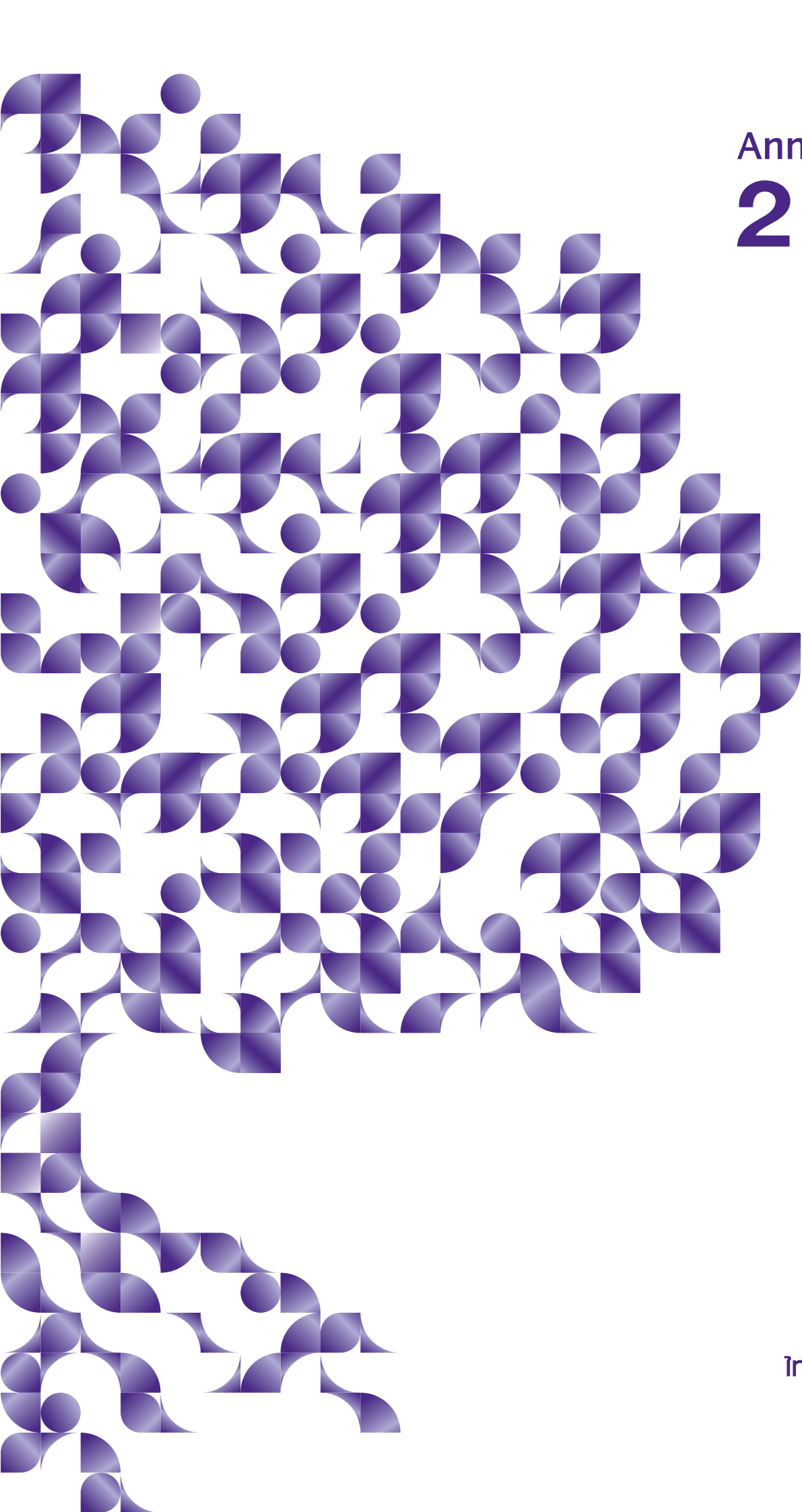




Annual Report 2011



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OUR VISION

To be the **Bank of Choice** for our
Customers, Shareholders, Employees
and the **Community**

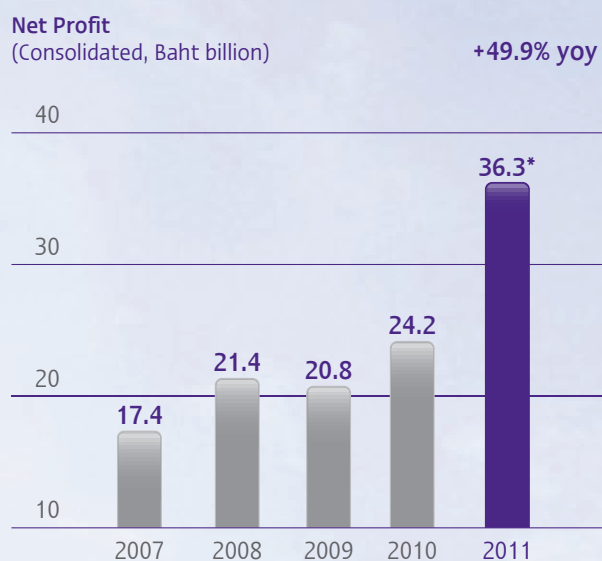
OUR MISSION

To be the '**Best**' **Universal Bank**
in Thailand

2011 Financial Highlights

PROFITABILITY

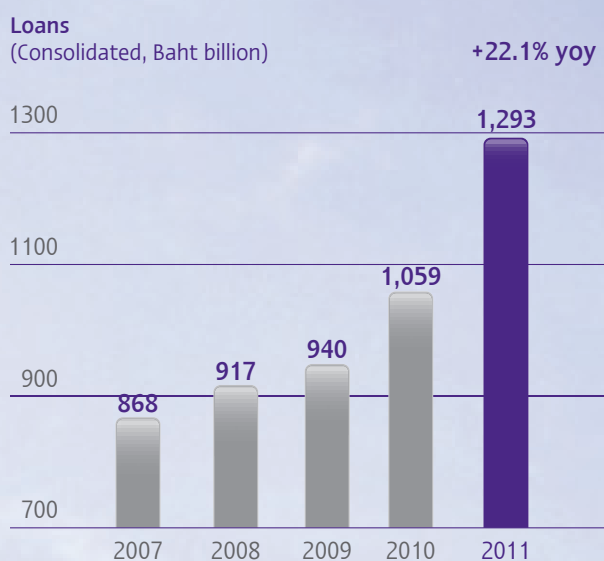
Record net profit due to robust loan growth and non-NII growth



* Excluding the one-time investment gain from the acquisition of additional shares in SCB Life, net profit would stand at Baht 31.2 billion – an increase of 28.9% yoy.

LOAN GROWTH

Strong loan growth across all business segments



ASSET QUALITY

Significantly improved non-performing loans ratio and reserve coverage



MARKET CAPITALIZATION

Market capitalization remains higher than any other Thai financial institution





Leading 67 million Thai people through tireless efforts

Thais revere His Majesty the King's lifelong devotion to improving the quality of life of his subjects. Among the many royal initiatives, His Majesty's numerous water management innovations and projects helped mitigate the severity and hardship caused by the flood crisis in 2011. These projects include the "monkey cheek" water retention areas, dams, floodwalls and dykes.

In celebration of His Majesty the King's 84th birthday, SCB has published a book about the royal initiatives titled *Pid Thong Lang Phra*. The title is from a Thai proverb meaning to do good without seeking recognition. The book illustrates how to live purposefully and attain sustainable happiness, reminding Thais how we all can follow the example set by our Great King.



ชุดหอศิลป์พระ

พระเจ้าวรวงศ์เธอ



คำพ่อสอน

พระบาทสมเด็จพระปรมินทรมหาภูมิพลอดุลยเดช บรมนาถบพิตร
พระราชทานแก่ประชาชนชาวไทย

พระบาทสมเด็จพระปรมินทรมหาภูมิพลอดุลยเดช บรมนาถบพิตร
ทรงมีพระกรุณาธิคุณโปรดเกล้าฯ ให้พิมพ์เป็นหนังสือ
แจกจ่ายแก่ประชาชนชาวไทย





Message from the Board of Directors

Dear Shareholders,

2011 will no doubt be remembered in Thailand as the year that the nation experienced its worst **floods** in modern times, after the deluge inundated whole regions of farmland, seven major industrial estates, and hundreds of thousands of homes and businesses throughout dozens of provinces, taking more than 800 lives. The floods caused not only tremendous human suffering but also a dramatic drop in GDP in the last quarter.

On the global economic front, much of the year was characterized by the on-going **debt crisis** in the eurozone, which dragged down world growth and trade flows. Havoc hit Japan's economy after the massive **earthquake and tsunami** in the second quarter, which led to supply-chain disruptions among Japanese carmakers with facilities in Thailand. In short, it was a traumatic year.

