the Securities and Exchange Commission.

In 2015, SCB and its subsidiaries reviewed and updated, on a regular basis, compliance policies, orders, regulations, and performance review plans. Easy-to-understand communications were used to inform all employees of significant regulatory compliance issues as well as to improve the effectiveness of the compliance related to the Anti-Corruption and Bribery Policy and the Anti-Money Laundering and Combating the Financing of Terrorism (AML/CFT) law.

- **Risk Management**

The Audit Committee considered SCB and the SCB Group's risk management policies and held monthly meetings with executives from the Risk Management Function to acknowledge and monitor potential risk issues and provide recommendations for improvement, where necessary. The Committee and executives discussed key risk factors and other significant risk issues to ensure that SCB and the SCB Group's risk management guidelines and measures are effective in addressing the potential risk from current operations and future risk scenarios. Also, the Committee discussed the appropriateness of the risk management systems and procedures under the supervision of the Risk Management Function and the Risk Management Committee.

- **Related-Party Transactions and Conflicts of Interest**

The Audit Committee reviewed, supervised, and commented on any significant related-party transactions, particularly those that may involve a conflict of interest, in line with regulatory compliance norms, so that any such transactions are proposed to the Board of Directors and/or shareholders, as required. This is to ensure that these transactions are transparent, reasonable and adequately protect the interests of the Bank and its shareholders. In 2015, the Bank had one material connected transaction which was disclosed in accordance with the regulations of the Stock Exchange of Thailand. The information pertaining to other connected transactions is disclosed in the notes to the financial statements.

- **Others**

In 2015, the Audit Committee revised the Charter of the Audit Committee in terms of the scope of the Audit Committee's responsibility pertaining to risk management so as to better clarify the duties of the Committee in this area in accordance with the Securities and Exchange Commission's requirements. The Committee also approved the scope of extended services that the external auditors may provide to the Bank without any impairment to the independence of the audit. This scope of services will serve as guidelines to the Bank when it decides to use the external auditor for other services. As in prior years, members of the Audit Committee undertook a self-assessment to enhance the efficiency of the Committee's performance.

The Audit Committee performed its duties as assigned by the Board of Directors. In the performance of its duties it adhered to the principles of integrity, prudence, transparency and independence, and to serve in the ultimate interest of the Bank.

The Audit Committee is of the opinion that the financial statements of SCB and its subsidiaries have been prepared accurately and are complete, with adequate disclosure, in accordance with financial reporting standards. It is also of the opinion that the external auditor is independent and has performed all its duties professionally. The Committee notes that the Bank places a high level of importance on its internal control systems, as well as to ensure that the policies, procedures and systems for risk management are adequate and appropriate for its business operations. Further the Committee opines that the Bank has supervised and monitored its compliance with laws, regulations and rules relating to its business operations and monitored the prevailing environment so that it is well prepared to face potential risks that may arise.



(Mr. Prasan Chuaphanich)
Chairman of the Audit Committee

MANAGEMENT DISCUSSION AND ANALYSIS

For the year ending December 31, 2015

IMPORTANT DISCLAIMER:

The 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 it is sourced from outside the Bank. In addition, any forward looking statements are subject to change as a result of market conditions and the actual outcome may be different to that expected. 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 47,182 million for 2015 – an 11.5% yoy decrease of Baht 6,153 million from Baht 53,335 million recorded in 2014.

The **year-on-year** decrease in net profit was mainly from the substantial additional provisions for loans made to two large corporate customers (SSI* and SSI-UK*) which were classified as NPL in 3Q15, a large one-time expense relating to fraud case in 1Q15, prior to any future insurance recoveries, and the reversal of accrued interest income for the same two large corporate customers. These reductions were partially offset by: large gains from the sale of equity investments which were the outcome of the Bank's action to mitigate the impact of the higher provisions; higher net interest income mainly from a significant decline in interest expenses on deposits, consistent with the market interest rate trend and the Bank's strategy to proactively reduce the cost of deposits relative to its peer group; higher net trading and FX income; and higher net fee income.

Operating profit (excluding impairment loss and/or provisions on loans and debt securities, income tax and non-controlling interest) increased by 10.5% yoy to Baht 88,461 million from Baht 80,041 million in 2014 due to the higher investment gains, higher net interest income, higher net trading and FX income and higher net fee income as described above. Excluding the large gains on investment recorded in 3Q15, the large one-time expense relating to fraud case in 1Q15 and the gain arising on the disposal of the Bank's entire investment in its non-life subsidiary in 2Q14, operating profit would have increased by 5.1% yoy.

Total comprehensive income decreased by 20.8% yoy to Baht 45,113 million from Baht 56,942 million in 2014 mainly as a result of the lower net profit for 2015 and the lower gain on the revaluation of its available-for-sale investment portfolio following the sale of the equity investments referred to above.

As a result of the decline in net profit growth yoy, earnings per share (EPS) decreased 11.5% yoy to Baht 13.88 in 2015 from Baht 15.69 in 2014. Return on average equity (ROAE) and return on average assets (ROAA) also decreased from 20.1% and 2.0% in 2014 to 15.9% and 1.7% in 2015, respectively. (Excluding the large investment gains in 3Q15, additional provisions for SSI in 3Q15 and the large one-time expense relating to a fraud case in 1Q15, the ROAE and ROAA would stand at 17.2% and 1.9%, respectively in 2015).

Sahaviriya Steel Industries Public Company Limited (SSI) and its subsidiary in the United Kingdom, Sahaviriya Steel Industries (UK) Limited (SSI-UK)

Siam Commercial Bank, together with 2 other Thai banks, had made loans to SSI-UK in 2011 to buy a large steel plant in the UK. The aggregate loans SCB has recorded to SSI and its UK subsidiary amount to just over Baht 22 billion. The acquired plant had been mothballed by the seller, Tata Steel, and it took more time than anticipated to restart steel production at this plant. Just as the plant resumed operations, the global steel industries started its sharp downturn, culminating in a huge drop in the global price of steel slab in 2015. These factors prevented the plant from reaching profitable operations and the mounting solvency issues forced SSI to place the SSI-UK into official receivership in early October, 2015.

As a result, in 3Q15, SSI and SSI-UK were classed as NPLs and the Bank decided to set aside Baht 11 billion in additional provision, over and above the normal loan provisions in this quarter. Also, the Bank sold some of its equity investments and booked Baht 7.7 billion of investment gains in 3Q15 to mitigate the impact on net profit from the higher provisioning level.

As SSI-UK was fully provided without taking into consideration the underlying collateral value, the Bank wrote-off this loan at the end of 3Q15. For SSI, the Bank has increased provisions and further reduced the likely recovery value of the existing collateral.

* Sahaviriya Steel Industries PCL (SSI) and its wholly owned subsidiary Sahaviriya Steel Industries (UK) Ltd (SSI-UK)

Net Profit and Total Comprehensive Income

Unit: Baht Million

Net Profit and Total Comprehensive Income (Consolidated)	2015	2014	% yoy
Net interest income	82,834	81,100	2.1%
Non-interest income ^{1/}	54,574	47,030	16.0%
Non-interest expenses ^{2/}	48,948	48,089	1.8%
Operating profit	88,461	80,041	10.5%
Impairment loss on loans and debt securities	29,723	13,214	124.9%
Income tax	11,498	13,175	-12.7%
Non-controlling interest	58	317	-81.9%
Net profit (attributable to shareholders of the Bank)	47,182	53,335	-11.5%
Other comprehensive income	(2,069)	3,608	NM
Total comprehensive income	45,113	56,942	-20.8%
EPS (Baht)	13.88	15.69	-11.5%
ROAE	15.9%	20.1%	
ROAA	1.7%	2.0%	

NM denotes "not meaningful"

^{1/} Includes substantial gains on the sale of equity investments in 3Q15 and the gain on the disposal of the Bank's entire investment in its non-life subsidiary in 2Q14. Stripping out these gains, the 2015 yoy% change would stand at +3.6% yoy.

^{2/} Includes a one time expense from a fraud case in 1Q15 prior to any recoveries. Excluding this one-time item, the 2015 yoy% change would stand at -1.3% yoy.

I. Income Statement for 2015 (Consolidated basis)

1. Net interest income

Net interest income increased 2.1% yoy to Baht 82,834 million in 2015 from Baht 81,100 million in 2014. The increase in net interest income was mainly the result of the lower interest expenses on deposits consistent with the Bank's strategy to proactively reduce its cost of deposits relative to its peer group. This increase was partially offset by lower interest income from interbank, money markets and investments following the policy rate cuts in 2015 as well as the reversal of accrued interest income of two new large NPLs, SSI and SSI-UK in 3Q15.

Unit: Baht Million

Net Interest Income and Yield (Consolidated)	2015	2014	% yoy
Interest income	122,462	123,381	-0.7%
- Loans	95,729	95,357	0.4%
- Interbank and money markets	3,687	4,380	-15.8%
- Automobile and financial lease income	10,097	10,489	-3.7%
- Investments	12,873	13,127	-1.9%
- Other	76	28	175.7%
Interest expenses	39,628	42,281	-6.3%
- Deposits	26,463	29,171	-9.3%
- Interbank and money markets	1,078	1,605	-32.8%
- Borrowings	3,497	3,339	4.7%
- Contribution to the Deposit Protection Agency/FIDF	8,584	8,165	5.1%
- Other	6	1	375.6%
Net interest income	82,834	81,100	2.1%
Net interest margin	3.18%	3.26%	-0.08%
Yield on earning assets	4.71%	4.95%	-0.24%
Yield on loans	5.86%	6.03%	-0.17%
Yield on interbank	1.33%	1.89%	-0.56%
Yield on investment	2.48%	2.61%	-0.13%
Cost of funds*	1.84%	2.02%	-0.18%
Cost of deposits**	1.85%	2.01%	-0.16%
Spread (yield on earning assets – cost of funds)	2.87%	2.93%	-0.06%

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

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

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

Interest income in 2015 was reported at Baht 122,462 million, a 0.7% yoy decrease of Baht 919 million from Baht 123,381 million in 2014. Major highlights were as follows:

- **Interest income from loans** increased slightly by 0.4% yoy to Baht 95,729 million from loan growth of 3.2% yoy. This increase was partially offset by the reversal of accrued interest income on SSI and SSI-UK in 3Q15 and a reduction in the average loan yield due to both the market interest rate trend and the Bank's shift away from the higher risk/higher yield segments;
- **Automobile and financial lease income** fell 3.7% yoy to Baht 10,097 million due to the lower average balance of auto loans portfolio although auto loans grew slightly by 0.6% yoy. Auto loans declined for the first 10 months of 2015 in line with the continued contraction in demand for new automobiles in Thailand over the past two years following the cessation of the Government's incentive scheme for new car sales. However, demand has started to pick-up in late 2015 partly as the prices in the used car market have stabilized and partly in response to the new excise tax rate that will be effective in 2016, both of which lifted loan growth in 4Q15;
- **Interest income from interbank and money markets** decreased 15.8% yoy mainly due to the lower interbank rate following two policy rate cuts in 1Q15 and 2Q15 as well as from the lower volume of interbank and money market portfolios in 2015 compared to a year earlier;
- **Interest income from investments** decreased by 1.9% yoy to Baht 12,873 million due to lower investment return following the policy rate cuts in 1Q15 and 2Q15 despite a larger investment portfolio.

At the same time, **interest expenses** decreased by 6.3% yoy to Baht 39,628 million in 2015, largely from the decline in interest expenses on deposits consistent with the market interest rate trend, the Bank's strategy to proactively reduce cost of deposits relative to its peer group and the lower interest expenses from interbank and money markets following the policy rate cuts in 1Q15 and 2Q15. Conversely, interest expenses from borrowings increased 4.7% yoy due to the higher interest expense relating to the Medium Term Notes (MTN) denominated in USD currency, following the depreciation of the Baht to USD. Contribution to the Deposit Protection Agency/FIDF increased 5.1% yoy due to the higher average balance of deposits compared to a year earlier.

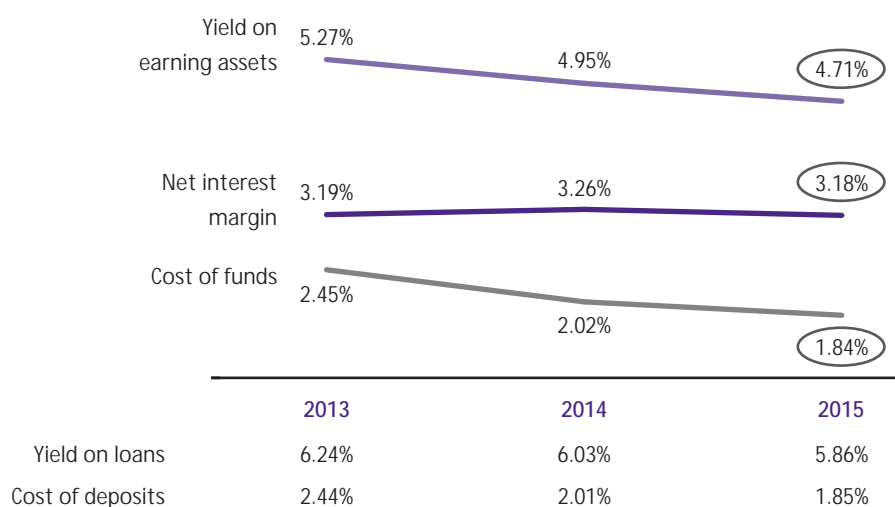
The cost of deposits fell as many maturing high cost deposits were rolled-over at significantly lower interest rate although some customers opted to migrate to higher yielding alternate investments products offered by the Bank's asset management subsidiary. Broadly, the lower deposit rates were in line with the interest rate trend in the market given an accommodative monetary policy.

SCB Interest Rates	Aug 5, 14	Sep 30, 14	Dec 12, 14	Mar 12, 15	Mar 25, 15	Apr 29, 15	May 21, 15	Jul 20, 15	Dec 21, 15
Lending rate (%)									
MLR	6.75	6.75	6.75	6.55	6.625	6.625	6.525	6.525	6.525
MOR	7.425	7.425	7.425	7.425	7.425	7.50	7.40	7.37	7.37
MRR	8.10	8.10	8.10	8.10	8.10	8.12	7.82	7.87	7.87
Deposit rate* (%)									
Savings rate	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
3-month deposits	1.10-2.45	1.10-2.45	1.10-2.45	0.90-0.95	0.90-0.95	0.90-0.95	0.90	0.90	0.90-1.60
6-month deposits	1.35-2.60	1.35-1.75	1.35-1.40	1.15-1.20	1.15-1.20	1.15-1.20	1.15	1.15	1.15
12-month deposits	1.70-2.80	1.70	1.70	1.50	1.50	1.50	1.50	1.50	1.30

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

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

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



The net interest margin (NIM) for 2015 of 3.18% was at the higher end of the Bank's full year revised target range of 3.0-3.2% for 2015. It declined from 3.26% recorded in 2014 as a result of the lower yield on earning assets following the policy rate cuts in 1Q15 and 2Q15, the reversal of accrued interest income for SSI and SSI-UK and the Bank's shift away from the higher risk/higher yield segments. This fall in yield was partly mitigated by the lower cost of deposits driven by the market interest rate trend and the Bank's strategy to proactively reduce its cost of deposit relative to its peers.

2. Non-interest income

Non-interest income increased 16.0% yoy to Baht 54,574 million in 2015, largely due to the higher gain on investment (as the Bank booked large gains on the sale of equity investments in 3Q15 to mitigate the impact of the substantial additional provisions), higher net trading and FX income and higher net fee income which was partly offset by a gain on the disposal of the Bank's investment in its non-life subsidiary in 2Q14. Excluding the large investment gains and the gain on the disposal of the Bank's investment in its non-life subsidiary, non-interest income would have increased, more modestly, by +3.6% yoy. Additional details of non-interest income yoy were as follows:

- **Net fee and insurance premium income** (net of claims) decreased 1.7% yoy due to a large drop in net insurance premium (-14.8% yoy), in part, due to the sale of non-life insurance company in 2Q14 (and non-consolidation of its results from 2Q14) resulting in the lower net insurance premium income and, in part, due to the lower new business volume of the Bank's life assurance subsidiary. Nevertheless, net fee income increased 2.9% yoy, driven by mutual fund fees, bancassurance fee (from the sale of third-party bancassurance products) and card-related fees;
- **Net trading and FX income** increased by 13.8% yoy mainly due to gains from the ongoing volatility in the financial markets;
- **Dividend income** increased 17.2% yoy mainly from the higher dividend income from the Bank's investment portfolio;
- **Other income** increased 17.1% yoy as the Bank's recorded a profit from the gain-sharing agreement in 2Q15 on the resolution of NPLs sold by a subsidiary of the Bank; and
- **Gain on investments** stood at Baht 9,390 million, up significantly yoy as the Bank recorded large investment gains on sale of equity investments in 3Q15 (to mitigate the impact of higher provisions). (It should be noted that the Bank also recorded a gain on the disposal of the Bank's investment in its non-life subsidiary in 2Q14).

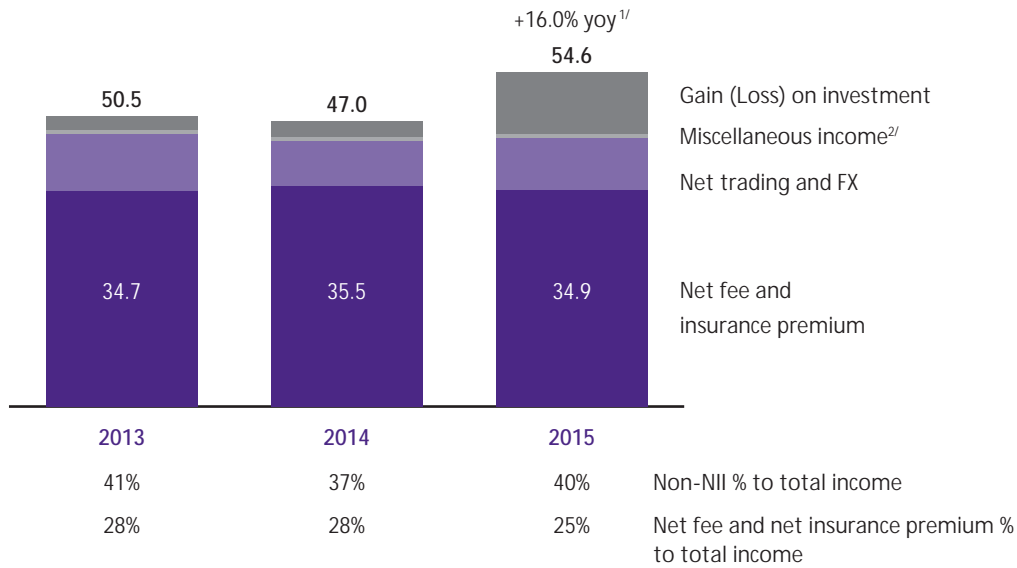
Unit: Baht Million

Non-Interest Income (Consolidated)	2015	2014	% yoy
<i>Fee and service income</i>	32,704	31,525	3.7%
<i>Less fee and service expenses</i>	5,630	5,216	7.9%
Net fee and service income	27,075	26,309	2.9%
<i>Net earned insurance premiums</i>	52,419	49,188	6.6%
<i>Less net insurance claims</i>	44,618	40,033	11.5%
Net insurance premiums	7,801	9,155	-14.8%
Net fee and insurance premium	34,875	35,464	-1.7%
Net trading and FX income	8,315	7,304	13.8%
Share of profit of associates	(89)	(79)	NM
Dividend income	1,386	1,182	17.2%
Other income	697	596	17.1%
Non-interest income excluding gain on investments	45,184	44,467	1.6%
Gain on investments	9,390	2,563	266.4%
Total non-interest income ^{1/}	54,574	47,030	16.0%

NM denotes "not meaningful"

^{1/} Includes gains on the sale of equity investment in 3Q15 to partly offset the impact of substantial additional provisions in 3Q15 and the gain on the disposal of the Bank's investment in its non-life subsidiary in 2Q14. Excluding these two items, the 2015 yoy% change would stand at +3.6% yoy.

Non-Interest Income
(Baht billion)

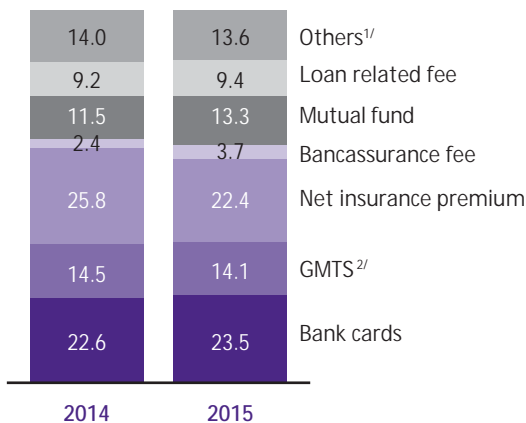


^{1/} Includes gains on the sale of equity investment in 3Q15 and the gain on the disposal of the Bank's investment in its non-life subsidiary in 2Q14. Excluding these two items, non-interest income would have increased 3.6% yoy.

^{2/} Miscellaneous income includes income from the equity interest in affiliated companies, dividends, and other income.

In 2015, non-interest income accounted for 40% of total income due to large gains on sale of the equity investments, while net fee and net insurance premium income made up 25% of total income. The retail segment contributed about 73% of total net fee and insurance premium income in 2015 up from 72% in 2014 while the net fee and insurance premium income from corporate segment dropped from 20% in 2014 to 19% in 2015. The contribution from SME segment was relatively flat at 8% in 2015. The Bank maintains its strategy to increase the aggregate fee income contribution from both the corporate and SME segments through a sharper focus on fee-based activities in these two business segments and, as a result, over the medium term, increase the proportion of fee-based income for the Bank as a whole.

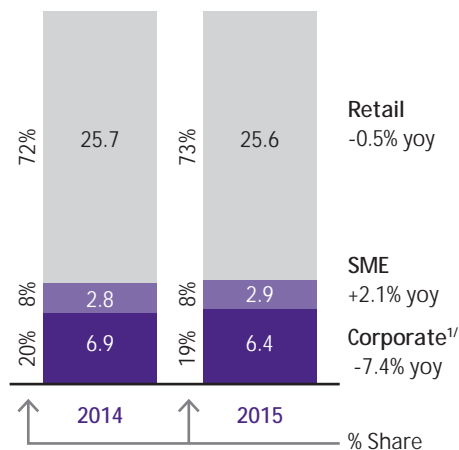
Net Fee and Insurance Premium Breakdown
(Percentage)



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

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

Net Fee and Insurance Premium Breakdown
by Business Unit (Baht billion)



^{1/} Mainly from lower corporate finance fees.

3. Non-interest expenses

Non-interest expenses increased 1.8% yoy to Baht 48,948 million in 2015 as a result of the Bank's continued efforts to contain the growth of discretionary expenditure through, among others, better resource deployment and process optimization. This was achieved despite considerable ongoing outlays on the Bank's new strategic and transformative initiatives. Additional details of non-interest expenses yoy were as follows:

- **Staff costs** increased 1.9% yoy mainly as a result of annual salary adjustments which were offset partly by the strong drive to contain the growth of discretionary expenses in this category and partly through productivity gains from better staff deployment;
- **Premises and equipment expenses** decreased 1.0% yoy as a result of the accounting impact of the recovery from insurance relating to a fire incident and the on-going effort to gain efficiencies. This decrease is despite the Bank's investment in network expansion and on-going systems enhancement initiatives;
- **Taxes and duties** decreased slightly by 0.6% yoy;
- **Other expenses:** This is explained as follows:
 - **Loss on sale of NPA** decreased by 59.0% yoy to Baht 702 million in 2015 from Baht 1,712 million in 2014 mainly from the lower loss per car sold (arising, as noted earlier, from stabilizing prices in the used car market);
 - **Other expenses** increased 15.2% yoy mainly from a one time expense from a fraud case in 1Q15, prior to any recoveries. Excluding this one-time item, other expenses would have increased slightly by 0.7% yoy.

Unit: Baht Million			
Non-Interest Expenses (Consolidated)	2015	2014	% yoy
Staff costs	22,379	21,954	1.9%
Premises and equipment expenses	9,665	9,766	-1.0%
Tax and duties	4,216	4,241	-0.6%
Director remuneration	95	93	1.8%
Other expenses	12,594	12,034	4.6%
- Loss on sale of NPA*	702	1,712	-59.0%
- Others	11,891	10,322	15.2%
Total non-interest expenses**	48,948	48,089	1.8%
Cost to income ratio	35.6%	37.5%	

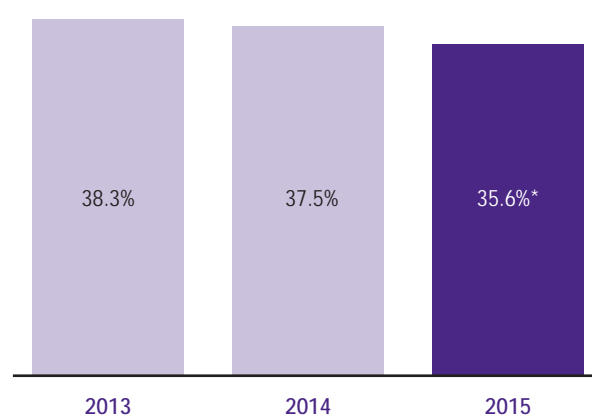
* Including loss on the sale of repossessed cars of Baht 993 million in 2015 and Baht 2,154 million in 2014.

** Excluding loss on the sale of NPA, non-interest expenses growth in 2015 would be +4.0% yoy.

In 2015, the cost-to-income ratio was 35.6%, a decline from the 37.5% level in 2014. The yoy improvement of cost-to-income ratio was a result of the large gains on the sale of equity investment in 3Q15 although this was partly offset by the large one-time expense relating to a fraud case booked in 1Q15. Excluding these two large exceptional items, the cost-to-income ratio would stand at 36.6% which was still below the 2015 full year target of 38-40%.

The Bank continued to decelerate the growth of operating expenses through more stringent oversight of discretionary expenses. This reduction was not, however, at the detriment to its strategic outlays required for future business expansion. In this context, the Bank's capital expenditure continues to be effectively managed and reflects the ongoing investment in new systems enhancement initiatives as well as other outlays to support its announced strategic transformative initiatives.

Cost-to-Income Ratio (Percentage)



* Includes large investment gains from the sale of equity investment in 3Q15 and one-time expense from a fraud case in 1Q15. Excluding these items, 2015 cost-to-income ratio would stand at 36.6%.

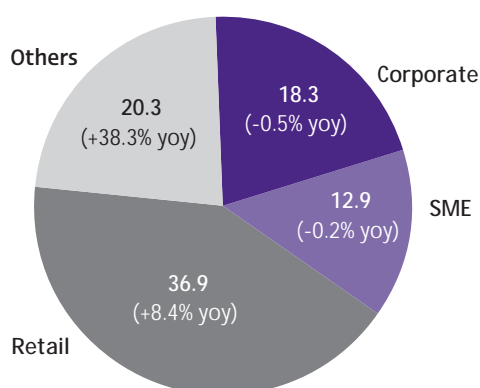
4. Loan loss provisions

The Bank's original provisioning guidance for 2015 was to set aside annualized loan loss provisions of approximately 75-80 bps of total loans outstanding on a bank-only basis, largely on the expectation that after a disappointing 2014 the Thai economy was poised to recover. However, the Thai economy has yet to recover and the level of delinquencies has continued to rise during the year. Accordingly, the Bank revised its credit cost guidance to about 100-110bps in the second quarter. In 3Q15, the Bank decided to set aside substantial additional provisions of Baht 11 billion, over and above the normal loan provision in 3Q15, following the classification of SSI and SSI-UK as NPLs at the end of 3Q15 given that SSI-UK was placed in official receivership in early October 2015. On a **bank only** basis, the Bank has set aside Baht 29,726 million of impairment loss provision for 2015. On a **consolidated** basis, the provision was Baht 29,723 million in 2015 or 165 bps of total loans.

5. Segments analysis

The Bank has four lines of business: the Corporate Segment which serves corporate and commercial customers; the SME Segment which serves SME customers (prior to 2015 referred to as Business Banking); the Retail Segment which serves individuals and small businesses; and Special Business Segment which is responsible for NPL resolution. In addition, the Bank has three major subsidiaries: SCB Securities Co., Ltd.; SCB Asset Management Co., Ltd.; and SCB Life Assurance PCL. The results of the three subsidiaries together with the income from the Bank's investments, interbank and money market, that is not allocated to a specific line of business, are presented under the "Others". The results of the Special Business Segment are allocated back to the line of business from which the workout assets were transferred. Although the fee income earned by the key subsidiaries is reflected under "Others", this income is allocated back to the appropriate business segment (Corporate Segment, SME Segment or Retail Segment) and disclosed earlier under the Non-interest income section.

2015 Operating profit by segments (Baht billion)



"Others" comprises operating profit from the Bank's subsidiaries, investment income, and interest on interbank and money market which are not allocated to a specific line of business in this analysis.

"Operating profit" is net profit excluding impairment loss, provisions on loans and debt securities, income tax and non-controlling interest.

In 2015, 42% of the Bank's operating profit was contributed by Retail followed by Corporate (21%), SME (14%) and "Others" (23%). Key explanations are as follows:

- Operating profit from Retail increased by 8.4% yoy to Baht 36.9 billion as a result of higher interest income from the significant decline in interest expenses coupled with loan growth (6.7% yoy), especially housing loans of 8.7% yoy, as well as higher fee from mutual fund business, bancassurance and card-related business.
- Operating profit from Corporate stood at Baht 18.3 billion, a slight decrease of 0.5% yoy due to higher OPEX and lower fee from corporate finance,
- Operating profit from SME was relatively flat yoy at Baht 12.9 billion as higher income from loan related fee and net trading and FX income was offset by higher OPEX.
- Operating profit from "Others" increased 38.3% to Baht 20.3 billion due to the substantial gains from the sale of equity investments in 3Q15 which was partly offset by a large one-time expense relating to a fraud case, prior to any future recoveries, booked in 1Q15 as well as the comparative gain on the disposal of the Bank's investment in its non-life subsidiary recorded in 2Q14.

II. Balance sheet as of December 31, 2015 (Consolidated basis)

As of December 31, 2015, the Bank's total assets stood at Baht 2,774 billion, an increase of Baht 74 billion (+2.8% yoy) from Baht 2,700 billion at the end of December 2014. This increase was mainly from business growth and market activities. Details of the consolidated balance sheet are provided in the following sections:

1. Loans

As at December 31, 2015, total outstanding loans stood at Baht 1,833 billion, an increase of Baht 56 billion (+3.2% yoy) from Baht 1,777 billion at the end of December 2014. On a yoy basis, loan growth was mainly from the housing loan and SME segments, while the corporate loans declined by 1.8% yoy mainly due to the write off of a large NPL in 3Q15 and the relatively large pay-downs over the year.

The loan growth of 3.2% yoy in 2015 was slightly higher than the high end of the Bank's revised full year target of 2.5-3.0%.

1.1 Loans by segment

Unit: Baht Million

Loans by Segment (Consolidated)	Dec 31, 15	Dec 31, 14	% yoy
Corporate	646,255	658,185	-1.8%
SME	356,840	340,547	4.8%
Retail	830,311	778,403	6.7%
- Housing loans*	576,251	530,354	8.7%
- Automobile	169,154	168,175	0.6%
- Others loans	84,906	79,874	6.3%
Total loans	1,833,406	1,777,135	3.2%

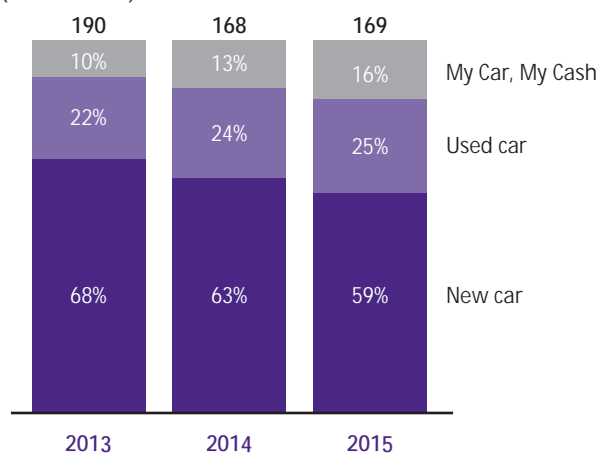
* Includes all home mortgage loans, some of which are from segments other than retail. This is different from the sectorial analysis under note 1.2.

Details of the loan movements by customer segments were as follows:

- **Corporate** loans decreased by 1.8% yoy, mainly due to the write off of SSI-UK loans after it had been fully provided for in 3Q15 as well as the higher pay-downs over the period;
- **SME** loans rose 4.8% yoy. The yoy increase was a result of the Bank's strategy to broaden its customer base in SME segment through linking with the value-chain of corporate customers, better leveraging its nation-wide branch network to seamlessly service SME customers, and from active participation in the Government's soft loan scheme for this segment;
- **Retail** loans grew 6.7% yoy:
 - **Housing loans** grew by 8.7% yoy. The yoy growth was driven by the strong SCB presence in the housing loan market, the increasingly effective customer segmentation approach adopted by the Bank and the continued strong demand in the mortgage market. This demand is mainly from off-the-plan purchases of new condos and homes which are mortgaged on completion of projects, typically 2 years or so after the purchase. However, with more sluggish home sales over the past 2 years or so, the Bank expects this growth rate to slow in the quarters ahead.
 - **Automobile loans** were relatively flat yoy. The sale of new cars in Thailand dropped sharply after the incentive scheme for first-time new car buyers ended in 4Q12 and the remaining deliveries of new cars under the scheme were completed by 2Q13. The sluggish growth in auto loans was in line with the general drop in new car sales and the more stringent underwriting criteria used by the Bank. However, as the impact of price disruption in the used car segment has eased, the Bank has seen a recovery in loans within the used car segment.

Further, the Bank has focused on growing automobile loans by increasing the portion of the "My Car, My Cash" loan segment which has a higher yield than new cars and a lower credit risk than the used car segment. ("My Car, My Cash" is a personal loan product, structured as a hire-purchase contract, using the borrower's automobile as the underlying collateral). This shift is evident from the historical analysis of the mix of auto loans shown below.

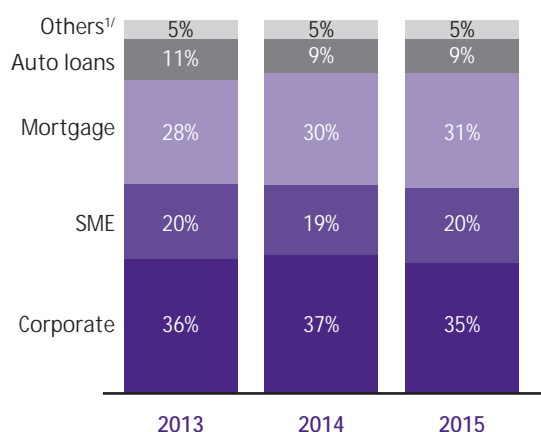
Automobile Loans Portfolio (Baht billion)



- **Other** loans (largely personal loans and credit cards receivables) increased 6.3% yoy, mainly driven by the high seasonal demand for credit card spending at the year end.