The problems in Thailand, Japan and Europe generated very severe headwinds against the Thai economy in 2011, culminating in dramatically lower **GDP growth** of about 0.1% for 2011. This result contrasts with estimates at the start of the year that there would be modest growth. Floods were the main cause.

In terms of **inflation**, the Thai economy remained under pressure after the first quarter, with headline inflation hovering at the 4.0% to 4.1% level for the remainder of the year. This was largely a result of both rising raw food prices and higher oil prices driven by political turmoil in much of the Middle East and North Africa.

In **politics**, Thailand had a relatively benign year. After years of political turbulence, a change in government took place peacefully following a relatively smooth election half-way through the year. Hopefully, the election mandate will lead to a period of political calm, and allow the government to focus on its economic agenda.

Mr. Anand Panyarachun
Chairman of the Board

Dr. Vichit Suraphongchai
Chairman of the Executive Committee

Mrs. Kannikar Chalitaporn
President

2011 Financial Results

Although the Thai economy battled severe headwinds throughout the year, the Bank registered its second consecutive year of record profits, with the annual net profit at a historic high of Baht 36.3 billion - 49.9% higher than the previous year. At the same time, earnings per share (EPS) rose to Baht 10.67 in 2011 from Baht 7.12 the year before. Return on average equity (ROAE) increased to 21.3% in 2011, from 16.4% the previous year, while return on average assets (ROAA) rose to 2.2% in 2011, up from 1.7% the year earlier. This solid increase in net profit resulted from the large one-time investment gain arising from the acquisition of additional shares in SCB Life Assurance PCL (SCB Life), strong growth in non-interest income and significantly higher net interest income. Even excluding the large one-time investment gain, net profit stood at a record high of Baht 31.2 billion - a 28.9% increase from the previous year.

Net interest income grew 27.1% in 2011 mainly on the back of robust loan growth of 22.1% as well as the rising interest-rate environment for much of the year. While the strong loan growth came from all business segments, it was especially evident in the SME segment (up 34.7%) and the auto loans sector (up 41.6%). The sharp growth in these two areas reflected the successful outcome of the Bank's business strategy, announced at the start of 2010, to grow market share in both these markets.

Non-interest income rose 37.9% principally as a result of: a large one-time investment gain of Baht 5.1 billion, arising from the acquisition of additional shares in SCB Life in the first quarter; significantly higher underwriting income from bancassurance sales; the sharp uplift in corporate advisory/finance related fees; and the strong growth in income from foreign exchange sales and trading. In 2011, non-interest income accounted for 44% of total income, up from 42% the year before mainly as a result of the consolidation of SCB Life.

The Bank succeeded in limiting expenses while still continuing to invest in business growth and new systems. In 2011, although operating expenses grew sharply at 20.8%, a significant part of this was accounted for by consolidation of the results of SCB Life for the first time, together with variable expenses of the Bank which rose in line with income. The **cost to income ratio** was 40.5% in 2011, down from 44.2% the year prior. If non-recurring items are excluded, the cost to income ratio was 43.0% in 2011, declining from 44.7% the year before, and better than the revised full year target of 43-44%.

In 2011, the Bank, in line with prudential norms, set aside Baht 6,630 million of impairment **provisions** for future losses on loans and debt securities (on a consolidated basis). This level was 41% higher than the previous year and well above the expected provision rate indicated at the start of the year. The additional provisions were made to provide an extra cushion for any future deterioration to loan quality, even as **NPLs** dropped to 2.61% from 3.25% in 2010- marking a new low since the Asian financial crisis over a decade ago.

The Bank continued to maintain a high level of **capital adequacy**. Total capital funds (Tier 1 and Tier 2) as of December 31, 2011 were at a high of 14.5% of total risk-weighted assets, representing Tier 1 capital of 11.2% and Tier 2 capital of 3.4%. (If the net profit for the second half of the year were to be taken into consideration, the capital adequacy ratio would stand at 15.7% and Tier 1 capital ratio at 12.3%). This strong capital base positions the Bank to withstand future shocks that may arise, while also providing a base to support future growth.

One signal event in 2011 was the Bank's acquisition of additional shares in **SCB Life Assurance PCL** (formerly referred to as Siam Commercial New York Life PCL). By acquiring shares from our former partner and its associate, the Bank lifted its shareholding from 47.33% to 94.66%. This positions the Bank to obtain the full future financial benefit arising from the distribution of insurance products through its branch network. In addition, the Bank recorded an investment gain of about Baht 5.1 billion through the revaluation of its existing investment in SCB Life.

Corporate Social Responsibility

In 2011, SCB carried forward its well-defined mission and role in meeting its obligations toward corporate social responsibility (CSR). The Bank's main CSR focus remained on **youth development and learning enhancement** but expanded to cover a surge in much-needed **flood relief and assistance** efforts. With its large branch network, SCB was uniquely positioned to spear-head many non-government flood-relief programs. The Bank rapidly mobilized its own volunteers from the Head Office and branches to reach a broad range of flood victims and flood-struck communities, providing emergency relief and post-flood rehabilitation support.

"SCB Challenge" is a series of contests for students at every level and remained the flagship youth development program of SCB for the sixth consecutive year. It provides a platform for young people from all across the country to show-case talent, creativity, and team spirit. Some 8,000 youngsters joined the contests in 2011, and for the first time, an online community was established for participants to communicate with each other and join in the Bank's CSR activities.

Siam Commercial Foundation serves as a base for the Bank's CSR efforts and for building bridges to other youth development networks. In 2011, two projects deserve to be highlighted. First, the Foundation hosted the second national "youth expo," which brought together youth development networks from across the country, to facilitate the sharing of experiences within specific communities, exchange ideas, foster new skills and transfer knowledge. Second, the Foundation arranged a "school readiness assessment" in order to evaluate participating schools' capacity to serve in the future among 84 centers for "Sufficiency Economy" education.

In celebration of His Majesty the King's 84th Birthday Anniversary in 2011, SCB presented two mobile units to the

National Blood Center (under the Thai Red Cross Society) for use in blood donation activities. The Bank also launched a nationwide campaign for blood donation resulting in 23 million ml. of additional blood supply.

Developments in Corporate Governance Practices

During the year, the Board of Directors amended the **Corporate Governance Policy** to provide greater coverage and clarity with respect to the Bank's vision, mission, core values, code of conduct, corporate governance structure, rights and treatment of stakeholders, and the system of internal control.

Likewise, the Board amended its **Charter** to increase its effectiveness and make it more consistent with actual practice. The amended issues related to the composition of the Board, the tenure of all members of the Board, the quorum of the Board meeting, and the definitions of senior executive, Bank advisor, independent director and executive director.

The Board also clarified procedures for the **selection and nomination** of candidates to serve as directors in order to ensure that they have the proper qualifications, competence, capabilities and experience.

Finally, the Board revised the compensation practices relating to the Board and Board Committees, taking into account the scope of duties and responsibilities, the Bank's operating performance, and the overall economic environment.

Changes in Board Composition

In January 2011, the Board appointed Mr. Thevan Vichitakul as a director, representing the Ministry of Finance, to fill the Board seat vacated by Dr. Areepong Bhoocha-Oom's resignation.

In addition, in April 2011, the shareholders elected Mr. Ekamol Kiriwat as an independent director to assume the seat vacated by Mr. John William Hancock.

Outlook for 2012

Economists project that the Thai economy will grow at around 4-5% in 2012. The main growth drivers will be domestic demand expansion and government fiscal initiatives. Supportive macroeconomic conditions include the possibility of further monetary easing and relative stability of oil prices. The key risk factors in 2012 will be the public debt crisis in the euro area which, if unresolved, may significantly weaken the world economy, increase uncertainty in financial markets, and potentially tighten U.S. dollar funding.

The SCB Group will continue to pursue its strategy of sustainable, profitable growth with a strong focus on developing the capabilities of its people and a much higher level of customer-centricity. The Bank will broaden and deepen its revenue from all segments, with a continued strong emphasis on gaining market share in the SME segment and auto lending marketplace. Concurrently, the Bank will boost the level of fee and insurance-premium income and enlarge its deposit franchise as a funding source. Lastly, the Bank plans to nurture innovation of its products and services, improve productivity, enhance its risk management framework, and further promote its strong brand.

To conclude, on behalf of the Board, we would like to thank our shareholders and customers for their generous support, and thank the management and staff for their continued loyalty and efforts. We look forward to building SCB as **the premier universal bank in Thailand**.



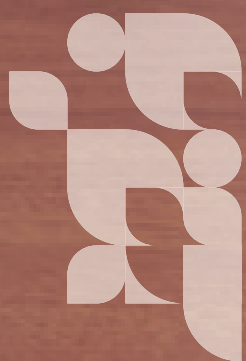
Mr. Anand Panyarachun
Chairman of the Board



Dr. Vichit Suraphongchai
Chairman of the Executive Committee

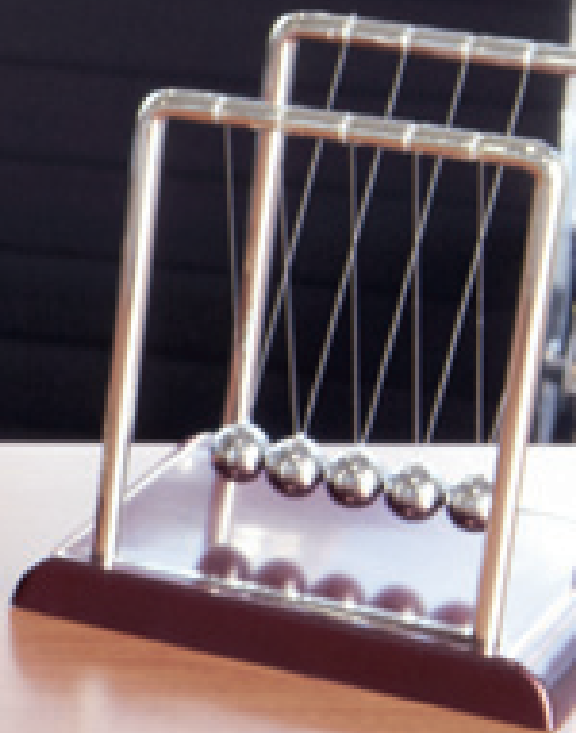


Mrs. Kannikar Chalitaporn
President



Growing together to reach our full potential

SCB is committed to helping its corporate and commercial customers thrive, thus facilitating the impetus for the Thai economy to reach its full potential. In 2011, SCB was proud to assist these customers with their business development plans at home and abroad, including through several landmark transactions. This reflects our belief that when we grow together we grow stronger.





MR. ANAND PANYARACHUN

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

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

Khun Anand is widely recognized for his pivotal role in the Kingdom's political development through his serving twice

as prime minister of Thailand, and leading efforts to draft a new constitution for the Kingdom in 1997. Khun Anand has received 25 honorary degrees from various national and foreign universities for his distinguished roles in many areas. He is also a recipient of the prestigious Ramon Magsaysay Award.

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

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



DR. VICHIT SURAPHONGCHAI

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

Dr. Vichit holds a bachelor's degree in engineering from Chulalongkorn University, a master's degree in engineering from the University of California in Berkeley, and an M.B.A. and Ph.D. from the University of California, Los Angeles, U.S.A. He started his career in banking at Bangkok Bank PCL, where at the time he left he was serving as its president. He later joined the Royal Thai Government as minister of transport and communication (1994-1995). He returned to the banking world as the chairman of Radanasin Bank PCL. Presently, Dr. Vichit also serves as board member and advisor to various leading companies and organizations, including Kempinski AG, the Crown Property Bureau, and CPB Equity Co., Ltd.

Dr. Vichit has also contributed to educational development in the Kingdom in his capacity as a member of the Board of Mahidol University Council. His previous responsibilities include having been a member of the National Education Commission and the National Institute of Development Administration (NIDA), and a trustee of the Asian Institute of Technology (AIT).

Since serving as SCB director and chairman of the Executive Committee, Dr. Vichit has employed his vision and leadership to initiate the Change Program, enabling Siam Commercial Bank to revive its performance to record profitability. He also plays an important role in formulating strategies, and in reviewing and monitoring the progress of execution plans.



MR. MARIS SAMARAM

Independent Director and Chairman of the Audit Committee

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

Besides his independent advisory assignments, he is also an independent

director and member of the Audit Committee of Indorama Ventures PCL. He is an independent director, member of the Audit Committee, and member of the Corporate Governance and Nomination Committee of TATA Steel (Thailand) PCL. He was appointed chairman of the Audit Committee and member of the Executive Committee of the Asian Institute of Technology (AIT).

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



DR. CHIRAYU ISARANGKUN NA AYUTHAYA

Director and Chairman of the Corporate Social Responsibility Committee

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

in the prestigious position of grand chamberlain to the Royal Household.

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

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



MR. CHUMPOL NALAMLIENG

Independent Director and Chairman of the Nomination, Compensation, and Corporate Governance Committee

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

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

As SCB independent director and chairman of the Nomination, Compensation, and Corporate Governance Committee, Khun Chumpol's capable background in organizational management, particularly in the area of corporate governance at the international level, contributes to the Bank on a continual basis.



MR. SUMATE TANTHUWANIT

Independent Director and Member of the Audit Committee

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

Sumate was royally appointed a member of the National Legislative Assembly.

Due to his wide recognition in academic circles, Khun Sumate has recently been conferred an honorary doctor of philosophy degree in business administration from Mae Fah Luang University and honorary doctorate degree in logistics management from Chulalongkorn University.

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



ASSOC. PROF. DR. KULPATRA SIRODOM

Independent Director and Member of the Audit Committee

Assoc. Prof. Dr. Kulpatra earned a B.B.A. (first-class honors) (finance) from Thammasat University under the King Bhumibol Scholarship; an M.B.A. (finance) from West Virginia University, U.S.A.; and a Ph.D. (finance) from the University of Pittsburgh, U.S.A.

Assoc. Prof. Dr. Kulpatra presently serves as Dean, Faculty of Commerce and Accountancy, Thammasat University. She also serves as a committee member for a number of organizations and private companies; for instance, as an independent director and chairperson of the Audit Committee of Thai President Foods PCL, an independent director and member of the Audit Committee of President Bakery PCL, an independent

director of Thai Wacoal PCL, an advisor to the Federation of Accounting Professions, a member of the Nominating Committee of the Association to Advance Collegiate Schools of Business (AACSB), and a member of the Board of Asia Pacific Advisory Council (APAC), which is a division of AACSB.

As an independent director and a member of the Audit Committee, Assoc. Prof. Dr. Kulpatra provides the Board with extensive expertise in financial issues on a continual basis.



MR. EKAMOL KIRIWAT

Independent Director and Member of the Audit Committee*

Khun 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.

Khun Ekamol is an expert in money and capital markets. During 1990-1995, he was a veteran executive at the Bank of Thailand, acting as deputy governor, assistant governor, and director supervising the International Strategy Office and Financial Institution Application and Examination Department. During 1992-1995, Khun Ekamol also served as secretary-general of the Securities

and Exchange Commission. He was a member of Parliament during 2001-2004. From 2004 until present, Khun Ekamol has held the position of chairman of K.C. Property PCL.

With his expertise in money and capital markets supervision, including financial, Khun Ekamol has played an important role in the development of SCB's corporate governance and financial management, and he will also play a key role in the Bank's audit work.

** Khun Ekamol was appointed as a member of the Audit Committee in lieu of the Nomination, Compensation, and Corporate Governance Committee, effective 20 January 2012.*



MOM RAJAWONGSE DISNADDA DISKUL

Director and Member of the Corporate Social Responsibility Committee

Mom Rajawongse Disnadda Diskul holds a degree in business administration from Indiana University (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. Mom Rajawongse Disnadda served as private secretary to H.R.H. the Princess Mother until Her Royal Highness passed away in 1995.

Mom Rajawongse Disnadda is a director and secretary-general of the Mae Fah Luang Foundation under Royal Patronage, a position he has held since the foundation was established in 1972 to carry out the legacy of H.R.H. the Princess Mother. Since 1988, he has also served as chairman and director-general of the Doi Tung Development

Project in Chiang Rai, a royal initiative of H.R.H. the Princess Mother. In recognition of his achievements, the Royal Thai Government entrusted him to extend the experience of the Doi Tung Development Project into the Union of Myanmar, Afghanistan, and Aceh province in Indonesia.

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

As a director and member of the Corporate Social Responsibility Committee, Mom Rajawongse Disnadda benefits the Bank by providing an important perspective on sustainable development.



KHUNYING JADA WATTANASIRITHAM

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

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

She was bestowed the royal decoration of Chulachomklao with the title Khunying in May 2000. In 2006, Khunying Jada served as chairperson of the Thai Bankers Association and was royally appointed a member of the National Legislative Assembly during the period of 2006 - 2008. She also received the prestigious

"Best CEO of the Year 2006" award from the Stock Exchange of Thailand.

Khunying Jada currently serves as director on a number of boards, including as independent director and member of the Audit Committee of Minor International Corporation PCL, as chairperson of the Thai Institute of Directors and Siam Paragon Development Co., Ltd., and as an expert member of the Government Pension Fund.