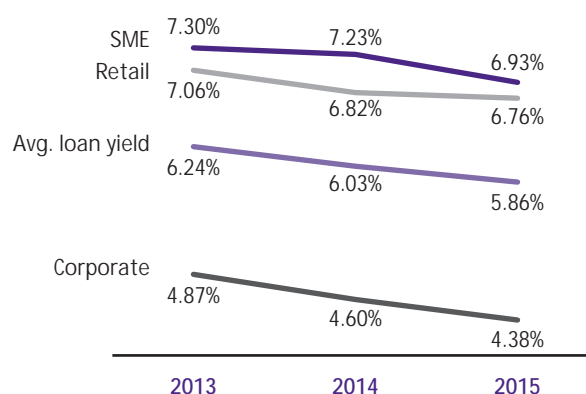
As a result of the stronger growth in the retail segment, especially in housing loans, the proportion of retail loans increased to 45.3% in 2015 compared with 43.8% in 2014 while the proportion of loans in the corporate segment dropped to 35.2% in 2015 from 37.0% in 2014. In 2015, the average loan yield fell to 5.86% from 6.03% in 2014, partly due to the two rounds of policy interest rate cuts (in March 2015 and April 2015), the reversal of accrued interest income for SSI and SSI-UK and also as a result of the Bank's strategy to shift away from higher yield / higher risk segments.

Loan breakdown (Percentage)



^v Others includes mainly credit cards and unsecured consumer loans

Yield on Loans by Segment (Percentage)



Yield on Selected Retail Products (%)

Product	2013	2014	2015
Mortgage	6.19%	5.95%	5.88%
Auto Loans	5.94%	5.95%	6.12%

1.2 Loans by sector/product

Loans by Sector (Consolidated)	Unit: Baht Million		
	Dec 31, 15	Dec 31, 14	% yoy
Agricultural and mining	16,502	18,284	-9.7%
Manufacturing and commercial	593,831	621,314	-4.4%
Real estate and construction	141,238	125,249	12.8%
Utilities and services	254,124	221,131	14.9%
Housing loans*	495,012	463,059	6.9%
Other loans	332,699	328,098	1.4%
Total loans	1,833,406	1,777,135	3.2%

* Classified by sector/product and excludes retail loans where customers use their home as collateral. (These loans are classified under "Other loans" in accordance with regulatory guidelines). Elsewhere in this report, all housing loans are aggregated under mortgage loans and the balance of these loans at the end of December 31, 2015 and December 31, 2014, was Baht 576 million and Baht 530 billion, respectively.

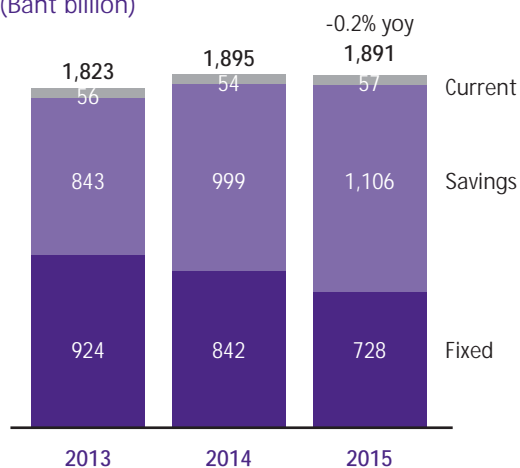
On a sectorial/product basis, loans to the manufacturing and commercial sectors continued to account for the largest portion of the loan portfolio followed by housing loans. In terms of absolute growth from December 31, 2014, the utilities and services sector grew by Baht 33.0 billion (+14.9% yoy), the housing loans sector grew by Baht 32.0 billion (+6.9% yoy), and the real estate and construction sector grew by Baht 16.0 billion (+12.8% yoy) while loans to manufacturing and commercial declined Baht 27.5 million (-4.4% yoy) and agricultural and mining declined Baht 1.8 billion (-9.7% yoy).

2. Deposits

Unit: Baht Million

Deposits (Consolidated)	Dec 31, 15	Dec 31, 14	% yoy
Demand	57,136	53,853	6.1%
Savings	1,106,016	999,410	10.7%
Fixed	727,577	842,080	-13.6%
- Less than 6 months	221,323	139,313	58.9%
- 6 months and up to 1 year	300,657	269,061	11.7%
- Over 1 year	205,597	433,706	-52.6%
Total deposits	1,890,729	1,895,343	-0.2%
Gross loans to deposits ratio	97.0%	93.8%	

Deposits (Baht billion)



CASA – Current & Savings Accounts (%)

49% 56% 62%

As at December 31, 2015, total deposits stood at Baht 1,891 billion, down slightly by 0.2% yoy from Baht 1,895 billion at the end of December 2014. The yoy decrease in deposits was mainly from lower roll-overs of maturing long term fixed deposits, in line with the Bank's strategy to reduce its cost of deposits relative to its peer group by increasing the proportion of CASA accounts.

As a result of the Bank's strategy to reduce its cost of deposits relative to its market competitors by increasing the proportion of products with a lower cost of deposit, savings and current deposits increased by 10.7% yoy and 6.1% yoy, respectively while fixed deposits dropped 13.6% yoy. Consequently, the proportion of low cost deposit (CASA) rose to 62% in 2015 from 56% in 2014.

As loan growth yoy (+3.2% yoy) was higher than deposit growth yoy (-0.2% yoy), the loan-to-deposit ratio on a consolidated basis increased to 97.0% as at the end of December 2015 from 93.8% at the end of 2014. This was above the Bank's target loan-to-deposit ratio range of 94-96% but still considered adequate given the tactical focus of the Bank to reduce its cost-of-deposits over the past year.

The Bank's policy on liquidity management is to source the required level of funding to match its loan growth at an acceptable cost. The Bank's Assets and Liabilities Management Committee formulates policies on liquidity management.

The regulations of Bank of Thailand on liquid assets, with which the Bank is in compliance, require commercial banks to maintain liquid assets equal to at least 6% of total deposits. The Bank currently maintains a daily liquidity ratio of 20% or higher – measured as total liquid assets (at a bank-only level) to total deposits. If the ratio falls below 20%, immediate corrective action would be considered. As at December 31, 2015, the liquidity ratio, on a bank-only basis, stood at 28.8% and thus the Bank feels assured that it has adequate liquidity to face unexpected shocks and challenges. This ratio reflects that the Bank's stock of non-cash liquid assets, at a bank-only level, consists almost entirely of Thai government bonds.

3. Investments

At the end of December 2015, the Bank's total net investments on a consolidated basis increased by 6.8% yoy to Baht 537 billion, mainly from an increase in available-for-sale investment. Of the Bank's consolidated investments, 89% were investments in government and state-enterprise securities. This holding of government securities arises from the Bank's aim to maintain, at a bank-only level, a liquidity ratio (liquid assets/deposits) of not less than 20% as explained above. At a bank-only level, the total net investments stood at Baht 361 billion, decreasing slightly by 0.4% yoy.

Other than the Bank's investments, SCB Life Assurance Company held investments of Baht 193 billion as at December 31, 2015, an increase of 26.4% yoy. A majority of these investments are also in Thai government bonds and are generally acquired to match, to the extent feasible, the maturity profile of its insurance product related liabilities.

Unit: Baht Million

Investment (Consolidated)	Dec 31, 15	Dec 31, 14	% yoy
Net investment	536,655	502,111	6.9%
- Trading securities	21,115	27,673	-23.7%
- Available-for-sale securities	382,200	341,695	11.9%
- Held-to-maturity securities	133,064	132,467	0.5%
- General investments	276	276	0.0%
Net investment in associated companies	344	697	-50.6%
Total net investments	537,000	502,808	6.8%

Investment (Bank only)	Dec 31, 15	Dec 31, 14	% yoy
Net investment	333,861	340,090	-1.8%
- Trading securities	20,808	27,274	-23.7%
- Available-for-sale securities	299,102	297,472	0.5%
- Held-to-maturity securities	13,682	15,075	-9.2%
- General investments	269	269	0.0%
Net investment in subsidiaries and associated companies	26,980	22,129	21.9%
Total net investments	360,841	362,219	-0.4%

4. Debt securities in issue and borrowings

Debt securities in issue and borrowings increased by 6.4% yoy to Baht 121 billion at the end of December 2015. This was mainly due to an increase in the value of the Medium Term Notes (MTN) issued by the Bank as it is dominated in USD currency, and the value rose following the depreciation of the Baht to USD.

Unit: Baht Million

Debt Securities in Issue and Borrowings (Consolidated)	Dec 31, 15	Dec 31, 14	% yoy
Short term debt securities in issue and borrowings	520	110	372.5%
Long term debt securities in issue and borrowings	120,644	113,807	6.0%
Total debt securities in issue and borrowings	121,164	113,917	6.4%

5. Net goodwill and other intangible assets

Net goodwill and other intangible assets increased 5.5% yoy to Baht 12 billion at the end of December 2015 as a result of the acquisition of the charter capital in VinaSiam Bank (VSB), the Bank's affiliate in Vietnam. VSB is being liquidated and, concurrently, the Bank has received a license to establish a branch in Vietnam which will hold the assets previously held by VSB. This acquisition was approved by the shareholders at the Extraordinary General Meeting held on November 3, 2015.

6. Shareholders' equity

As at December 31, 2015, shareholders' equity stood at Baht 307 billion, a 7.8% yoy increase of Baht 22 billion from Baht 285 billion at the end of December 2014, mainly from appropriations of net profit over the year. The net profit appropriated to retained earnings was reduced by the dividend payment of Baht 15.3 billion (Baht 4.50 per share) in accordance with the resolution of the Annual General Meeting of Shareholders in April 2015 and an interim dividend payment of Baht 5.1 billion (Baht 1.50 per share) in accordance with the resolution of the Board of Directors meeting in August 2015.

The book value per share as at December 31, 2015 was Baht 90.45 (3,399 million ordinary and preferred shares at the end of December 2015), up 7.8% from Baht 83.94 at the end of December 2014, for the reasons noted above.

III. Off Balance Sheet: Contingent Liabilities

As at December 31, 2015, the Bank and its subsidiaries' combined contingencies of Baht 423 billion, increased by 6.8% yoy from Baht 396 billion at the end of December 2014. The yoy increase in contingencies was mainly from amount of unused bank overdraft facilities, miscellaneous contingencies, aval to bills, and liability under unmatured import bills as indicated in the table below.

	Unit: Baht Million		
Contingent Liabilities (Consolidated)	Dec 31, 15	Dec 31, 14	% yoy
Aval to bills	5,754	3,434	67.6%
Guarantees of loans	248	220	12.7%
Liability under unmatured import bills	8,228	6,792	21.1%
Letters of credit	27,775	35,346	-21.4%
Other contingencies			
Receivables/payables from investments	7,383	10,070	-26.7%
Other guarantees	178,458	178,776	-0.2%
Amount of unused bank overdraft	156,991	127,028	23.6%
Miscellaneous	38,132	34,537	10.4%
Total contingent liabilities	422,969	396,203	6.8%

IV. Statutory Capital

The Bank has adopted Basel III on a consolidated basis since January 1, 2013. The current minimum regulatory capital requirement under Basel III requires a Common Equity Tier 1 (CET1) ratio of not less than 4.5%, a total Tier 1 ratio of not less than 6%, and a total capital ratio of not less than 8.5%.

On a consolidated basis under Basel III, total capital funds (Tier 1 and Tier 2) at end-4Q15 stood at 17.3% of total risk-weighted assets, comprising CET1 capital of 14.1% and Tier-2 capital of 3.2%. On a bank-only basis, total capital funds stood at 17.2% of total risk-weighted assets, of which CET1 was 14.0% and Tier-2 capital was 3.2%. Appropriation of net profit for 2H15 is not included in this computation as per the BOT regulations. If included, the total capital ratio and CET1 capital ratio under Basel III on a consolidated basis would be 18.2% and 15.0% respectively and on a Bank-only would be 18.1% and 14.9% respectively. (The Bank's Tier 1 capital comprises, substantially, of tangible equity only).

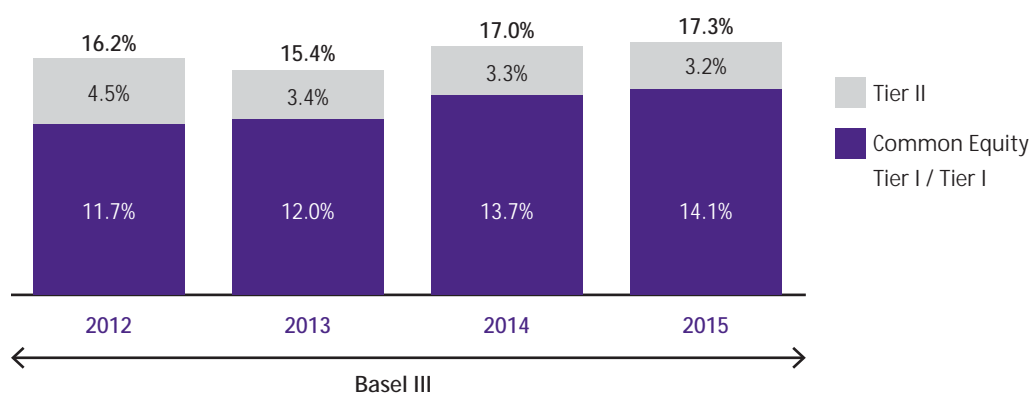
The Bank believes its strong capital position, together with adequate loan loss reserve coverage are sufficient to withstand the impact of potential shocks which may arise if the Bank or the Thai economic growth encounters unexpected adverse events. This solid capital position also provides the Bank with flexibility to grow its business in a timely manner, as and when more growth opportunities arise in the future. The Bank expects to maintain its aggregate capital adequacy ratio well in excess of the regulatory minimum throughout 2016.

Statutory Capital (Consolidated)		Dec 31, 15 (Basel III)	Dec 31, 14 (Basel III)
Common Equity Tier-1 / Tier 1*	Bt, million	265,491	243,919
	% of RWA	14.1%	13.7%
Tier-2 capital	Bt, million	59,140	57,835
	% of RWA	3.2%	3.3%
Total capital	Bt, million	324,631	301,754
	% of RWA	17.3%	17.0%
Risk-weighted assets	Bt, million	1,880,484	1,776,687

Statutory Capital (Bank only)		Dec 31, 15 (Basel III)	Dec 31, 14 (Basel III)
Common Equity Tier-1 / Tier 1*	Bt, million	257,204	236,613
	(Regulatory minimum Tier 1 of 6.0%) % of RWA	14.0%	13.6%
Tier-2 capital	Bt, million	59,140	57,835
	% of RWA	3.2%	3.3%
Total capital	Bt, million	316,344	294,448
	(Regulatory minimum CAR of 8.5%) % of RWA	17.2%	16.9%
Risk-weighted assets	Bt, million	1,841,506	1,742,345

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

Capital Adequacy Ratio (Consolidated)



Bank-Only

CAR	16.1%	15.3%	16.9%	17.2%
CET1/Tier I	11.5%	11.9%	13.6%	14.0%

V. Non Performing Assets

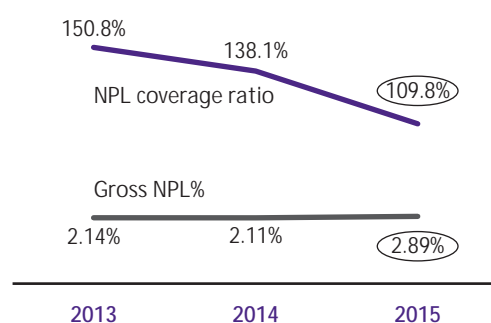
Gross NPLs on a consolidated basis increased to 2.89% of total loans (Baht 59.0 billion) at the end of December 2015, from 2.11% of total loans (Baht 42.7 billion) at the end of December 2014. The increase was mainly as a result of the classification as NPLs of two large corporate customers (SSI and SSI-UK) in 3Q15, whose loans collectively amounted to about Baht 22 billion. The Bank set aside a 100% provision for SSI-UK, assuming no collateral value, and subsequently wrote-off this loan at the end of 3Q15. For the loan to SSI Thailand, the Bank made a 100% provisions after collateral (assuming a further reduction to existing collateral value). Net NPLs (gross NPL less specific loan loss provisions) rose to 1.25% (Baht 25.1 billion) at the end of December 2015 from 1.09% (Baht 21.8 billion) at the end of December 2014.

Non-Performing Loans and Allowance (Consolidated)		Dec 31, 15	Dec 31, 14
Non-Performing Loans (Gross NPLs) ¹	% of total loans	2.89%	2.11%
	Bt, million	58,996	42,743
Allowance for doubtful accounts and debt restructuring ²	Bt, million	64,777	59,014
Total allowance to NPLs		109.8%	138.1%

¹ The large increase in NPL arises mainly from the classification of SSI as NPL in 3Q15. Although, SSI-UK was also NPL it was fully provided for and written off in 3Q15.

² Excluding interbank.

Gross NPL Ratio & NPL Coverage Ratio (Percentage)

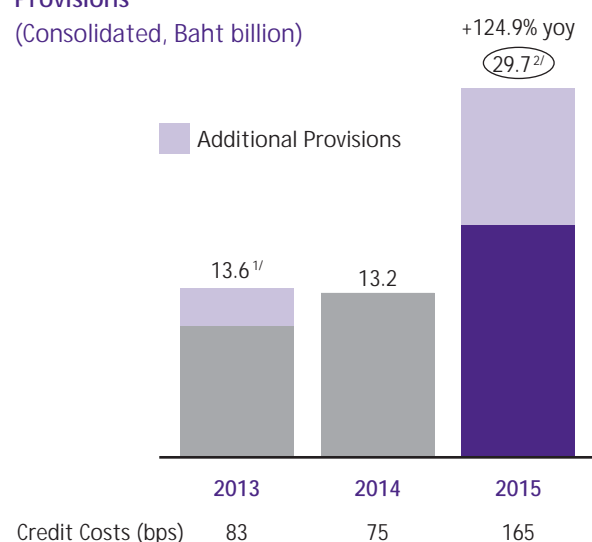


NPL by Segment and by Product

	2013	2014	2015
Corporate	1.6%	1.4%	4.0%*
SME	3.7%	4.6%	4.6%
Retail	2.3%	2.3%	2.0%
Mortgage	2.4%	2.4%	2.1%
Auto Loans	2.4%	2.2%	2.1%

* The increase is accounted for mainly by SSI .

Provisions (Consolidated, Baht billion)



^{1/} Includes additional provisions of Baht 3.1 billion in 2013, on a bank basis.

^{2/} Includes substantial additional provisions for two large corporates (SSI and SSI-UK) of Baht 11.0 billion in 2015. SSI-UK was subsequently written-off in the third quarter.

Allowance for doubtful accounts as of December 31, 2015 stood at Baht 64.8 billion, an increase of Baht 5.8 billion from Baht 59.0 billion at the end of 2014. Due to the significant increase in NPLs, the coverage ratio (total allowance to non-performing loans) fell to 109.8% from 138.1% at the end of 2014 (but higher than the 100.8% recorded at end 3Q15). However, the Bank believes that the ratio remains adequate and it will gradually increase the coverage ratio over the next few quarters.

Gross NPLs on a bank-only basis increased to 2.83% (Baht 57.2 billion) at the end of December 2015 from 2.06% (Baht 41.6 billion) at the end of 2014. Net NPLs also increased to 1.23% (Baht 24.5 billion) at the end of December 2015 from 1.07% (Baht 21.4 billion) at the end of 2014.

Special mention loans stood at Baht 33.5 billion at the end of December 2015, a decrease of Baht 29.3 billion from the end of December 2014 due to the classification of two large special mention corporate customers (SSI and SSI-UK) as NPLs. Both customers were classed as special mention in 2014.

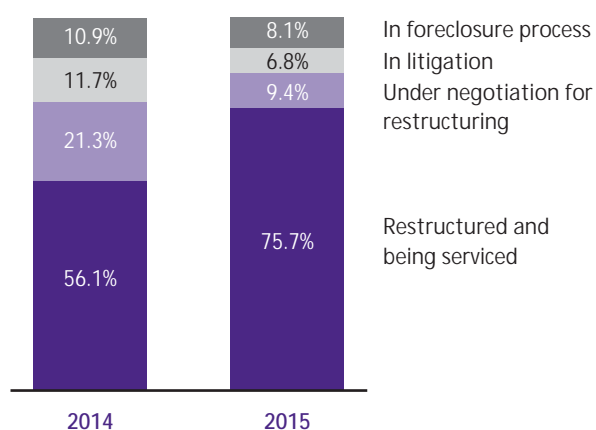
Unit: Baht Million

Classified Loans and Allowance for Doubtful Accounts (Consolidated)	Dec 31, 15		Dec 31, 14	
	Loan and accrued interest	Allowance for classified loans	Loan and accrued interest	Allowance for classified loans
Normal	1,745,381	18,150	1,675,361	17,102
Special mention	33,495	2,325	62,790	2,858
Substandard	24,985	14,555	16,709	7,623
Doubtful	14,809	7,987	8,265	3,074
Doubtful loss	19,281	11,575	17,824	10,432
Total	1,837,951	54,592	1,780,949	41,089
Allowance established in excess of BOT regulations		10,185		17,925
Total allowance		64,777		59,014

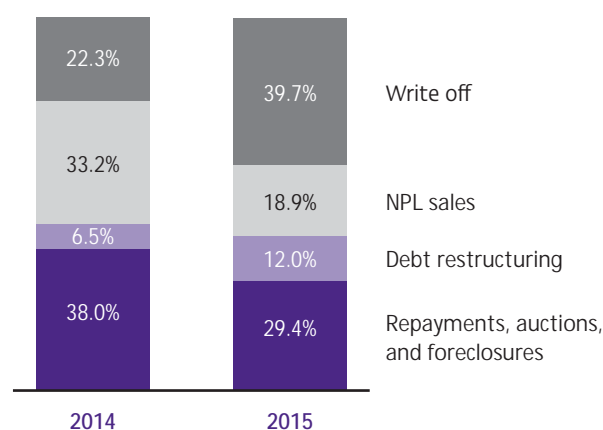
As shown below, at the end of December 2015, NPLs that were restructured and are being serviced accounted for the largest proportion of the total NPLs, followed by NPLs under negotiation for restructuring, NPLs in the foreclosure process, and NPLs currently in litigation. In 2015, the Bank reduced its NPLs through: write-offs; repayments, auctions and foreclosures; NPL sales (the Bank sold Baht 10.7 billion of NPL in 2015); and debt restructuring.

In 4Q15, new NPL formation increased yoy to 0.50% from 0.48% in 4Q14 but decreased from 1.18% (excluding SSI-UK which has been written off) in 3Q15. The yoy increase was mainly from the mortgage segment, specifically from customers in this segment who are self employed and who have a high level of leverage and relatively high loan-to-value. New NPL growth declined substantially qoq as a result of SSI being classified as NPL at the end of 3Q15 and some improvement in the mortgage segment. Also, the Bank tightened its underwriting rules in SME and mortgage segments, due to the sluggish economic situation in Thailand, since early 2014 and thus expects the asset quality deterioration to normalize in the near future.

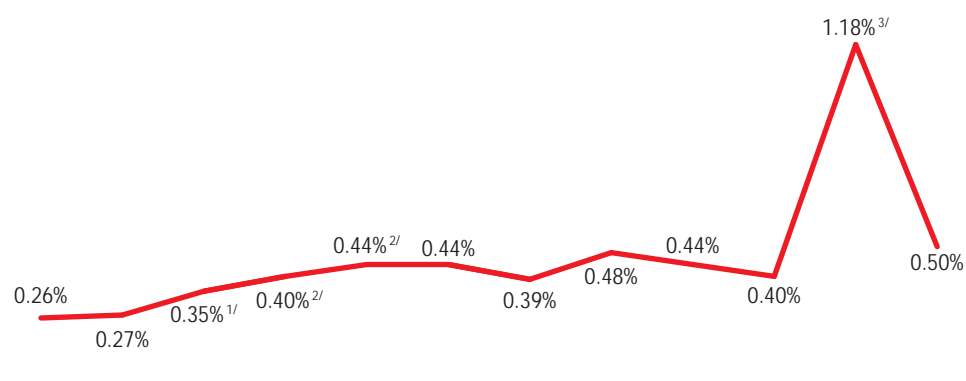
NPL Breakdown by Status (Bank only)



NPL Reduction Methodology



New NPL Formation



	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15
New NPLs (Baht Billion)	4.6	5.1	6.4	7.5	8.4	8.8	7.7	9.8	8.8	8.3	24.3 ^{3/}	10.1

^{1/} The increase is from a few corporate banking and SME accounts as a result of customer-specific issues.

^{2/} The increase arises mainly because of the increase in the Bank's booking of higher yield/higher risk products (SME and home equity loans) and the impact of the deteriorating economic climate.

^{3/} Excluding SSI-UK which was classified as an NPL in September 2015 and immediately written-off. If included, new NPL formation in 3Q15 would be Baht 36.9 billion and 1.79%.

New NPLs by Segment and by Product

	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15
Total loans	0.26%	0.27%	0.35%	0.40%	0.44%	0.44%	0.39%	0.48%	0.44%	0.40%	1.18% ^{3/}	0.50%
Corporate	0.01%	0.00%	0.18%	0.01%	0.00%	0.10%	0.01%	0.14%	0.24%	0.05%	2.28% ^{3/}	0.14%
SME	0.30%	0.38%	0.41%	0.63%	0.83%	0.82%	0.72%	1.21%	0.78%	1.03%	0.94%	1.04%
Mortgage ^{1/}	0.30%	0.33%	0.33%	0.42%	0.45%	0.49%	0.48%	0.39%	0.29%	0.35%	0.68%	0.55%
Auto loans ^{2/}	0.73%	0.59%	0.46%	0.43%	0.70%	0.63%	0.57%	0.55%	0.70%	0.60%	0.58%	0.56%

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

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

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

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, 2015, the Bank and its financial subsidiaries had outstanding restructured loans amounting to Baht 33.0 billion both in the consolidated and Bank-only financial statements, a Baht 3.6 billion increase from Baht 29.4 billion at the end of December 2014. The increase in restructured loans yoy was mainly from the mortgage segment. Some of these restructured loans are classified as NPLs and are already included in the NPL level, as noted in the table below.

Restructured Loans (Consolidated)*		Dec 31, 15	Dec 31, 14 (Revised)*
Restructured loans	Bt, million	32,989	29,374
- Restructured loans which are classified as NPL ^{1/}	Bt, million	6,535	8,181
- Restructured loans which are not classified as NPL ^{1/}	Bt, million	26,454	21,193

^{1/} The figures for December 31, 2014 were reclassified as noted below.

* The previous restructured loan amounts included accounts with no loss to present value. The revised amounts in the table above do not include the case with no loss in present value on restructuring, in line with the regulatory guidelines and industry practice.

Properties for sale

The Bank's properties for sale (also referred to as Non Performing Assets) as at the end of December 2015 stood at Baht 10.6 billion, an increase of Baht 0.8 billion (+8.6% yoy) from the Baht 9.7 billion level at the end of December 2014.

VI. Sources and Uses of Funds

As at December 31, 2015, deposits accounted for 68.2% of SCB's funding base. Other major sources of funds were: 11.1% from shareholders' equity; 6.7% from liabilities under insurance contracts recorded by the Bank's insurance subsidiaries (SCB Life Assurance PCL); 5.2% from interbank borrowings and 4.4% from the issuance of debt instruments. The funds were applied as follows on December 31, 2015: 66.1% was used for loans; 19.4% was applied to net investments in securities; 9.4% was lent in the interbank and money markets; and 1.4% was held in cash.

Foreign currency loans and liabilities

As at December 31, 2015, about 6.6% (USD 3,368 million)^{1/} of SCB's consolidated loans and 8.6% (USD 4,804 million)^{1/} of SCB's consolidated deposits & borrowings were in a currency other than Baht. Also, the Bank has invested around 3.0% (USD 449 million)^{1/} of its consolidated investments in foreign currency instruments.

Foreign currency loans are generally made to the Bank's Thai customers who have operations outside Thailand or who are seeking to acquire assets outside Thailand, and for trade finance related activities. The currency used for the loans is dependent on customer needs and most of these loans, but not all, were in USD.

As the Bank is not a natural deposit taker in USD, the above lending activities are funded through USD borrowings in the global capital markets and FX swaps in the local market, in addition to foreign currency deposits.

^{1/} Based on THB/USD exchange rate of 36.09 as at December 31, 2015

CREDIT RATINGS

The Bank's credit ratings by Moody's Investors Service, Standard & Poor's and Fitch Ratings as of December 31, 2015 are shown below.

Credit Ratings of Siam Commercial Bank PCL	December 31, 2015
Moody's Investors Service	
Outlook	Stable
Bank Deposits	Baa1/P-2
Senior Unsecured MTN	(P) Baa1
Other Short Term	(P) P-2
Standard & Poor's	
Counterparty Credit Rating	BBB+/A-2
<i>ASEAN Regional Scale</i>	axA+/axA-1
Outlook	Stable
Senior Unsecured (Long Term)	BBB+
Senior Unsecured (Short Term)	A-2
Fitch Ratings	
Foreign Currency	
Long Term Issuer Default Rating	BBB+
Short Term Issuer Default Rating	F2
Outlook	Stable
Senior Unsecured	BBB+
Viability Rating	bbb+
National	
Long Term Rating	AA (tha)
Short Term Rating	F1+ (tha)
Outlook	Stable
Subordinated Debenture	AA-(tha)

PILLAR III DISCLOSURE

June 2015

Introduction

Siam Commercial Bank PLC (SCB) and its Financial Group adopted Basel III from January 1, 2013 onward. Basel III is the current global regulatory framework for assessing bank capital adequacy and liquidity as well as to further strengthen the measurement of, and practices for, capital and liquidity management. The Basel framework comprises three pillars, namely, minimum capital requirements, the supervisory review process and market discipline. The scope of SCB's implementation of Basel III is in accordance with the guidelines propagated by the Basel Committee on Banking Supervision (BCBS) and as adopted by the Bank of Thailand (BOT).

To compute its regulatory capital requirement for covering credit risk, market risk and operational risk, SCB and its Financial Group adopted the **Standardized Approach** for measuring these risks. The Pillar III disclosure is provided based on both a **'Bank-Only'** and **'Consolidated'** basis. The BOT requires the Pillar III disclosure to be reported at June 30 and December 31 each year and to be made available to market participants within four months after these dates. SCB releases the report under the Investor Relations section of the Bank's website at <http://www.scb.co.th/en/about->

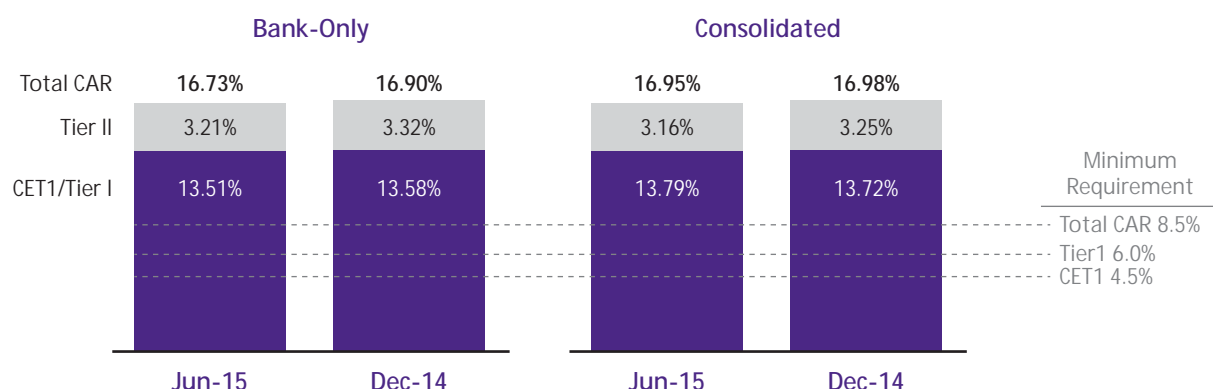
scb/investor-relations/financial-information/pillar and, in addition, by submission to the Stock Exchange of Thailand on the date of disclosure. The half-yearly disclosure, as at June 30, 2015, discloses mainly quantitative information on the Bank's capital structure, its capital adequacy and the composition of risk-weighted assets. Further, to make the sources of regulatory capital more transparent, the Bank also discloses reconciliation of capital stated within the published financial statements, and capital under the regulatory scope of consolidation, together with the regulatory capital position during the transitional period.

This disclosure is not required to be audited by external auditors. It was, however, verified and approved internally in accordance with the Bank's Pillar III disclosure policy. Further it is consistent with information used internally by management and with the reports provided to BOT.

Capital Adequacy Ratio Remains Well Above the Regulatory Minimum

SCB's Capital Adequacy Ratio (CAR) is well above the minimum requirement stipulated by BOT for both the Bank-Only and Consolidated basis. As shown in Figure 1, CET1 is the main component of CAR. This reflects SCB's strong capital base.

Figure 1: Capital Adequacy Ratio and CET1 / Tier I Ratio (Standardized Approach)*



* In compliance with the BOT guidelines, the ratios at June 30, 2015 do not include net profit after the dividend payment for 1H2015. If included, the capital would stand at 14.6%, 3.2%, 17.8% for CET1/Tier I, Tier II and CAR respectively on a Bank-Only basis and 14.8%, 3.2%, 18.0% on a Consolidated basis.

Capital Structure and Adequacy

Under the Basel III regulations, capital is classified in three tiers: (i) Common Equity Tier 1 (CET1), (ii) Additional Tier 1 and (iii) Tier 2 capital. CET1 capital is the strongest and predominant form of capital that helps to support financial commitments without any restriction. Details of CET1 capital, Additional Tier 1 and Tier 2 capital are as follows:

- **Common Equity Tier 1 Capital (CET1)** represents the highest quality component of capital, which includes:
 - Fully paid-up common shares.
 - Premium on common shares.
 - Appropriated retained earnings.
 - Legal reserves.
 - Other comprehensive income, i.e., revaluation surplus on premises and mark-to-market adjustments on AFS investment.

Note: Minimum regulatory requirement is 4.5% of total risk-weighted assets.

- **Additional Tier 1 Capital** must consist of high-quality capital, which includes:
 - Fully paid-up non-cumulative preferred shares.
 - Premium on the above-mentioned preferred shares.
 - Perpetual subordinated debt.

Note: Minimum regulatory requirement for CET1 and Additional Tier 1 together is 6% of total risk-weighted assets.

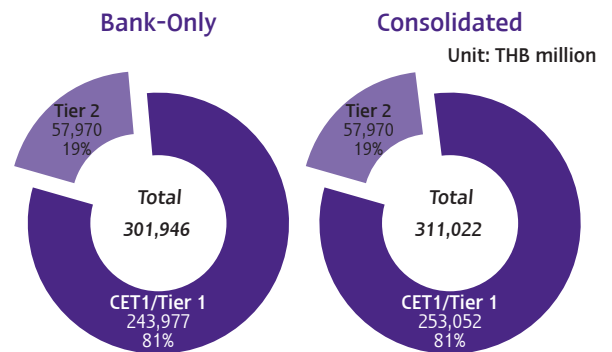
- **Tier 2 Capital** consists of less-permanent capital, which includes:
 - Long-term subordinated liabilities.
 - General provisions (eligibility limited to 1.25% of credit risk-weighted assets).

Note: Minimum regulatory requirement of total risk-weighted capital ratio is 8.5% and this includes all three classes of capital.

Continued Strong Capital Base

Common Equity Tier 1 capital (CET1) is considered the highest quality of capital. For SCB, CET1 is regarded as the major component, accounting for approximately 81% of total capital. CET1 capital has grown significantly and continuously in recent years on the strength of the Bank's retained earnings. This capital level underscores the soundness of the Bank's capital position and provides it with the ability for loss absorption in event of an economic downturn or other adverse circumstances.

Figure 2: Component of Regulatory Capital as at 30 June 2015



In 1H15, capital requirements have increased only marginally as loan growth stalled as a result of the economic downturn

At the end of June 2015, SCB's Bank-Only and Consolidated minimum capital requirements amounted to Baht 153,447 million and Baht 155,958 million respectively, which is higher than at the end of 2014 by 3.6% and 3.3% respectively. Credit risk remains the primary risk for SCB at 86.5% and 86.3% on a Bank-Only and Consolidated basis.

Figure 3: Minimum Capital Requirements for Credit Risk, Market Risk, Operational Risk

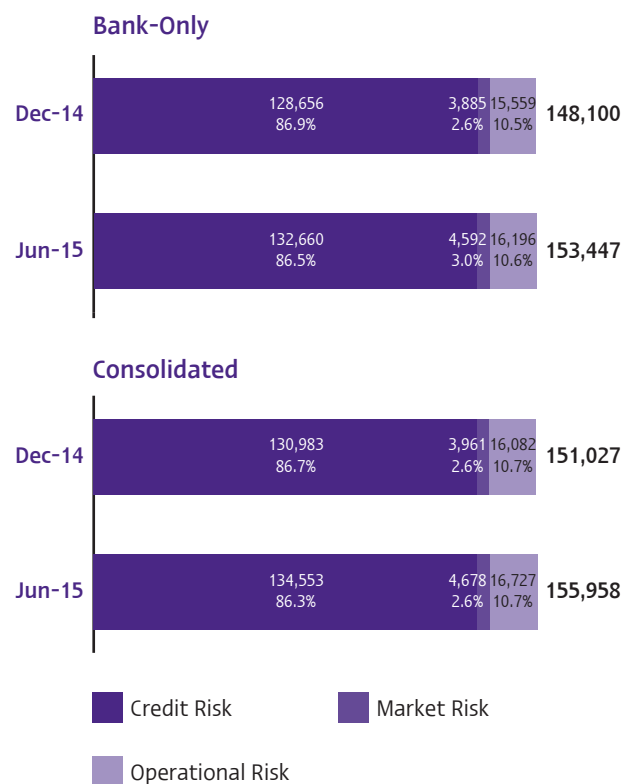


Table 1: Comprehensive Regulatory Capital and Capital Adequacy

(Unit : THB million)

Capital adequacy and RWA	Bank-Only		Consolidated	
	30-Jun-15	31-Dec-14	30-Jun-15	31-Dec-14
Tier 1 capital	243,977	236,613	253,052	243,919
Common Equity Tier 1	243,977	236,613	253,052	243,919
Paid-up capital - Common shares	33,992	33,992	33,992	33,992
Surplus (deficit) net worth	11,124	11,124	11,124	11,124
Legal reserve	7,000	7,000	7,000	7,000
Net profit after appropriation	179,409	172,983	191,294	181,143
Other comprehensive income	18,537	17,349	16,972	18,014
Deductions from CET 1 on Owner's equity	(6,085)	(5,835)	(7,331)	(7,354)
Additional Tier I	-	-	-	-
Tier 2 Capital	57,970	57,835	57,970	57,835
General provision	17,970	17,835	17,970	17,835
Proceeds from issuing subordinated debt securities	40,000	40,000	40,000	40,000
Total regulatory capital	301,946	294,448	311,022	301,754
Risk-weighted-assets				
Credit risk	1,560,709	1,513,598	1,582,977	1,540,974
Market risk	54,019	45,696	55,039	46,606
Operational risk	190,537	183,051	196,789	189,204
Total risk-weighted-assets	1,805,264	1,742,345	1,834,805	1,776,784
Total risk-weighted capital ratio (%)	16.73%	16.90%	16.95%	16.98%
CET1 / Tier 1 risk-weighted capital ratio (%)	13.51%	13.58%	13.79%	13.73%
Minimum regulatory capital adequacy ratio (%)	8.50%	8.50%	8.50%	8.50%
Minimum Tier 1 risk-weighted capital ratio (%)	6.00%	6.00%	6.00%	6.00%
Minimum CET 1 risk-weighted capital ratio (%)	4.50%	4.50%	4.50%	4.50%

Note: In accordance with the BOT guidelines, the ratios at June 30, 2015 do not include net profit after the dividend payment for 1H2015. If included, capital would stand at 14.6%, 3.2% ,17.8% for CET1/Tier I, Tier II and CAR respectively on a Bank-Only basis and 14.8%, 3.2%, 18.0% on a Consolidated basis.

Table 2: Capital Requirements by Risk Types

(Unit : THB million)

Risk types	Bank-Only		Consolidated	
	30-Jun-15	31-Dec-14	30-Jun-15	31-Dec-14
Credit risk – Standardized Approach				
Performing				
Governments, central banks, MDBs ^{1/} and PSEs ^{2/} treated as sovereign	27	107	341	429
Banks and PSEs ^{2/} treated as banks	2,768	2,431	2,839	2,510
Corporates ^{3/} and PSEs ^{2/} treated as corporates	75,039	72,537	75,205	71,848
Retail	29,654	29,517	29,696	29,552
Retail mortgage loans	14,512	13,775	14,512	13,775
Other assets ^{4/}	8,940	8,507	10,203	10,249
Non-performing	1,720	1,782	1,756	2,619
First-to-default credit derivatives and securitisation	-	-	-	-
Total minimum capital requirements for credit risk	132,660	128,656	134,553	130,983
Market risk – Standardized Approach				
Interest rate risk	3,601	2,906	3,603	2,908
Equity position risk	65	63	138	128
Foreign exchange risk	925	915	938	925
Commodity risk	-	-	-	-
Total minimum capital requirements for market risk	4,592	3,885	4,678	3,961
Operational risk – Standardized Approach				
Total minimum capital requirements for operational risk	16,196	15,559	16,727	16,082
Total minimum capital requirements	153,447	148,100	155,958	151,027

Note:

1/ Multilateral development banks.

2/ Public sector entities.

3/ Including claims on individuals and their related parties when aggregate limits exceed conditions of claims on retail.

4/ Other assets under Basel III include investment outside the scope of consolidation and carry a 250% risk-weight.

Note: For disclosure on main features of regulatory capital instruments; reconciliation of capital stated within the financial statements as compared to capital under regulatory scope of consolidation; and capital position during the transitional period, please refer to the full Pillar III Disclosure Report as of June 30, 2015.

5-YEAR: KEY FINANCIAL STATISTICS

Financial Status (Consolidated)

As of December 31,

Unit: Billion Baht

	2015	2014	2013	2012 ^{1/}	2011
Total Assets	2,774.3	2,699.7	2,534.2	2,270.1	1,848.4
- Loans	1,833.4	1,777.1	1,735.3	1,547.5	1,292.7
- Less allowance for doubtful accounts	-64.8	-59.0	-60.3	-52.0	-46.0
- Net loans	1,768.6	1,718.1	1,675.0	1,495.5	1,246.7
- Investment-net	537.0	502.8	504.9	458.9	322.4
- Properties foreclosed	10.6	9.7	9.6	9.5	11.8
Total liabilities	2,466.6	2,413.4	2,286.2	2,054.7	1,661.2
- Deposits	1,890.7	1,895.3	1,822.9	1,614.1	1,184.4
- Borrowings	121.2	113.9	95.0	132.6	255.8
Total shareholders' equity	307.7	286.3	248.0	215.3	187.2

Financial Results

For the year ended December 31,

Unit: Billion Baht

	2015	2014	2013	2012 ^{1/}	2011
Interest income	122.5	123.4	120.7	103.4	77.9
Less interest expenses	39.6	42.3	47.7	41.3	27.4
Net interest income	82.8	81.1	73.0	62.1	50.5
Non-interest income	54.6	47.0	50.5	40.9	40.5
Total income	137.4	128.1	123.5	103.0	91.0
Less non-interest expense	48.9	48.1	47.3	42.4	36.9
Income (loss) before impairment loss of loans and debt securities	88.5	80.0	76.2	60.6	54.2
Less impairment loss of loans and debt securities	29.7	13.2	13.6	9.4	6.6
Income tax and non-controlling interest	11.6	13.5	12.3	12.0	11.2
Net Profit (loss) (attributable to shareholders of the Bank)	47.2	53.3	50.2	39.2	36.3

^{1/} Restated following the adoption of deferred tax accounting in 2013

Key Financial Ratios (Consolidated Basis)

Unit: Percent

	2015	2014	2013	2012 ^{1/}	2011
Profitability ratio					
Return on assets (ROA)	1.7	2.0	2.1	1.9	2.2
Return on equity (ROE)	15.9	20.1	21.8	19.7	21.3
Net interest margin (NIM)	3.2	3.3	3.2	3.2	3.3
Non interest income to total income	39.7	36.7	40.9	39.7	41.2 ^{2/}
Efficiency ratio					
Cost income ratio	35.6	37.5	38.3	41.2	40.5
Cost to assets	1.8	1.8	2.0	2.1	2.2
Financial ratio					
Equity to assets	11.1	10.6	9.7	9.4	10.1
Loans to deposits	97.0	93.8	95.2	95.9	109.1
Capital adequacy ratio					
Total capital to risk assets ^{3/}	17.2	16.9	15.3	16.5	14.5
Tier 1 capital to risk assets ^{3/}	14.0	13.6	11.9	10.9	11.2
Tier 2 capital to risk assets ^{3/}	3.2	3.3	3.4	5.6	3.4
Asset quality ratio					
Non-performing loans to total loans	2.89	2.11	2.14	2.13	2.61
Total allowance to non-performing loans	109.8	138.1	150.8	144.8	127.1
Total allowance to total loans	3.5	3.3	3.5	3.4	3.6
Accrued interest to total loans	0.2	0.2	0.2	0.2	0.2

Share Information^{4/}

	2015	2014	2013	2012 ^{1/}	2011
Earnings per share - EPS (Baht)	13.88	15.69	14.78	11.54	10.67
Book value per share (Baht)	90.45	83.94	72.45	62.89	54.68
Dividend per share ^{5/} (Baht)	5.50	6.00	5.25	4.50	3.50
Market capitalization (Billion Baht)	406.2	618.6	487.8	616.9	396.0
Number of shares (Million)	3,399	3,399	3,399	3,399	3,399

^{1/} Restated following the adoption of deferred tax accounting in 2013

^{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 2015 as proposed to the Annual General Meeting of Shareholders in April 2016. (Interim dividend Baht 1.5 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 (the "Group"), and of The Siam Commercial Bank Public Company Limited (the "Bank"), respectively, which comprise the consolidated and the Bank's statements of financial position as at 31 December 2015, the consolidated and the Bank's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

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 present fairly, in all material respects, the financial position of the Group and the Bank, respectively, as at 31 December 2015 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



(Winid Silamongkol)
Certified Public Accountant
Registration No. 3378

KPMG Phoomchai Audit Ltd.
Bangkok
23 February 2016

STATEMENT OF FINANCIAL POSITION

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Assets	Note	Consolidated		The Bank	
		31 December		31 December	
		2015	2014	2015	2014
<i>(in thousand Baht)</i>					
Cash		38,979,295	42,131,800	38,737,313	41,922,318
Interbank and money market items, net	9	260,942,972	291,614,750	246,492,375	276,806,702
Claims on security	5.11	4,545,098	6,059,162	4,545,098	6,059,162
Derivative assets	10	57,397,448	43,629,965	58,559,234	43,759,401
Investments, net	11	536,655,307	502,111,054	333,861,095	340,090,493
Investments in subsidiaries and associates, net	12	344,215	696,829	26,979,728	22,128,612
Loans to customers and accrued interest receivables, net	13				
Loans to customers		1,856,004,740	1,797,561,397	1,844,260,304	1,790,005,534
Accrued interest receivables		4,544,595	3,814,239	4,107,045	3,543,663
Total loans to customers and accrued interest receivables		1,860,549,335	1,801,375,636	1,848,367,349	1,793,549,197
Less deferred revenue		(22,598,424)	(20,426,639)	(22,598,424)	(20,426,639)
Less allowance for doubtful accounts	13.9	(64,777,286)	(59,014,088)	(63,541,368)	(58,251,730)
Total loans to customers and accrued interest receivables, net		1,773,173,625	1,721,934,909	1,762,227,557	1,714,870,828
Customers' liabilities under acceptances		58,266	47,747	58,266	47,747
Properties for sale, net	16	10,558,081	9,720,839	10,553,526	9,711,206
Premises and equipment, net	17	39,987,650	33,775,729	38,713,417	32,608,529
Goodwill and other intangible assets, net	18	12,031,442	11,406,133	2,250,011	2,131,434
Assets pending transfer	19	2,268,037	4,104,157	2,352,923	4,104,158
Deferred tax assets	43	65,586	67,694	2,073	11,207
Other assets, net	20	37,302,153	32,402,317	32,093,243	28,557,938
Total assets		2,774,309,175	2,699,703,085	2,557,425,859	2,522,809,735

The accompanying notes are an integral part of these financial statements.

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	
		2015	2014	2015	2014
		<i>(in thousand Baht)</i>			
Liabilities					
Deposits	21	1,890,728,922	1,895,343,384	1,884,903,678	1,890,388,475
Interbank and money market items	22	142,937,063	140,285,606	145,717,872	146,014,407
Liabilities payable on demand		8,484,207	7,400,145	8,480,486	7,399,327
Liabilities to deliver security	5.11	4,563,438	6,063,117	4,545,098	6,059,162
Derivative liabilities	10	59,587,955	42,413,034	59,498,470	42,486,703
Debt issued and borrowings	23	121,163,995	113,916,834	121,385,957	114,485,513
Bank's liabilities under acceptances		58,266	47,747	58,266	47,747
Provisions	24	7,227,782	7,210,567	6,876,481	6,881,247
Liabilities under insurance contracts	25	184,778,729	151,757,056	-	-
Liabilities pending transfer	26	11,544,516	14,267,471	11,479,413	14,027,322
Deferred tax liabilities	43	3,141,226	3,562,997	2,771,706	2,941,078
Other liabilities	27	32,400,042	31,137,083	25,802,975	25,796,218
Total liabilities		2,466,616,141	2,413,405,041	2,271,520,402	2,256,527,199

The accompanying notes are an integral part of these financial statements.

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	
		2015	2014	2015	2014
<i>(in thousand Baht)</i>					
Equity					
Share capital					
Authorised share capital					
3,583,965,486 preference shares of Baht 10 each		35,839,655	35,842,374	35,839,655	35,842,374
3,416,034,514 ordinary shares of Baht 10 each		34,160,345	34,157,626	34,160,345	34,157,626
Issued and paid-up share capital					
4,703,321 preference shares of Baht 10 each		47,033	48,802	47,033	48,802
3,394,488,877 ordinary shares of Baht 10 each		33,944,889	33,943,120	33,944,889	33,943,120
Premium on share capital					
Premium on preference shares		18,392	19,084	18,392	19,084
Premium on ordinary shares		11,105,799	11,105,107	11,105,799	11,105,107
Other reserves	28	17,926,079	21,914,917	18,783,380	19,461,413
Retained earnings					
Appropriated					
Legal reserve	28	7,000,000	7,000,000	7,000,000	7,000,000
Unappropriated		237,420,539	211,301,429	215,005,964	194,705,010
Total shareholders' equity		307,462,731	285,332,459	285,905,457	266,282,536
Non-controlling interests		230,303	965,585	-	-
Total equity		307,693,034	286,298,044	285,905,457	266,282,536
Total liabilities and equity		2,774,309,175	2,699,703,085	2,557,425,859	2,522,809,735



(Mr. Arthid Nanthawithaya)
CEO and Deputy Chairman of the Executive Committee



(Mr. Yol Phokasub)
President

The accompanying notes are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The Siam Commercial Bank Public Company Limited and its Subsidiaries

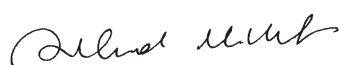
	Note	Consolidated		The Bank	
		For the year ended 31 December		For the year ended 31 December	
		2015	2014	2015	2014
		<i>(in thousand Baht)</i>			
Interest income	37	122,462,489	123,381,101	115,032,853	116,949,638
Interest expense	38	39,628,062	42,281,297	39,662,902	42,359,301
Net interest income		82,834,427	81,099,804	75,369,951	74,590,337
Fees and service income	39	32,704,402	31,524,645	35,524,464	35,216,039
Fees and service expense	39	5,629,598	5,215,834	4,832,784	4,646,435
Net fees and service income	39	27,074,804	26,308,811	30,691,680	30,569,604
Net trading income	40	8,314,590	7,303,791	7,799,882	7,316,173
Net gain on investments	41	9,390,068	2,563,133	8,590,566	1,908,935
Share of loss of investment in associates	12	(89,120)	(78,950)	-	-
Dividend income		1,386,124	1,182,555	4,295,049	5,493,311
Net earned insurance premiums		52,419,038	49,187,862	-	-
Other operating income		697,437	595,669	63,532	85,002
Total operating income		182,027,368	168,162,675	126,810,660	119,963,362
Net insurance claims		44,618,476	40,032,843	-	-
Net operating income		137,408,892	128,129,832	126,810,660	119,963,362
Other operating expenses					
Staff costs		22,378,785	21,954,351	19,578,782	19,198,084
Directors' remuneration		95,120	93,421	89,200	86,724
Premises and equipment expenses		9,664,552	9,766,012	8,837,972	8,963,860
Taxes and duties		4,216,087	4,240,704	3,997,561	4,055,682
Others		12,593,537	12,034,114	13,918,855	13,574,991
Total operating expenses		48,948,081	48,088,602	46,422,370	45,879,341
Impairment loss on loans and debt securities	42	29,722,628	13,214,064	29,725,915	13,238,851
Profit before tax		58,738,183	66,827,166	50,662,375	60,845,170
Income tax expense	43	11,498,256	13,175,226	9,325,316	11,091,389
Net profit		47,239,927	53,651,940	41,337,059	49,753,781

The accompanying notes are an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

The Siam Commercial Bank Public Company Limited and its Subsidiaries

	Note	Consolidated		The Bank	
		For the year ended		For the year ended	
		31 December		31 December	
		2015	2014	2015	2014
<i>(in thousand Baht)</i>					
Other comprehensive income (loss)					
<i>Items that are or may be reclassified to profit or loss</i>					
(Loss) gain on remeasuring available-for-sale investments		(7,910,650)	4,654,400	(6,270,799)	1,516,921
Foreign currency translation differences for foreign operations		165,393	3,993	-	-
Share of other comprehensive income of investment in associates		53,769	2,075	-	-
Income tax on other comprehensive income	43	1,484,998	(902,499)	1,231,828	(281,052)
		<u>(6,206,490)</u>	<u>3,757,969</u>	<u>(5,038,971)</u>	<u>1,235,869</u>
<i>Items that will never be reclassified to profit or loss</i>					
Change in revaluation surplus		5,823,356	(28,982)	5,728,326	(28,982)
Defined benefit plan actuarial losses	24	(627,936)	-	(589,164)	-
Income tax on other comprehensive income	43	(1,039,083)	5,796	(1,027,832)	5,796
		<u>4,156,337</u>	<u>(23,186)</u>	<u>4,111,330</u>	<u>(23,186)</u>
Total other comprehensive (loss) income, net of income tax		<u>(2,050,153)</u>	<u>3,734,783</u>	<u>(927,641)</u>	<u>1,212,683</u>
Total comprehensive income		<u><u>45,189,774</u></u>	<u><u>57,386,723</u></u>	<u><u>40,409,418</u></u>	<u><u>50,966,464</u></u>
Net profit attributable to					
Shareholders of the parent company		47,182,412	53,334,623	41,337,059	49,753,781
Non-controlling interests		57,515	317,317	-	-
Total comprehensive income attributable to					
Shareholders of the parent company		45,113,456	56,942,458	40,409,418	50,966,464
Non-controlling interests		76,318	444,265	-	-
Earnings per share of the parent company					
Basic earnings per share <i>(in Baht)</i>	44	<u>13.88</u>	<u>15.69</u>	<u>12.16</u>	<u>14.64</u>



(Mr. Arthid Nanthawithaya)
CEO and Deputy Chairman of the Executive Committee



(Mr. Yol Phokasub)
President

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

Year ended 31 December 2015	Consolidated												
	Issued and paid-up share capital		Premium on share capital		Other reserves		Retained earnings			Total shareholders' equity	Non-controlling interests	Total	
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	Gain (loss) on remeasuring available-for-sale investments	Others	Total other reserves	Legal reserve	Unappropriated equity				
Note	Preference shares	Ordinary shares	Preference shares	Ordinary shares	Change in revaluation surplus	investments	Others	Total other reserves	Legal reserve	Unappropriated equity	interests	Total	
Balance at 31 December 2014 - as reported	48,802	33,943,120	19,084	11,105,107	12,507,773	9,744,122	(336,978)	21,914,917	7,000,000	211,301,429	285,332,459	965,585	286,298,044
Impact of change in accounting policy	4	-	-	-	-	-	-	-	-	(391,344)	(391,344)	-	(391,344)
Balance at 1 January 2015	48,802	33,943,120	19,084	11,105,107	12,507,773	9,744,122	(336,978)	21,914,917	7,000,000	210,910,085	284,941,115	965,585	285,906,700
Dividend paid	29	-	-	-	-	-	-	-	-	(20,395,153)	(20,395,153)	(15,826)	(20,410,979)
Conversion of preference shares to ordinary shares		(1,769)	1,769	(692)	692	-	-	-	-	-	-	-	-
Acquisitions of non-controlling interests without a change in control		-	-	-	243	129,310	(2,326,166)	(2,196,613)	-	(74)	(2,196,687)	(795,774)	(2,992,461)
Profit for the year		-	-	-	-	-	-	-	-	47,182,412	47,182,412	57,515	47,239,927
Other comprehensive income (loss)		-	-	-	4,658,685	(6,444,519)	219,162	(1,566,672)	-	(502,284)	(2,068,956)	18,803	(2,050,153)
Total comprehensive income (loss) for the year		-	-	-	4,658,685	(6,444,519)	219,162	(1,566,672)	-	46,680,128	45,113,456	76,318	45,189,774
Transfer to retained earnings		-	-	-	(225,553)	-	-	(225,553)	-	225,553	-	-	-
Balance at 31 December 2015	47,033	33,944,889	18,392	11,105,799	16,941,148	3,428,913	(2,443,982)	17,926,079	7,000,000	237,420,539	307,462,731	230,303	307,693,034

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		Other reserves		Total other reserves		
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	Change in revaluation surplus	Investments	Others	Retained earnings	Legal reserve	Unappropriated equity			
Note	Preference shares	Ordinary shares	Preference shares	Ordinary shares	Change in revaluation surplus	Investments	Others	Retained earnings	Legal reserve	Unappropriated equity	Non-controlling interests	Total	
Year ended 31 December 2014													
Balance at 1 January 2014	51,817	33,940,105	20,263	11,103,928	12,802,243	6,116,916	(332,481)	18,586,678	7,000,000	175,569,326	246,272,117	1,767,958	248,040,075
Dividend paid	29	-	-	-	-	-	-	-	-	(17,845,759)	(17,845,759)	(133,439)	(17,979,198)
Conversion of preference shares to ordinary shares		(3,015)	3,015	(1,179)	1,179	-	-	-	-	-	-	-	-
Disposal of non-controlling interests without a change in control		-	-	-	-	-	-	-	-	12	12	(1,804)	(1,792)
Disposal of controlling interests with a change in control		-	-	-	-	(50,852)	2,254	(10,565)	(59,163)	22,794	(36,369)	(1,103,699)	(1,140,068)
Gain from decrease in capital of subsidiary		-	-	-	-	-	-	-	-	-	-	(7,696)	(7,696)
Profit for the year		-	-	-	-	-	-	-	-	53,334,623	53,334,623	317,317	53,651,940
Other comprehensive income (loss)		-	-	-	(23,185)	3,624,952	6,068	3,607,835	-	-	3,607,835	126,948	3,734,783
Total comprehensive income (loss) for the year		-	-	-	(23,185)	3,624,952	6,068	3,607,835	-	53,334,623	56,942,458	444,265	57,386,723
Transfer to retained earnings		-	-	-	(220,433)	-	-	(220,433)	-	220,433	-	-	-
Balance at 31 December 2014	48,802	33,943,120	19,084	11,105,107	12,507,773	9,744,122	(336,978)	21,914,917	7,000,000	211,301,429	285,332,459	965,585	286,298,044

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					Other reserves						
	Preference shares	Ordinary shares	Preference shares	Ordinary shares	Premium on share capital	Gain (loss) on re-measuring available-for-sale investments	Change in revaluation surplus	re-measuring investments	Total other reserves	Retained earnings	Total	
Year ended 31 December 2015												
Balance at 31 December 2014 - as reported	48,802	33,943,120	19,084	11,105,107	11,999,507	7,461,906	19,461,413	7,000,000	194,705,010	266,282,536		
Impact of change in accounting policy	4	-	-	-	-	-	-	-	(391,344)	(391,344)		
Balance at 1 January 2015	48,802	33,943,120	19,084	11,105,107	11,999,507	7,461,906	19,461,413	7,000,000	194,313,666	265,891,192		
Dividend paid	(1,769)	1,769	(692)	692	-	-	-	-	(20,395,153)	(20,395,153)		
Conversion of preference shares to ordinary shares	-	-	-	-	-	-	-	-	-	-		
Profit for the year	-	-	-	-	-	-	-	-	41,337,059	41,337,059		
Other comprehensive income (loss)	-	-	-	-	4,582,661	(5,038,971)	(456,310)	-	(471,331)	(927,641)		
Total comprehensive income (loss) for the year	-	-	-	-	4,582,661	(5,038,971)	(456,310)	-	40,865,728	40,409,418		
Transfer to retained earnings	-	-	-	-	(221,723)	-	(221,723)	-	221,723	-		
Balance at 31 December 2015	47,033	33,944,889	18,392	11,105,799	16,360,445	2,422,935	18,783,380	7,000,000	215,005,964	285,905,457		

(in thousand Baht)

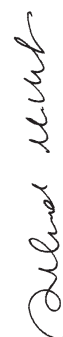
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STATEMENT OF CHANGES IN EQUITY

The Siam Commercial Bank Public Company Limited and its Subsidiaries

	The Bank										Total
	Other reserves										
	Issued and paid-up share capital		Premium on share capital		Change in revaluation available-for-sale surplus		Gain on remeasuring investments		Total other reserves		
Note	Preference shares	Ordinary shares	Preference shares	Ordinary shares	Preference shares	Ordinary shares	Investments	Legal reserve	Unappropriated reserve	Unappropriated	Total
Year ended 31 December 2014											
Balance at 1 January 2014	51,817	33,940,105	20,263	11,103,928	12,246,265	6,226,038	18,472,303	7,000,000	162,573,415	233,161,831	
Dividend paid	-	-	-	-	-	-	-	-	(17,845,759)	(17,845,759)	
Conversion of preference shares to ordinary shares	(3,015)	3,015	(1,179)	1,179	-	-	-	-	-	-	
Profit for the year	-	-	-	-	-	-	-	-	49,753,781	49,753,781	
Other comprehensive income (loss)	-	-	-	-	(23,185)	1,235,868	1,212,683	-	-	1,212,683	
Total comprehensive income (loss) for the year	-	-	-	-	(23,185)	1,235,868	1,212,683	-	49,753,781	50,966,464	
Transfer to retained earnings	-	-	-	-	(223,573)	-	(223,573)	-	223,573	-	
Balance at 31 December 2014	48,802	33,943,120	19,084	11,105,107	11,999,507	7,461,906	19,461,413	7,000,000	194,705,010	266,282,536	

(in thousand Baht)



(Mr. Arthid Nanthawithaya)
CEO and Deputy Chairman of the Executive Committee



(Mr. Yol Phokasub)
President

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	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit before tax	58,738,183	66,827,166	50,662,375	60,845,170
Adjustments for				
Depreciation and amortisation	2,755,448	2,786,909	2,567,272	2,593,170
Impairment loss on loans and debt securities	31,696,117	14,799,454	31,644,746	14,818,145
Reversal on impairment of properties for sale	(383,064)	(213,289)	(383,064)	(213,289)
Reversal on impairment of premises and equipment	(168,274)	-	(167,041)	-
Gain on sales of premises and equipment	(21,798)	(25,426)	(16,084)	(16,590)
Net trading income	(8,314,590)	(7,303,791)	(7,799,882)	(7,316,173)
Net gain on investments	(9,390,068)	(2,563,133)	(8,590,566)	(1,908,935)
Share of loss of investment in associates	89,120	78,950	-	-
	75,001,074	74,386,840	67,917,756	68,801,498
Net interest income	(82,834,427)	(81,099,804)	(75,369,951)	(74,590,337)
Dividend income	(1,386,124)	(1,182,555)	(4,295,049)	(5,493,311)
Proceeds from interest	121,709,859	123,126,122	114,208,308	116,674,379
Interest paid	(40,613,323)	(46,362,822)	(40,639,152)	(46,443,362)
Proceeds from dividend	1,385,197	1,185,693	4,295,049	5,493,627
Income tax paid	(11,819,484)	(13,107,624)	(9,852,396)	(11,343,262)
Income from operations before changes in operating assets and liabilities	61,442,772	56,945,850	56,264,565	53,099,232
<i>(Increase) decrease in operating assets</i>				
Interbank and money market items	31,336,321	(120,039,576)	30,248,280	(121,776,340)
Claims on security	1,514,064	(2,970,222)	1,514,064	(2,970,222)
Derivative assets	808,881	9,222,461	(603,736)	9,318,342
Investments in securities for trading	6,662,233	19,784,581	6,533,998	19,830,325
Loans to customers	(90,210,184)	(68,158,773)	(87,819,654)	(67,330,415)
Properties for sale	8,851,194	10,225,890	8,846,117	10,221,530
Reinsurance receivables and assets	-	919,670	-	-
Other assets	(3,730,097)	(2,949,131)	(2,643,198)	(2,801,952)

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

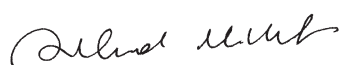
	Consolidated		The Bank	
	For the year ended		For the year ended	
	31 December		31 December	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<i>Increase (decrease) in operating liabilities</i>				
Deposits	(5,067,399)	72,432,390	(5,484,797)	69,660,164
Interbank and money market items	2,651,457	21,158,995	(296,535)	22,022,880
Liabilities payable on demand	1,084,062	(1,006,128)	1,081,159	(968,046)
Liabilities to deliver security	(1,499,679)	2,974,177	(1,514,064)	2,970,222
Derivative liabilities	17,174,921	(4,413,458)	17,011,767	(4,336,263)
Short-term debt issued and borrowings	265,575	(12,880,639)	(81,142)	(5,265,966)
Other liabilities	31,734,445	21,086,445	(2,145,331)	1,198,099
Net cash from (used in) operating activities	63,018,566	2,332,532	20,911,493	(17,128,410)
<i>Cash flows from investing activities</i>				
Purchases of available-for-sale securities	(437,902,894)	(355,646,130)	(341,944,291)	(335,417,562)
Proceeds from sales of available-for-sale securities	400,417,055	348,531,279	344,219,996	344,751,568
Purchases of held-to-maturity securities	(25,065,811)	(51,418,050)	(450,000)	(942,000)
Proceeds from redemption of held-to-maturity securities	24,585,638	47,002,356	1,857,696	3,526,579
Purchases of general securities	(2,091)	-	(2,091)	(1,463)
Proceeds from sales of general securities	27	55,909	27	55,909
Purchases of investments in subsidiaries and/or associates	(1,394,112)	(88,868)	(4,743,021)	(365,590)
Proceeds from sales of investments in subsidiaries and/or associates	-	3,744,239	-	3,744,239
Proceeds from decrease in capital of subsidiary	-	-	202,601	2,979,420
Purchases of premises and equipment	(2,624,199)	(1,282,154)	(2,493,312)	(1,233,927)
Proceeds from sales of premises and equipment	230,162	195,972	193,888	179,582
Purchases of intangible assets	(663,175)	(472,758)	(542,838)	(361,698)
Net cash (used in) from investing activities	(42,419,400)	(9,378,205)	(3,701,345)	16,915,057

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	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Cash flows from financing activities				
Acquisitions of non-controlling interests	(3,506,085)	-	-	-
Proceeds from long-term debt issued and borrowings	-	31,397,500	-	24,397,500
Dividend paid to equity holders of the Bank	(20,395,153)	(17,845,759)	(20,395,153)	(17,845,759)
Dividend paid to non-controlling interests	(15,826)	(133,439)	-	-
Net cash (used in) from financing activities	(23,917,064)	13,418,302	(20,395,153)	6,551,741
Foreign currency translation differences	165,393	3,993	-	-
Net (decrease) increase in cash	(3,152,505)	6,376,622	(3,185,005)	6,338,388
Cash at 1 January	42,131,800	35,755,178	41,922,318	35,583,930
Cash at 31 December	38,979,295	42,131,800	38,737,313	41,922,318
Supplementary disclosures of cash flow information				
Significant non-cash items were as follows:				
(Loss) gain on remeasuring available-for-sale investments	(7,910,650)	4,654,400	(6,270,799)	1,516,921
Foreign currency translation differences for foreign operations	165,393	3,993	-	-
Share of other comprehensive income of investment in associates	53,769	2,075	-	-
Change in revaluation surplus	5,823,356	(28,982)	5,728,326	(28,982)
Defined benefit plan actuarial losses	(627,936)	-	(589,164)	-
Properties for sale from loan payment	9,305,372	10,083,919	9,305,372	10,083,919



(Mr. Arthid Nanthawithaya)
CEO and Deputy Chairman of the Executive Committee



(Mr. Yol Phokasub)
President

The accompanying notes are an integral part of these financial statements.

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 Board of Directors on 23 February 2016.

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 Head office and branch network in Thailand, its branches in Singapore, Hong Kong, Laos and Cayman Islands and its subsidiaries in Thailand, Cambodia and Vietnam. (The Bank is in now the process of transferring all of the assets and liabilities from its subsidiary in Vietnam to its newly established branch in Ho Chi Minh City, Vietnam.) The Bank also has a sizeable investment in its life insurance subsidiary. Details of the Bank's subsidiaries as at 31 December 2015 and 2014 are given in note 12.

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 21/2558, directive dated 4 December 2015, 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".

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2015. The initial application of these new and revised TFRS has resulted in change in certain of the Bank and its subsidiaries' accounting policies. The effects of this change, where such effects are considered material to the financial statements, are disclosed in note 4.

In addition to the above new TFRS, the FAP has issued a number of other revised TFRS which are effective for annual financial periods beginning on or after 1 January 2016 and have not been adopted in the preparation of these financial statements. Those revised TFRS that are relevant to the Bank and its subsidiaries' operations are disclosed in note 46.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

<i>Items</i>	<i>Measurement bases</i>
Derivative financial instruments	Fair value
Available-for-sale financial assets	Fair value
Net defined benefit liability	Present value of the defined benefit obligations, limited as explained in Note 5.12

(c) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Bank and its subsidiaries' functional currency. 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) Interest in unconsolidated structured entity arising in the normal business

The Bank and its asset management subsidiary have transactions with unconsolidated structured entities, through various activities such as involvement in establishment process, fund management, acting as the trustee, as well as providing source of funds. These structure entities are normally in the form of mutual funds.

The provision of funds is in the form of loans and derivatives which are in normal business terms. The loans and derivatives are managed in the same way as all other loans and derivatives. As at 31 December 2015, transactions of the Bank and its subsidiaries relating to structured entities were not material to the financial statements.

(e) Use of judgments and estimates

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 prospectively.

Assumptions and estimation uncertainties

Information about significant areas of estimation uncertainties that have a significant risk of resulting in a material adjustment to the amounts recognised in the financial statements is included in the following notes:

Note 10	Derivatives
Note 13.9	Allowance for doubtful accounts

Measurement of fair values

A number of the Bank and its subsidiaries' accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Details of the methods and assumptions over the measurement of fair values are provided in notes 7 and 17.

3 Significant event and transaction

Financial compensation payment to a customer

In January 2015, the Bank was made aware of a complaint filed with the Royal Thai Police by a customer stating, among others, that funds had been embezzled from its bank accounts with the Bank amounting to about Baht 1.5 billion.

On 27 February 2015, the Bank entered into an agreement with the customer to provide financial compensation of up to Baht 1.5 billion for losses suffered by the customer. If the actual loss sustained by the customer amounts to less than Baht 1.5 billion, the compensation payment will be reduced accordingly. The amount of Baht 1.5 billion has been recorded as an expense in the period and an insurance claim has been made. Recoveries will be credited in the period in which they are received by the Bank.