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

* Khunying Jada was newly appointed as a member of the Nomination, Compensation, and Corporate Governance Committee effective 20 January 2012.



PROFESSOR VICHARN PANICH, M.D.

Independent Director and Member of the Corporate Social Responsibility Committee

Prof. Vicharn 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 Songkhla University, such as dean of the Faculty of Medicine and vice president of the University. Prof. Vicharn was the founding director of the Thailand Research Fund (TRF) and was re-elected to serve in the position for eight years. At TRF, he pioneered research management systems for Thailand. He continues to serve as a special advisor to the TRF and served as director of the Knowledge Management Institute (KMI), where he pioneered knowledge management development for Thailand, until 2008. Furthermore, he served as chairman of the Higher Education Commission.

He is currently serving as chairman of the Knowledge Management Institute (KMI) Foundation. He was also appointed chairman of the Mahidol

University Council, vice chairman of Arsomsilp Institute, and member of the councils of Chiang Mai University and Prince of Songkhla University.

Prof. Vicharn has also served on the boards of many organizations and foundations, including as chairman of the Executive Committee of the Healthcare Accreditation Institute, chairman of the International Health Policy Program Foundation, member of the board of the Health Intervention and Technology Assessment Program Foundation, the Medical Division of the Anandamahidol Foundation, the Prince Mahidol Award Foundation Under Royal Patronage, and the Health Systems Research Institute.

Prof. Vicharn brings his experience with projects linked to academia and the community, contributing a perspective that adds value to the Board in meeting its corporate social responsibilities.



MS. SUPA PIYAJITTI

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

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

Khun Supa has extensive experience of more than 20 years at the Ministry of Finance and has held various key positions at the Ministry and other organizations, namely director general of the State Enterprise Policy Office (SEPO), deputy director general of the Comptroller General's Department, vice

chairperson of the Financial Institutions Development Fund, and director of the Agricultural Futures Trading Commission (AFTC). Khun Supa presently serves as deputy permanent secretary, Ministry of Finance. She also serves as a director of Bangchak Petroleum PCL and a chairperson of the board of National Credit Bureau Company Limited (NCB).

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



MR. ROBERT RALPH PARKS

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

Mr. Parks is a graduate of Rice University (B.A.) and Columbia University Graduate School of Business (M.B.A.), both of the U.S.A.

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

of JPMorgan in early 2001 and retired from the firm at the end of 2006.

Mr. Parks joined Oaktree Capital (Hong Kong) Limited in 2007, and currently is chairman, covering the Asia Pacific region. He is responsible for further developing investment opportunities and building closer relationships with governments, regulators and companies across the region.

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



MR. THEVAN VICHITAKUL

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

Mr. Thevan holds a bachelor's degree in engineering (industrial engineering) from Chulalongkorn University and a master's degree in economics (business economics) from Thammasat University.

His past work experience includes being director general of the Treasury Department, inspector general of the Ministry of Finance, chairman of the Board of Dhanarak Asset Development Co., Ltd. and a board member at various companies including the Small and

Medium Enterprise Development Bank of Thailand, Bangchak Petroleum PCL, NCC Management and Development Co., Ltd., Electricity Generating Authority of Thailand and the Erawan Hotel PCL.

His knowledge in the field of management, fiscal policy and economics has been beneficial to the operations and development of the Bank.



MRS. KANNIKAR CHALITAPORN

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

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

Khun Kannikar joined as a member of the Bank's Board in 2002, and the senior management team in 2003. In her role as head of the Retail Banking Group, she has brought a fresh, invigorating and consumer-focused perspective to its

retail business, and is widely recognized as the architect behind the hugely successful transformation of the Bank.

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



MR. BODIN ASAVANICH

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

Khun Bodin holds a bachelor of laws degree from Thammasat University and a master of comparative jurisprudence and master of laws (general) degree from New York University, U.S.A. He is also a barrister at law. He attended the executive program at Stanford University, U.S.A.

Khun Bodin has over 30 years of experiences as a legal practitioner. In 1976, he trained at a law firm in New York, and upon his return to Thailand in 1976 he became a managing partner of the B&N Legal Office. Subsequently, he joined the Petroleum Authority of Thailand as director of its Legal Division before joining Siam Cement PCL as its group general counsel. He was also managing director of Cement Thai Legal Counsel Limited.

Khun Bodin currently serves as a director of SCG Legal Counsel Limited, a director

and a member of the Nomination and Corporate Governance Committee of Shin Corporation PCL, senior vice chairman of the Federation of Thai Industries, a trustee of the Sirindhorn International Institute of Technology, and a member of several legal committees under various government and private agencies. During the period of 2006 - 2008, Khun Bodin was royally appointed as a member of the National Legislative Assembly.

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

MRS. KANNIKAR CHALITAPORN

President

Please refer to page 19 for Mrs. Kannikar's profile

MR. BODIN ASAVANICH

Senior Executive Vice President, Group General Counsel

Please refer to page 19 for Mr. Bodin's profile



MR. DEEPAK SARUP

Senior Executive Vice President, Chief Financial Officer & Head, Finance Group and Change Program

Deepak Sarup serves as the senior executive vice president and chief financial officer (CFO) of Siam Commercial Bank. His specific responsibilities include managing the Group finance function and the bank's ambitious and far-reaching transformational change program. Immediately prior to assuming the CFO responsibilities in 2008, he served as the group chief information officer of Siam Commercial Bank PCL. for about five years. During this period he led the successful drive to transform the Bank's IT platforms and related processes, as a result enabling substantial business growth and market share gains. Before joining the Bank in January 2002, he was managing director

of the Asia Pacific operations of a Fortune 500 multinational, with leadership responsibilities for offices in 10 countries across the region covering sales, services, and major project implementation. He commenced his career in 1976 in the London office of Touche Ross & Co. (now Deloitte & Touche). He is a fellow of the Institute of Chartered Accountants in England and Wales, a Certified Information Systems Auditor, and a fellow of the Wharton School, University of Pennsylvania. He has served as the international president of the Information Systems Audit and Control Association Inc. (1991-1993), and on the IT committee of the International Federation of Accountants (1995-2001).



MR. SIRICHAİ SOMBUTSIRI

Senior Executive Vice President, Group Head, Business Banking Group

Khun Sirichai holds a bachelor's degree (Hons.) in accounting from Thammasat University and an MBA in finance from the University of Southern California (U.S.A.). He also attended the Advanced Management Program at Harvard Business School in 2008. He joined the Bank in 1977 and worked in its foreign branch operations and treasury. Khun Sirichai later resigned from the Bank to serve as president of Thai Summit Finance and Securities Co., Ltd. from 1994-1998, and served as managing director of Radanasin Bank PCL from 1998-1999. He rejoined the Bank in 2000 as executive vice president of the Treasury and Capital Markets Division. Subsequently, he was responsible for business lending, and was appointed

head of the Corporate Banking Group in 2003. In 2006, he was appointed head of the newly-established Business Banking Group responsible for managing the Bank's SME-related business. In January 2008, Khun Sirichai returned as head of the Corporate Banking Group to lead this Group's operations to achieve the Bank's strategic plan. The Bank restructured the Corporate Banking Group in September 2008 in alignment with its business plan, and Khun Sirichai was assigned to take responsibility for Corporate Banking Group 1. In September 2009, Khun Sirichai returned to the Business Banking Group, becoming its group head, in order to drive the growth of SME business which will be one of the major growth engines of the Bank in 2010 and beyond.



MR. YOKPORN TANTISAWETRAT

Senior Executive Vice President, Chief Risk Officer

Khun Yokporn has been with the Bank since 1977, after earning a bachelor's degree in economics from Chulalongkorn University and a master's degree in economics from Thammasat University. His work experience covers the areas of economic research, credit, and capital markets. Khun Yokporn was appointed

senior executive vice president of the Risk Management Group in 2006, responsible for developing risk management as a core competency for the Bank. Khun Yokporn was appointed chief financial officer in 2007, and returned to the position of chief risk officer in April 2008.



MR. YOL PHOKASUB

Senior Executive Vice President, Group Head, Retail Banking Group

Khun Yol holds a bachelor's degree (Hons.) in computer science and software engineering from Imperial College, University of London. Prior to joining the Bank in June 2007 as head of the Retail Banking Group, Khun Yol had extensive experience in the retail consumer

product business. During 1989-2006 he worked with Unilever Thailand, where his last position was managing director of Unilever Foods and board member of Unilever Thailand. After that, Khun Yol joined the Dutch Mill Group, where he served as chief operating officer.