4 Change in accounting policy

(a) Overview

From 1 January 2015, consequent to the adoption of new TFRS as set out in note 2, the Bank and its subsidiaries have adopted the following new TFRS that has a material impact on the Bank and its subsidiaries' financial statements:

- TFRS 13 *Fair Value Measurement*

A description of the nature and effect of the change in accounting policy consequent to the adoption of this new TFRS is included in note 4(b) below.

(b) Fair value measurement

TFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other TFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurements date. It also replaces and expands the disclosure requirements about fair value measurements in other TFRSs. Accordingly, the Bank and its subsidiaries have included additional disclosures in this regard (See notes 7 and 17).

In accordance with the transitional provisions of TFRS 13, the Bank and its subsidiaries have applied the new fair value measurement guidance as follows:

- (1) Through retained earnings at 1 January 2015 for the effect of changes resulting from an assessment of the underlying credit risk when measuring the fair value of financial liabilities and financial assets recorded at fair value as at 31 December 2014;
- (2) Prospectively for the effects of all other changes

Further details of the effect of the change are set out as below.

	Effect of change in accounting policy		
	Consolidated		
	As previously reported	Change	As restated
	<i>(in million Baht)</i>		
At 1 January 2015			
Retained earnings - Unappropriated	211,301	(391)	210,910

	Effect of change in accounting policy		
	The Bank		
	As previously reported	Change	As restated
	<i>(in million Baht)</i>		
At 1 January 2015			
Retained earnings - Unappropriated	194,705	(391)	194,314

5 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 4, which addresses change in accounting policy.

5.1 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 when control is transferred to the Bank 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 interests 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 interests (NCI) 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 Bank controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Loss of control

When the Bank loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity - accounted investees

The Bank’s interests in equity-accounted investees comprise interests in associates.

Associates are those entities in which the Bank has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Bank's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

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 equity-accounted investees 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. All inter-company transactions and balances within this Group have been eliminated.

The consolidated financial statements for the years ended 31 December 2015 and 2014 do not consolidate certain companies which are in the process of being dissolved and companies in which the Bank and/or a subsidiary has control 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".

5.2 Cash

Cash includes cash in hand and cash on collection.

5.3 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 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.

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 investments and available-for-sale securities, are not required to be either accounted for by the equity method or to be consolidated.

Valuation allowances are established and recognised 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 a 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.

5.4 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 the outstanding balance, net of unearned interest income. Unearned interest income is stated net of commissions and direct expenses incurred at the initiation of the contracts.

5.5 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 finance lease receivables, since 1 September 2012, the Bank has used the Collective Approach method which considers the historical loss experience of each loan cohort.

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 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.

5.6 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 the fair value of restructured debt based on the aforementioned discount rates as of the date of the financial statements and makes an adjustment to the valuation of the restructured debt, 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 value.

5.7 Properties for sale

Properties for sale consist of immovable and movable properties which are carried at the lower of the 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 2014) Impairment of Assets*.

Gains or losses on sales of properties for sale are recognised as income or expense at the date of disposal.

5.8 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.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of premises and equipment have different useful lives, they are accounted for as separate items (major components) of premises and equipment.

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 The 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	20-40 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.

5.9 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 5.1. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in note 5.10. Negative goodwill is recognised immediately in profit or loss.

Other intangible assets

Other intangible assets which are software license 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.

5.10 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 the 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 carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

The recoverable amount of available-for-sale financial assets 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 assets carried at amortised cost and available-for-sale financial assets 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.

5.11 Claims on security and liabilities to deliver security

The Bank records claims on security and liabilities to deliver security in the statement of financial position as assets and liabilities, respectively, according to the BoT's guidance.

These represent the Bank and its subsidiaries right to claim and liability to return collateral, respectively, in the form of securities for private repurchase or securities borrowing and lending transactions where these securities are used to further borrow or lend in other transactions.

Gains or losses arising from securities sold short are included in determining income. Fees for borrowing and lending are recognised on an accrual basis.

5.12 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Bank and its subsidiaries' net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Bank and its subsidiaries determine the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Bank and its subsidiaries recognise gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Bank and its subsidiaries' net obligation in respect of long-term employee benefits is 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. Remeasurements are recognised in profit or loss in the period in which they arise.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid 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 the employee and the obligation can be estimated reliably.

5.13 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 finance cost.

5.14 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.

5.15 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 for loans that are subject to monitoring for compliance with restructuring conditions, where the Bank and its subsidiaries recognise interest income on a cash basis until the borrowers 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.

5.16 Income from finance lease contracts

The Bank recognises income from finance lease contracts based on the effective interest method.

Reversal of income from finance lease accounts receivable which are outstanding over three months from the due date is made in order to comply with the guidelines of the BoT.

5.17 Fees and service income

Fees and service income for the performance of services are recognised as and when the related services are performed.

5.18 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.

5.19 Net trading income

Net trading income is recognised in profit or loss on an accrual basis.

5.20 Contributions to the Deposit Protection Agency

Contributions to the Deposit Protection Agency are recorded as expenses on an accrual basis.

5.21 Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank and its subsidiaries expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax, the Bank and its subsidiaries take into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Bank and its subsidiaries believe that their 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.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

5.22 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 and its subsidiaries by the 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.

5.23 Segment reporting

Segment results that are reported to the Executive Committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

5.24 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Bank and its subsidiaries at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognised in profit or loss.

Foreign operations

The asset and liabilities of foreign operations are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and accumulated in the translation reserve, except to extent that the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Bank disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Bank disposes of only part of an associate while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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 losses 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 presented in the foreign currency translation reserve in equity until disposal of the investment.

5.25 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, Gains or losses resulting from the changes in fair values of contracts are recognised in accordance with the standard accounting treatment for income or expenses on hedged items as follows:
 1. Where hedged items are measured at fair value, hedging instruments are measured at fair value consistently.
 2. Where hedged items are measured on an accrual basis, hedging instruments are measured on an accrual basis consistently.

5.26 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 are credited when the bills are due and collected.

5.27 Significant accounting policies of the life insurance subsidiary

5.27.1 Recognition of revenues

For first year premium, income is recognised as revenue on the effective date of the insurance policies, provided the premium is paid. For renewal insurance policies, premium income is recognised as revenue when premium is due and the policy is still in force at the end of the reporting period. Personal accident premium and group insurance premium are recognised as revenue on the effective date of the insurance policy.

Premiums received in advance are not recognised until their due date.

Ceded premiums

Ceded premiums are recognised net of premium income when the risks are transferred to the reinsurer.

5.27.2 Life policy reserves

Life 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. The reserves are calculated using actuarial methods with reference to Net Premium Valuation (NPV), based on assumptions for mortality, morbidity and discount rate and using an implicit allowance for future policy-related expenses that were established at the time the contract was written.

The assumptions are reviewed, at least, annually to assess whether they reflect actual experience, and where there is an indication that they are not appropriate then the assumption will, typically, be revised to reflect actual experience.

At the reporting date, the subsidiary performs a liability adequacy assessment by comparing the carrying amount of the life policy reserve against the present value of estimated future cash flows using current assumptions. If the amount is greater than the carrying value then an additional reserve is recognised in the financial statements.

Premium reserves

The premium reserves comprises of unearned premium for group insurance and short-term riders which is calculated on a pro-rata basis of the premium using the outstanding duration of each policy.

At the reporting date, the subsidiary performs a liability adequacy assessment by comparing the unearned premium reserve to the unexpired risk reserve which is determined by estimating the claims and related costs which are expected to occur over the remaining duration of the policies. Where the unexpired risk reserve exceeds the unearned premium reserve, this excess is recognised as unexpired risk reserve in the financial statements.

5.27.3 Unpaid policy benefits

Unpaid policy benefits represent claims and benefits payable to policyholders in relation to deaths, surrenders, maturities and other payables, and are based on the best estimate.

6 Financial risk management

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Bank and its subsidiaries' risk management framework. The Board has established at the Bank and, to the extent required, at its subsidiaries an Asset and Liability Committee (ALCO), Executive Committee, Audit Committee, Risk Management Committee, which are collectively responsible for developing, implementing and monitoring the 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 and Internal Capital Adequacy Assessment Policy (ICAAP Policy) 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. These policies 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, aim 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.

6.1 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, letters of guarantee etc.

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 and frameworks 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
- Credit risk model governance policy
- Credit risk rating for non-retail exposures
- 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.

6.2 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 and/or economic value. Interest rate risk arises from the structure and characteristics of the Bank's assets, liabilities, equity and off-financial reporting items.

The Bank has established policies for interest rate risk management to ensure that interest rate risk remains within the Bank's risk appetite. 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 set by the Board of Directors and the Executive Committee (EXCOM) and is under the oversight and control of the Assets and Liabilities Committee (ALCO).

As at 31 December 2015 and 2014, significant financial assets and liabilities can be repriced as follows:

	Consolidated							Total
	2015							
	Reprice on demand	Reprice within 3 months	Reprice within 3 - 12 months	Reprice 1 - 5 years	Reprice over 5 years	Non Performing Loans	Non interest bearing	
	<i>(in million Baht)</i>							
Financial assets								
Cash	-	-	-	-	-	-	38,979	38,979
Interbank and money market items *	7,416	213,332	9,208	4,308	1,126	-	25,767	261,157
Investments, net	-	138,596	120,440	88,659	165,038	-	23,922	536,655
Loans to customers **	1,007,016	318,097	169,024	264,792	15,481	58,996	-	1,833,406
Accrued interest receivables	-	-	-	-	-	-	4,545	4,545
Total financial assets	1,014,432	670,025	298,672	357,759	181,645	58,996	93,213	2,674,742
Financial liabilities								
Deposits	1,114,635	333,300	376,196	9,590	-	-	57,008	1,890,729
Interbank and money market items	13,177	88,676	2,564	22,125	7,208	-	9,187	142,937
Debt issued and borrowings	-	61	41,894	39,168	40,041	-	-	121,164
Other liabilities	-	-	-	-	-	-	6,685	6,685
Total financial liabilities	1,127,812	422,037	420,654	70,883	47,249	-	72,880	2,161,515
Difference	(113,380)	247,988	(121,982)	286,876	134,396	58,996	20,333	513,227

* Before deducting allowance for doubtful accounts amounting to Baht 214 million

** Net of deferred revenue

	Consolidated							
	2014							
	Reprice on demand	Reprice within 3 months	Reprice within 3 - 12 months	Reprice 1 - 5 years	Reprice over 5 years	Non Performing Loans	Non interest bearing	Total
<i>(in million Baht)</i>								
Financial assets								
Cash	-	-	-	-	-	-	42,132	42,132
Interbank and money market items *	5,169	247,097	11,414	3,802	1,208	-	23,160	291,850
Investments, net	-	66,042	139,186	138,452	131,346	-	27,085	502,111
Loans to customers **	1,015,417	317,417	169,697	227,284	4,577	42,743	-	1,777,135
Accrued interest receivables	-	-	-	-	-	-	3,814	3,814
Total financial assets	1,020,586	630,556	320,297	369,538	137,131	42,743	96,191	2,617,042
Financial liabilities								
Deposits	1,008,618	291,357	429,708	112,053	-	-	53,607	1,895,343
Interbank and money market items	11,271	83,567	5,015	28,161	1,350	-	10,922	140,286
Debt issued and borrowings	-	105	5	73,789	40,018	-	-	113,917
Other liabilities	-	-	-	-	-	-	7,786	7,786
Total financial liabilities	1,019,889	375,029	434,728	214,003	41,368	-	72,315	2,157,332
Difference	697	255,527	(114,431)	155,535	95,763	42,743	23,876	459,710

* Before deducting allowance for doubtful accounts amounting to Baht 235 million

** Net of deferred revenue

The Bank								
2015								
	Reprice on demand	Reprice within 3 months	Reprice within 3 - 12 months	Reprice 1 - 5 years	Reprice over 5 years	Non Performing Loans	Non interest bearing	Total
<i>(in million Baht)</i>								
Financial assets								
Cash	-	-	-	-	-	-	38,737	38,737
Interbank and money market items *	2,663	211,842	7,037	-	-	-	25,164	246,706
Investments, net	-	127,947	117,262	64,367	15,889	-	8,396	333,861
Loans to customers **	1,000,120	317,015	169,025	262,824	15,481	57,197	-	1,821,662
Accrued interest receivables	-	-	-	-	-	-	4,107	4,107
Total financial assets	1,002,783	656,804	293,324	327,191	31,370	57,197	76,404	2,445,073
Financial liabilities								
Deposits	1,110,215	332,900	376,024	9,473	-	-	56,292	1,884,904
Interbank and money market items	14,916	88,676	2,564	22,125	7,208	-	10,229	145,718
Debt issued and borrowings	-	11	41,436	39,898	40,041	-	-	121,386
Other liabilities	-	-	-	-	-	-	6,700	6,700
Total financial liabilities	1,125,131	421,587	420,024	71,496	47,249	-	73,221	2,158,708
Difference	(122,348)	235,217	(126,700)	255,695	(15,879)	57,197	3,183	286,365

* Before deducting allowance for doubtful accounts amounting to Baht 214 million

** Net of deferred revenue

The Bank								
2014								
	Reprice on demand	3 months	Reprice within 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	-	-	-	-	-	-	41,922	41,922
Interbank and money market items *	2,788	245,007	7,574	-	-	-	21,673	277,042
Investments, net	-	55,884	138,280	119,609	10,776	-	15,541	340,090
Loans to customers **	1,010,167	317,417	169,697	226,095	4,577	41,626	-	1,769,579
Accrued interest receivables	-	-	-	-	-	-	3,544	3,544
Total financial assets	1,012,955	618,308	315,551	345,704	15,353	41,626	82,680	2,432,177
Financial liabilities								
Deposits	1,004,668	291,041	429,705	112,053	-	-	52,921	1,890,388
Interbank and money market items	16,930	83,567	5,015	28,160	1,350	-	10,992	146,014
Debt issued and borrowings	-	1	5	74,462	40,018	-	-	114,486
Other liabilities	-	-	-	-	-	-	7,786	7,786
Total financial liabilities	1,021,598	374,609	434,725	214,675	41,368	-	71,699	2,158,674
Difference	(8,643)	243,699	(119,174)	131,029	(26,015)	41,626	10,981	273,503

* Before deducting allowance for doubtful accounts amounting to Baht 235 million

** Net of deferred revenue

As at 31 December 2015 and 2014, interest earning and interest bearing financial instruments were as follows:

	Consolidated					
	2015			2014		
	Average	Interest	Average	Average	Interest	Average
	(in million Baht)	(%)	(in million Baht)	(in million Baht)	(%)	(%)
Interbank and money market items, net (Assets)	276,279	3,687	1.3	231,568	4,380	1.9
Investments, net	519,383	12,873	2.5	503,149	13,127	2.6
Loans to customers *	1,805,271	105,826	5.9	1,756,208	105,846	6.0
Deposits	1,893,036	35,032	1.9	1,859,127	37,334	2.0
Interbank and money market items (Liabilities)	141,611	1,078	0.8	129,706	1,605	1.2
Debt issued and borrowings	117,540	3,512	3.0	104,464	3,341	3.2

	The Bank					
	2015			2014		
	Average	Interest	Average	Average	Interest	Average
	(in million Baht)	(%)	(in million Baht)	(in million Baht)	(%)	(%)
Interbank and money market items, net (Assets)	261,650	3,280	1.3	215,849	3,967	1.8
Investments, net	336,976	6,234	1.8	354,129	7,443	2.1
Loans to customers *	1,795,620	105,443	5.9	1,748,787	105,512	6.0
Deposits	1,887,646	35,074	1.9	1,855,558	37,418	2.0
Interbank and money market items (Liabilities)	145,866	1,085	0.7	135,003	1,615	1.2
Debt issued and borrowings	117,936	3,498	3.0	104,726	3,325	3.2

* Net of deferred revenue

6.3 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 2015 and 2014, the Bank has financial assets and liabilities denominated in the various currencies as follows:

	Consolidated					
	2015					
	THB	USD	EURO	YEN	Others	Total
	<i>(in million Baht)</i>					
Financial assets						
Cash	37,913	501	172	102	291	38,979
Interbank and money market items *	213,840	43,575	411	574	2,757	261,157
Investments, net	520,440	14,552	246	367	1,050	536,655
Loans to customers **	1,711,851	106,346	1,784	309	13,116	1,833,406
Accrued interest receivables	4,250	282	4	-	9	4,545
Total financial assets	2,488,294	165,256	2,617	1,352	17,223	2,674,742
Financial liabilities						
Deposits	1,797,911	89,769	1,236	469	1,344	1,890,729
Interbank and money market items	126,388	15,926	622	1	-	142,937
Debt issued and borrowings	40,615	80,549	-	-	-	121,164
Other liabilities	5,918	755	-	-	12	6,685
Total financial liabilities	1,970,832	186,999	1,858	470	1,356	2,161,515
On-financial reporting items, net	517,462	(21,743)	759	882	15,867	513,227
Off-financial reporting items - contingencies (currency swap contracts)	-	28,553	(962)	(252)	(13,143)	14,196

* Before deducting allowance for doubtful accounts amounting to Baht 214 million

** Net of deferred revenue

	Consolidated					
	2014					
	THB	USD	EURO	YEN	Others	Total
	<i>(in million Baht)</i>					
Financial assets						
Cash	40,993	598	193	82	266	42,132
Interbank and money market items *	255,631	32,248	394	336	3,241	291,850
Investments, net	492,682	8,893	3	-	533	502,111
Loans to customers **	1,648,685	124,102	2,670	270	1,408	1,777,135
Accrued interest receivables	3,269	534	7	-	4	3,814
Total financial assets	2,441,260	166,375	3,267	688	5,452	2,617,042
Financial liabilities						
Deposits	1,816,309	76,525	1,135	428	946	1,895,343
Interbank and money market items	126,237	13,879	169	1	-	140,286
Debt issued and borrowings	40,292	73,625	-	-	-	113,917
Other liabilities	7,122	663	-	-	1	7,786
Total financial liabilities	1,989,960	164,692	1,304	429	947	2,157,332
On-financial reporting items, net	451,300	1,683	1,963	259	4,505	459,710
Off-financial reporting items - contingencies (currency swap contracts)	-	(2,656)	(1,294)	484	(3,192)	(6,658)

* Before deducting allowance for doubtful accounts amounting to Baht 235 million

** Net of deferred revenue

	The Bank					
	2015					
	THB	USD	EURO	YEN	Others	Total
	<i>(in million Baht)</i>					
Financial assets						
Cash	37,863	322	172	102	278	38,737
Interbank and money market items *	205,194	37,962	401	574	2,575	246,706
Investments, net	332,957	3	3	-	898	333,861
Loans to customers **	1,704,491	102,950	1,784	309	12,128	1,821,662
Accrued interest receivables	3,838	260	4	-	5	4,107
Total financial assets	2,284,343	141,497	2,364	985	15,884	2,445,073
Financial liabilities						
Deposits	1,798,570	83,681	1,236	469	948	1,884,904
Interbank and money market items	129,119	15,976	622	1	-	145,718
Debt issued and borrowings	40,107	81,279	-	-	-	121,386
Other liabilities	5,945	754	-	-	1	6,700
Total financial liabilities	1,973,741	181,690	1,858	470	949	2,158,708
On-financial reporting items, net	310,602	(40,193)	506	515	14,935	286,365
Off-financial reporting items - contingencies (currency swap contracts)	-	29,400	(962)	(252)	(13,143)	15,043

* Before deducting allowance for doubtful accounts amounting to Baht 214 million

** Net of deferred revenue

	The Bank					
	2014					
	THB	USD	EURO	YEN	Others	Total
	<i>(in million Baht)</i>					
Financial assets						
Cash	40,919	464	193	82	264	41,922
Interbank and money market items *	246,249	26,827	394	336	3,236	277,042
Investments, net	339,553	1	3	-	533	340,090
Loans to customers **	1,642,713	122,518	2,670	270	1,408	1,769,579
Accrued interest receivables	3,003	530	7	-	4	3,544
Total financial assets	2,272,437	150,340	3,267	688	5,445	2,432,177
Financial liabilities						
Deposits	1,816,921	71,209	1,135	428	695	1,890,388
Interbank and money market items	131,948	13,896	169	1	-	146,014
Debt issued and borrowings	40,188	74,298	-	-	-	114,486
Other liabilities	7,123	662	-	-	1	7,786
Total financial liabilities	1,996,180	160,065	1,304	429	696	2,158,674
On-financial reporting items, net	276,257	(9,725)	1,963	259	4,749	273,503
Off-financial reporting items - contingencies (currency swap contracts)	-	(3,092)	(1,294)	484	(3,192)	(7,094)

* Before deducting allowance for doubtful accounts amounting to Baht 235 million

** Net of deferred revenue

6.4 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 investments and investing in growth potential equities 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 initiate action with respect to equity investments, as allowed under applicable regulations. The Bank has closely managed and monitored market situations to provide information for management to monitor the risk to the Bank. (Further details of equity investments are provided under notes 11 and 12).

6.5 Liquidity risk

Liquidity risk is the risk that the Bank may not be able to meet its obligations as they fall due, because of an inability to realise assets or to cover funding requirements at an appropriate price, thus resulting in losses to the Bank.

In order to manage liquidity risk, the Bank has established a Liquidity Risk Management Policy which is approved by the Board of Directors. In addition, the Assets and Liabilities Committee (ALCO) ensures that its liquidity risk management complies with the said policy.

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 in both the remaining time to maturity and with behavioral adjustments, individual foreign currency position report. 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.

The Bank also conducts stress test on regular basis to estimate impact under each stress scenario as required by the Bank of Thailand and using scenarios developed by the Bank. The stress test results may result in the development of contingency funding plan. The contingency funding plan establishes appropriate action plans based on specific scenarios and assigns clear roles and responsibility to manage liquidity in the event of a given crisis.

As at 31 December 2015, the liquidity ratio (liquid assets to total deposits) stood at 29.1% on a bank-only basis (2014: 28.5%).

As at 31 December 2015 and 2014, financial assets and liabilities were classified according to their contractual maturity as follows:

	Consolidated						Total
	2015						
	Maturity on demand	Maturity within 3 months	Maturity within 3 - 12 months	Maturity within 1 - 5 years	Maturity over 5 years	No maturity	
	<i>(in million Baht)</i>						
Financial assets							
Cash	-	-	-	-	-	38,979	38,979
Interbank and money market items*	28,228	218,054	6,926	6,753	1,196	-	261,157
Investments, net	-	139,085	120,440	88,659	166,546	21,925	536,655
Loans to customers**	187,252	271,125	199,107	606,869	569,053	-	1,833,406
Accrued interest receivables	409	4,136	-	-	-	-	4,545
Total financial assets	215,889	632,400	326,473	702,281	736,795	60,904	2,674,742
Financial liabilities							
Deposits	1,163,151	333,449	379,579	14,550	-	-	1,890,729
Interbank and money market items	22,364	86,871	2,564	23,930	7,208	-	142,937
Debt issued and borrowings	-	61	14,898	66,164	40,041	-	121,164
Other liabilities	-	1,626	5,013	46	-	-	6,685
Total financial liabilities	1,185,515	422,007	402,054	104,690	47,249	-	2,161,515
Net liquidity gap	(969,626)	210,393	(75,581)	597,591	689,546	60,904	513,227

* Before deducting allowance for doubtful accounts amounting to Baht 214 million

** Including non-performing loans and net of deferred revenue

Consolidated							
2014							
Maturity	Maturity within			Maturity	No	Total	
on	3	3 - 12	1 - 5	over	maturity		
demand	months	months	years	5 years			
<i>(in million Baht)</i>							
Financial assets							
Cash	-	-	-	-	-	42,132	42,132
Interbank and money market items*	19,681	250,307	6,649	13,991	1,222	-	291,850
Investments, net	-	66,142	139,186	138,452	131,346	26,985	502,111
Loans to customers**	210,713	276,897	189,362	587,368	512,795	-	1,777,135
Accrued interest receivables	255	3,559	-	-	-	-	3,814
Total financial assets	230,649	596,905	335,197	739,811	645,363	69,117	2,617,042
Financial liabilities							
Deposits	1,053,263	289,946	433,281	118,853	-	-	1,895,343
Interbank and money market items	22,194	73,677	5,015	38,050	1,350	-	140,286
Debt issued and borrowings	-	105	5	73,789	40,018	-	113,917
Other liabilities	-	1,316	6,018	452	-	-	7,786
Total financial liabilities	1,075,457	365,044	444,319	231,144	41,368	-	2,157,332
Net liquidity gap	(844,808)	231,861	(109,122)	508,667	603,995	69,117	459,710

* Before deducting allowance for doubtful accounts amounting to Baht 235 million

** Including non-performing loans and net of deferred revenue

The Bank 2015							
Maturity on demand	3 months	Maturity within 3 - 12 months	1 - 5 years	Maturity over 5 years	No maturity	Total	
<i>(in million Baht)</i>							
Financial assets							
Cash	-	-	-	-	38,737	38,737	
Interbank and money market items*	23,381	216,519	4,453	2,353	-	246,706	
Investments, net	-	127,947	117,262	64,367	15,889	333,861	
Loans to customers**	179,554	271,092	198,863	603,558	-	1,821,662	
Accrued interest receivables	-	4,107	-	-	-	4,107	
Total financial assets	202,935	619,665	320,578	670,278	584,484	47,133	
Financial liabilities							
Deposits	1,157,888	333,175	379,408	14,433	-	1,884,904	
Interbank and money market items	25,145	86,871	2,564	23,930	7,208	145,718	
Debt issued and borrowings	-	11	14,440	66,894	40,041	121,386	
Other liabilities	-	1,615	5,039	46	-	6,700	
Total financial liabilities	1,183,033	421,672	401,451	105,303	47,249	-	
Net liquidity gap	(980,098)	197,993	(80,873)	564,975	537,235	47,133	

* Before deducting allowance for doubtful accounts amounting to Baht 214 million

** Including non-performing loans and net of deferred revenue

The Bank 2014							
Maturity on demand	3 months	Maturity within 3 - 12 months	1 - 5 years	Maturity over 5 years	No maturity	Total	
<i>(in million Baht)</i>							
Financial assets							
Cash	-	-	-	-	-	41,922	41,922
Interbank and money market items*	16,424	248,145	2,473	10,000	-	-	277,042
Investments, net	-	55,884	138,280	119,609	10,776	15,541	340,090
Loans to customers**	205,405	276,897	189,281	585,201	512,795	-	1,769,579
Accrued interest receivables	-	3,544	-	-	-	-	3,544
Total financial assets	221,829	584,470	330,034	714,810	523,571	57,463	2,432,177
Financial liabilities							
Deposits	1,048,627	289,630	433,278	118,853	-	-	1,890,388
Interbank and money market items	27,922	73,677	5,015	38,050	1,350	-	146,014
Debt issued and borrowings	-	1	5	74,462	40,018	-	114,486
Other liabilities	-	1,316	6,018	452	-	-	7,786
Total financial liabilities	1,076,549	364,624	444,316	231,817	41,368	-	2,158,674
Net liquidity gap	(854,720)	219,846	(114,282)	482,993	482,203	57,463	273,503

* Before deducting allowance for doubtful accounts amounting to Baht 235 million

** Including non-performing loans and net of deferred revenue

Loans to deposits ratio

As at 31 December 2015 and 2014, the loans to deposits ratios in the consolidated financial statements were as follows:

	2015	2014
	(%)	
Gross loans to deposits ratio (Consolidated financial statements)	97.0	93.8
Gross loans to deposits and B/E ratio (Consolidated financial statements)	97.0	93.8

7 Fair value of assets and liabilities

The Bank and its subsidiaries have an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and reports through to the CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Bank and its subsidiaries Audit Committee.

When measuring the fair value of an asset or a liability, the Bank and its subsidiaries use market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Bank and its subsidiaries recognised transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between Level 1 to Level 2 of the fair value hierarchy during the year ended 31 December 2015.

7.1 Financial instruments carried at fair value

The fair value of financial instruments carried at fair value in the consolidated and the Bank statement of financial position were as follows:

	Consolidated			The Bank		
	Fair value			Fair value		
	Level 1	Level 2	Total	Level 1	Level 2	Total
<i>(in million Baht)</i>						
31 December 2015						
Financial assets						
Derivative assets	-	56,288	56,288	-	57,450	57,450
- Foreign exchange rate	-	37,700	37,700	-	38,866	38,866
- Interest rate	-	18,550	18,550	-	18,550	18,550
- Others	-	38	38	-	34	34
Trading securities	294	20,821	21,115	-	20,808	20,808
Available-for-sale securities	21,321	360,879	382,200	8,126	290,975	299,101
Financial liabilities						
Derivative liabilities	5	58,823	58,828	-	58,738	58,738
- Foreign exchange rate	-	42,420	42,420	-	42,312	42,312
- Interest rate	-	16,392	16,392	-	16,392	16,392
- Others	5	11	16	-	34	34

	Consolidated			The Bank		
	Fair value			Fair value		
	Level 1	Level 2	Total	Level 1	Level 2	Total
<i>(in million Baht)</i>						
31 December 2014						
Financial assets						
Derivative assets	-	43,149	43,149	-	43,278	43,278
- Foreign exchange rate	-	23,803	23,803	-	23,934	23,934
- Interest rate	-	19,319	19,319	-	19,319	19,319
- Others	-	27	27	-	25	25
Trading securities	388	27,285	27,673	-	27,274	27,274
Available-for-sale securities	26,018	315,677	341,695	15,263	282,209	297,472
Financial liabilities						
Derivative liabilities	20	42,142	42,162	-	42,236	42,236
- Foreign exchange rate	-	25,051	25,051	-	25,145	25,145
- Interest rate	-	17,091	17,091	-	17,091	17,091
- Others	20	-	20	-	-	-

The Bank and its subsidiaries determine Level 2 fair values for debt securities using quoted market prices for identical or similar instruments in inactive markets or other inputs that are observable market data.

Level 2 fair values for simple over-the-counter derivative financial instruments are based on broker quotes. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Bank and its subsidiaries and counterparty when appropriate.

7.2 Financial instruments not carried at fair value

Fair value hierarchy of financial instruments which are not measured at fair value and for which there is a significant difference with carrying amount as of 31 December 2015 and 2014 are as follows:

	Consolidated		The Bank	
	Carrying amount	Fair value Level 2	Carrying amount	Fair value Level 2
<i>(in million Baht)</i>				
31 December 2015				
Financial assets				
Derivative assets	1,109	1,662	1,109	1,662
Held-to-maturity securities	133,064	147,180	13,682	15,046
Financial liabilities				
Deposits	1,890,729	1,891,037	1,884,904	1,885,211
Interbank and money market items	142,937	142,948	145,718	145,728
Derivative liabilities	760	877	760	877
31 December 2014				
Financial assets				
Derivative assets	481	1,179	481	1,179
Held-to-maturity securities	132,467	145,198	15,075	17,876
Financial liabilities				
Deposits	1,895,343	1,895,531	1,890,388	1,890,576
Interbank and money market items	140,286	140,315	146,014	146,043
Derivative liabilities	251	509	251	509

The following methods and assumptions are used by the Bank in estimating fair market values of financial instruments as disclosed herein:

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 prices 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 characteristics, as appropriate.
Investments:	<p>The following methodologies are used to determine the fair value of securities held by the Bank.</p> <ul style="list-style-type: none"> - The fair value of 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 debt securities with no active market price, the fair value is estimated based on the yield curve of 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 equity securities. - 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 foreign stock exchanges is estimated by using the bid prices at such exchanges as of the last business day of the period. The fair value of non-listed foreign debt and equity securities is determined based on values quoted by reliable international financial institutions.
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 the fair value of collateral. There is no significant difference with the carrying amount. - 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.
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.

8 Maintenance of capital fund

The Bank and its subsidiaries, which are financial institutions, are subject to various capital and regulatory requirements of the Bank of Thailand. 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 and its subsidiaries' assets, liabilities and certain off-financial reporting items as calculated in accordance with regulatory practices. The Bank's and its subsidiaries' capital amounts and classifications are also subject to qualitative judgments by the Bank of Thailand as to components, risk weightings, and other factors. These capital and regulatory requirements are subject to change, as considered necessary by the Bank of Thailand.

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. As announced by the BoT in its circulars dated 8 November 2012 and 17 December 2012, the Bank is required to calculate its Capital Fund in accordance with Basel III. As at 31 December 2015 and 2014, the Consolidated Supervision group and the Bank's total capital funds can be categorised as follows:

	Basel III	
	Consolidated Supervision	
	2015	2014
	<i>(in million Baht)</i>	
Tier 1 capital		
Common Equity Tier 1 (CET1)		
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	210,378	181,143
Disclosed reserves		
Other comprehensive income	12,069	18,014
Other owner changes items	(2,342)	-
Capital deduction items on CET1	(6,730)	(7,354)
Total Tier 1 capital	<u>265,491</u>	<u>243,919</u>
Tier 2 capital		
Subordinated debt	40,000	40,000
Allowance for classified assets of "normal" category	19,140	17,835
Total Tier 2 capital	<u>59,140</u>	<u>57,835</u>
Total capital funds	<u><u>324,631</u></u>	<u><u>301,754</u></u>
Total risk weighted assets	1,880,484	1,776,687
Total capital / Total risk weighted assets	(minimum 8.50%)	17.3%
Total Tier 1 capital / Total risk weighted assets	(minimum 6.00%)	14.1%
Total Tier 1 common equity / Total risk weighted assets	(minimum 4.50%)	14.1%
Total Tier 2 capital / Total risk weighted assets		3.2%
Capital after deducting capital add-on arising from Single Lending Limit*		321,596
Capital ratio after deducting capital add-on arising from Single Lending Limit*		17.1%

* Effective in January 2015

		Basel III	
		The Bank	
		2015	2014
		<i>(in million Baht)</i>	
Tier 1 capital			
Common Equity Tier 1 (CET1)			
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		198,492	172,983
Other comprehensive income		12,250	17,349
Capital deduction items on CET1		(5,654)	(5,835)
Total Tier 1 capital		<u>257,204</u>	<u>236,613</u>
Tier 2 capital			
Subordinated debt		40,000	40,000
Allowance for classified assets of "normal" category		19,140	17,835
Total Tier 2 capital		<u>59,140</u>	<u>57,835</u>
Total capital funds		<u>316,344</u>	<u>294,448</u>
Total risk weighted assets		1,841,506	1,742,345
Total capital / Total risk weighted assets	(minimum 8.50%)	17.2%	16.9%
Total Tier 1 capital / Total risk weighted assets	(minimum 6.00%)	14.0%	13.6%
Total Tier 1 common equity / Total risk weighted assets	(minimum 4.50%)	14.0%	13.6%
Total Tier 2 capital / Total risk weighted assets		3.2%	3.3%
Capital after deducting capital add-on arising from Single Lending Limit*		314,196	
Capital ratio after deducting capital add-on arising from Single Lending Limit*		17.1%	

* Effective in January 2015

Disclosures of capital maintenance information under the Notification of the Bank of Thailand number Sor Nor Sor 6/2553 dated 18 June 2010, Consolidated Supervision, the Notification of the Bank of Thailand number Sor Nor Sor 7/2558 dated 8 May 2015, Capital Components for Locally - Registered Commercial Banks, the Notification of the Bank of Thailand number Sor Nor Sor 19/2555 dated 17 December 2012, Consolidated Supervision (#2), the Notification of the Bank of Thailand number Sor Nor Sor 4/2556 dated 2 May 2013, the Public Disclosures of Capital Maintenance for Commercial Banks and the Notification of the Bank of Thailand number Sor Nor Sor 5/2556 dated 2 May 2013, the Public Disclosures of Capital Maintenance for Financial Group, were 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 2015

The disclosure for the year ended 31 December 2015 will be provided on or before 30 April 2016 on the Bank's website as noted above.

Capital management

The Bank and its subsidiaries policies are 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' returns 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.

9 Interbank and money market items, net (Assets)

As at 31 December 2015 and 2014, interbank and money market items, net (Assets) were as follows:

	Consolidated					
	Demand	2015 Time	Total	Demand	2014 Time	Total
<i>(in million Baht)</i>						
Domestic items:						
Bank of Thailand and Financial Institutions Development Fund	14,100	160,500	174,600	8,851	209,600	218,451
Commercial banks	2,657	24,173	26,830	1,809	14,232	16,041
Specialised financial institutions*	-	6,682	6,682	-	10,000	10,000
Other financial institutions**	1,194	8,397	9,591	1,344	4,215	5,559
Total	17,951	199,752	217,703	12,004	238,047	250,051
Add accrued interest receivables	-	555	555	1	156	157
Less allowance for doubtful accounts	-	(163)	(163)	-	(141)	(141)
Total domestic items	17,951	200,144	218,095	12,005	238,062	250,067
Foreign items:						
US Dollar	5,886	32,578	38,464	4,835	26,051	30,886
Japanese YEN	574	-	574	336	-	336
Euro	387	24	411	394	-	394
Other currencies	3,430	14	3,444	2,111	7,908	10,019
Total	10,277	32,616	42,893	7,676	33,959	41,635
Add accrued interest receivables	-	6	6	-	7	7
Less allowance for doubtful accounts	-	(51)	(51)	-	(94)	(94)
Total foreign items	10,277	32,571	42,848	7,676	33,872	41,548
Total domestic and foreign items	28,228	232,715	260,943	19,681	271,934	291,615

* 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					
	2015		2014			
	Demand	Time	Total	Demand	Time	Total
<i>(in million Baht)</i>						
Domestic items:						
Bank of Thailand and Financial Institutions Development Fund	14,100	160,500	174,600	8,851	209,600	218,451
Commercial banks	979	17,687	18,666	1,118	11,233	12,351
Specialised financial institutions*	-	6,682	6,682	-	10,000	10,000
Other financial institutions**	1,194	8,397	9,591	1,344	4,215	5,559
Total	16,273	193,266	209,539	11,313	235,048	246,361
<i>Add</i> accrued interest receivables	-	53	53	-	137	137
<i>Less</i> allowance for doubtful accounts	-	(163)	(163)	-	(141)	(141)
Total domestic items	16,273	193,156	209,429	11,313	235,044	246,357
Foreign items:						
US Dollar	2,899	29,965	32,864	2,274	23,188	25,462
Japanese YEN	574	-	574	336	-	336
Euro	377	24	401	394	-	394
Other currencies	3,258	14	3,272	2,107	2,238	4,345
Total	7,108	30,003	37,111	5,111	25,426	30,537
<i>Add</i> accrued interest receivables	-	3	3	-	7	7
<i>Less</i> allowance for doubtful accounts	-	(51)	(51)	-	(94)	(94)
Total foreign items	7,108	29,955	37,063	5,111	25,339	30,450
Total domestic and foreign items	23,381	223,111	246,492	16,424	260,383	276,807

* 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 fair value of 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 for a specified period without exchanging the underlying or notional principal.
- 4 Equity derivatives which are agreements that determined values based on level of the underlying equity's price or price of equity group or Equity Index.
- 5 Credit derivatives which are agreements to buy or sell guarantees of credit risk related to the ability to repay underlying assets.
- 6 Commodity derivatives which are a purchase or a sale of an underlying 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 derivatives for serving the client's needs as well as the Bank's assets and liabilities management needs. The Bank controls the counterparty risks by setting-up the 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 amount 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 2015 and 2014, the notional amounts of derivatives were as follows:

	Consolidated			
	2015			
	Notional amount			
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
	<i>(in million Baht)</i>			
Forward exchange contracts	1,050,053	15,810	19,021	1,084,884
Currency swap contracts	84,704	303,905	218,740	607,349
Interest rate swap contracts	454,372	1,035,926	348,931	1,839,229
Equity derivatives	1,018	760	-	1,778

	Consolidated			
	2014			
	Notional amount			
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
	<i>(in million Baht)</i>			
Forward exchange contracts	811,075	22,035	17,739	850,849
Currency swap contracts	87,427	271,805	180,684	539,916
Interest rate swap contracts	359,015	1,068,787	283,818	1,711,620
Equity derivatives	678	-	-	678

	The Bank			
	2015			
	Notional amount			
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
	<i>(in million Baht)</i>			
Forward exchange contracts	1,050,196	15,810	19,021	1,085,027
Currency swap contracts	85,065	305,764	228,987	619,816
Interest rate swap contracts	454,372	1,035,926	348,931	1,839,229
Equity derivatives	-	519	-	519

	The Bank			
	2014			
	Notional amount			
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
	<i>(in million Baht)</i>			
Forward exchange contracts	811,185	22,035	17,739	850,959
Currency swap contracts	87,335	273,782	185,883	547,000
Interest rate swap contracts	359,015	1,068,787	283,818	1,711,620
Equity derivatives	470	-	-	470

As at 31 December 2015 and 2014, carrying amount and notional amount classified by type of risk were as follows:

Type of risk	Consolidated					
	2015		Notional amount	2014		Notional amount
	Carrying amount Assets	Liabilities		Carrying amount Assets	Liabilities	
	<i>(in million Baht)</i>					
Foreign exchange rate	38,554	43,074	1,692,233	24,003	25,253	1,390,765
Interest rate	18,805	16,498	1,839,229	19,600	17,140	1,711,620
Equity derivatives	38	16	1,778	27	20	678
Total	57,397	59,588	3,533,240	43,630	42,413	3,103,063

Type of risk	The Bank					
	2015		Notional amount	2014		Notional amount
	Carrying amount Assets	Liabilities		Carrying amount Assets	Liabilities	
	<i>(in million Baht)</i>					
Foreign exchange rate	39,720	42,966	1,704,843	24,134	25,347	1,397,959
Interest rate	18,805	16,498	1,839,229	19,600	17,140	1,711,620
Equity derivatives	34	34	519	25	-	470
Total	58,559	59,498	3,544,591	43,759	42,487	3,110,049

The carrying amount of derivative assets and liabilities comprises trading book derivatives are measured at fair value and banking book derivatives are measured on an accrual basis in accordance with the accounting policy disclosed in note 5.25.

As at 31 December 2015 and 2014, the proportions, determined based on the notional amount of derivatives contracts divided by type of counterparty were as follows:

Counterparty	Consolidated		The Bank	
	2015	2014	2015	2014
	(%)			
Financial institutions	71.91	76.08	71.66	75.88
Affiliated companies	-	-	0.38	0.26
Third parties	28.09	23.92	27.96	23.86

11 Investments, net

11.1 Classification of investments in securities

As at 31 December 2015 and 2014, the investments in securities of the Bank and its subsidiaries were classified as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	Fair value	Fair value	Fair value	Fair value
	<i>(in million Baht)</i>			
Trading securities				
Government and state enterprise securities	20,690	25,981	20,677	25,970
Corporate debt securities	131	453	131	453
Foreign debt securities	-	851	-	851
Domestic equity securities	294	388	-	-
Total	21,115	27,673	20,808	27,274

	Consolidated		The Bank	
	2015	2014	2015	2014
	Fair value	Fair value	Fair value	Fair value
	<i>(in million Baht)</i>			
Available-for-sale securities				
Government and state enterprise securities	323,977	290,414	290,108	281,937
Corporate debt securities	23,569	17,130	-	-
Foreign debt securities	13,313	7,821	867	244
Domestic equity securities	18,479	23,321	8,126	12,282
Foreign equity securities	2,862	2,981	-	2,981
Other securities	-	28	-	28
Total	382,200	341,695	299,101	297,472

	Consolidated		The Bank	
	2015	2014	2015	2014
	Cost /	Cost /	Cost /	Cost /
	Amortised	Amortised	Amortised	Amortised
	cost	cost	cost	cost
	<i>(in million Baht)</i>			
Held-to-maturity securities				
Government and state enterprise securities	131,261	131,297	13,239	14,898
Corporate debt securities	36	36	443	676
Foreign debt securities	-	258	-	258
Other securities	1,803	1,800	-	-
Total	133,100	133,391	13,682	15,832
<i>Less allowance for impairment</i>	<i>(36)</i>	<i>(924)</i>	<i>-</i>	<i>(757)</i>
Total	133,064	132,467	13,682	15,075

	Consolidated		The Bank	
	2015	2014	2015	2014
	Cost	Cost	Cost	Cost
	<i>(in million Baht)</i>			
General investments				
Domestic non-marketable equity securities	447	447	441	440
Foreign non-marketable equity securities	17	16	17	16
Total	464	463	458	456
Less allowance for impairment	(188)	(187)	(188)	(187)
Total	276	276	270	269
Total investments, net	536,655	502,111	333,861	340,090

11.2 Unrealised gains (losses) on available-for-sale securities and held-to-maturity securities

As at 31 December 2015 and 2014, unrealised gains (losses) on available-for-sale securities and held-to-maturity securities were as follows:

Type of securities	Consolidated							
	2015				2014			
	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	378,632*	6,046	(2,478)	382,200	330,694*	11,851	(850)	341,695
Held-to-maturity securities	133,100	14,080	-	147,180	133,391	11,819	(12)	145,198
Total	511,732	20,126	(2,478)	529,380	464,085	23,670	(862)	486,893

Type of securities	The Bank							
	2015				2014			
	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	296,899*	2,646	(444)	299,101	289,091*	8,720	(339)	297,472
Held-to-maturity securities	13,682	1,364	-	15,046	15,832	2,044	-	17,876
Total	310,581	4,010	(444)	314,147	304,923	10,764	(339)	315,348

* Net of allowance for impairment

11.3 Investments in companies with holding of 10% and upwards

As at 31 December 2015 and 2014, investments in mutual funds and financial services companies as well as other companies, other than subsidiaries and associate, 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	
		2015	2014	2015	2014
<i>(in million Baht)</i>					
Mutual funds and financial services	2	-	28	-	28
Others	6 - 7	76	75	76	75
		76	103	76	103

11.4 Investments in companies with problems in their financial positions

As at 31 December 2015, 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. The aggregate cost of these securities is Baht 71 million (2014: Baht 95 million).

12 Investments in subsidiaries and associates, net

As at 31 December 2015 and 2014, the Bank and its subsidiaries had an investment in associates, net of any impairment provisions, as follows:

	Type of business	Type of share	Direct and indirect shareholding		Consolidated Investment value				
			2015	2014	Cost method		Equity method		
			<i>(%)</i>		2015	2014	2015	2014	
<i>(in million Baht)</i>									
Associates									
Finance									
VinaSiam Bank*	Banking	Ordinary	-	33.0	-	697	-	-	612
Service									
Supernap (Thailand) Co., Ltd.	Data center	Ordinary	24.9	24.5	351	89	344	85	
Total investment in associates, net					351	786	344	697	

* On 17 December 2015, the State Bank of Vietnam granted to the Bank an establishment license for a foreign bank branch in Vietnam. On 24 December 2015, the Bank acquired an additional 67% interest in VinaSiam Bank for Baht 1,643 million, increasing its ownership from 33% to 100% of the issued and paid up share capital. The banking license of VinaSiam Bank was revoked on 30 December 2015 and VinaSiam Bank is being dissolved. The Bank is now in the process of transferring all of the assets and liabilities of VinaSiam Bank to its newly established branch in Ho Chi Minh City, the Socialist Republic of Vietnam.

As at 31 December 2015 and 2014, the Bank had investments in subsidiaries and associates, net of impairment provisions, as follows:

	Type of business	Type of share	The Bank			
			Direct shareholding		Investment value	
			2015	2014	2015	2014
			(<i>%</i>)		<i>(in million Baht)</i>	
Subsidiaries						
Finance & Insurance						
VinaSiam Bank *	Banking	Ordinary	100.0	-	2,340	-
Cambodian Commercial Bank Ltd.	Banking	Ordinary	100.0	100.0	964	964
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
Siam Commercial Leasing PCL	Collection	Ordinary	99.4	99.4	9,976	9,976
SCB Life Assurance PCL**	Life insurance	Ordinary	99.2	94.7	12,540	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
SCB Plus Co., Ltd.	Collection	Ordinary	100.0	100.0	1	1
Other						
Sor. Or. Kor. PCL***	Commercial	Ordinary	99.7	99.7	582	785
Indirect subsidiary						
Mahisorn Co., Ltd.****	Property management	Ordinary	-	-	-	-
Associates						
Finance						
VinaSiam Bank*	Banking	Ordinary	-	33.0	-	697
Service						
Supernap (Thailand) Co., Ltd.	Data center	Ordinary	10.0	10.0	141	36
Total					29,298	24,246
Less allowance for impairment					(2,318)	(2,117)
Total investments in subsidiaries and associates, net					26,980	22,129

* On 17 December 2015, the State Bank of Vietnam granted to the Bank an establishment license for a foreign bank branch in Vietnam. On 24 December 2015, the Bank acquired an additional 67% interest in VinaSiam Bank for Baht 1,643 million, increasing its ownership from 33% to 100% of the issued and paid up share capital. The banking license of VinaSiam Bank was revoked on 30 December 2015 and VinaSiam Bank is being dissolved. The Bank is now in the process of transferring all of the assets and liabilities of VinaSiam Bank to its newly established branch in Ho Chi Minh City, the Socialist Republic of Vietnam.

** In 2015, the Bank acquired an additional 2,998,567 shares or 4.51% interest in SCB Life Assurance PCL for Baht 3,506 million, increasing its ownership from 94.66% to 99.17% of the issued and paid up share capital.

*** The entire business has been transferred to the Bank on 1 October 2012, was discontinued on 27 November 2012 and is being liquidated.

**** Subsidiary of SCB Plus Co., Ltd.

All subsidiaries and associates were registered and operate in Thailand except for the Cambodian Commercial Bank Ltd., which was registered and operates in Cambodia and VinaSiam Bank which was registered and operates in Vietnam.

The summarised financial information of the associates was as follows:

	2015 (Unaudited)			2014 (Audited)		
	Total assets	Total liabilities	Equity	Total assets	Total liabilities	Equity
	<i>(in million Baht)</i>					
Finance	-	-	-	4,078	2,224	1,854
Other	1,383	1	1,382	351	4	347
	<u>1,383</u>	<u>1</u>	<u>1,382</u>	<u>4,429</u>	<u>2,228</u>	<u>2,201</u>

	For the years ended 31 December					
	2015 (Unaudited)			2014 (Audited)		
	Revenue	Expenses	Net loss	Revenue	Expenses	Net loss
	<i>(in million Baht)</i>					
Finance	-	-	-	135	367	(232)
Other	4	29	(25)	-	16	(16)
	<u>4</u>	<u>29</u>	<u>(25)</u>	<u>135</u>	<u>383</u>	<u>(248)</u>

For the years ended 31 December

2015 2014
(in million Baht)

Carrying amount of interests in associates

Group's share of:

- Profit from continuing operations	<u>(89)</u>	<u>(79)</u>
- Total comprehensive income	<u>(89)</u>	<u>(79)</u>

As at 31 December 2015 and 2014, 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. These investments were in Siam Media and Communication Co., Ltd. and S.G. Star Properties Limited. Their financial statements have reported balances which do not have a material impact on the Bank's financial statements.

13 Loans to customers and accrued interest receivables, net

13.1 Classified by product as at 31 December 2015 and 2014

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Overdrafts	110,606	117,313	110,016	116,919
Loans	1,230,012	1,158,725	1,219,735	1,152,643
Bills	275,743	286,184	275,743	286,184
Finance leases	191,579	188,418	191,579	188,418
Others	48,064	46,922	47,187	45,842
Less deferred revenue	(22,598)	(20,427)	(22,598)	(20,427)
Total loans to customers, net	1,833,406	1,777,135	1,821,662	1,769,579
Add accrued interest receivables	4,545	3,814	4,107	3,544
Total loans to customers and accrued interest receivables, net	1,837,951	1,780,949	1,825,769	1,773,123
Less allowance for doubtful accounts				
- allowance established per BoT regulations				
- Individual approach	(48,374)	(35,669)	(47,152)	(34,912)
- Collective approach	(6,218)	(5,420)	(6,218)	(5,420)
- allowance established in excess of BoT regulations	(10,185)	(17,925)	(10,171)	(17,920)
Total	1,773,174	1,721,935	1,762,228	1,714,871

13.2 Classified by currency and residential status of customers as at 31 December 2015 and 2014

	Consolidated					
	2015		Total	2014		Total
Domestic	Foreign	Domestic		Foreign		
	<i>(in million Baht)</i>					
Baht	1,691,013	20,838	1,711,851	1,648,637	48	1,648,685
US Dollar	79,544	26,802	106,346	84,277	39,825	124,102
Other currencies	14,738	471	15,209	4,348	-	4,348
Total			1,833,406			1,777,135

	The Bank					
	2015		Total	2014		Total
Domestic	Foreign	Domestic		Foreign		
	<i>(in million Baht)</i>					
Baht	1,683,653	20,838	1,704,491	1,642,665	48	1,642,713
US Dollar	78,706	24,244	102,950	84,277	38,241	122,518
Other currencies	13,750	471	14,221	4,348	-	4,348
Total			1,821,662			1,769,579

13.3 Classified by business type and quality of loan classification as at 31 December 2015 and 2014

	Consolidated											
	2015					2014						
	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	15,710	364	144	78	206	16,502	17,775	242	216	29	22	18,284
Manufacturing and commercial	550,508	7,908	14,114	10,180	11,121	593,831	570,126	33,308	5,221	2,527	10,132	621,314
Real estate and construction	137,138	893	500	164	2,543	141,238	120,804	1,260	650	447	2,088	125,249
Utilities and services	249,231	958	1,598	317	2,020	254,124	215,559	1,868	1,950	448	1,306	221,131
Housing loans	476,562	9,756	4,680	2,648	1,366	495,012	442,250	11,054	4,526	3,145	2,084	463,059
Others	312,013	13,369	3,876	1,422	2,019	332,699	305,532	14,614	4,098	1,669	2,185	328,098
Total *	1,741,162	33,248	24,912	14,809	19,275	1,833,406	1,672,046	62,346	16,661	8,265	17,817	1,777,135
	=====											
	The Bank											
	2015					2014						
	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	15,304	340	144	78	44	15,910	17,647	242	216	29	22	18,156
Manufacturing and commercial	547,871	7,908	14,114	10,000	10,939	590,832	569,209	33,308	5,221	2,527	10,132	620,397
Real estate and construction	137,138	859	500	164	1,481	140,142	120,800	1,260	650	447	1,029	124,186
Utilities and services	248,716	957	1,598	317	1,865	253,453	215,031	1,868	1,950	448	1,306	220,603
Housing loans	476,541	9,755	4,680	2,648	1,366	494,990	442,243	11,054	4,526	3,145	2,084	463,052
Others	305,707	13,369	3,876	1,422	1,961	326,335	300,677	14,614	4,098	1,669	2,127	323,185
Total *	1,731,277	33,188	24,912	14,629	17,656	1,821,662	1,665,607	62,346	16,661	8,265	16,700	1,769,579
	=====											

* Net of deferred revenue, excludes accrued interest receivables

13.4 Finance leases

As at 31 December 2015 and 2014, the Bank and its subsidiaries had finance leases as follows:

Consolidated and the Bank								
	2015				2014			
	Amount due			Total	Amount due			Total
	Less than 1 year	1-5 years	Over 5 years		Less than 1 year	1-5 years	Over 5 years	
	<i>(in million Baht)</i>							
Total of gross investments in the lease	59,858	127,170	4,551	191,579	60,208	125,810	2,400	188,418
Less deferred revenue				(22,499)				(20,326)
Present value of the lease payments				169,080				168,092
Allowance for doubtful accounts				(6,218)				(5,420)
Finance leases, net				<u>162,862</u>				<u>162,672</u>

13.5 Loans to listed companies identified for delisting

Consolidated and the Bank								
	2015				2014			
	No. of companies	Loans and accrued interest		Amount of provision	No. of companies	Loans and accrued interest		Amount of provision
		receivables*	Collateral			receivables*	Collateral	
	<i>(in million Baht)</i>							
Listed companies identified for delisting	2	2,377	1,807	469	3	3,005	1,952	788

* Including loans to financial institutions but excluding other expenses

13.6 Non-Performing Loans

As at 31 December 2015 and 2014, 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 were as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Non-Performing Loans (net of allowance for doubtful accounts)	25,069	21,791	24,458	21,413
% of Non-Performing Loans to total loans (net)	1.3	1.1	1.2	1.1
Non-Performing Loans (gross)	58,996	42,743	57,197	41,626
% of Non-Performing Loans to total loans	2.9	2.1	2.8	2.1

In 3Q15, two large corporate customers with loans collectively amounting to over Baht 22 billion were classified as Non-Performing Loans; both were previously classed as special mention loans. These two customers, both in the steel industry had encountered severe liquidity problems as a result of the prolonged and continuing global slump in steel prices. As a result, the Bank set aside additional provisions of Baht 11 billion, in part, to fully provide and then write-off the loans to one of these customers of about Baht 12 billion and, in part, to fully provide for the other customer after allowing for remaining collateral.

As at 31 December 2015, Rutchayothin Assets Management Co., Ltd. which is a subsidiary of the Bank, had Non-Performing Loans of Baht 465 million (*2014: Baht 488 million*). However, the Non-Performing Loans based on principal of loans purchased from the group as at 31 December 2015 was Baht 997 million (*2014: Baht 1,059 million*).

13.7 Non-accrual loans

Non-accrual loans, gross, (including loans to financial institutions) as at 31 December 2015 and 2014 were as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Loans where recognition of income has been suspended *	50,717	39,234	49,661	38,116
% of loans where recognition of income has been suspended	2.5	1.9	2.5	1.9

* Non-accrual loans as announced by the Notification of the Bank of Thailand number Sor Nor Sor 21/2555

13.8 Classified assets

The Bank and its subsidiaries had classified assets as at 31 December 2015 and 2014 as follows:

Consolidated						
2015						
	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	1,745,381	207,306	-	-	20	1,952,707
Special Mention	33,495	-	-	-	3	33,498
Sub-Standard	24,985	-	-	-	4	24,989
Doubtful	14,809	-	-	-	4	14,813
Doubtful Loss	19,281	-	3,111	597	442	23,431
	1,837,951	207,306	3,111	597	473	2,049,438

Consolidated						
2014						
	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	1,675,361	252,620	-	-	11	1,927,992
Special Mention	62,790	-	-	-	1	62,791
Sub-Standard	16,709	-	-	-	3	16,712
Doubtful	8,265	-	-	-	4	8,269
Doubtful Loss	17,824	-	2,397	997	631	21,849
	1,780,949	252,620	2,397	997	650	2,037,613

* Net of deferred revenue

The Bank						
2015						
	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	1,735,064	200,574	-	-	20	1,935,658
Special Mention	33,435	-	-	-	3	33,438
Sub-Standard	24,985	-	-	-	4	24,989
Doubtful	14,629	-	-	-	4	14,633
Doubtful Loss	17,656	-	3,285	594	442	21,977
	<u>1,825,769</u>	<u>200,574</u>	<u>3,285</u>	<u>594</u>	<u>473</u>	<u>2,030,695</u>

The Bank						
2014						
	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	1,668,659	246,951	-	-	11	1,915,621
Special Mention	62,790	-	-	-	1	62,791
Sub-Standard	16,709	-	-	-	3	16,712
Doubtful	8,265	-	-	-	4	8,269
Doubtful Loss	16,700	-	3,778	991	631	22,100
	<u>1,773,123</u>	<u>246,951</u>	<u>3,778</u>	<u>991</u>	<u>650</u>	<u>2,025,493</u>

* Net of deferred revenue

13.9 Allowance for doubtful accounts

13.9.1 Loans classified by quality as at 31 December 2015 and 2014 (inclusive of accrued interest receivables)

		Consolidated					
		2015					
	Loans and accrued interest receivables <i>(in million Baht)</i>	Individual approach (All loans except for finance leases)		Collective approach (Finance leases)		Total	
		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	Allowance for doubtful accounts***		
Minimum allowance under BoT regulations							
- Normal	1,745,381	1,536,211*	1	15,295	156,698	2,855	
- Special Mention	33,495	23,404*	2	469	8,875	1,856	
- Sub-Standard	24,985	14,087**	100	14,087	1,058	468	
- Doubtful	14,809	7,801**	100	7,712	641	275	
- Doubtful Loss	19,281	10,811**	100	10,811	1,808	764	
Total	1,837,951	1,592,314		48,374	169,080	6,218	
Allowance established in excess of BoT regulations							
Total						10,185	
						64,777	

* Net of cash and near cash collateral

** Net of PV cashflow from loan receivables or selling collateral

*** Excluding revaluation allowance for troubled debt restructuring

Consolidated

2014

Individual approach
(All loans except for finance leases)

Loans and accrued interest receivables
(in million Baht)

Net amount used to set the allowance for doubtful accounts

% used for setting the allowance

Collective approach
(Finance leases)

Net amount used to set the allowance for doubtful accounts***

Total
(in million Baht)

Minimum allowance under BoT regulations							
- Normal	1,675,361	1,490,991*	1	14,862	154,538	2,240	17,102
- Special Mention	62,790	52,337*	2	1,047	9,895	1,811	2,858
- Sub-Standard	16,709	7,199**	100	7,199	1,151	424	7,623
- Doubtful	8,265	2,812**	100	2,812	719	262	3,074
- Doubtful Loss	17,824	9,749**	100	9,749	1,789	683	10,432
Total	1,780,949	1,563,088		35,669	168,092	5,420	41,089
Allowance established in excess of BoT regulations							17,925
Total							59,014

* Net of cash and near cash collateral

** Net of PV cashflow from loan receivables or selling collateral

*** Excluding revaluation allowance for troubled debt restructuring

The Bank
2015

Individual approach
(All loans except for finance leases)

Loans and accrued interest receivables
(in million Baht)

Net amount used to set the allowance for doubtful accounts

% used for setting the allowance accounts***

Collective approach
(Finance leases)

Net amount used to set the allowance for doubtful accounts

Allowance for doubtful accounts***

Allowance for doubtful accounts***

Total

(in million Baht)

(in million Baht)

(in million Baht)

(in million Baht)

(in million Baht)

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(in million Baht)

Minimum allowance under BoT regulations

- Normal

- Special Mention

- Sub-Standard

- Doubtful

- Doubtful Loss

Total

Allowance established in excess of BoT regulations

Total

* Net of cash and near cash collateral

** Net of PV cashflow from loan receivables or selling collateral

*** Excluding revaluation allowance for troubled debt restructuring

The Bank
2014

Individual approach
(All loans except for finance leases)

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***

Collective approach
(Finance leases)

Net amount used to set the allowance for doubtful accounts

Allowance for doubtful accounts***

Total

(in million Baht)

Minimum allowance under BoT regulations

- Normal	1,668,659	1,484,553*	1	14,846	154,538	2,240	17,086
- Special Mention	62,790	52,337*	2	1,047	9,895	1,811	2,858
- Sub-Standard	16,709	7,199**	100	7,199	1,151	424	7,623
- Doubtful	8,265	2,812**	100	2,812	719	262	3,074
- Doubtful Loss	16,700	9,008**	100	9,008	1,789	683	9,691
Total	1,773,123	1,555,909		34,912	168,092	5,420	40,332
Allowance established in excess of BoT regulations							17,920
Total							58,252

* Net of cash and near cash collateral

** Net of PV cashflow from loan receivables or selling collateral

*** Excluding revaluation allowance for troubled debt restructuring

Following an assessment of the ultimate collectability of the Bank's consolidated loan portfolio, the management of the Bank and its subsidiaries believe that the allowance for doubtful accounts established was adequate as at 31 December 2015 and 2014 and in compliance with the BoT's guidelines. The aggregate allowance is based on both quantitative criteria noted above and qualitative criteria that reflects management judgment.

13.9.2 Changes to the allowance for doubtful accounts

As at 31 December 2015 and 2014, the changes to the allowance for doubtful accounts were as follows:

	Consolidated						Allowance established in excess of BoT regulations	Total
	2015							
	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss			
	<i>(in million Baht)</i>							
As at 1 January 2015	17,102	2,858	7,623	3,074	10,432	17,925	59,014	
Transfer in from subsidiary	-	5	-	1	268	15	289	
Bad debt and doubtful accounts	1,046	(539)	6,932	4,912	27,444	(7,931)	31,864	
Bad debts written off	-	-	-	-	(26,594)	-	(26,594)	
Others	2	1	-	-	25	176	204	
As at 31 December 2015	18,150	2,325	14,555	7,987	11,575	10,185	64,777	

	Consolidated						Allowance established in excess of BoT regulations	Total
	2014							
	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss			
	<i>(in million Baht)</i>							
As at 1 January 2014	16,311	1,833	5,872	2,232	12,686	21,008	59,942	
Bad debt and doubtful accounts	791	1,025	1,751	842	13,980	(3,496)	14,893	
Bad debts written off	-	-	-	-	(15,843)	-	(15,843)	
Others	-	-	-	-	(391)	413	22	
As at 31 December 2014	17,102	2,858	7,623	3,074	10,432	17,925	59,014	

The Bank							
2015							
	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss	Allowance established in excess of BoT regulations	Total
	<i>(in million Baht)</i>						
As at 1 January 2015	17,086	2,858	7,623	3,074	9,691	17,920	58,252
Bad debt and doubtful accounts	1,038	(534)	6,932	4,822	27,346	(7,924)	31,680
Bad debts written off	-	-	-	-	(26,566)	-	(26,566)
Others	-	-	-	-	-	175	175
As at 31 December 2015	<u>18,124</u>	<u>2,324</u>	<u>14,555</u>	<u>7,896</u>	<u>10,471</u>	<u>10,171</u>	<u>63,541</u>

The Bank							
2014							
	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss	Allowance established in excess of BoT regulations	Total
	<i>(in million Baht)</i>						
As at 1 January 2014	16,295	1,833	5,871	2,231	11,369	21,005	58,604
Bad debt and doubtful accounts	791	1,025	1,752	843	13,996	(3,498)	14,909
Bad debts written off	-	-	-	-	(15,674)	-	(15,674)
Others	-	-	-	-	-	413	413
As at 31 December 2014	<u>17,086</u>	<u>2,858</u>	<u>7,623</u>	<u>3,074</u>	<u>9,691</u>	<u>17,920</u>	<u>58,252</u>

14 Troubled debt restructuring

The financial statements for the years ended 31 December 2015 and 2014, includes the following changes through various types of troubled debt restructuring:

Types of debt restructuring	Consolidated and the Bank								
	No. of accounts		Outstanding debts				Transferred assets		
			Before debt restructuring		After debt restructuring		Types	Fair value	
	2015	2014	2015	2014	2015	2014		2015	2014
<i>(in million Baht)</i>									
Transfers of assets	1	3	125	21	125	21	Immovable properties	-	15
Debt restructuring in various forms	2,383	1,725	15,510	10,631	15,491	10,596	Immovable properties	37	-
Changes to repayment conditions	19,406	11,486	20,165	12,341	20,105	12,312			
Total	21,790	13,214	35,800	22,993	35,721	22,929			

As at 31 December 2015 and 2014, troubled debt restructuring compared with total loans including loans to financial institutions were as follows:

	Consolidated			
	2015		2014	
	No. of accounts	Outstanding debts <i>(in million Baht)</i>	No. of accounts*	Outstanding debts* <i>(in million Baht)</i>
Balance of troubled debt restructured	21,790	35,800	13,214	22,993
Total loans including loans to financial institutions	1,209,336	2,045,257	1,036,940	2,033,569

	The Bank			
	2015		2014	
	No. of Accounts	Outstanding debts <i>(in million Baht)</i>	No. of accounts*	Outstanding debts* <i>(in million Baht)</i>
Balance of troubled debt restructured	21,790	35,800	13,214	22,993
Total loans including loans to financial institutions	1,101,009	2,026,343	950,753	2,020,074

* The comparative data has been revised. Explanation provide in the paragraph below.

The average term of troubled debt restructured as of 31 December 2015 is 11.1 years (2014: 10.7 years).

As at 31 December 2015 and 2014, the Bank and its subsidiaries had outstanding balances relating to restructured loans, including troubled debt, were as follows:

	Consolidated and the Bank			
	2015		2014	
	No. of accounts	Outstanding debts <i>(in million Baht)</i>	No. of accounts*	Outstanding debts* <i>(in million Baht)</i>
Restructured loans which were classified as NPL	3,407	6,535	3,636	8,181
Restructured loans which were not classified as NPL	14,089	26,454	8,010	21,193
Total	17,496	32,989	11,646	29,374

* The comparative data has been revised. Explanation provided in the paragraph below.

In line with regulations, troubled debt restructured does not include loans that are rescheduled at regular market rates, typically the interest rate at the time a loan was booked. Rescheduled loans at regular market rates which were previously disclosed under restructured loans as at 31 December 2014 amounted to Baht 20,595 million comprising 6,023 accounts at both the consolidated and the Bank level. This amount has been excluded in the revised amounts presented above. As a result, the revised disclosure on restructured loans will facilitate better market comparisons.

Supplementary information relating to restructured loans for the years ended 31 December 2015 and 2014 were as follows:

	Consolidated and the Bank	
	2015	2014
	<i>(in million Baht)</i>	
Interest income recognised in the statement of profit or loss and other comprehensive income	3,314	2,253
Loss on debt restructuring recognised in the statement of profit or loss and other comprehensive income	40	29

Revaluation allowance for debt restructuring

As at 31 December 2015 and 2014, the changes to the revaluation allowance for debt restructuring was as follows:

	Consolidated and the Bank	
	2015	2014
	<i>(in million Baht)</i>	
Beginning balance	-	374
Decrease during the year	-	(374)
Ending balance	-	-

15 Disclosure of the statement 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. Statement of cash flows

	For the year ended 31 December	
	2015 (Unaudited)	2014 (Audited)
	<i>(in million Baht)</i>	
Cash flows from operating activities		
Profit (loss) before tax	270	(2)
<i>Adjustment for</i>		
Reversal of impairment loss on loans and debt securities	(36)	(12)
Net gain on investments	(1)	(4)
	233	(18)
Net interest expense	14	17
Profit (loss) from operations before changes in operating assets and liabilities	247	(1)
<i>(Increase) decrease in operating assets</i>		
Intercompany and money market items	(36)	7
Investments	33	9
Properties for sale	-	1
Other assets	1	-
<i>Increase (decrease) in operating liabilities</i>		
Debt issued and short-term borrowing	(247)	(24)
Accrued expense	1	(3)
Net cash used in operating activities	(1)	(11)
Cash flows from investing activities		
Proceeds from sales of available-for-sale securities	-	11
Proceeds from sales of general securities	1	-
Net cash from investing activities	1	11
Net increase in cash	-	-
Cash at 1 January	-	-
Cash at 31 December	-	-

16 Properties for sale, net

As at 31 December 2015 and 2014, the changes to the properties for sale, net were as follows:

	Consolidated			
	Beginning balance	2015		Ending balance
Additions		Disposals/ Decreases	(in million Baht)	
Foreclosed assets				
Immovable assets	9,724	2,200	(1,126)	10,798
Movable assets	694	6,696	(7,164)	226
Total	10,418	8,896	(8,290)	11,024
Others	298	418	(585)	131
Total properties for sale	10,716	9,314	(8,875)	11,155
Less allowance for impairment	(995)	-	398	(597)
Total properties for sale, net	9,721	9,314	(8,477)	10,558

	Consolidated			
	Beginning balance	2014		Ending balance
Additions		Disposals/ Decreases	(in million Baht)	
Foreclosed assets				
Immovable assets	9,561	2,474	(2,311)	9,724
Movable assets	1,119	7,131	(7,556)	694
Total	10,680	9,605	(9,867)	10,418
Others	298	611	(611)	298
Total properties for sale	10,978	10,216	(10,478)	10,716
Less allowance for impairment	(1,328)	(40)	373	(995)
Total properties for sale, net	9,650	10,176	(10,105)	9,721

	The Bank			
	2015			
	Beginning balance	Additions	Disposals/ Decreases	Ending balance
	<i>(in million Baht)</i>			
Foreclosed assets				
Immovable assets	9,710	2,200	(1,118)	10,792
Movable assets	693	6,696	(7,164)	225
Total	10,403	8,896	(8,282)	11,017
Others	299	418	(586)	131
Total properties for sale	10,702	9,314	(8,868)	11,148
Less allowance for impairment	(991)	-	397	(594)
Total properties for sale, net	9,711	9,314	(8,471)	10,554

	The Bank			
	2014			
	Beginning balance	Additions	Disposals/ Decreases	Ending balance
	<i>(in million Baht)</i>			
Foreclosed assets				
Immovable assets	9,545	2,474	(2,309)	9,710
Movable assets	1,111	7,131	(7,549)	693
Total	10,656	9,605	(9,858)	10,403
Others	299	611	(611)	299
Total properties for sale	10,955	10,216	(10,469)	10,702
Less allowance for impairment	(1,319)	(40)	368	(991)
Total properties for sale, net	9,636	10,176	(10,101)	9,711

The losses on sales of properties for sale recognised in the consolidated profit or loss for the years ended 31 December 2015 and 2014 were Baht 1,085 million and Baht 1,836 million respectively, and for the Bank's profit or loss were Baht 1,085 million and Baht 1,925 million, respectively.