MR. ARTHID NANTHAWITHAYA

Senior Executive Vice President, Group Head, Wholesale Banking Group

Khun Arthid earned his bachelor's degree in economics from Chulalongkorn University before going to Sasin Graduate Institute of Business Administration for his MBA in Finance. He has a strong background in capital markets and treasury, having worked in the finance and banking industries for 15 years. He started his career at Siam Commercial Bank in 1994 before moving to Cargill Financial Services to become hedge fund manager in 1998. He then worked for Standard Chartered Bank for nine years, where he established a strong footprint with his capital markets team. His last position at Standard Chartered Bank was managing director and regional

head of capital markets, South East Asia. Khun Arthid rejoined the Bank as senior executive vice president of Corporate Banking Group 2 in 2008, also acting as head of GMTS Group since September 2009. In January 2011, the Bank reorganized the Corporate Banking Group and related product and operation groups under a single umbrella to form the Wholesale Banking Group. This Group will meet customer needs across all wholesale market segments and increase the readiness of the Bank to face intensifying competition. Khun Arthid was assigned to take responsibility for this important Group from its formation.



MR. MANOON SUNKUNAKORN

Senior Executive Vice President, Group Head, Human Resources Group

Khun Manoon is widely recognized as a leader in professional HR management. Prior to his appointment, he headed the HR function at the Siam Cement Group and helped bring the Group's HR operations to world class standards. For this distinguished achievement he was included in the list of Thailand's Top 100 HR professionals by Thammasat University's Human Resources Institute. In addition, Khun Manoon has served as an advisor to a number of private and public firms, including Chulalongkorn University, the Federation of Thai Industries, the Department of Medical Services, the Crown Property Bureau, Thai Oil PCL, Bangchak Petroleum PCL,

and more. He also holds positions as the chairman of Ministerial Regulation for Learning Center in Business Enterprise project, as an advisor to the Executive Committee of the Human Capacity Building Institute of the Federation of Thai Industries, and as chairman of the People Development Group of the Thai Management Association (TMA).

Khun Manoon received a bachelor-of-laws degree (Hons.) from Chulalongkorn University, was qualified by the Thai Bar Association as barrister-at-law, and completed the Advanced Management Program at Harvard Business School.



MR. SARUNTHORN CHUTIMA

Senior Executive Vice President, Group Head, Special Business Group

Khun Sarunthorn has 27 years of experience in corporate lending. He joined the Bank after graduating from Chulalongkorn University with a bachelor's degree in accounting and earning his MBA from Ohio University (U.S.A). He managed project finance and became manager of Corporate Department 4, where he was responsible for corporate lending to the energy and petrochemical sectors prior to his appointment to ITV Co., Ltd. in 1996 as that company's managing director and the Bank's representative. After completing his mission to divest the Bank's controlling stake in ITV, he returned to the Bank to resume his work with large corporate clients. He was promoted to the post of executive

vice president, Corporate Division 1 in 2003. Subsequently, he was promoted to first executive vice president, Special Situations Group in February 2009 in order to provide practical advice for restructuring debts and develop a system to protect against new NPL formation for customers adversely affected by changes in the economic environment. In December 2010, Khun Sarunthorn was appointed to senior executive vice president, Special Business Group, which is responsible for monitoring and preventing new NPL arising from the external factors such as flood, managing the bulk of the Bank's portfolio of non-performing loans (NPLs) and non-performing assets (NPAs) and providing practical advice for restructuring debts.

Executive Officers*

First Executive Vice President

Mrs. Sutharntip Phisitbuntoon
Mrs. Kannika Ngamsopee
Mrs. Ongorn Abhakorn Na Ayuthaya
Ms. Phanporn Kongyingyong
Mrs. Paspun Suwanchinda

Mr. Grish Attagrish
Mr. Rungruang Sukkirdkijiboon
Mr. Narong Srichukrin
Mr. Sarut Ruttanaporn
Mr. Thun Reansuwan

Mr. Kittiphun Anutarasoti
Ms. Araya Phuphanich
Mrs. Apiphan Charoenanusorn
Mrs. Parnkae Nandavisai
Mrs. Bussakorn Puttinan

Executive Vice President

Mr. Somchai Sanyalaksiri
Dr. Amarit Laorakpong
Mr. Wutipong Vechayanon
Mrs. Praralee Ratanaprasartporn
Ms. Siripen Olankijcharoen
Mr. Krieng Wongnongtaey
Mr. Pongsit Chaichutpornasuk
Mrs. Wareemon Niyomthai
Mr. Chattri Sotangkur
Mr. Trirong Butragat
Mr. Pises Sethsathira

Dr. Ellen Nora Ryan
Mr. Sapon Asawanuchit
Mr. Suthipat Serirat
Dr. Sutapa Amornvivat
ML Chiradej Chakrabandhu
Mr. Smith Banomyong
Mr. Jim V. Moore
Mr. Chanmanu Sumawong
Ms. Lilly Ngamtrakulpanit
Ms. Pikun Ketngam
Ms. Jamaree Ketrakool

Ms. Sanannart Kulpaisantham
Mr. Kiradit Arromdee
Mr. Wasin Saiyawan
Mrs. Pimolpa Suntichok
Mr. Sirote Vichayabhai
Dr. Arak Sutivong
Ms. Vorada Thangsurbkul
Mr. Worawat Suvagondha
Mrs. Patraporn Sirodom
Ms. Pakachat Taychaburapanone
Mr. Ben Assanasen

Company Secretary

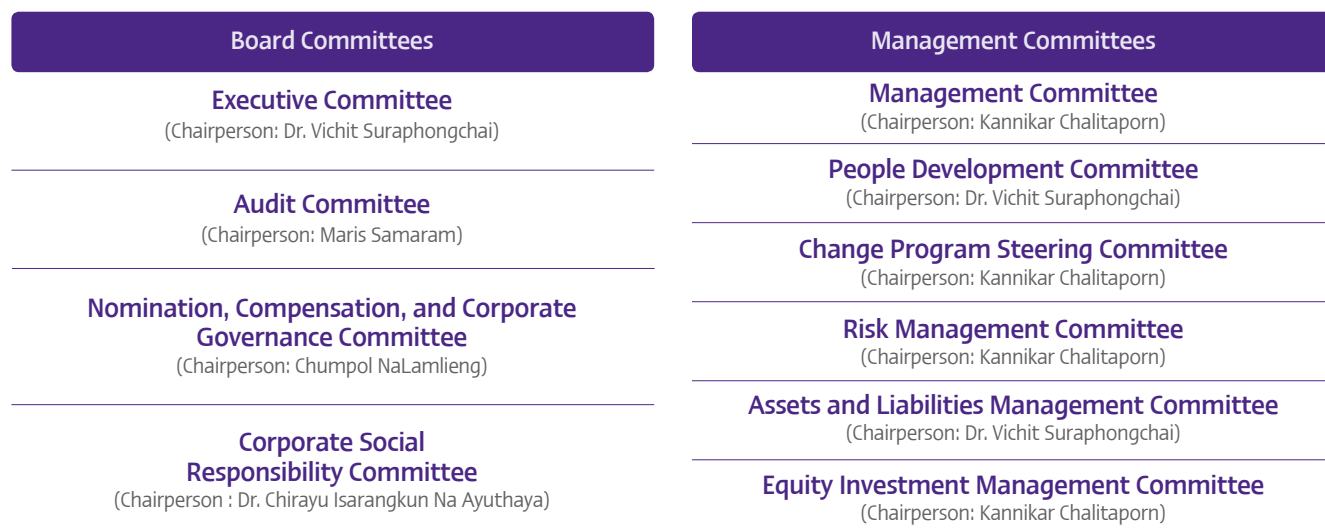
Mrs. Siribunchong Uthayophas

* As of December 31, 2011

Organization Structure

Governance Structure

Board of Directors



Management Structure

As of January 1, 2012

Executive Management

 Audit and Compliance
 Change Program



Awards in 2011



Corporate

- Best Bank in Thailand (Euromoney)
- Best Bank in Thailand (Global Finance)
- Best Domestic Bank (The Asset)
- Best Bank in Thailand (Alpha Southeast Asia)
- Best Bank in Thailand (FinanceAsia)
- Asia's Best Brand Awards (CMO Asia)
- Gallup's Great Workplace Award (Gallup)
- Thai Finance Company of the Year (Asian Banking & Finance)
- Best Investor Relations (Corporate Governance Asia)
- Corporate Governance Asia Recognition Award (Corporate Governance Asia)
- Top Corporate Governance Report Award (The Stock Exchange of Thailand)
- Corporate Social Responsibilities Award (The Stock Exchange of Thailand)
- Best in Social Media in Asia (Global Finance)
- Thailand's Best Website (Asian Banking & Finance)
- Trusted Brand in the Bank category (Reader's Digest)

Business Units

Retail Banking Group

- Best Private Bank in Thailand (FinanceAsia)
- Best Wealth Management Bank (Alpha Southeast Asia)
- Trusted Brand in Credit Card Issuing Bank (Reader's Digest)

Wholesale Banking Group

- Bonds (Corporate) Deal of the Year in Asia Pacific (The Banker)
- Project Finance International Award 2010 in category of AP Local Bank Deal (Project Finance International)
- Best Project Finance Deal of the Year in Southeast Asia 2010 (Alpha Southeast Asia)
- Best Mobile Payments/Cross Border Solutions of the Year in Southeast Asia 2010 (Alpha Southeast Asia)
- Best Transaction Bank in Thailand (The Asset)
- Best Bond House in Thailand (FinanceAsia)
- Best Domestic Custodian in Thailand (The Asset)
- Best Local Cash Management Bank (Asiamoney)
- Best Cash Management Bank in Thailand (The Asset)
- Best Cash Management Bank (Alpha Southeast Asia)
- Best Foreign Exchange Provider (Global Finance)
- Best Exchange Rate Contributor Award (Thomson Reuters)
- Recognition for Floating Rate Bond Activities (Thai Bond Market Association)
- Best Market Contributor 2010 (Thai Bond Market Association)
- Top Underwriter 2010 (Thai Bond Market Association)
- MOF Award 2010 (Thai Bond Market Association)
- Deal of the Year 2010 (Thai Bond Market Association)

Subsidiaries

- Trusted Brand in Investment Fund (SCB Asset Management) (Reader's Digest)
- Outstanding Securities Company Awards – Institutional Investors (SCB Securities) (The Stock Exchange of Thailand)

Management

- Asia's Best CEO (Corporate Governance Asia)
- Asia's Best CFO (Corporate Governance Asia)
- Best CEO in the Financial Institution category (Securities Analysts Association)
- Best CFO in the Financial Institution category (Securities Analysts Association)



SME to lead the way forward

SCB is only too aware of the high economic potential represented by Thailand's small and medium-size enterprises, and it stands ready to do its best to help SMEs capture market opportunities. Last year, SCB offered SMEs a wide variety of new services, idea-enhancing seminars and business networking activities. The Bank believes that these meaningful extras are helping SME clients to better compete in the marketplace.

Economic Conditions in 2011



SCB's Conference on the Economy is prominent on the annual business calendar. Dr. Prasarn Trairatvorakul, governor of the Bank of Thailand, gave keynote address on the outlook for 2012.

Thailand's Economic Conditions in 2011 and Outlook for 2012

Thailand's economy was hard hit by a series of unforeseen events in 2011. Political turmoil in the Middle East drove oil prices up by around 30% within just four months, from around 90 USD/bbl in December 2010 to around 120 USD/bbl in April 2011. As a result, headline inflation accelerated from 3% in the first quarter to 4.0%-4.1% for the rest of the year. The economy, especially the auto industry, was hard hit again in the second quarter as a massive earthquake and tsunami severely disrupted Japan's manufacturing sector, including many of its major auto manufacturers. As a result, Thailand auto manufacturing output dropped 30% compared to the previous year, bringing GDP growth down to 2.7% in the second quarter, compared to 3.2% in the first quarter.

Massive floods in the fourth quarter reduced 2011 GDP growth to 0.1%. More than 10% of the nation's agricultural areas, mainly rice-farming districts, were inundated. Seven major industrial estates were damaged, causing overall manufacturing

activity to contract by more than 30%, with automobile-related production falling by as much as 70%. As a result, GDP growth was negative in the fourth quarter and was 0.1% for the year, which was far below the nation's potential and far less than the pre-flood consensus forecast of 4%-5%.

The Eurozone debt crisis in 2011 played a major role in increasing the volatility of fund flows. The concerted effort to bring down public debt levels in several EU countries, especially in Greece, was not really effective as a result of the economic slowdown and weak fiscal conditions. Lack of confidence in government debt has spread to the larger economies of Spain and Italy. Financial markets experienced periods of sharp flows of funds out of risky assets, including Asian markets, into assets perceived as safe-havens, such as gold and U.S. Treasuries. As a result, exchange rates remained quite volatile throughout 2011.



Leading Thai corporate executives spoke about "Business Opportunities under the New Government" at SCB's Annual Conference on the Economy.

Despite a slowdown in 2011, Thailand's macroeconomic fundamentals support economic recovery going forward. The headline inflation rate for 2011 as well as the forecast for 2012 remains within the inflation target range, allowing the Bank of Thailand to pursue monetary policies to stimulate the flood-hit economy by lowering the key policy rate. Sound fiscal conditions, with public debt at only around 41% of GDP, will enable the government to ramp up damage compensation programs and initiate necessary investments to revive the economy. Moreover, the trade and current account balances remains in surplus partly as a result of the robust expansion of international tourist arrivals by around 16%, which is well above Thailand's historical average.

The Bank expects GDP growth of around 4.5%-4.7% in 2012. The main growth driver will be domestic demand expansion for reconstruction and replacement of flood-damaged facilities and equipment. An additional boost will come from government spending initiatives to rebuild and fortify basic infrastructure to address flood water management concerns. Supportive macroeconomic conditions include the possibility of further monetary easing and relatively stable oil prices. The key risk factor to watch out for in 2012 is the public debt crisis in the Eurozone. This crisis may significantly weaken the world economy and Thailand's export growth; increase uncertainty in the financial markets causing volatility to rise especially in the foreign exchange markets and capital flows; and potentially tighten US dollar funding as balance sheets of large banks in the Eurozone are deleveraged.

Industry and Competition Review

Thailand's banking industry was well positioned for expansion in 2011 given the robust fundamentals of the nation's economy, despite a slowdown in global growth. Even though severe floods in the last quarter affected the Thai banking industry, overall financial results showed robust growth in terms of assets, deposits, operating profits and net profits. By year-end, the number of Thai banks stood at 16, comprised of 14 commercial banks, one retail bank and one foreign bank subsidiary. The number of retail banks declined by one, when a retail bank was upgraded to become a commercial bank. Nevertheless the number of commercial banks was flat from the prior year, because Thanachart Capital PCL (TCAP) completed its acquisition of a commercial bank, Siam City Bank (SCIB).

In 2011, the Thai commercial banking sector's aggregate net profits increased 21.0% to Baht 131,062 million, from Baht 108,359 million in 2010. Most banks reported improved net profits except one medium-size bank, which reported a decline in net profits. The improvement in net profits was mainly due to the combined effects of robust growth in net interest income (15.8% yoy), as well as strong growth in non-interest income (12.8% yoy). In 2011, some banks set aside additional provisions as a cushion for any future deterioration to loan quality given the severe flood in 4Q11 and uncertainties in the global economy.

The net interest income proportion, which remained the main source of the sector's income, was flat at 64% of total income

in 2011. In absolute terms, net interest income increased by 15.8% to Baht 305,863 million in 2011, from Baht 264,222 million in 2010, mainly due to higher interest income from loans which was driven by robust loan growth (14.9% yoy) and the increase in lending rates during 2010-2011.

Non-interest income increased by 12.8% to Baht 169,561 million in 2011, from Baht 150,296 million in 2010, mainly due to: (1) higher underwriting income as one bank substantially expanded its investment in a life insurance business; (2) higher net trading income; and (3) robust growth in net fee and service income. Non-interest income contributions remained flat at 36% of total income in 2011.

As of December 31, 2011, the aggregate level of Thai commercial banking sector assets amounted to Baht 10,893,252 million, the equivalent of 103.4% of Thailand's 2011 GDP. Total assets, a key growth index for banking institutions, grew by Baht 1,300,645 million, a 13.6% year-on-year increase, attributable to robust loan growth.

Gross loans rose significantly by 14.9% to Baht 7,645,850 million, mainly due to higher loan demand from borrowers, amid the economic recovery prior to the severe flood in 4Q11 and more stable political environment. Loans grew sharply on both the commercial and consumer sides. The consumer side, which mostly comprises personal/consumer loans (24.5% of total loans), grew at 15.8% yoy, mainly from hire-purchase loans,

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

as at December 31, 2011

Unit: Baht million

Financial statement (consolidated)	Thai commercial banking sector *			SCB	
	2011	2010	Change % yoy	2011	market share %
Assets	10,893,252	9,592,607	13.6	1,877,836	17.2
Gross loans	7,645,850	6,654,319	14.9	1,292,683	16.9
Deposits	6,979,408	6,602,371	5.7	1,184,388	17.0
Shareholders' equity	973,267	883,924	10.1	185,871	19.1
Net interest income	305,863	264,222	15.8	50,526	16.5
Non-interest income	169,561	150,296	12.8	40,509	23.9
Non-interest expenses	228,074	204,588	11.5	36,883	16.2
Operating profits	247,351	209,930	17.8	54,152	21.9
Loan loss provision	60,766	45,424	33.8	6,630	10.9
Corporate income tax	49,323	47,473	3.9	11,213	22.7
Net profits	131,062	108,359	21.0	36,273	27.7

* The Thai commercial banking sector comprises 11 commercial banks listed on the Stock Exchange of Thailand under the new format financial statement.