Immovable assets for sale classified by internal appraisers as at 31 December 2015 and 2014 were as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Foreclosed assets				
Immovable assets				
Appraised by internal appraisers	10,798	9,724	10,792	9,710
Total	10,798	9,724	10,792	9,710

17 Premises and equipment, net

As at 31 December 2015 and 2014, the changes to the premises and equipment, net were as follows:

	Consolidated									
	2015									
	Cost			Accumulated depreciation			Allowance			Net balance
	Beginning balance	Additions/Transfer in	Disposals/Transfer out	Ending balance	Beginning balance	Depreciation	Disposals	Transfer in from subsidiary	Ending balance	
	<i>(in million Baht)</i>									
Land										
Cost	5,855	14	(11)	5,858	-	-	-	-	-	(146)
Appraisal *	8,050	5,387	(2)	13,435	-	-	-	-	-	-
Premises										
Cost	14,610	248	(240)	14,618	(7,156)	(356)	224	-	(7,288)	(176)
Appraisal *	8,790	441	(6)	9,225	(1,207)	(283)	1	-	(1,489)	(17)
Equipment	21,431	2,129	(622)	23,017	(16,528)	(1,577)	460	(76)	(17,721)	-
Others	438	1,193	(960)	672	-	-	-	-	-	-
Total	59,174	9,412	(1,841)	66,825	(24,891)	(2,216)	685	(76)	(26,498)	(339)

* Appraisal values are based on valuations completed in 2015 for the Bank and its subsidiaries

Depreciation presented in the consolidated profit or loss for the years ended 31 December 2015 and 2014 amounted to Baht 2,216 million and Baht 2,222 million, respectively.

Consolidated											
2014											
	Cost				Accumulated depreciation				Allowance for impairment	Net balance	
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Transfer out from disposal of subsidiary	Ending balance	Beginning balance	Depreciation	Disposals			Transfer out from disposal of subsidiary
<i>(in million Baht)</i>											
Land											
Cost	6,239	-	(5)	(379)	5,855	-	-	-	-	(352)	5,503
Appraisal *	8,113	-	(26)	(37)	8,050	-	-	-	-	-	8,050
Premises											
Cost	14,854	159	(231)	(172)	14,610	(7,182)	(384)	178	232	(7,156)	7,299
Appraisal *	8,872	-	(3)	(79)	8,790	(949)	(285)	5	22	(1,207)	7,583
Equipment	21,573	1,056	(921)	(277)	21,431	(16,016)	(1,553)	814	227	(16,528)	4,903
Others	378	1,195	(1,135)	-	438	-	-	-	-	-	438
Total	60,029	2,410	(2,321)	(944)	59,174	(24,147)	(2,222)	997	481	(24,891)	33,776

* Appraisal values are based on valuations completed in 2010 for the Bank and 2013 for its subsidiary

The gross amount of the Bank and its subsidiaries' fully depreciated premises and equipment that were still in use as at 31 December 2015 amounted to Baht 21,885 million (2014: Baht 15,962 million).

The Bank

2015

	Cost			Accumulated depreciation			Allowance for impairment	Net balance
	Beginning balance	Additions/Transfer in	Disposals/Transfer out	Ending balance	Beginning balance	Depreciation		
Land								
Cost	5,665	-	(3)	5,662	-	-	-	5,517
Appraisal *	7,478	5,316	(2)	12,792	-	-	-	12,792
Premises								
Cost	14,146	170	(231)	14,085	(6,817)	(331)	218	(6,930)
Appraisal *	8,711	421	(6)	9,126	(1,189)	(278)	1	(1,466)
Equipment	20,390	2,076	(543)	21,923	(15,730)	(1,503)	399	(16,834)
Others	443	1,193	(960)	676	-	-	-	676
Total	56,833	9,176	(1,745)	64,264	(23,736)	(2,112)	618	(25,230)
								38,713

(in million Baht)

* Appraisal values are based on valuations completed in 2015

Depreciation presented in the Bank's profit or loss for the years ended 31 December 2015 and 2014 amounted to Baht 2,112 million and Baht 2,107 million, respectively.

The Bank
2014

	Cost		Accumulated depreciation		Ending balance	Disposals	Allowance for impairment	Net balance
	Beginning balance	Ending balance	Beginning balance	Depreciation				
Land								
Cost	5,670	(5)	-	-	-	-	(351)	5,314
Appraisal *	7,504	(26)	-	-	-	-	-	7,478
Premises								
Cost	14,204	(215)	157	(374)	14,146	162	(137)	7,192
Appraisal *	8,714	(3)	-	(278)	8,711	-	-	7,522
Equipment	20,110	(733)	1,013	(1,455)	20,390	627	-	4,660
Others	378	(1,121)	1,186	-	443	-	-	443
Total	56,580	(2,103)	2,356	(2,107)	56,833	789	(488)	32,609

* Appraisal values are based on valuations completed in 2010

The gross amount of the Bank's fully depreciated premises and equipment that were still in use as at 31 December 2015 amounted to Baht 20,860 million (2014: Baht 15,243 million).

The fair value of land and premises was determined by external independent property valuers with appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The fair value of land and premises was determined by the independent valuers using the market approach for land and the depreciated replacement cost approach for premises, all of which are categorised as Level 3 in the fair value hierarchy.

18 Goodwill and other intangible assets, net

As at 31 December 2015 and 2014, the changes to the goodwill and other intangible assets, net were as follows:

	Consolidated										
	2015					2014					
	Cost		Transfer		Ending balance	Beginning balance	Accumulated amortisation		Transfer in from subsidiary	Net balance	
	Additions/ Transfer in	Disposals/ Transfer out	in from subsidiary	out subsidiary			Disposals	Amortisations			Disposals
	<i>(in million Baht)</i>										
Goodwill	9,669	466	-	-	10,135	-	-	-	-	-	10,135
Software licenses	5,924	905	(232)	31	6,628	(4,217)	(499)	7	(24)	(4,733)	1,895
Others	35	-	(27)	-	8	(5)	(2)	-	-	(7)	1
Total	15,628	1,371	(259)	31	16,771	(4,222)	(501)	7	(24)	(4,740)	12,031

Amortisation presented in the consolidated profit or loss for the years ended 31 December 2015 and 2014 amounted to Baht 501 million and Baht 513 million, respectively.

	Consolidated										
	2014					2015					
	Cost		Transfer		Ending balance	Beginning balance	Accumulated amortisation		Transfer out from subsidiary	Net balance	
	Additions/ Transfer in	Disposals/ Transfer out	out from subsidiary	in from subsidiary			Disposals	Amortisations			Disposals
	<i>(in million Baht)</i>										
Goodwill	9,669	804	-	(804)	9,669	-	-	-	-	-	9,669
Software licenses	5,499	486	(23)	(38)	5,924	(3,745)	(512)	17	23	(4,217)	1,707
Others	35	-	-	-	35	(4)	(1)	-	-	(5)	30
Total	15,203	1,290	(23)	(842)	15,628	(3,749)	(513)	17	23	(4,222)	11,406

The gross amount of the Bank and its subsidiaries' fully amortised intangible assets that were still in use as at 31 December 2015 amounted to Baht 3,617 million (2014: Baht 2,248 million).

The Bank						
2015						
	Cost		Accumulated amortisation		Net	
	Beginning balance	Additions/ Transfer in	Ending balance	Beginning balance	Ending balance	balance
	<i>(in million Baht)</i>					
Goodwill	804	-	804	-	-	804
Software licenses	5,144	543	5,687	(3,817)	(424)	1,446
Total	5,948	543	6,491	(3,817)	(424)	2,250

Amortisation presented in the Bank's profit or loss for the years ended 31 December 2015 and 2014 amounted to Baht 424 million and Baht 449 million, respectively.

The Bank						
2014						
	Cost		Accumulated amortisation		Net	
	Beginning balance	Additions/ Transfer in	Ending balance	Beginning balance	Ending balance	balance
	<i>(in million Baht)</i>					
Goodwill	-	804	804	-	-	804
Software licenses	4,783	361	5,144	(3,368)	(449)	1,327
Total	4,783	1,165	5,948	(3,368)	(449)	2,131

The gross amount of the Bank's fully amortised intangible assets that were still in use as at 31 December 2015 amounted to Baht 3,494 million (2014: Baht 2,140 million).

19 Assets pending transfer

As at 31 December 2015 and 2014, assets pending transfer were as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Pending for E-Banking receivables	1,168	831	1,168	831
Sundry receivables	561	2,228	646	2,228
Prepayment of option premium	309	695	309	695
Others	230	350	230	350
Total	2,268	4,104	2,353	4,104

20 Other assets, net

As at 31 December 2015 and 2014, other assets, net were as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Collateral per Credit Support Annex	19,602	13,062	19,602	13,062
Prepaid expenses	4,258	4,936	4,196	4,875
Securities business receivables and receivables from clearing house	2,945	1,962	-	-
Accrued interest on investment and interest rate product	2,086	2,845	765	1,615
Receivable from sales of NPL	1,870	2,443	1,870	2,443
Accrued service income	849	1,007	2,006	2,280
Net inter-account balance	415	1,655	487	1,655
Others	5,277	4,492	3,167	2,628
Total	37,302	32,402	32,093	28,558

21 Deposits

21.1 Classified by product as at 31 December 2015 and 2014:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Demand	57,136	53,853	56,292	52,921
Savings	1,106,016	999,410	1,101,596	995,706
Fixed				
- Less than 6 months	221,323	139,313	221,014	139,003
- 6 months and less than 1 year	300,657	269,061	300,631	269,052
- Over 1 year	205,597	433,706	205,371	433,706
Total	1,890,729	1,895,343	1,884,904	1,890,388

21.2 Classified by currency and residence of customer as at 31 December 2015 and 2014

	Consolidated					
	Domestic	2015		Total	2014	
		Foreign	Foreign		Foreign	Total
<i>(in million Baht)</i>						
Baht	1,797,211	700	1,797,911	1,815,897	412	1,816,309
US Dollar	79,127	10,642	89,769	67,078	9,447	76,525
Other currencies	1,986	1,063	3,049	1,603	906	2,509
Total	1,878,324	12,405	1,890,729	1,884,578	10,765	1,895,343

	The Bank					
	Domestic	2015		Total	2014	
		Foreign	Foreign		Foreign	Total
<i>(in million Baht)</i>						
Baht	1,797,899	671	1,798,570	1,816,542	379	1,816,921
US Dollar	79,127	4,554	83,681	67,078	4,131	71,209
Other currencies	1,986	667	2,653	1,603	655	2,258
Total	1,879,012	5,892	1,884,904	1,885,223	5,165	1,890,388

22 Interbank and money market items (Liabilities)

As at 31 December 2015 and 2014, interbank and money market items (Liabilities) were as follows:

	Consolidated					
	2015		2014		Total	
	Demand	Time	Total	Demand	Time	Total
	<i>(in million Baht)</i>					
Domestic items:						
Bank of Thailand and Financial Institutions Development Fund	-	22,110	22,110	-	26,702	26,702
Commercial banks	1,550	33,300	34,850	1,871	48,000	49,871
Specialised financial institutions*	1,577	46,165	47,742	1,574	24,613	26,187
Other financial institutions**	12,917	6,367	19,284	13,857	7,405	21,262
Total domestic items	16,044	107,942	123,986	17,302	106,720	124,022
Foreign items:						
US Dollar	3,295	12,631	15,926	2,507	11,372	13,879
Japanese Yen	1	-	1	1	-	1
Euro	622	-	622	169	-	169
Other currencies	2,402	-	2,402	2,215	-	2,215
Total foreign items	6,320	12,631	18,951	4,892	11,372	16,264
Total domestic and foreign items	22,364	120,573	142,937	22,194	118,092	140,286

* 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					
	2015			2014		
	Demand	Time	Total	Demand	Time	Total
	<i>(in million Baht)</i>					
Domestic items:						
Bank of Thailand and Financial Institutions Development Fund	-	22,110	22,110	-	26,702	26,702
Commercial banks	1,550	33,300	34,850	1,849	48,000	49,849
Specialised financial institutions *	1,577	46,165	47,742	1,574	24,613	26,187
Other financial institutions **	15,621	6,367	21,988	19,587	7,405	26,992
Total domestic items	18,748	107,942	126,690	23,010	106,720	129,730
Foreign items:						
US Dollar	3,345	12,631	15,976	2,524	11,372	13,896
Japanese Yen	1	-	1	1	-	1
Euro	622	-	622	169	-	169
Other currencies	2,429	-	2,429	2,218	-	2,218
Total foreign items	6,397	12,631	19,028	4,912	11,372	16,284
Total domestic and foreign items	25,145	120,573	145,718	27,922	118,092	146,014

* 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

23 Debt issued and borrowings

As at 31 December 2015 and 2014, debt issued and borrowings were as follows:

	Interest rate (%)	Year of maturity	Domestic	2015 Foreign	Consolidated			
					Total	Domestic	Foreign	Total
<i>(in million Baht)</i>								
Bonds								
- US Dollar	3.38 - 3.90	2016 - 2019	-	80,549	80,549	-	73,625	73,625
Subordinated bonds								
- Baht	4.50 - 4.65	2022 - 2024	40,000	-	40,000	40,000	-	40,000
Structured notes								
- Baht	0.64 - 1.29	2016	508	-	508	104	-	104
Others			107	-	107	188	-	188
Total			40,615	80,549	121,164	40,292	73,625	113,917

	Interest rate (%)	Year of maturity	Domestic	2015 Foreign	The Bank			
					Total	Domestic	Foreign	Total
<i>(in million Baht)</i>								
Bonds								
- US Dollar	3.38 - 3.90	2016 - 2019	-	81,279	81,279	-	74,298	74,298
Subordinated bonds								
- Baht	4.50 - 4.65	2022 - 2024	40,000	-	40,000	40,000	-	40,000
Others			107	-	107	188	-	188
Total			40,107	81,279	121,386	40,188	74,298	114,486

24 Provisions

As at 31 December 2015 and 2014, provisions were as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Reserve for pension and gratuity	4,315	3,354	3,975	3,079
Reserve for claims	2,569	2,287	2,563	2,280
Possible loss from Asset Transfer Agreement with TAMC	-	1,146	-	1,104
Possible loss from legal cases	227	306	221	300
Provisions for commitments as off-financial reporting items	115	115	115	115
Others	2	3	2	3
Total	7,228	7,211	6,876	6,881

Pension and other post-retirement employee benefits

The Bank operates a number of pension and 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 2015 and 2014 were as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Severance Payment ("SP") benefits scheme	3,549	2,630	3,257	2,394
Other schemes	766	724	718	685
Total present value of unfunded obligations	4,315	3,354	3,975	3,079

Movement in the present value of the defined benefit obligations

	Consolidated			
	2015		2014	
	SP	Others	SP	Others
	<i>(in million Baht)</i>			
Defined benefit obligations at 1 January	2,630	724	2,470	675
Included in profit or loss:				
Current service cost	279	45	224	41
Interest on obligation	119	29	99	28
Actuarial gain	-	(37)	-	-
	398	37	323	69
Included in other comprehensive income				
Actuarial loss	619	9	-	-
	619	9	-	-
Others				
Transfer out	(4)	-	(38)	(1)
Benefits paid	(94)	(4)	(125)	(19)
	(98)	(4)	(163)	(20)
Defined benefit obligations at 31 December	3,549	766	2,630	724

	The Bank			
	2015		2014	
	SP	Others	SP	Others
	<i>(in million Baht)</i>			
Defined benefit obligations at 1 January	2,394	685	2,223	636
Included in profit or loss:				
Current service cost	251	40	195	37
Interest on obligation	110	28	91	26
Actuarial gain	-	(37)	-	-
	361	31	286	63
Included in other comprehensive income				
Actuarial loss	586	3	-	-
	586	3	-	-
Others				
Transfer out	(4)	-	-	-
Benefits paid	(80)	(1)	(115)	(14)
	(84)	(1)	(115)	(14)
Defined benefit obligations at 31 December	3,257	718	2,394	685

Actuarial losses recognised in other comprehensive income arising from:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Financial assumptions	247	-	231	-
Experience adjustment	60	-	37	-
Other	321	-	321	-
Total	628	-	589	-

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	Consolidated and the Bank	
	2015	2014
	<i>(%)</i>	
Discount rate	3.6	4.1 - 4.2
Future salary growth	5.5 - 10.0	5.5 - 10.0
Medical cost trend rate	4.0 - 4.8	4.0 - 4.8
Price inflation rate	3.0	3.5
Gold price inflation rate	3.5	3.5

Assumptions regarding future mortality have been based on published statistics and mortality tables.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below.

Defined benefit obligations at 31 December 2015	Consolidated		The Bank	
	Increase	Decrease	Increase	Decrease
	<i>(in million Baht)</i>			
Discount rate (1% movement)	(501)	611	(466)	570
Future salary growth (1% movement)	427	(367)	390	(335)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Post-employee benefit expenses included in the statement of profit or loss and other comprehensive income for the years ended 31 December 2015 and 2014 were as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Recognised in profit or loss:				
Defined contribution plans	949	908	834	797
Defined benefit plans	435	392	392	349
Total post-employment benefit expenses	1,384	1,300	1,226	1,146
Recognised in other comprehensive income:				
Actuarial losses recognised in the year	628	-	589	-

25 Liabilities under insurance contracts

Liabilities under insurance contracts represent the liabilities of the insurance subsidiary. As at 31 December 2015 and 2014 were as follows:

	Consolidated	
	2015	2014
	<i>(in million Baht)</i>	
SCB Life Assurance PCL		
Life insurance policy reserves	183,717	150,702
Others	1,062	1,055
Total	184,779	151,757

Insurance contract liabilities for SCB life Assurance PCL are calculated as described in note 5.27.

26 Liabilities pending transfer

As at 31 December 2015 and 2014, liabilities pending transfer were as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Pending for payment E-banking	6,472	8,345	6,472	8,345
Other payables	1,538	1,826	1,550	1,668
Others	3,535	4,096	3,457	4,014
Total	11,545	14,267	11,479	14,027

27 Other liabilities

As at 31 December 2015 and 2014, other liabilities were as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Accrued expenses	18,164	18,545	14,571	15,284
Interest payable	6,789	7,832	6,810	7,838
Securities business payables and payables to clearing house	2,640	1,855	-	-
Other payable per Credit Support Annex	1,667	865	1,667	865
Withholding tax payable	722	628	603	504
Margin deposits	236	297	213	238
Others	2,182	1,115	1,939	1,067
Total	32,400	31,137	25,803	25,796

28 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

Valuation surplus

The valuation surplus account comprises the cumulative net change in the valuation of premises included in the financial statements at valuation until such premises are sold or otherwise disposed of.

Fair value changes in available-for-sale investments

The fair value changes in available-for-sale investments account comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

Others

Others comprise of currency translation differences and movements in reserves as follows:

Currency translation differences

The currency translation differences account comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Movements in reserves

Movements in reserves are shown in the statement of changes in equity.

29 Dividends

The Board of Directors Meeting held on 25 August 2015 passed a resolution approving an interim dividend payment in respect of the half-year result of 2015 of Baht 1.50 per share, amounting to Baht 5,099 million. The dividend was paid to shareholders on 18 September 2015.

At the annual general meeting of the shareholders of the Bank held on 2 April 2015, the shareholders approved the appropriation of dividend of Baht 4.50 per share, amounting to Baht 15,296 million. The dividend was paid to shareholders on 30 April 2015.

The Board of Directors Meeting held on 26 August 2014 passed a resolution approving an interim dividend payment in respect of the half-year result of 2014 of Baht 1.50 per share, amounting to Baht 5,099 million. The dividend was paid to shareholders on 19 September 2014.

At the annual general meeting of the shareholders of the Bank held on 3 April 2014, the shareholders approved the appropriation of dividend of Baht 3.75 per share, amounting to Baht 12,747 million. The dividend was paid to shareholders on 2 May 2014.

30 Assets pledged as collateral and under restriction

As at 31 December 2015 and 2014, assets pledged as collateral and under restriction were as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Investments				
Securities pledged as collateral for repurchase	42,636	54,250	42,636	54,250
Others	35,191	30,678	272	286
Total	77,827	84,928	42,908	54,536

31 Contingencies

As at 31 December 2015 and 2014, contingencies were as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Avals to bills	5,754	3,434	5,754	3,434
Guarantees of loans	248	220	110	117
Liability under unmatured import bills	8,228	6,792	8,228	6,792
Letters of credit	27,775	35,346	27,567	35,196
Other contingencies				
- Amount of unused bank overdrafts	156,991	127,028	156,255	126,443
- Other guarantees	178,458	178,776	176,498	177,936
- Receivables / payables from investments	7,383	10,070	7,383	9,902
- Others	38,132	34,537	35,584	33,638
Total	422,969	396,203	417,379	393,458

As at 31 December 2015, 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 (2014: Baht 3 million).

32 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 juristic 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. For other income and expenses are charged at market price as normal business or the price as stipulated in the agreement. Transactions with related parties or persons were as follows:

32.1 Loans, deposits, borrowings and contingencies

Loans, deposits, borrowings and contingencies to related parties or persons as at 31 December 2015 and 2014 were as follows:

	Consolidated							
	2015			2014				
	Loans*	Deposits	Borrow- ings	Contin- gencies	Loans*	Deposits	Borrow- ings	Contin- gencies
	<i>(in million Baht)</i>							
Associates	-	692	-	-	-	321	-	-
Related companies (Shareholding through other companies' debt restructuring process)	-	-	-	1	-	-	-	1
Major shareholder (more than 10% ownership)	-	8,216	-	-	-	8,200	-	-
Entities in which the directors, management or close members of their families have significant influence	11	655	1	107	-	681	1	107
Directors and key executive officers	122	712	19	-	102	768	16	-
Total	133	10,275	20	108	102	9,970	17	108

* Net of provision (1%)

	The Bank							
	2015				2014			
	Loans*	Deposits	Borrowings	Contingencies	Loans*	Deposits	Borrowings	Contingencies
	<i>(in million Baht)</i>							
Subsidiaries								
Finance & Insurance	-	2,012	1,727	13,151	-	5,039	1,727	7,853
Others	-	460	-	-	-	274	-	-
Total subsidiaries	-	2,472	1,727	13,151	-	5,313	1,727	7,853
Associates	-	692	-	-	-	321	-	-
Related companies (Shareholding through other companies' debt restructuring process)								
	-	-	-	1	-	-	-	1
Major shareholder (more than 10% ownership)	-	8,216	-	-	-	8,200	-	-
Entities in which the directors, management or close members of their families have significant influence	11	655	1	107	-	681	1	107
Directors and key executive officers	122	712	19	-	102	768	16	-
Total	133	12,747	1,747	13,259	102	15,283	1,744	7,961

* Net of provision (1%)

32.2 Income and expenses

Significant income and expenses between the Bank and its subsidiaries, associates and related companies for the years ended 31 December 2015 and 2014 are as follows:

	Consolidated							
	2015				2014			
	Income		Expenses		Income		Expenses	
	Interest	Others	Interest	Others	Interest	Others	Interest	Others
	<i>(in million Baht)</i>							
Associates	-	-	4	-	-	-	-	-
Major shareholder	-	4,289	226	22	-	-	176	22

	The Bank							
	2015				2014			
	Income		Expenses		Income		Expenses	
	Interest	Others	Interest	Others	Interest	Others	Interest	Others
	<i>(in million Baht)</i>							
Subsidiaries	14	12,909	89	2,499	17	14,652	122	2,900
Associates	-	-	4	-	-	-	-	-
Major shareholder	-	4,289	226	22	-	-	176	22

On 24 September 2015, the Bank sold 9,070,600 common shares held by the Bank in the Siam Cement Public Company Limited to the Crown Property Bureau, which is a related party. The selling price was based on prevailing market prices to reflect an arm's length basis. Sales proceeds amounted to Baht 4.5 billion and a gain on investment of Baht 4.3 billion has been recorded in the year.

33 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 year ended 31 December</i>	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Short-term employee benefits	1,617	1,422	1,335	1,120
Post-employment benefits	49	21	46	18
Total	1,666	1,443	1,381	1,138

34 Long-term leases and service agreements

As at 31 December 2015 and 2014, 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	
		2015	2014	2015	2014
		<i>(in million Baht)</i>			
Land and/or premises	Within 1 year	1,974	1,859	1,850	1,703
	1 - 5 years	1,617	1,682	1,576	1,550
	Over 5 years	192	192	192	192
Equipment	Within 1 year	83	3	82	1
	1 - 5 years	-	2	-	-
Vehicles	Within 1 year	209	241	196	228
	1 - 5 years	617	305	599	284

35 Operating segments

As at 31 December 2015 and 2014, operating segments were as follows:

Information on the Bank's operating model and business segments is set out in the annual report. Specifically, the Bank has four main lines of business: the Corporate Segment which serves corporate and commercial customers; the SME Segment which serves SME customers (prior to 2015 referred to as Business Banking); the Retail Segment which serves individuals and small businesses; and the Special Business unit which is responsible for NPL resolution. In addition, the Bank has three major subsidiaries: SCB Securities Co., Ltd., SCB Asset Management Co., Ltd. and SCB Life Assurance PCL.

In the information provided below, the results of subsidiaries together with the income from the Banks' investments, interbank and money market, that is not allocated to a specific business unit, are presented under the "Others" column. The results of the Special Business unit are allocated back to the line of business from which the workout assets were transferred. With respect to fee income earned by subsidiaries, it is allocated to the appropriate line of business (Corporate Segment, SME Segment or Retail Segment) in the Management Discussion and Analysis that accompanies the financial statements but is stated under "Others" in the analysis below. Finally, operating expenses are both direct and indirect business expenses of each line of business as well as allocation of common expenses to these businesses.

The Bank has determined that the Chief Operating Decision Maker is the Executive Committee. Financial information of the business segments measured on a basis that is consistent with internal reporting was as follows:

<i>For the year ended 31 December 2015</i>	Consolidated				Total
	Corporate Segment	SME Segment	Retail Segment	Others	
	<i>(in million Baht)</i>				
Net interest income	15,835	14,704	41,464	10,831	82,834
Net fees income & dividend and other income	10,094	3,599	29,071	11,811	54,575
Total operating income	25,929	18,303	70,535	22,642	137,409
Total operating expenses	(7,599)	(5,388)	(33,609)	(2,352)	(48,948)
Profit before impairment loss and income tax	18,330	12,915	36,926	20,290	88,461
Impairment loss and income tax					(41,221)
Net profit					47,240

<i>For the year ended 31 December 2014</i>	Consolidated				Total
	Corporate Segment	SME Segment	Retail Segment	Others	
	<i>(in million Baht)</i>				
Net interest income	15,554	14,728	38,599	12,219	81,100
Net fees income & dividend and other income	10,055	3,374	28,415	5,186	47,030
Total operating income	25,609	18,102	67,014	17,405	128,130
Total operating expenses	(7,196)	(5,214)	(32,943)	(2,736)	(48,089)
Profit before impairment loss and income tax	18,413	12,888	34,071	14,669	80,041
Impairment loss and income tax					(26,389)
Net profit					53,652

	Consolidated				Total
	2015				
	Corporate Segment	SME Segment	Retail Segment	Others	
	<i>(in million Baht)</i>				
Investment in associates	-	-	-	344	344
Loans*	640,876	357,193	824,319	11,018	1,833,406
Total assets	740,730	330,845	804,649	898,085	2,774,309
Total liabilities	605,483	160,153	1,202,990	497,990	2,466,616

	Consolidated				Total
	2014				
	Corporate Segment	SME Segment	Retail Segment	Others	
	<i>(in million Baht)</i>				
Investment in associates	-	-	-	697	697
Loans*	656,561	339,528	772,220	8,826	1,777,135
Total assets	766,979	319,287	750,683	862,754	2,699,703
Total liabilities	544,966	160,167	1,269,874	438,398	2,413,405

* Net of deferred revenue

36 The financial position and results of operations classified by domestic and foreign business

36.1 As at 31 December 2015 and 2014, the financial position classified by domestic and foreign business was as follows:

	Consolidated							
	2015			2014				
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	<i>(in million Baht)</i>							
Total assets	2,704,384	112,633	(42,708)	2,774,309	2,631,657	98,383	(30,337)	2,699,703
Interbank and money market items, net (Assets)	233,400	27,543	-	260,943	274,400	17,215	-	291,615
Investments, net *	536,129	870	-	536,999	502,305	503	-	502,808
Loans to customers and accrued interest receivables, net	1,746,380	26,794	-	1,773,174	1,684,038	37,897	-	1,721,935
Deposits	1,877,221	13,508	-	1,890,729	1,883,467	11,876	-	1,895,343
Interbank and money market items (Liabilities)	130,306	12,631	-	142,937	130,397	9,889	-	140,286
Debt issued and borrowings	39,885	81,279	-	121,164	39,620	74,297	-	113,917

* Includes net investments in subsidiaries and associates

	The Bank							
	2015				2014			
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	<i>(in million Baht)</i>							
Total assets	2,497,559	102,575	(42,708)	2,557,426	2,461,101	92,046	(30,337)	2,522,810
Interbank and money market items, net (Assets)	224,735	21,757	-	246,492	264,078	12,729	-	276,807
Investments, net *	359,974	867	-	360,841	361,716	503	-	362,219
Loans to customers and accrued interest receivables, net	1,739,314	22,914	-	1,762,228	1,678,546	36,325	-	1,714,871
Deposits	1,877,909	6,995	-	1,884,904	1,884,112	6,276	-	1,890,388
Interbank and money market items (Liabilities)	133,087	12,631	-	145,718	136,125	9,889	-	146,014
Debt issued and borrowings	40,107	81,279	-	121,386	40,189	74,297	-	114,486

* Includes net investments in subsidiaries and associates

36.2 The results of operations classified by domestic and foreign business for the years ended 31 December 2015 and 2014 were as follows:

	Consolidated							
	2015				2014			
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	<i>(in million Baht)</i>							
Interest income	121,298	3,576	(2,412)	122,462	122,488	3,342	(2,449)	123,381
Interest expense	(38,532)	(3,508)	2,412	(39,628)	(41,571)	(3,159)	2,449	(42,281)
Net interest income	82,766	68	-	82,834	80,917	183	-	81,100
Net fees and service income	27,022	53	-	27,075	26,112	197	-	26,309
Other operating income	27,441	59	-	27,500	20,678	43	-	20,721
Other operating expenses	(78,598)	(73)	-	(78,671)	(61,041)	(262)	-	(61,303)
Profit before tax	58,631	107	-	58,738	66,666	161	-	66,827

The Bank								
	2015			2014				
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	<i>(in million Baht)</i>							
Interest income	114,007	3,438	(2,412)	115,033	116,163	3,236	(2,449)	116,950
Interest expense	(38,578)	(3,497)	2,412	(39,663)	(41,657)	(3,151)	2,449	(42,359)
Net interest income	75,429	(59)	-	75,370	74,506	85	-	74,591
Net fees and service income	30,703	(11)	-	30,692	30,430	140	-	30,570
Other operating income	20,703	46	-	20,749	14,777	25	-	14,802
Other operating expenses	(76,154)	5	-	(76,149)	(58,916)	(202)	-	(59,118)
Profit before tax	50,681	(19)	-	50,662	60,797	48	-	60,845

37 Interest income

Interest income included in profit or loss for the years ended 31 December 2015 and 2014 was as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Interbank and money market items	3,687	4,380	3,280	3,967
Investments and trading transactions	501	565	501	565
Investments in debt securities	12,372	12,562	5,733	6,878
Loans	95,729	95,357	95,346	95,025
Hire-purchase and finance leases	10,097	10,489	10,097	10,487
Others	76	28	76	28
Total	122,462	123,381	115,033	116,950

38 Interest expense

Interest expense included in profit or loss for the years ended 31 December 2015 and 2014 was as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Deposits	26,463	29,171	26,505	29,255
Interbank and money market items	1,078	1,605	1,085	1,615
Contributions to Deposit Protection Agency	8,584	8,165	8,584	8,165
Debt issued				
- Subordinated debentures	1,830	1,830	1,830	1,830
- Others	1,624	1,473	1,653	1,493
Borrowings	43	36	-	-
Others	6	1	6	1
Total	39,628	42,281	39,663	42,359

39 Net fees and service income

Net fees and service income included in profit or loss for the years ended 31 December 2015 and 2014 was as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Fees and service income				
- Acceptances, avals and guarantees	1,272	1,284	1,258	1,273
- ATM, Debit cards, Credit Cards and other banking electronic	12,099	11,697	12,115	11,713
- Others	19,333	18,544	22,151	22,230
Total fees and service income	32,704	31,525	35,524	35,216
Fees and service expense	(5,629)	(5,216)	(4,832)	(4,646)
Net fees and service income	27,075	26,309	30,692	30,570

40 Net trading income

Net trading income included in profit or loss for the years ended 31 December 2015 and 2014 was as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Gain on trading and foreign exchange transactions				
- Foreign currencies and foreign currency related derivatives	7,520	5,900	7,126	6,075
- Interest rate related derivatives	402	245	402	245
- Debt securities	326	1,020	258	960
- Equity securities	66	136	13	33
- Others	1	3	1	3
Total	8,315	7,304	7,800	7,316

41 Net gain on investments

Net gain on investments included in profit or loss for the years ended 31 December 2015 and 2014 was as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Gain (loss) on sales				
- Available-for-sale securities	9,732	853	8,946	461
- Held-to-maturity securities	(188)	(145)	-	-
- General investments	-	45	-	45
- Investments in subsidiaries and associates	-	1,813	-	2,777
Total	9,544	2,566	8,946	3,283
Gain (loss) on impairment				
- Available-for-sale securities	4	-	4	1
- General investments	(2)	3	(2)	2
- Investments in subsidiaries and associates	(156)	(6)	(357)	(1,377)
Total	(154)	(3)	(355)	(1,374)
Net gain on investments	9,390	2,563	8,591	1,909

42 Impairment loss on loans and debt securities

Bad debt, doubtful accounts and loss on debt restructuring included in profit or loss for the years ended 31 December 2015 and 2014 were as follows:

	Note	Consolidated		The Bank	
		2015	2014	2015	2014
		<i>(in million Baht)</i>			
Interbank and money market items		(22)	(117)	(22)	(117)
Available-for-sale securities		(35)	(2)	(35)	(2)
Held-to-maturity securities		(19)	-	(19)	-
Loans to customers *		29,759	13,304	29,762	13,329
Loss on debt restructuring	14	40	29	40	29
Total		29,723	13,214	29,726	13,239

* Includes bad debt recovery

43 Income tax

Income tax recognised in profit or loss

<i>For the year ended 31 December</i>	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Current tax expense				
Current year	11,374	13,406	9,183	11,341
Deferred tax expense				
Movements in temporary differences	124	(231)	142	(250)
Total income tax expense	11,498	13,175	9,325	11,091

Income tax recognised in other comprehensive income

<i>For the year ended 31 December</i>	Consolidated					
	2015		2014			
	Before tax	Tax benefit (expense)	Net of tax	Before tax	Tax benefit (expense)	Net of tax
	<i>(in million Baht)</i>					
Investments	(7,911)	1,485	(6,426)	4,654	(903)	3,751
Premises and equipment	5,823	(1,165)	4,658	(29)	6	(23)
Provision	(628)	126	(502)	-	-	-
Total	(2,716)	446	(2,270)	4,625	(897)	3,728

<i>For the year ended 31 December</i>	The Bank					
	2015		2014			
	Before tax	Tax benefit (expense)	Net of tax	Before tax	Tax benefit (expense)	Net of tax
	<i>(in million Baht)</i>					
Investments	(6,271)	1,232	(5,039)	1,517	(281)	1,236
Premises and equipment	5,728	(1,146)	4,582	(29)	6	(23)
Provision	(589)	118	(471)	-	-	-
Total	(1,132)	204	(928)	1,488	(275)	1,213

Reconciliation of effective tax rate

For the year ended 31 December	Consolidated			
	2015		2014	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax expense		58,738		66,827
Income tax using the Thai corporation tax rate	20.0	11,748	20.0	13,365
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	-	(250)	-	(190)
Total	19.6	11,498	19.7	13,175

For the year ended 31 December	The Bank			
	2015		2014	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax expense		50,662		60,845
Income tax using the Thai corporation tax rate	20.0	10,132	20.0	12,169
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net	-	(807)	-	(1,078)
Total	18.4	9,325	18.2	11,091

Income tax reduction

Royal Decree No. 577 B.E. 2557 dated 10 November 2014 grants the reduction to 20% of net taxable profit for the accounting period 2015 which begins on or after 1 January 2015.