An SCB executive spoke at the Thailand Investment Forum, organized by Euromoney magazine

which rose 22.8% following higher vehicle sales and the 10.5% increase in home loans on the back of continuing growth in the residential homes market. On the commercial side, manufacturing/production loans, which accounted for 19.7% of total loans, increased by 12.0%, mainly from loan demand by businesses to expand capacity as well as mergers and acquisitions among large corporates. Loans for wholesale and retail businesses also increased by 19.2%. In 2011, the central bank increased its policy rate by 150 bps, from 2.00% at the end of 2010, to 3.50% in August 2011. The central bank reversed this direction and cut its policy rate by 25 bps in November 2011. The sector's minimum lending rates (MLRs) rose from 6.12%-8.25% the year before to 7.25%-8.95% at the end of 2011.

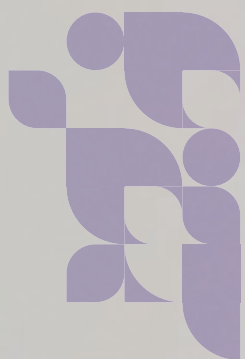
The commercial banking sector posted a 5.7% increase in deposits, reaching a total of Baht 6,979,408 million. In 2011, competition for deposits was relatively strong, as banks prepared for higher loan demand. Banks increased term deposits in the early part of 2011 in anticipation of upward movement in interest rates. In 2011, the three-month fixed deposit rates increased from 0.75%-1.85% at the beginning of the year to 1.75%-3.40% at year-end. The gross loan-to-deposit ratio of the commercial banking sector increased to 109.5% at the end of 2011, from 100.8% at end of 2010, as loans grew faster than deposits mainly due to robust loan demand. Also the loan-to-deposit and B/E ratio of the commercial banking sector increased to 89.8% at the end of 2011, from 88.3% at end of 2010 (B/E, or Bills of Exchange are akin to an uninsured deposit instrument in most respects).

As of December 31, 2011, the commercial banking sector's gross NPLs,** including substandard, doubtful, doubtful loss and loss accounts, amounted to Baht 256,727 million or 2.9% of total loans; down from Baht 303,158 million or 3.9% of total loans at the end of 2010, as asset quality improved following the economic recovery. The improvement was mainly attributable to debt restructuring, write offs and NPL sales together with lower levels of new NPL formation.

The operating results of Thai banks were supported by the robust fundamentals of the Thai economy itself. The major improvements in the Thai banking sector in 2011 were driven by (1) strong income growth in both NII and Non-NII; (2) robust loan growth; (3) strong capital positions; (4) improved asset quality. However, Thai banks are likely to continue to strengthen their balance sheets in order to meet future regulatory changes, that will arise from the implementation of international accounting standards (IFRS and IAS), the implementation of the Basel III framework and to build up capability for the Asean Economic Community.

In 2012 and beyond, Thai banks will likely further strengthen their income generating capabilities in both fee and interest income. Thai banks are likely to face rigorous competition for deposits given continued healthy loan demand and also competition from specialized financial institutions (SFIs), such as the Government Savings Bank. At the forefront of the Thai banking sector, SCB is well positioned to benefit from the opportunities that may arise in this economic environment.

** Source: Gross NPLs figure was obtained from the Bank of Thailand's website.



SCB's 'clicks' enable the Bank to remain close to its customers

SCB is never more than a 'click' away from its customers. For instance, SCB Spot is a popular new application for iPhone, iPad, BlackBerry and PCs that keeps customers up to date on SCB credit card promotions, privileges, deals and discounts from restaurants, stores and travel agencies. This application was one of many financial innovations that were launched during the year, all of which were based on an understanding of how customers have adapted to e-centric lifestyles and the demand for anywhere, anytime banking.



Business Overview



A landmark in Bangkok, SCB's head office was decked out in flowers to celebrate His Majesty's 84 birthday in December.

Siam Commercial Bank PCL is a leading universal banking group in Thailand, providing a wide array of financial products and services to meet the needs of its broad range of customers. Its major financial services include retail, commercial, and investment banking as well as a host of other products and services offered through the Siam Commercial Bank Group.

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

and associates for both corporate and retail clients include securities trading, asset management, hire purchase, leasing, and life and general insurance.

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

companies provides a range of financial services to meet the specific needs of its customers.

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

Revenue breakdown by business unit (Consolidated)	2011	2010	2009
Wholesale	20%	21%	21%
SME	10%	12%	12%
Retail	63%	61%	62%
Others*	7%	6%	5%

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

2011 Performance

2011 was another successful year for SCB, during which the Bank earned a record net profit and performed well ahead of its announced targets, despite the unexpected impact on customers from the epic floods and related disruption at the Head Office and branches. SCB's strong results reflected, in part, the extraordinary resilience of its operating platform and business model as well as the soundness of its business strategies.

In 2011, the Bank registered a return on equity (ROE) of 21.3% with a record high net profit of Baht 36,273 million, a 49.9% increase of Baht 12,067 million from the Baht 24,206 million recorded in 2010. This growth in profit reflects the underlying robustness of the Bank's strategy and the effectiveness of its execution together with its risk management capabilities.

Total income, at Baht 91,035 million, increased 31.7% compared to 2010 due to both robust loan growth and solid non-interest income growth. In particular, the latter was boosted by higher underwriting income and a large one-time investment gain in 2011.

To maintain profitability, the Bank focused on expense control and productivity improvements, resulting in a lower cost-to-income ratio of 40.5%, falling from 44.2% in 2010.

The Bank reported total assets of Baht 1,878 billion, an increase of Baht 401 billion (or 27.2%) from the end of 2010.

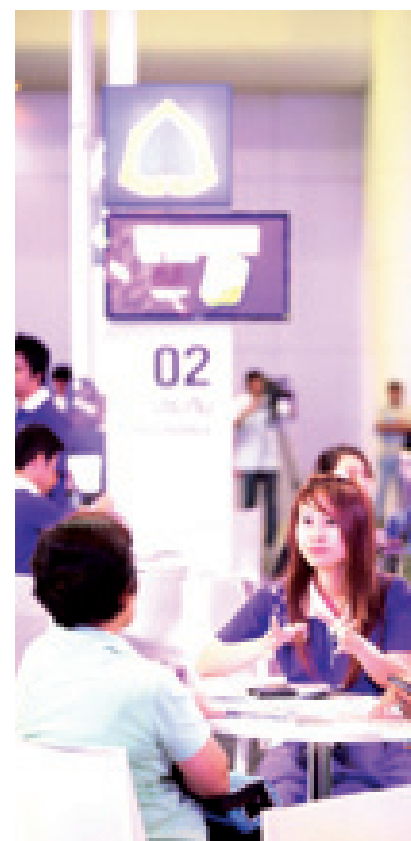
Total loans grew by 22.1%, with better underlying quality. The ratio of NPLs to total loans fell to 2.6%, reflecting successful write-offs and work out strategies such as repayments, auctions and foreclosures, NPL sales and debt restructuring, as well as ongoing prevention of new NPL formation.



SCB opened its newest Training Center in Bangkok, where two floors of a large office building host dozens of staff classes every day.

The Bank maintained its leadership in a range of retail products and services, as well as its leading position in the number of branches and ATMs throughout the country, in part as a result of continued expansion. At the end of 2011, the Bank had 1,094 branches, 8,459 ATMs, and 110 foreign exchange kiosks - the largest financial services footprint in Thailand.

As a business in the service industry, the Bank believes in the critical importance of sustaining a high level of employee engagement, together with a high level of customer engagement. The Bank has employed the Gallup Organization to assess, via regular survey, the degree of engagement of its customers and employees in accordance with, and measured against international standards. Building on the significant achievement of the previous year, the Bank continued to achieve Gallup's highest global ranking for customer engagement and employee engagement. This high level of engagement provides the Bank with a unique competitive edge and provides the best assurance of sustainable profitability in the years ahead.



SCB emphasizes continually enhancing the financial advisory expertise of its branch staff, with a strong focus on customer needs.



Extensive investor relations efforts are part of SCB's emphasis on proper corporate governance. Executives briefed equity analysts and local institutional investors on the Bank's performance and plans.

Plans for 2012

- Strong shift away from a product-sales based culture toward a **customer centric** sales approach anchored on a deep understanding of specific customer segments.
- Adoption of **funding** as a key area of focus.
- Enhance lending **margins** through more selective asset growth with a greater emphasis on returns.
- Continue to attract, develop and retain **high-quality talent**.
- Nurture a spirit that encourages **innovation** at all levels and in every business.