On 22 January 2016, The National Legislative Assembly has approved a reduction of the corporate income tax rate from 30% to 20% of net taxable profit for the accounting period which begins on or after 1 January 2016.

The Bank and its subsidiaries have applied the tax rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2015 and 2014 in accordance with the clarification issued by the FAP in 2012.

Deferred tax

Deferred tax assets and liabilities as at 31 December 2015 and 2014 were as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	(in million Baht)			
Deferred tax assets	66	68	2	11
Deferred tax liabilities	(3,141)	(3,563)	(2,772)	(2,941)
Net	(3,075)	(3,495)	(2,770)	(2,930)

Movements in deferred tax assets and liabilities during for the years ended 31 December 2015 and 2014 were as follows:

	At 1 January 2015	Consolidated (Charged) / Credited to:			At 31 December 2015
		Profit or loss	Other comprehensive income	Retained earnings	
<i>(in million Baht)</i>					
<i>Deferred tax assets</i>					
Derivative assets	-	32	-	98	130
Investments	231	(134)	243	-	340
Investments in subsidiaries and associates	376	33	-	-	409
Loans to customers and accrued interest receivables	103	57	-	-	160
Properties for sale	199	(80)	-	-	119
Premises and equipment	1	-	-	-	1
Goodwill and other intangible assets	113	(29)	-	-	84
Other assets	10	307	-	-	317
Deposits	108	(108)	-	-	-
Derivative liabilities	-	6	-	-	6
Provisions	1,444	(127)	126	-	1,443
Liabilities under insurance contracts	33	3	-	-	36
Other liabilities	703	(30)	-	-	673
Total	3,321	(70)	369	98	3,718
<i>Deferred tax liabilities</i>					
Derivative assets	-	(1)	-	-	(1)
Investments	(2,501)	16	1,242	-	(1,243)
Loans to customers and accrued interest receivables	(400)	(49)	-	-	(449)
Premises and equipment	(3,861)	(35)	(1,165)	-	(5,061)
Goodwill and other intangible assets	(21)	5	-	-	(16)
Other assets	(32)	9	-	-	(23)
Other liabilities	(1)	1	-	-	-
Total	(6,816)	(54)	77	-	(6,793)
Net	(3,495)	(124)	446	98	(3,075)

	Consolidated				At 31 December 2014
	At 1 January 2014	(Charged) / Credited to:			
		Profit or loss	Other comprehensive income	Transfer out from disposal of subsidiary	
<i>(in million Baht)</i>					
<i>Deferred tax assets</i>					
Investments	286	(6)	(36)	(13)	231
Investments in subsidiaries and associates	115	261	-	-	376
Loans to customers and accrued interest receivables	773	(670)	-	-	103
Properties for sale	266	(67)	-	-	199
Premises and equipment	1	-	-	-	1
Goodwill and other intangible assets	133	(20)	-	-	113
Other assets	116	-	-	(106)	10
Deposits	207	(99)	-	-	108
Provisions	1,345	108	-	(9)	1,444
Liabilities under insurance contracts	256	2	-	(225)	33
Other liabilities	59	644	-	-	703
Total	3,557	153	(36)	(353)	3,321
<i>Deferred tax liabilities</i>					
Investments	(1,638)	2	(865)	-	(2,501)
Loans to customers and accrued interest receivables	(478)	78	-	-	(400)
Premises and equipment	(3,884)	(2)	4	21	(3,861)
Goodwill and other intangible assets	(27)	6	-	-	(21)
Other assets	(27)	(5)	-	-	(32)
Other liabilities	-	(1)	-	-	(1)
Total	(6,054)	78	(861)	21	(6,816)
Net	(2,497)	231	(897)	(332)	(3,495)

	The Bank				At 31 December 2015
	At 1 January 2015	(Charged) / Credited to:		Retained earnings	
		Profit or loss	Other comprehensive income		
	<i>(in million Baht)</i>				
<i>Deferred tax assets</i>					
Derivative assets	-	32	-	98	130
Investments	213	(137)	14	-	90
Investments in subsidiaries and associates	376	33	-	-	409
Loans to customers and accrued interest receivables	103	57	-	-	160
Properties for sale	198	(79)	-	-	119
Goodwill and other intangible assets	113	(29)	-	-	84
Other assets	-	300	-	-	300
Deposits	99	(99)	-	-	-
Provisions	1,378	(121)	118	-	1,375
Other liabilities	690	(40)	-	-	650
Total	3,170	(83)	132	98	3,317
<i>Deferred tax liabilities</i>					
Investments	(1,933)	16	1,218	-	(699)
Loans to customers and accrued interest receivables	(401)	(48)	-	-	(449)
Premises and equipment	(3,735)	(36)	(1,146)	-	(4,917)
Other assets	(31)	9	-	-	(22)
Total	(6,100)	(59)	72	-	(6,087)
Net	(2,930)	(142)	204	98	(2,770)

	The Bank			At 31 December 2014
	(Charged) / Credited to:			
	At 1 January 2014	Profit or loss	Other comprehensive income	
<i>(in million Baht)</i>				
Deferred tax assets				
Investments	190	-	23	213
Investments in subsidiaries and associates	114	262	-	376
Loans to customers and accrued interest receivables	710	(607)	-	103
Properties for sale	264	(66)	-	198
Goodwill and other intangible assets	133	(20)	-	113
Deposits	207	(108)	-	99
Provisions	1,275	103	-	1,378
Other liabilities	46	644	-	690
Total	2,939	208	23	3,170
Deferred tax liabilities				
Investments	(1,631)	2	(304)	(1,933)
Loans to customers and accrued interest receivables	(449)	48	-	(401)
Premises and equipment	(3,738)	(3)	6	(3,735)
Other assets	(26)	(5)	-	(31)
Total	(5,844)	42	(298)	(6,100)
Net	(2,905)	250	(275)	(2,930)

44 Basic earnings per share

Basic earnings per share in the consolidated and the Bank's financial statements for the years ended 31 December 2015 and 2014 were calculated as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
<i>(in million Baht / million shares)</i>				
Profit attributable to ordinary shareholders of the Bank (basic)	47,182	53,335	41,337	49,754
Number of ordinary and preference shares outstanding	3,399	3,399	3,399	3,399
Earnings per share (basic) (in Baht)	13.88	15.69	12.16	14.64

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 2015 and 2014 were based on the profit attributable to ordinary shareholders of the Bank and the number of ordinary and preference shares outstanding during the year.

45 Events after the reporting period

1,950 preference shares have been converted into 1,950 ordinary shares. The Bank registered the conversion of the preference shares with the Ministry of Commerce on 8 January 2016.

46 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those revised TFRS that may be relevant to the Bank and its subsidiaries' operations, which become effective for annual financial periods beginning on or after 1 January 2016, are set out below. The Bank and its subsidiaries do not plan to adopt these TFRS early.

TFRS	Topic
TAS 1 (revised 2015)	Presentation of Financial Statements
TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2015)	Events After the Reporting Period
TAS 12 (revised 2015)	Income Taxes
TAS 16 (revised 2015)	Property, Plant and Equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee Benefits
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2015)	Related Party Disclosures
TAS 26 (revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2015)	Separate Financial Statements
TAS 28 (revised 2015)	Investments in Associates and Joint Ventures
TAS 33 (revised 2015)	Earnings Per Share
TAS 34 (revised 2015)	Interim Financial Reporting
TAS 36 (revised 2015)	Impairment of Assets
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2015)	Intangible Assets
TAS 40 (revised 2015)	Investment Property
TFRS 3 (revised 2015)	Business Combinations
TFRS 4 (revised 2015)	Insurance Contracts
TFRS 5 (revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2015)	Operating Segments
TFRS 10 (revised 2015)	Consolidated Financial Statements
TFRS 12 (revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2015)	Fair Value Measurement
TSIC 15 (revised 2015)	Operating Leases - Incentives
TSIC 27 (revised 2015)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TFRIC 1 (revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2015)	Determining Whether an Arrangement Contains a Lease
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment
TFRIC 13 (revised 2015)	Customer Loyalty Programmes
TFRIC 14 (revised 2015)	TAS 19 (revised 2015) <i>Employee Benefits</i> - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 18 (revised 2015)	Transfers of Assets from Customers

The Bank and its subsidiaries have made a preliminary assessment of the potential initial impact on the consolidated and the Bank's financial statements of these revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

SUPPLEMENTARY INFORMATION

CAPITAL STRUCTURE

Securities

Registered capital, as at December 31, 2015, stood at Baht 70,000 million, comprising:

3,416,034,514 common shares	par value	10	Baht
3,583,965,486 preferred shares	par value	10	Baht

Paid-up capital, as at December 31, 2015, stood at Baht 33,992 million, comprising:

3,394,488,877 common shares	par value	10	Baht
4,703,321 preferred shares	par value	10	Baht

Details of Securities

SCB's securities listed on the Stock Exchange of Thailand (SET) are as follows:

1. Common shares
2. Preferred shares

1. Common shares

Number	3,394,488,877 shares as at December 31, 2015
Issuer	The Siam Commercial Bank Public Company Limited
Registrar	Thailand Securities Depository Co., Ltd.
Trading	Traded on both main board and foreign board: <ul style="list-style-type: none">- Using the symbol SCB on the main board- Using the symbol SCB-F on the foreign board

2. Preferred shares

Number	4,703,321 shares as at December 31, 2015
Issuer	The Siam Commercial Bank Public Company Limited
Registrar	Thailand Securities Depository Co., Ltd.
Preferred share features	Preferred rights of preferred shares were valid for 10 years, starting from the date the Ministry of Finance made an initial payment for the preferred shares to the Bank, and expired on May 10, 2009. Therefore, the rights of holders of preferred shares are now the same as those of the holders of common shares. Shareholders can convert preferred shares to common shares in accordance with the conversion schedule and method determined by the Bank.
Conversion rate	Preferred shares can be converted to common shares at the ratio of 1:1.
Conversion price	None
Conversion schedule	On a quarterly basis on March 31, June 30, September 30 and December 31 of each year. <ul style="list-style-type: none">- For conversion on March 31, application must be submitted during March 16-30.- For conversion on June 30, application must be submitted during June 15-29.- For conversion on September 30, application must be submitted during September 15-29.- For conversion on December 31, application must be submitted during December 16-30. If the conversion date falls on a non-business day of the Bank, the conversion date shall be the last business day immediately preceding such non-business day.

Conversion method	<p>(1) Shareholders of preferred shares can file an application for conversion of preferred shares to common shares with the Thailand Securities Depository Co., Ltd. or a securities trading broker during office hours.</p> <p>(2) Shareholders of preferred shares may obtain the application form from the Thailand Securities Depository Co., Ltd. or a securities trading broker.</p> <p>(3) Shareholders of preferred shares wishing to convert preferred shares to common shares must submit the following documents:</p> <ol style="list-style-type: none"> 1. Application for conversion of preferred shares to common shares according to the format prescribed by the Bank. 2. Preferred share certificates or any replacement thereof (according to the SET format). 3. <u>In case of an individual</u>, a copy of valid personal identification card, foreigner identification card or passport (as the case may be), all of which have to be certified correct by the owner of such card or passport. <p><u>In case of a corporate entity</u>, a copy of Affidavit, certifying its juristic person status issued by Ministry of Commerce no more than 1 year prior to the date of submission of the said conversion notice, together with a copy of valid personal identification card of the director who has authority to sign on behalf of such corporate entity, certified correct by the owner of such card.</p>
Application filing venue	<p>(1) Thailand Securities Depository Co., Ltd. or</p> <p>(2) Securities trading broker</p>

Future Share Issuance Obligation

The Bank has no future share issuance obligation.

Shareholding Through NVDR

As at December 31, 2015, the Bank's registered and paid-up shares amounted to 3,399,192,198 shares, of which 115,444,938 common shares (3.40% of total common shares) were held through the Thai NVDR Co., Ltd. Also, the Thai NVDR has declared its abstention from attending and voting at shareholder meetings, except for any shareholder meeting that involves the delisting of shares from the SET on the agenda. Investors can check the number of the Bank's shares held through NVDR from the website of the Stock Exchange of Thailand at www.set.or.th/nvdr.

Note: NVDR or non-voting depository receipt refers to a trading instrument evidencing investors' entitlement to benefits associated with underlying shares listed on SET. Thai NVDR Co., Ltd. is a juristic person holding shares on behalf of foreign investors. As a result, foreign investors investing through the Thai NVDR Co., Ltd. will not be restricted by the foreign ownership limit.

Policy on Rights Issue

The Bank has no plan to issue new shares to existing shareholders.

Shareholders

Principal shareholders (as at December 30, 2015)

No.	Name	Common 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	STATE STREET BANK EUROPE LIMITED	248,901,608	-	248,901,608	7.32
4	LITLEDOWN NOMINEES LIMITED	213,293,271	-	213,293,271	6.27
5	CHASE NOMINEES LIMITED	212,433,927	-	212,433,927	6.25
6	THAI NVDR COMPANY LIMITED	115,444,938	-	115,444,938	3.40
7	STATE STREET BANK AND TRUST COMPANY	51,635,747	-	51,635,747	1.52
8	SOCIAL SECURITY OFFICE	47,922,000	-	47,922,000	1.41
9	THE BANK OF NEW YORK MELLON	45,344,118	-	45,344,118	1.33
10	NORTRUST NOMINEES LIMITED-NT0 SEC LENDING THAILAND CL AC	35,154,919	-	35,154,919	1.03
11	OTHERS	833,250,391	4,703,321	837,953,712	24.65
	TOTAL ISSUED SHARE CAPITAL	3,394,488,877	4,703,321	3,399,192,198	100.00
	THAI SHAREHOLDERS	2,181,526,657	4,476,998	2,186,003,655	64.31
	FOREIGN SHAREHOLDERS	1,212,962,220	226,323	1,213,188,543	35.69

Remark: The Ministry of Finance holds 3,071,786 common shares, representing 0.09% of total share capital.

Dividend Payment Policy

Dividend Payment Policy of the Bank

The Bank has a policy to pay dividends at a rate between 30-50% of reported consolidated net profits in any year when the Bank, after deduction of all statutory and other reserves, reports profits, provided that there is no accumulated loss and the Bank can maintain sufficient statutory capital funds.

In 2015, the dividend from the Bank's 2014 operating results was paid to holders of the Bank's preferred and common shares at the rate of Baht 6.00 per share, equivalent to Baht 20,395 million or 38.2% of the Bank's 2014 net profit recorded in the Bank's consolidated financial statements. The dividend payment from the Bank's 2015 operating results will be proposed for approval at the Annual General Meeting of Shareholders in April, 2016.

Dividend Payment Policy of Subsidiaries

Where the Bank has full control over a subsidiary and where such subsidiary is not a listed company, the dividend payment policy is to pay dividends at the maximum amount from the net profits after appropriation for legal reserve, or at an appropriate lower payout after considering the business requirements of the subsidiary.

In case a subsidiary is a listed company or a company over which the Bank does not have full control, the policy for dividend payment shall be in accordance with the policy announced by such company, consistent with the applicable laws, rules and regulations. In addition, where the dividend policy of a subsidiary is subject to regulatory approval, then the regulators may limit the payout ratio. For example, at SCB Life Assurance PCL, the dividend payout is constrained by the capital requirements set by the Office of Insurance Commission (OIC), and the dividend payout needs prior OIC approval.

Debt Securities

At the end of 2015, debt issued was as follows:

	Amount	Interest rate	Year of maturity
Senior Unsecured Notes	USD 400 million	3.9%	November 2016
Senior Unsecured Notes	USD 1,100 million	3.375%	September 2017
Senior Unsecured Notes	USD 750 million	3.50%	April 2019
Subordinated Debenture No. 1/2012*	Baht 20,000 million	4.5%	2022
Subordinated Debenture No. 2/2012*	Baht 20,000 million	4.65%	2024

* The issuer has the right to early redemption.

INVESTMENTS OF SIAM COMMERCIAL BANK PCL IN OTHER COMPANIES

As of December 31, 2015 the Bank owned 10% or more of the issued shares of the following companies.

No.	Company name and Address	Type of business	Type of shares	Issued and paid - up capital (Baht)	Paid - up shares	Number of shares	Percentage of ownership*	Amount* (Baht)
1	CAMBODIAN COMMERCIAL BANK 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\$40,000,000	400,000	400,000	100.000%	963,266,885
2	RUTCHAYOTHIN ASSETS MANAGEMENT CO., LTD. SCB Park Plaza Bldg., Tower West A, 12 nd Floor, 18 Rut Chadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel. 0-2544-2477 Fax 0-2544-2165	Asset management	Ordinary	25,000,000	2,500,000	2,500,000	100.000%	25,000,000
3	SIAM COMMERCIAL LEASING PCL SCB Park Plaza Bldg., Tower 2 West, 22 nd Floor, 18 Rut Chadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2949-1800 Fax: 0-2949-1900	Collection company	Ordinary	5,677,975,020	567,797,502	564,336,277	99.390%	9,975,799,736
4	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	610,000	100.000%	2,340,370,456
5	SCB PLUS CO., LTD. 1060 Tower 3, 9 th -10 th Floor, 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
6	SCB TRAINING CENTRE CO., LTD. SCB Head Office Bldg., 9 Rut Chadaphisek 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
7	MAHISORN CO., LTD. ⁽²⁾ SCB Park Plaza Bldg., Tower East, 2 nd Floor, 18-19 Rut Chadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2937-5400 Fax: 0-2937-5438	Property (building) management	Ordinary	66,949,000	669,490	669,490	100.000%	88,168,273
8	SIAM PHITIWAT CO., LTD. SCB Park Plaza Bldg., Tower West A, 3 rd Floor, 18 Rut Chadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2530-7500 Fax: 0-2530-7515-6	Appraisal service	Ordinary	10,000,000	1,000,000	1,000,000	100.000%	10,000,000
9	SCB SECURITIES CO., LTD. SCB Park Plaza Bldg., Tower 3 East, 20 th -21 st Floor, RCP Tower G Floor, 19 Rut Chadaphisek 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
10	SCB ASSET MANAGEMENT CO., LTD. SCB Park Plaza Bldg., Tower 1 West, 7 th -8 th Floor, 18 Rut Chadaphisek 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
11	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: 0-2655-4000 Fax: 0-2256-1666	Life insurance	Ordinary	665,000,000	66,500,000	65,948,600	99.171%	12,539,502,275

No.	Company name and Address	Type of business	Type of shares	Issued and paid - up capital (Baht)	Paid - up shares	Number of shares	Percentage of ownership*	Amount* (Baht)
12	SOR.OR.KOR. PCL ⁽¹⁾ (The Siam Industrial Credit PCL) 9 Siam Commercial Bank PCL, Head Office, Rutchayothin, 19 th Floor, Zone C, Rutchadapisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel. 0-2544-2301-4 Fax 0-2544-3317	Commercial	Ordinary	-	597,423,062	595,883,972	99.742%	582,731,604
13	SIAM SAT NETWORK CO.,LTD. ⁽¹⁾⁽³⁾ SCB Park Plaza Bldg., Tower 2 West, 21 st Floor 18 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900	Satellite service	Ordinary	112,500,000	11,250,000	9,182,012	81.618%	-
14	SIAM TECHNOLOGY SERVICE CO.,LTD. ⁽¹⁾⁽²⁾ SCB Park Plaza Bldg., Tower 1 West, 18 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900	Consultant	Ordinary	30,000,000	3,000,000	2,249,993	75.000%	1
15	SIAM MEDIA AND COMMUNICATION CO., LTD. ⁽¹⁾ SCB Park Plaza Bldg., Tower 2 West, 17 th -22 nd Floor, 18 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900	Holding company	Ordinary	700,000,000	7,000,000	2,333,800	33.340%	1
16	SUPERMAP (THAILAND) CO., LTD. ⁽²⁾ SCB Park Plaza Bldg., Tower East, 18 Rutchadaphisek Rd, Jatujak, Jatujak, Bangkok 10900 Tel: 0-2544-2301 Fax: 0-2544-3317	Data center	Ordinary	1,410,000,000	200,000,000	50,000,000	25.000%	352,500,000
17	NATIONAL ITMX CO., LTD. 5/13 Moo 3, Chaengwattana Rd., Khlongkluea, Pakkret, Nonthaburi 11120 Tel: 0-2558-7555 Fax: 0-2558-7566	Payment system service provider	Ordinary	50,000,000	500,000	99,000	19.800%	13,775,030
18	THAI U.S. LEATHER CO., LTD. ⁽¹⁾ 39/98 Rama II Rd., Banghrachao, Muang, Samutsakhon 74000 Tel: (034) 490-082-7	Industry	Ordinary	193,750,000	25,000,000	2,500,000	10.000%	19,375,000
19	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
20	THAI OBAYASHI CORP., LTD. 161 Nantawan Bldg., 11 st Floor, Soi Mahadlek Luang 3 Ratchadamri Rd., Lumpini, Pathum Wan, Bangkok 10330 Tel. 0-2252-5200 Fax 0-2252-5200	Construction	Ordinary	10,000,000	20,000	2,000	10.000%	61,753,160

Remarks

* In case of indirect investment by bank's affiliates, in which the bank hold more than 30% of theirs 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, or in process of dissolution or liquidation.

(2) Company held jointly by the Bank and a Bank affiliate in which the Bank holds more than 30% of shares.

(3) Company held by a Bank affiliate in which the Bank holds more than 30% of shares.

INFORMATION OF THE MANAGEMENT AND CONTROLLER OF THE BANK

as of 31 December 2015

Name/position	Age (yrs)	Education/training program	% of total shares	Family relationship between director and management	Period	Experience in the past 5 years Position/company
1. Mr. Anand Panyarachun - Chairman of the Board (Independent Director)	83	- B.A. (Hons.) in Law, Trinity College, University of Cambridge, U.K.	0.01%	None	1993-2011 1995-2011 2008-2011 2010-2011 1992-2012 2008-2015 1989-Present 1990-Present 1996-Present 1996-Present 1999-Present 2000-Present 2003-Present 2003-Present 2006-Present 2009-Present 2013-Present 2015-Present	<i>Past Positions</i> - Member of International Advisory Board, American International Group, Inc. (AIG) - Chairman of the Board of Trustees, Mekong Region Law Center - Member of Global Leadership Foundation - Chairman of Reform Commission - Chairman, Chiang Mai Night Bazaar Co., Ltd. - Director, Siam Commercial Foundation <i>Current Positions</i> - Chairman, Eastern Star Real Estate PCL - Chairman, Cambridge Thai Foundation under the Patronage of Her Majesty the Queen - UNICEF Ambassador in Thailand - Chairman of International Advisory Board, The Carlos P. Romulo Foundation - Honorary International Advisor, the Governors of Dulwich College, London, U.K. - Member of the Advisory Council of Transparency International - Trustee, U Thant Institute - Fellow, Dulwich College, London, U.K. - Consultant, Chevron Asia South Co., Ltd. - Chairman, Green Globe Institute - Advisor, Anti-Corruption Organization of Thailand - Chairman, Operation Smile 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 3 business groups.

Name/position	Age (yrs)	Education/training program	% of total shares	Family relationship between director and management	Period	Experience in the past 5 years Position/company
2. Mr. Vichit Suraphongchai - Director - Chairman of the Executive Committee	70	- 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	-	None	2003-2011 2004-2011 2009-2011 2009-2011 2006-2012 2008-2015	<i>Past Positions</i> - 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 - Director, Siam Commercial Foundation <i>Current Positions</i> - Advisor, The Bureau of the Crown Property - Director, Kempinski AG - Director, CPB Equity Co., Ltd. - Executive Director, The Tio Chew Association of Thailand - Vice Chairman, Peiing School Board - Honorary Member of the Board of Governors, Amata Spring Country Club - Chairman, X-Zell Biotech Co., Ltd.

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 3 business groups.

Name/position	Age (yrs)	Education/training program	% of total shares	Family relationship between director and management	Period	Experience in the past 5 years Position/company
3. Mr. Prasan Chuaphanich - Independent Director - Chairman of the Audit Committee	63	- B.Acc. (2 nd Class Hons.) in Accounting, Chulalongkorn University - Diploma in Auditing, Chulalongkorn University - Executive Management Program, Ivey School of Business, University of Western Ontario, Canada - Leading Professional Services Firms, Harvard Business School, U.S.A. - Director Certification Program, Thai Institute of Directors Association - Finance Institutions Governance Program, Bank of Thailand	-	None	2000-2012 2011-2014 2011-2014 2013-2014 2013-2015 2014-2015	<i>Past Positions</i> - Executive Chairman, PricewaterhouseCoopers Co., Ltd. - Vice President, Federation of Accounting Professions - Chairman of Auditing Standards Committee, Federation of Accounting Professions - Member of Advisory Committee, ASEAN CG Scorecard Project, Thai Institute of Directors Association - Independent Director, Nam Heng Concrete (1992) Co., Ltd. , - Member, Sub-committee on the Reform of International Economy and other Economic Matters, National Reform Council <i>Current Positions</i> - Expert Member, General Insurance Fund, Ministry of Finance - President, Faculty of Commerce and Accountancy, Chulalongkorn University Alumni Association - Executive Board, Faculty of Commerce and Accountancy, Chulalongkorn University - Independent Director, Thai Solar Energy PCL - President, Federation of Accounting Professions - Expert Member on Accounting, Insurance Commission - Member, Anti-dumping and Subsidies Committee under the Ministry of Commerce - Member, Advisory Committee on Corporate Governance and Policy, Thai Institute of Directors Association - Director, Thai Institute of Directors Association - Member of the Certification Committee, Collective Action Coalition of the Private Sector Against Corruption - Member of the Finance and Property Committee, King Mongkut's University of Technology Thonburi
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 3 business groups.						

Name/position	Age (yrs)	Education/training program	% of total shares	Family relationship between director and management	Period	Experience in the past 5 years Position/company
4. Prof. Wicharn Panich - Independent Director - Chairman of the Corporate Social Responsibility Committee	73	- M.D., Faculty of Medicine, Siriraj University - M.S. (Human Genetics), University of Michigan, U.S.A. - Director Accreditation Program, Thai Institute of Directors Association - Understanding the Fundamentals of Financial Statements, Thai Institute of Directors Association - Financial Statement for Director, Thai Institute of Directors Association - Director Certification Program, Thai Institute of Directors Association - Role of the Chairman Program, Thai Institute of Directors Association - Leadership in the Boardroom Program, Thai Institute of Directors Association - Anti-Corruption for Executive Program, Thai Institute of Directors Association	-	None	2008-2011 2006-2012 2008-2012 2009-2012 2010-2012 1995-2014 1995-2015 1999-2015 1997-Present 1999-Present 2002-Present 2002-Present 2003-Present 2006-Present 2006-Present 2006-Present 2007-Present 2007-Present 2007-Present 2011-Present 2012-Present 2013-Present 2013-Present 2014-Present 2014-Present 2015-Present 2015-Present 2015-Present	<i>Past Positions</i> - Chairman, The Higher Education Commission - Chairman, The Mahidol University Foundation - Director, Siam Commercial Foundation - Member of the University Council, Chiang Mai University - Chairman of the Executive Committee, The Healthcare Accreditation Institute - Director, Sodsri-Saridwongsa Foundation - Director, The Medical Division of the Ananda Mahidol Foundation - Director, National Health Foundation <i>Current Positions</i> - Director, Thai Academy of Science and Technology Foundation - Director, Withithat Foundation - Director, Prince Mahidol Award Foundation under Royal Patronage - Director, Foundation for the Promotion of Science and Technology under the Patronage of H.M. the King - Chairman, Foundation for Regional Empowerment Education - Member of the University Council, Prince of Songkla University - Chairman, The Mahidol University Council - Chairman, Knowledge Network Institute of Thailand - Chairman, The Knowledge Management Institute (KMI) Foundation - Vice Chairman, Arsomsilp Institute Council - Director, Buddhadasa Indapanno Archives Foundation - Chairman, International Health Policy Program Foundation - Chairman, Siam Commercial Foundation - Chairman, Roong-aroon School Foundation - Member, Chiangmai University Council - Chairman, Sodsri-Saridwongsa Foundation - Chairman, The Health Professional Education Foundation - Chairman, Health Intervention and Technology Assessment Foundation - Director, Medical Research Foundation - Chairman, National Health 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 3 business groups.

Name/position	Age (yrs)	Education/training program	% of total shares	Family relationship between director and management	Period	Experience in the past 5 years Position/company
5. Mr. Chumpol NaLamlieng - Independent Director - Chairman of the Nomination, Compensation and Corporate Governance Committee	68	- B.Sc. (Mechanical Engineering), 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	-	None	2004-2011 1995-2015 1989-Present 1990-Present 1992-Present 2008-Present 2010-Present 2011-Present 2012-Present 2012-Present	<i>Past Positions</i> - Chairman, Singapore Telecommunications Ltd. - Director, Dole (Thailand) Co., Ltd. <i>Current Positions</i> - Director, Navuti Co., Ltd. - Director, Supapruk Co., Ltd. - Director and Chairman of Remuneration Committee, Siam Cement PCL - Director, Lum Luk Ka Golf and Country Club Co., Ltd. - Director, Siam Sindhorn Co., Ltd. - Director, CPB Equity Co., Ltd. - Director, Kempin Siam Co., Ltd. - 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 3 business groups.						
6. Mr. Chirayu Isarangkun Na Ayuthaya - Director - Member of the Corporate Social Responsibility Committee	73	- B. Sc. (Hons.) in Economics, 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	-	None	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 2008-Present 2012-Present	<i>Current Positions</i> - Grand Chamberlain, Bureau of the Royal Household - Director and 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 - Chairman, 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)
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 3 business groups.						

Name/position	Age (yrs)	Education/training program	% of total shares	Family relationship between director and management	Period	Experience in the past 5 years Position/company
7. M.R. Disnadda Diskul - Director	76	- B. Sc. (Business Administration), Indiana University Bloomington, U.S.A. - Role of the Chairman Program, Thai Institute of Directors Association	-	None	2009-2013 1972-2015 1992-2015 2001-2015 2007-2015 1985-Present 1989-Present 1995-Present 1999-Present 2002-Present 2003-Present 2010-Present 2010-Present 2011-Present 2011-Present 2012-Present 2014-Present 2015-Present 2015-Present	<i>Past Positions</i> - Director, Japan-America Institute of Management Science (Hawaii, U.S.A.) - Director and Secretary-General, The Mae Fah Luang Foundation under Royal Patronage - Director, Prosthesis Foundation of Her Royal Highness the Princess Mother - Chairman, Prince Damrong Rajanupab and Momjao Jongjitthanom Disakul Foundation - Director, Siam Commercial Foundation <i>Current Positions</i> - Director, Volunteer Doctors Foundation of Her Royal Highness the Princess Mother - Director, Navuti Co., Ltd. - Director, Breast Foundation under the Patronage of Her Royal Highness the Princess Mother - Chairman, East Asia Development Foundation - Director, Elephant Reintroduction Foundation - Director, Navutayay Co., Ltd. - Chairman, Royal Initiative Discovery Institute - Director and Secretary-General, Royal Initiative Discovery Foundation - Chairman, Rakkaew Foundation - Advisor, The Crown Property Bureau - Director, King Rama IV Foundation - Vice Chairman, Development Foundation - Chairman, The Mae Fah Luang Foundation under Royal Patronage - Vice Chairman, Prosthesis Foundation of Her Royal Highness the Princess Mother

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 3 business groups.

Name/position	Age (yrs)	Education/training program	% of total shares	Family relationship between director and management	Period	Experience in the past 5 years Position/company
8. Mrs. Kulpātra Sirodom - Independent Director - Member of the Audit Committee	59	- B.B.A. (1 st Class Hons.) in Finance, 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 - Audit Committee Program, Thai Institute of Directors Association	-	None	2006-2011 2011-2012 2010-2013 2012-2013 2013-2015	<i>Past Positions</i> - Director of the Managerial Accounting Sub-Committee, The Federation of Accounting Professions - Director, Asia Pacific Advisory Council - Dean, Faculty of Commerce and Accountancy, Thammasat University - Director, Global Foundation for Management Education - Full-Time Member of the Department of Finance, Faculty of Commerce and Accountancy, Thammasat University <i>Current Positions</i> - Independent Director and Chairman of the Audit Committee, Thai President Food PCL - Independent Director and Member of the Audit Committee, President Bakery PCL - Director, H.R.H. Prince Pijitjirapa Tevakul Foundation - Member of Operation Committee, The Professor Sangvian Indaravijaya Foundation - Independent Director, Thai Wacoal PCL - Member of the Risk Management Sub-Committee, Government Pension Fund - Advisor, The Federation of Accounting Professions - Chairman of the Audit Committee, Thai Wacoal PCL - Expert Member, Sri Pathum University Council - Expert Member, Investment Risk Management Sub-Committee, Social Security Fund - Member, Southeast Bangkok College Council - Expert Member, Policy Committee on Public-Private Partnerships in State Undertaking - Member of the Sub-Performance Agreement Committee, The Comptroller General's Department - Chairman of the Corporate Governance Committee, Thai Wacoal PCL - Arbitrator, Office of the Securities and Exchange Commission - Independent Director, Total Industrial Services Co., Ltd.

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 3 business groups.

Name/position	Age (yrs)	Education/training program	% of total shares	Family relationship between director and management	Period	Experience in the past 5 years Position/company
9. Mr. Ekamol Kiriwat - Independent Director - Member of the Audit Committee	70	- A.B. (Magna Cum Laude) in Economics, Dartmouth College, U.S.A. - M.B.A. (Finance), Harvard Graduate School of Business Administration, U.S.A. - Director Certification Program, Thai Institute of Directors Association	-	None	2008-2011 2004-2015 2015-Present	<i>Past Positions</i> - Chairman, Seamco Securities PCL - Chairman, K.C. Property PCL <i>Current Positions</i> - Independent Director, Property Perfect PCL
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 3 business groups.						
10. Mr. Weerawong Chittmittrapap - Independent Director - Member of the Audit Committee	57	- LL.B., Chulalongkorn University - LL.M., University of Pennsylvania Law School, U.S.A. - Barrister-at-Law, Thai Bar Association - Director Certification Program, Thai Institute of Directors Association - Advanced Executive Program, Capital Market Academy	-	None	2008-2011 2009-2013 2011-2013 1996-2014 1996-2014 2006-2014 2009-2014 2009-2014 2013-2014 2001-Present 2004-Present 2005-Present 2006-Present 2008-Present 2010-Present 2011-Present 2013-Present 2014-Present 2015-Present	<i>Past Positions</i> - Independent Director and Member of the Audit Committee, Siam Food Products PCL - Independent Director, Nok Airlines PCL - Independent Director, Minor International PCL - Director, WC&P Holding Co., Ltd. - Chairman, Weerawong, Chinnavat and Peangpanor Limited (formerly White & Case (Thailand) Limited) - Independent Director and Member of the Audit Committee, GMM Grammy PCL - Independent Director and Member of the Audit Committee, Thai Airways International PCL - Independent Director and Member of the Audit Committee, Golden Land Property Development PCL - Independent Director, Frasers and Neave Limited, Singapore <i>Current Positions</i> - Director and Member of the Audit Committee, Berli Jucker PCL - Director, Sarasinee Co., Ltd. - Director, Punnakhate Co., Ltd. - Director, Pichayarat Co., Ltd. - Director, National Power Supply PCL - Director, Yaksa Co., Ltd. - Independent Director and Chairman of the Nomination, Compensation and Corporate Governance Committee, SCB Life Assurance PCL - Director, Frasers Centrepoint Limited, Singapore - Director and Chairman of the Audit Committee, Thai Airways International PCL - Independent Director and Member of the Audit Committee, Bangkok Dusit Medical Services PCL
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 3 business groups.						

Name/position	Age (yrs)	Education/training program	% of total shares	Family relationship between director and management	Period	Experience in the past 5 years Position/company
11. Khunying Jada Wattanasiritham - Independent Director - Member of the Corporate Social Responsibility Committee - Member of the Nomination, Compensation and Corporate Governance Committee	70	- 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. - Director Certification Program, Thai Institute of Directors Association	-	None	2009-2011 2011-2013 2011-2013 2013-2014	<i>Past Positions</i> - Chairman and Chairman of Remuneration Committee, Thai Asset Management Corporation - Chairman, Thai Institute of Directors Association - Expert Member of the Board of Directors, Government Pension Fund - Director of the Corporate Social Responsibility Institute (CSRI), Stock Exchange of Thailand <i>Current Positions</i> - Director, Siam Piwat Co., Ltd. - Chairman of the Board, The Kenan Institute Asia - Vice Chairman, Ramathibodi Foundation - Council Member, Srinakharinwirot University - Chairman, SCB Life Assurance PCL - Independent Director and Member of the Audit Committee, Minor International PCL - Chairman, Samaggi Insurance PCL - Chairman, Siam Paragon Development Co., Ltd. - Director, Royal Paragon Enterprise Co., Ltd. - Council Member, The National Institute of Development Administration (NIDA) - Director, Cambridge Thai Foundation under the Patronage of Her Majesty the Queen - Director and Treasurer, Thai Red Cross Society - Chairman, Bliss Foundation - Director, Anti-Corruption Organization of Thailand

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 3 business groups.

Name/position	Age (yrs)	Education/training program	% of total shares	Family relationship between director and management	Period	Experience in the past 5 years Position/company
12. Mr. Krirk Vanikkul - Independent Director - Member of the Nomination, Compensation and Corporate Governance Committee	61	- LL.B., (2 nd Class Hons.), Chulalongkorn University - Barrister-at-Law, Thai Bar Association - B.A. in Jurisprudence (Hons. Oxon), Oxford University, U.K. - Barrister-at-Law, Middle Temple, U.K. - Advanced Management Program (AMP), Harvard University, U.S.A. - Director Certification Program, Thai Institute of Directors Association - Charter Director Course, Thai Institute of Directors Association - Advanced Executive Program, Capital Market Academy - Thailand Insurance Leadership Program, OIC - Advanced Insurance Institute	0.00%	None	2009-2014 2012-2015 2014-2015 2014-2015	<i>Past Positions</i> - Deputy Governor, Financial Institutions Stability, Bank of Thailand - Chairman, Real Estate Information Center - Chairman, Government Housing Bank - Member of the Council of State, The Office of the Council of State <i>Current Positions</i> - Expert Director, Office of Knowledge Management and Development (Public Organization) - Director and Chairman of the Audit Committee, Agro Enterprise Co., Ltd. - Independent Director, Italian-Thai Development PCL
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 3 business groups.						
13. Mr. Chakkrit Parapuntakul - Director - Member of the Nomination, Compensation and Corporate Governance Committee	56	- B.B.A., Thammasat University - M.B.A., Angelo State University, Texas, U.S.A - Director Accreditation Program, Thai Institute of Directors Association - Audit Committee Program, Thai Institute of Directors Association - Advanced Executive Program, Capital Market Academy - Senior Executives on Process of Judgment Program, Judicial Training Institute	-	None	2009-2012 2012-2014 2012-2015 2013-Present 2013-Present 2014-Present 2015-Present 2015-Present 2015-Present	<i>Past Positions</i> - Director General, Public Debt Management Office - Deputy Permanent Secretary, Ministry of Finance - Chairman, ASEAN Potash Mining PCL <i>Current Positions</i> - Independent Director and Chairman of the Audit Committee, MPG Corporation PCL - Independent Director and Member of the Audit Committee, Vichitbhan Palmoil PCL - Director, Pinthong Industrial Park Co., Ltd. - Director General, The Treasury Department - Director, PTT Exploration and Production PCL - Chairman, Dhanarak Asset Development Co., Ltd. - Director, Real Estate Information Center
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 3 business groups.						

Name/position	Age (yrs)	Education/training program	% of total shares	Family relationship between director and management	Period	Experience in the past 5 years Position/company
14. Mr. Ekñiti Nitithanprapas - Director - Member of the Nomination, Compensation and Corporate Governance Committee	44	- B.A. (Economics) (Hons.), Thammasat University - M.A. (Economics / Policy Economics), University of Illinois at Urbana-Champaign, U.S.A. - Ph.D. (Economics / Macroeconomics and International Finance), Claremont Graduate University, U.S.A.	-	None	2010-2012 2012-2014 2014-2015 2015-Present 2015-Present 2015-Present	<i>Past Positions</i> - Minister, Office of Economic and Financial Affairs, The Fiscal Policy Office - Deputy Director-General, The Fiscal Policy Office - Financial Policy Advisor, The Fiscal Policy Office <i>Current Positions</i> - Director, IRPC PCL - Chairman, National Credit-Bureau Co., Ltd. - Director General, State Enterprise Policy Office
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 3 business groups.						
15. Mrs. Kannikar Chalitaporn - Director - Member of the Executive Committee - Member of the Corporate Social Responsibility Committee	68	- B.B.A. (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	0.00%	None	2007-2011 2003-2012 2007-2015 2009-2015 2007-Present 2008-Present 2012-Present 2015-Present	<i>Past Positions</i> - Advisory Council, Sasin Graduate Institute of Business - Administration of Chulalongkorn University - Advisory Director, MasterCard International (Asia Pacific Region) - Advisor to the Voluntary Blood Donors Committee, National Blood Center, Thai Red Cross Society - Director, Mirigayavan Palace Foundation <i>Current Positions</i> - Member of the Recruitment and Promotion of Voluntary Blood Donors Committee, Thai Red Cross Society - Director, Siam Commercial Foundation - Advisor to the Fund Raising Sub-Committee, The Kidney Foundation of Thailand - Advisor, Index Living Mall Co., Ltd.
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 3 business groups.						

Name/position	Age (yrs)	Education/training program	% of total shares	Family relationship between director and management	Period	Experience in the past 5 years Position/company
16. Mr. Arthid Nanthawittaya - Director - Vice Chairman of the Executive Committee and Chief Executive Officer - Member of the Corporate Social Responsibility Committee	48	- B.A. (Economics), Chulalongkorn University - M.B.A. (Finance), Sasin Graduate Institute of Business Administration - Director Certification Program, Thai Institute of Directors Association - Director Accreditation Program, Thai Institute of Directors Association - Advanced Executive Program, Capital Market Academy - Leadership Program, Office of the Attorney General - Leadership Program, Urban Green Development Institute - National Defense Course, Thailand Energy Academy	-	None	2009-2015 2009-2015 2009-2015 2014-2015 2015-Present	<i>Past Positions</i> - Chairman, SCB Securities Co., Ltd. - Director and Chairman of the Investment Committee, SCB Life Assurance PCL - Vice Chairman, Vinasiam Bank - Director, CAT Telecom PCL <i>Current Positions</i> - Director, 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 3 business groups.						
17. Mr. Yol Phokasub - President - Member of the Executive Committee - Member of the Corporate Social Responsibility Committee	54	- B. Sc. in Science and Software Engineering (Hons.), Imperial College, University of London, U.K. - Advanced Executive Program, Capital Market Academy	0.00%	None	2012-2013 2009-2015 2011-2015 2013-Present 2015-Present 2015-Present	<i>Past Positions</i> - Advisor, The Board of Investment of Thailand - Chairman, SCB Assets Management Co., Ltd. - Vice Chairman, SCB Life Assurance PCL <i>Current Positions</i> - Advisory Director, MasterCard Asia/Pacific Pte. Ltd. - Director, Mrigayavan Palace Foundation - Director, 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 3 business groups.						

Name/position	Age (yrs)	Education/training program	% of total shares	Family relationship between director and management	Period	Experience in the past 5 years Position/company
18. Mr. Deepak Sarup - Senior Executive Vice President, Chief Financial Officer - Member of the Executive Committee	60	- BA (Commerce)(Hons.), SRCC, 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)	0.00%	None	2002-2008 2011-Present 2014-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 Member, SCB Life Assurance PCL - Chairman, SUPERNAP (Thailand) Co., Ltd.
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 3 business groups.						
19. Mr. Sarunthorn Chutima - Senior Executive Vice President, Head of Special Business - Member of the Executive Committee	57	- Bachelor's Degree in 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%	None	2009-2010 2004-Present 2008-Present 2008-Present 2008-Present 2010-Present 2010-Present 2010-Present 2011-Present 2013-Present	<i>Past Positions</i> - First Executive Vice President, Group Head, Special Situations Group, Siam Commercial Bank PCL <i>Current Positions</i> - Director, Donmuang International Airport Hotel Co., Ltd. - Director, Nantawan Management Co., Ltd. - Director, Nantawan Co., Ltd. - Director, Rattana Court Co., Ltd. - Chairman and Managing Director, Rutchayothin Assets Management Co., Ltd. - Director, Khamtieng Pattana Co., Ltd. - Director, Sarapee Gasikam Co., Ltd. - Chairman, Siam Pitiwat Co., Ltd. - Chairman, S.C.B. Staffs Savings Co-operative Ltd.
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 3 business groups.						

Name/position	Age (yrs)	Education/training program	% of total shares	Family relationship between director and management	Period	Experience in the past 5 years Position/company
20. Mrs. Wallaya Kaewrungruang* - Senior Executive Vice President, Chief Legal and Control Officer - Member of the Executive Committee	53	- LL.B., Chulalongkorn University - Barrister-at-Law, Institute of Legal Education of Thai Bar Association - LL.M. in Business Law, Chulalongkorn University - LL.M. in International Banking Law, Boston University, U.S.A. (Scholarship) - Thai Listed Companies Association, Corporate Secretary Development Program - Public Director Institute (PDI), Corporate Governance for Directors and Senior Executives of State Enterprises and Public Organizations - Thai Institute of Directors Association (IOD), Financial Institution Governance Program (FGP) - The Securities and Exchange Commission, Compliance Knowledge for Head of Compliance - National Defense College, National Defense Course for Joint State-Private Sectors (NCD) - Office of the Administrative Court, Administrative Justice for Executives Course (AJE) - The program for senior executives on Justice administration (BYS)	-	None	2005 - 2014	<i>Past Positions</i> - Senior Executive Vice President, Managing Director, Compliance & Legal Management Group, Krungthai Bank PCL

She is responsible for Board's support as a Company Secretary and does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.

* The Board of Directors has appointed Mrs. Wallaya Kaewrungruang as a company secretary to support the Board with respect to statutory and supervisory requirements, good corporate governance as well as other duties and responsibilities as specified in the Bank's Corporate Governance Policy.

The company secretary reports functionally to the chairman of the Board of Directors and operationally to the President. Functions of the company secretary are available on the Banks website (www.scb.co.th) under the sequence of menu headings "About SCB", "Corporate Governance", and then "Company Secretary".

Information of the Management and Controller of the Bank as of 31 December 2015

Name/position	Age (yrs)	Education/training program	% of total shares	Family relationship between director and management	Period	Experience in the past 5 years Position/company
21. Mr. Anucha Laokwansatit - Senior Executive Vice President, Chief Risk Officer - Member of the Executive Committee	54	- Bachelor of Finance, San Francisco State University, USA - MBA in Financial and International Business, University of Chicago, USA	-	None	1999 - 2015 2015 - Present	<i>Past Positions</i> - General Manager & Chief Investment Officer, AIA <i>Current Positions</i> - Senior Executive Vice President, Chief Risk Officer, Siam Commercial Bank PCL
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 3 business groups.						
22. Mr. Jens Lottner - Senior Executive Vice President, Chief Strategic Officer - Member of the Executive Committee	50	- Diploma of Economics, Rheinische Friederich Wilhelms Universitaet, Bonn, Germany - Bachelor of Economics, Technische Universitaet, Dresden, Germany - Master of Economics, Technische Universitaet, Dresden, Germany - Ph.D in Economics, Technische Universitaet, Dresden, Germany	-	None	2008 - 2012 2012 - 2015 2015 - Present	<i>Past Positions</i> - Director (Senior Partner), Financial Services Sector, McKinsey & Company <i>Current Positions</i> - Senior Partner and Managing Director, The Boston Consulting Group - Senior Executive Vice President, Chief Strategic Officer, Siam Commercial Bank PCL
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 3 business groups.						

Educational background, work experiences, and records on attending relevant training programs of personnel responsible for Board's support

Name/position	Age (yrs)	Education/training program	% of total shares	Family relationship between director and management	Period	Experience in the past 5 years Position/company
1. Mrs. Kannika Ngamsopee - Head of Audit	59	- B.B.A. (2 nd Class Hons.) in Accounting, Thammasat University - LL.B., Thammasat University - MS. (Accounting), Thammasat University - MM. (Management), Sasin Graduate Institute of Business Administration - Leadership Program, Capital Market Academy - National Defence Course, National Defence College of Thailand - Advanced Strategic Management IMD - ASM, Switzerland 2012 - Public-Private Joint Administration Class, 2007	-	None	2007-2010 2002-2012 2009-2013 2011-2014 2013-April 2015 2011-Jun 2015 2009-Present 2013-Present Oct.2015-Present	<i>Past Positions</i> - Executive Vice President, Chief Audit and Compliance Officer, Siam Commercial Bank PCL - Audit Committee Member, Finansia PCL - Chairman of the Audit Committee, VinaSiam Bank - Director, Treasurership, Federation of Accounting Professions - Director, Chairperson of Risk Management Committee, National Credit Bureau Co., Ltd. - First Executive Vice President, Chief Audit and Compliance Officer, Siam Commercial Bank PCL <i>Current Positions</i> - Director, VinaSiam Bank - Director, Audit Committee Member, Sukhumvit Asses Management Co., Ltd. - Director, Audit Committee Member, Thai Oliochemicals Co.Ltd.
2. Mr. Nopadol Mungonchai - Head of Compliance	52	- LL.B. (Hons), Thammasat University - Barrister-at-Law, Thai Bar Association - LL.M., University College London (British Chevening Scholarship) - Company Secretary Program (CSP), Thai Institute of Directors - Director Certification Program (DCP15), Thai Institute of Directors - Thailand National Defence College (NDC 57)	-	None	2008 - 2012 2012 - 2015	<i>Past Positions</i> - FSVP Head of Compliance, Compliance & Operational Control Division, Siam Commercial Bank PCL - Independent Director and Audit Committee, Chai Watana Tanery Group PCL

INFORMATION OF DIRECTORSHIP IN OTHER COMPANIES HELD BY EXECUTIVES AS AT DECEMBER 31, 2015

NAME	POSITION	COMPANY
1 Mr. Deepak Sarup SEVP, Chief Financial Officer	Board Member	SCB Life Assurance PCL
	Chairman	Supernap (Thailand) Ltd.
2 Mr. Sarunthorn Chutima SEVP, Head of Special Business	Director	Nantawan Management Company Ltd.
	Director	Nantawan Company Ltd.
	Director	Don Muang International Airport Hotel Company Ltd.
	Chairman	Siam Phitiwat Company Ltd.
	Director	Primus Co., Ltd.
	Chairman	Rutchayothin Assets Management Company Ltd.
	Director	Kamthieng Development Company Ltd.
	Director	Rattana Court Company Ltd.
	Director	Sarapee Kasikam Co., Ltd.
	President Cooperative	S.C.B. Staff Savings Co-operative Ltd.
3 Mrs. Kannika Ngamsopee FEVP, Head of Audit	Chairman of the Audit Committee and Director	VinaSiam Bank
	Audit Committee	Sukhumvit Asset Management Co., Ltd.
	Independent Director	Thai Oleochemicals. Co., Ltd.
4 Ms. Phanporn Kongyingyong FEVP, Head of Retail Segment	Director	SCB Life Assurance PCL
5 Mr. Narong Srichukrin FEVP, Head of Auto Finance and Personal Loan Products	Director	SCB Plus Co., Ltd.
6 Mrs. Apiphan Charoenanusorn FEVP, Head of Operations	Director and Member of the Audit Committee	SCB Asset Management Co., Ltd.
	Director	Siam Commercial Leasing PCL
	Director	SCB Plus Co., Ltd.
	Liquidator	Sor.Or.Kor. PCL
	Chairman	SCB Training Centre Co., Ltd.
7 Mr. Krieng Wongnongtaey FEVP, Head of Finance and Group Treasury	Chairman	Mahisorn Co., Ltd.
	Director and Member of the Audit Committee	SCB Securities Co., Ltd.
	Director	Rutchayothin Assets Management Co., Ltd.
	Director	SCB Training Centre Co., Ltd.
	Director	Siam Commercial Leasing PCL
	Liquidator	The Siam Industrial Credit Public Co., Ltd.
	Director and Member of the Audit Committee	Cambodian Commercial Bank Ltd.
	Liquidator	Siam Multimedia Co., Ltd.
8 Dr. Ellen Nora Ryan FEVP, Market Risk Management Division	Director	SCB Asset Management Co., Ltd.
9 Mr. Pongsit Chaichutpornasuk FEVP, Head of Financial Crime	Director	TOT Public Company Ltd.
10 Mr. Kamalkant Ishwalel Agarwal FEVP, Head of International Banking	Director	ASEAN Finance Corporation Ltd.
	Director	VinaSiam Bank
	Director	Cambodian Commercial Bank Ltd.

NAME	POSITION	COMPANY
11 Ms. Pikun Srimahant FEVP, Head of Mortgage and SSME Products	Director	Siam Pitiwat Co., Ltd.
12 Ms. Vorada Thangsurbkul FEVP, Investment Banking 1 Division	Director	SCB Securities Co., Ltd.
13 Mr. Kiradit Arromdee FEVP, Credit Risk Management Division	Director	Saimake Co., Ltd.
14 Mr. Wasin Saiyawan FEVP, Head of Commercial Banking Products	Director	SCB Asset Management Co., Ltd.
15 Mrs. Pimolpa Suntichok FEVP, Head of Corporate Segment	Director	Tris Rating Co., Ltd.
	Director	Tris Corporation Limited
16 Mr. Suthipat Serirat FEVP, Head of Investment Banking and Capital Markets	Chairman	SCB Securities Co., Ltd.
17 Mr. Chanmanu Sumawong EVP, Banking Law and Legal Services Division	Director	S.C.B. Staffs Savings Co-operative Ltd.
	Director	Siam Commercial Leasing PCL
	Liquidator	Sor.Or.Kor. PCL
18 Ms. Saranya Vajakul EVP, Head of Management Information Services	Director	SCB Asset Management Co., Ltd.
	Director	SCB Plus Co., Ltd.
19 Mr. Rungsi Vongkitbuncha EVP, Client Acquisition - MNC Division	Director	UD Drugstore (2001) Co., Ltd.
20 Mr. Somkiat Kuvichitsuwan EVP, Branch Control Division	Director	S.C.B. Staffs Savings Co-operative Ltd.
21 Mr. Aphisak Kiewkarnkha EVP, Group Treasury Division	Director	Cambodian Commercial Bank Ltd.
22 Mr. Artapong Porndhiti EVP, Investment Banking 2 Division	Director	Premium Management and Consultant Company Ltd.
23 Mr. Ekkapol Apinun EVP, Litigation Division	Director	SCB Plus Co., Ltd.
	Director	Mahisorn Co., Ltd.
	Director	SCB Training Centre Co., Ltd.
	Director	Siam Pitiwat Co., Ltd.
24 Mr. Paiboon Tangkanokpairoj EVP, Small Business Division	Director	Siam Pitiwat Co., Ltd.
25 Mrs. Metinee Jongsaliswang EVP, Small Business Division	Director	Kumo Business Service Co., Ltd.
26 Mr. Arapat Sangkharat EVP, Retail Segment Strategy Division	Director	San Francisco&Co 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 3 business groups.

POSITIONS HELD AT SUBSIDIARY, ASSOCIATED AND RELATED COMPANIES

by the Board Directors or Senior Executives of the Bank (under the guideline of SEC)

As at December 31, 2015

Name of director	Subsidiary company										Associated company	Related company					
	The Cambodian Commercial Bank Co., Ltd.	Rutchayotin Assets Management Co., Ltd.	Siam Commercial Leasing PCL	Vina Siam Bank	SCB Plus Co., Ltd.	SCB Training Centre Co., Ltd.	Mahisorn Co., Ltd.	Siam Phitwat Co., Ltd.	SCB Securities Co., Ltd.	SCB Asset Management Co., Ltd.		SCB Life Assurance PCL	Sor.Or.Kor PCL (1)				
1 Mr. Anand Panyarachun																	
2 Dr. Chirayu Isarangkun Na Ayuthaya																	
3 Khunying Jada Wattanasiritham												X					
4 Mom Rajawongse Disnadda Diskul																	
5 Dr. Vichit Suraphongchai																	
6 Mrs. Kannikar Chaitaporn																	
7 Prof. Vicharn Panich, M.D.																	
8 Mr. Chumpol Nalamleng																	
9 Assoc. Prof. Dr. Kulpatra Sirodorn																	
10 Mr. Ekamol Kiriwat																	
11 Mr. Prasan Chuaphanich																	
12 Mr. Weerawong Chittmittrapap																	
13 Mr. Krikk Vanikkul																	
14 Mr. Chakkrat Parapuntakul																	
15 Dr. Ekniti Nitithanprapas																	
16 Mr. Arthid Nanthawithaya																	
17 Mr. Yol Phokasub																	
18 Mr. Deepak Sarup																	
19 Mr. Sarunthorn Chutima																	
20 Mrs. Wallaya Kaewrungruang																	
21 Mr. Anucha Laokwansatit																	
22 Dr. Jens Lottner																	
23 Mr. Krieng Wongnongtaey																	

Remark : x = Chairman // = Director / = Liquidator

(1) = Discontinued operations, in process of dissolution or liquidation.

DIRECTORS OR EMPLOYEES OF THE BANK

who are Directors of Subsidiary Companies

As at December 31, 2015

	Name of director	Subsidiary company										
		The Cambodian Commercial Bank Ltd.	Rutchayothin Assets Management Co., Ltd.	Siam Commercial Leasing PCL	Vina Siam Bank	SCB Plus Co., Ltd.	SCB Training Centre Co., Ltd.	Mahisorn Co., Ltd.	Siam Phitiwat Co., Ltd.	SCB Securities Co., Ltd.	SCB Asset Management Co., Ltd.	SCB Life Assurance PCL
1	Khunying Jada Wattanasiritham										X	
2	Mr. Weerawong Chittmittrapap										//	
3	Mr. Verachai Tantikul										//	
4	Mr. Deepak Sarup										//	
5	Mr. Sarunthorn Chutima		X					X				
6	Mr. Anucha Laokwansatit								X	//		
7	Mr. Krieng Wongnongtaey	//	//	X		//	X		//			/
8	Mrs. Apiphan Charoenanusorn			//		X	X			//		/
9	Ms. Phanporn Kongyingyong										//	
10	Mr. Kamalkant Agarwal	//			//							
11	Mrs. Kannika Ngamsopee				//							
12	Dr. Ellen Nora Ryan									//		
13	Mrs. Pikun Srimahant							//				
14	Mr. Narong Srichukrin					//						
15	Mr. Suthipat Serirat								X			
16	Ms. Vorada Thangsurbkul								//			
17	Mr. Wasin Saiyawan								//			
18	Mr. Chanmanu Sumawong			//								/
19	Ms. Saranya Vajakul					//				//		
20	Mr. Aphisak Kiewkarnkha	//										
21	Mr. Paiboon Tangkanokpairoj							//				
22	Mr. Ekkapol Apinun					//	//	//	//			
23	Mr. Somphop Amonrattanasak							//				
24	Mrs. Virasana Boonyasai		//									
25	Mr. Rongrak Phanapavudhikul								//			
26	Mr. Nuttavuth Punpugdee					//	//					
27	Mr. Dhiraesr Sasiraweeroj			//								
28	Mr. Chalitti Nuangchamnong									//		
29	Ms. Achara Sattarasart			//								
30	Mrs. Sasitorn Chaowai					//						
31	Mr. Teerapon Tansatcha						//					
32	Mr. Na Bhengbhasang Krishnamra	X										
33	Mr. Wirutt Ruttanaporn										//	

	Name of director	Subsidiary company										
		The Cambodian Commercial Bank Ltd.	Rutchayothin Assets Management Co., Ltd.	Siam Commercial Leasing PCL	Vina Siam Bank	SCB Plus Co., Ltd.	SCB Training Centre Co., Ltd.	Mahisorn Co., Ltd.	Siam Phitiwat Co., Ltd.	SCB Securities Co., Ltd.	SCB Asset Management Co., Ltd.	SCB Life Assurance PCL
34	Mr. Permpoon Krairiksh	//										
35	Mr. Yothin Pibulkasetkij	//										
36	Ms. Amorntip Chansrichawla										//	
37	Mr. Utid Tamwatin										//	
38	Mr. Montree Chotikapracal											/
39	Mr. Nguyen Vu Son				X							
40	Mr. Phan Hoang Manh				//							
41	Ms. Tran Minh Huyen				//							
42	Ms. Tran Hong Hoa				//							
43	Mr. Sooksunt Jiumjaiswanglerg				//							
44	Mr. Tse Hong				//							
45	Mr. Umroong Sanphasitvong				//							
46	Mr. Chainan Nuphet				//							
47	M.L. Thongmakut Thongyai								//			
48	Mr. Smith Banomyong									//		
49	Mr. Sakesom Srirungruangdeja							//				
50	Mr. Kaitchai Pullsuppasit					//						
51	Mr. Suriyah Termlertmanuswong	//										
52	Mr. Stephen Anthony Appleyard										//	

Remark : x = Chairman // = Director / = Liquidator

⁽¹⁾ = Discontinued operations, in process of dissolution or liquidation.

REPORT OF HOLDINGS OF SCB ORDINARY SHARES

by SCB Directors and Members of Senior Management

Name	as at 31 Dec 2015			as at 31 Dec 2014			Change: increase / (decrease)
	Number of shares held by a director or a senior manager	Number of shares held by (a) related person(s) *	Total	Number of shares held by a director or a senior manager	Number of shares held by (a) related person(s) *	Total	
1. Mr. Anand Panyarachun Chairman of the Board and Independent Director	58,127	402,966	461,093	58,127	402,966	461,093	-
2. Dr. Vichit Suraphongchai Director and Chairman of the Executive Committee	-	-	-	-	-	-	-
3. Mr. Prasan Chuaphanich 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 NaLamlieng Independent Director and Chairman of the Nomination, Compensation and Corporate Governance Committee	-	-	-	-	-	-	-
6. Dr. Kulpatra Sirodom Independent Director and Member of the Audit Committee	-	-	-	-	-	-	-
7. Mr. Ekamol Kiriwat Independent Director and Member of the Audit Committee	-	-	-	-	-	-	-
8. Dr. Chirayu Isarangkun Na Ayuthaya Director and Member of the Corporate Social Responsibility Committee	-	-	-	-	-	-	-
9. M.R. Disnadda Diskul Director	-	-	-	-	-	-	-
10. Khunying Jada Wattanasiritham Independent Director, Member of the Corporate Social Responsibility Committee, and Member of the Nomination, Compensation and Corporate Governance Committee	-	-	-	-	-	-	-
11. Mr. Weerawong Chittmittrapap Independent Director and Member of the Audit Committee	-	-	-	-	-	-	-
12. Mr. Krirk Vanikkul Independent Director and Member of the Nomination, Compensation and Corporate Governance Committee	-	50,480	50,480	-	-	-	-
13. Mr. Chakkrit Parapuntakul Director and Member of the Nomination, Compensation and Corporate Governance Committee	-	-	-	-	-	-	-
14. Dr. Ekniti Nitithanprapas Director and Member of the Nomination, Compensation and Corporate Governance Committee	-	-	-	-	-	-	-
15. Mrs. Kannikar Chalitaporn Director, Member of the Executive Committee, and Member of the Corporate Social Responsibility Committee	53,000	-	53,000	53,000	-	53,000	-

Name	as at 31 Dec 2015			as at 31 Dec 2014			Change: increase / (decrease)
	Number of shares held by a director or a senior manager	Number of shares held by (a) related person(s)*	Total	Number of shares held by a director or a senior manager	Number of shares held by (a) related person(s)*	Total	
16. Mr. Arthid Nanthawithaya Director, Chief Executive Officer, Deputy Chairman of the Executive Committee and Member of the Corporate Social Responsibility Committee	-	-	-	-	-	-	-
17. Mr. Yol Phokasub President, Member of the Executive Committee and Member of the Corporate Social Responsibility Committee	10	-	10	10	-	10	-
18. Mr. Deepak Sarup Senior Executive Vice President, Chief Financial Officer	15,000	-	15,000	15,000	-	15,000	-
19. Mr. Sarunthorn Chutima Senior Executive Vice President, Head of Special Business	1,040	4,310	5,350	1,040	4,310	5,350	-
20. Mr. Anucha Laokwansatit Senior Executive Vice President, Chief Risk Officer	-	-	-	-	-	-	-
21. Dr. Jens Lottner Senior Executive Vice President, Chief Strategic Officer	-	-	-	-	-	-	-
22. Mrs. Wallaya Kaewrungruang Senior Executive Vice President, Chief Legal and Control Officer	-	-	-	-	-	-	-

Remark * Related person(s) of directors or senior management include(s):

- (1) Spouse or a minor child of Director or Senior Manager.
- (2) A juristic person in which aggregate shareholding by Director or Senior Manager and (1) exceeds 30 percent of the total number of voting rights of such juristic person.
- (3) A juristic person in which aggregate shareholding by Director or Senior Manager, (1) and (2) exceeds 30 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 30 percent of the total number of voting rights of the juristic person in the immediate lower level.

BANKING NETWORK

as at December 31, 2015

Area Office		44 Offices
Branch, all nationwide		1,209 Branches
Bangkok and its vicinity	542 Branches	
Upcountry	667 Branches	
Overseas Branch		5 Branches
Affiliated Bank		4 Branches
Joint Venture Bank*		
Representative Office		2 Branches
Business Relationship Center: Medium Business		38 Centers
Business Relationship Center: Small Business		37 Centers
International Trade Service Center		47 Centers
Foreign Exchange Service Center		104 Centers
Bangkok	56 Centers	
Tourist locations, Upcountry	48 Centers	
ATM		9,904 Machines
Bangkok	2,900 Machines	
Upcountry	7,004 Machines	

* The license of Joint Venture Bank has been revoked as of December 30, 2015 but SCB has received a new foreign bank branch license on December 20, 2015. The new branch is targeted to be operational in March 2016 and has acquired all of the assets and liabilities of VinaSiam Bank at the end of 2015.

REFERENCE INFORMATION

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED

Type of business	Banking
Company Registration Number	0107536000102
Head Office	
Address:	9 Ratchadapisek Road, Jatujak, Bangkok 10900
Website:	www.scb.co.th
Tel:	66 2 544-1000
Fax:	66 2 937-7721
SCB Call Center:	66 2 777-7777
SCB Business Call Center	66 2 722-2222

Registrar

Ordinary and Preferred Shares	The Thailand Securities Depository Company Limited 93 Ratchadapisek Road, Dindaeng, Dindaeng, Bangkok 10400 Tel: 0-2009-9000 Fax: 0-2009-9476
Siam Commercial Bank Subordinated Debentures No. 1/2012, due in 2022, where the issuer has the right to redeem prior to maturity	Siam Commercial Bank Public Company Limited 9 Ratchadapisek Road, Jatujak, Bangkok 10900, Thailand Tel: 66 2544-1111 Fax: 66 2544-2658
Siam Commercial Bank Subordinated Debentures No. 2/2012, due in 2024, where the issuer has the right to redeem prior to maturity	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 Adenauer L-1115 Luxembourg Luxembourg
Senior Unsecured Notes USD 1,100 million 3.375% due September 2017	Deutsche Bank Luxembourg SA 2 Boulevard Konrad Adenauer L-1115 Luxembourg Luxembourg
	Deutsche Bank Trust Company Americas 60 Wall Street, 27 th Floor New York, New York 10005 United States
Senior Unsecured Notes USD 750 million 3.5% due April 2019	Deutsche Bank Trust Company Americas 60 Wall Street, 16 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
Level 52, International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

Senior Unsecured Notes
USD 1,100 million 3.375% due September 2017

Deutsche Bank AG, Hong Kong Branch
Level 52, International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

Deutsche Bank Trust Company Americas
60 Wall Street, 27th Floor
New York, New York 10005
United States

Senior Unsecured Notes
USD 750 million 3.5% due April 2019

Deutsche Bank AG, Hong Kong Branch
Level 52, International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

Auditor

Mr. Winid Silamongkol

Certified Public Accountant (Thailand) Registration No. 3378

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

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FOR SHAREHOLDERS

The Bank's securities listed on the Stock Exchange of Thailand

1. **Common 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 is convertible into one common share
Exercise price	None
Term of preferred shares	The term of the preferential rights of the preferred shares was 10 years commencing on May 10, 1999, and the rights expired on May 10, 2009. However, the holder of preferred shares may continue to file an application for conversion of preferred shares into common shares during the period set by the Bank each quarter.
Conversion period	Every quarter

2016 schedule of conversion of preferred shares to common shares

Mar 16-30:	Period of SCB-P conversion submission
Mar 31:	Exercise date for SCB-P
Jun 15-29:	Period of SCB-P conversion submission
Jun 30:	Exercise date for SCB-P
Sep 15-29:	Period of SCB-P conversion submission
Sep 30:	Exercise date for SCB-P
Dec 16-29:	Period of SCB-P conversion submission
Dec 30:	Exercise date for SCB-P

Contact address of SCB Investor Relations

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