Anchored on the above elements, the business plan will ensure that the Bank achieves above-average profitability, return on equity (ROE), and return on assets (ROA), while maintaining a strong growth momentum following domestic demand recovery expected in 2012.

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

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

Key Performance Target Announced for 2012:

- Return on equity (ROE) of 17-19% (compared to 18.4%* in 2011).
- Return on assets (ROA) at around 1.8-2.0% (compared to 1.9%* in 2011).
- Net loan growth between 12-14% (compared to 22.1% in 2011).
- Cost-to-income ratio of between 43-44% (compared to 42.9%* in 2011).
- NPL ratio below 2.5% (compared to 2.6% in 2011).

2011 Highlights

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

- Record-high net profits at Baht 36,273 million.
- The highest ROE at 21.3% and ROA at 2.2% among big Thai banks.
- The highest market capitalization among financial institutions in Thailand (at Baht 396 billion on December 30, 2011).
- The largest branch and ATM footprint, with 1,094 branches and 8,459 ATM units.

* Excluding one-time investment gain arising on the acquisition of additional shares in SCB Life in 2011.

(Million Baht)	2010	2011	yoy
Loans	462,672	542,070	17.2%
Net fee income*	4,218	5,686	34.8%
NPL ratio	2.9%	2.4%	

Remark: Classified by segments

* Including net insurance premium

The Wholesale Banking Group's ongoing strong financial performance has been anchored on well developed strategies effectively implemented in both customer segments: corporate banking and commercial banking. The Corporate Banking Division is committed to serving large corporate customers and building diversified sources of fee-based income. Likewise it is uniquely positioned to deliver value, deepen customer relationships and generate profitable revenue growth. The Commercial Banking Division - offering lending, transactional banking and related foreign exchange - remains the bedrock of the customer base and the ongoing focus on client-driven solutions continues to contribute new and recurrent sources of income.

2011 has been another strong year, the Group continued to strengthen relationships with existing clients and in diversifying income growth using its strong client coverage and product capabilities as a source of differentiation. Despite a challenging external environment shaped by global economic uncertainty and Thailand's flood crisis, the Group continued to earn the trust and confidence of its customers, which enabled it to sustain performance and further deepen long-term customer relationships.

Wholesale Banking Group



Thailand's Charoen Pokphand Group global leader in agribusiness, signed with SCB and allied banks for a \$360 million syndicated loan to support growth of CP Lotus hypermarkets in China.

2011 Performance

- Achieved strong growth of total income at 35% yoy, with an increase in net fee revenue of 34%.
- Generated solid non-NII that rose to a record high in percentage terms, reaching 37% of total income, up from 29% in 2010.
- Expanded loan portfolio by Baht 79,398 million, an increase of 17.2% yoy, while growing deposits and B/Es to Baht 349,783 million to support the Bank's liquidity.
- Built track record through landmark deals among key corporate banking clients, including CP Group, True Corp., and Sahaviriya Steel Industries (all three of which were announced to the media).

Plans for 2012

- Deepen selected client relationships by increasing the offering of customer oriented solutions across all segments.
- Continue to increase footprint in underemphasized areas with a focus on differentiated products and services.
- Manage costs, capital, risk and balance sheet to maximize the ability to support customers and, at the same time, to deliver an above average return.
- Upgrade service quality through operational excellence.
- Uplift talent and capabilities to outperform the market.

2011 Highlights

- Broadened and deepened relationships to become the primary bank for major clients.
- Reactivated passive customers and continued to build scale in the commercial segment.
- Increased capability to capture international opportunities, namely for Thai customers expanding offshore, by offering total financing solutions.
- Expanded product sophistication and provided increasingly strategic and value-added capabilities to customers in capital and financial markets, trade finance and business cash management.

(Million Baht)	2010	2011	yoy
Loans	176,698	238,036	34.7%
Net fee income*	1,418	2,339	65.0%
NPL ratio	8.5%	5.7%	

Remark: Classified by segments

* Including net insurance premium

After a successful launch in the previous year, the Business Banking Group achieved further momentum during 2011. SCB is now regarded as one of the nation's premier banks for SMEs. The Group has successfully established a strong foothold in the SME market, rising from #6 position in 2009 to #4 in the first half of 2011, with robust growth of 34.7% in 2011, far exceeding the financial targets that were set at the start of the year.

In transforming itself into a customer-centric SME bank, the Business Banking Group has intensively analyzed customers' needs and challenges, in order to offer solutions based upon this insight. In turn, this has led to significant product innovation, credit process improvement, and successful marketing campaigns. As a result, it gained more than 8,000 new customers during the year and significantly reduced its customer attrition rate, through attaining high levels of customer engagement.

Business Banking Group



SCB offers many programs to support small and medium-size businesses. The SCB SME Intelligent Entrepreneur Program, backed by Chulalongkorn University's Faculty of Commerce and Accountancy, provided workshops, analytical training and networking for business owners.

2011 Performance

- **Established a leading position in the SME market:** In 2010, the Group implemented a new business model and achieved strong initial performance, with loan growth of 16.5%. In 2011, it dramatically extended its reach and market share. The Group has delivered results that were well beyond the targets set at the start of the year, with loan growth of 34.7%, total income growth of 17%, and net fee income growth of 65%. Meanwhile, it monitored and tightly controlled the quality of its loan portfolio, reducing the NPL ratio from 8.5% in 2010 to 5.7% in 2011.
- **Product innovation – business driven:** Based on the needs of the SME entrepreneur, the Group launched new products in the market, offering attractive features, such as a flexible collateral package (3 times & 5 times SME credit lines), longer tenor (15 years loans for business expansion) and cost saving (pay-on-time, and get a discount). Additionally, fees were bundled to deliver an appealing value proposition.
- **Dramatic expansion in the small business segment:** Loans to small business grew substantially from Baht 24,316 million in 2010 to Baht 41,343 million in 2011, an increase of 70% in terms of performing loans. Too, the

small business segment increased the proportion of its fee income to total income to 35%.

- **Robust growth for medium-sized business:** The medium-sized business operations grew in terms of outstanding performing loans from Baht 132,882 million in 2010 to Baht 169,375 million in 2011, or about 27%. Also, the average yield and fee incomes for medium-sized business showed steady improvement.

Plan for 2012

- Deepen customer insight through better analytics as a **prelude to more customer centric offerings**.
- Serve SME customers holistically through the development of **both business and personal solutions for the SME owners**.
- **Change the organization mindset, structure, incentives and training** within the Group to support a progressive transition toward greater customer-centricity.
- Leverage the **capabilities of the other business units** of the Bank to enhance the SCB value proposition to the SME segment.
- **Improve the risk management framework** to ensure that underwriting quality is sustained despite accelerated business expansion.

2011 Highlights

- Secured #4 position in terms of market share in 1H11, up from #6 in 2009 and #5 in 2010.
- Growth ahead of the market in total lending with small business and medium-sized business, increasing by 70% and 28%, respectively, and the SME segment as a whole by 34.7% with average loan yield improvement of 15%.
- Significant fee income growth from credit-related products, transactional banking services and bancassurance commissions.
- Built on key enablers to support sustainable growth, such as branding, process improvement, sales management and marketing.

(Million Baht)	2010	2011	yoy
Loans	419,205	512,577	22.3%
Net fee income*	14,848	17,949	20.9%
NPL ratio	2.5%	1.9%	

Remark: Classified by segments

* Including net insurance premium

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

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

Retail Banking Group



SCB's offerings were among the most extensive of any financial services group at Money Expo 2011, which attracted some 800,000 visitors in Bangkok. Three upcountry events attracted several hundred thousand more visitors in Chiang Mai, Korat and Hatt Yai.

2011 Performance

- **Continued to dominate in terms of the retail distribution network** with a total of 1,094 branches, 8,459 ATMs, and 110 foreign-exchange kiosks.
- **Enhanced branch and ATM capabilities** by developing a customer segment driven multi-product sales approach and skilling the branch staff in the new "Smart Sales" system. The Retail Banking Group also launched innovative new ATM services such as the "CDM/ATM two-in-one" machines and "Safe and Sound SCB ATM" service.
- **Accelerated build-up of alternative channels: direct sales, telesales and e-channels.** Major initiatives included implementation of a key account management model in mortgage lending, scaling up the commission-based sales force to support customer acquisition in both secured and unsecured lending, and boosting e-channels, especially SMS mobile banking. The latter is promoted as "SMS Sabai Jai."
- **Sustained dominance in mortgage lending in the commercial banking segment** by deepening relationships with key property developers and expanding coverage to new high potential developers in Bangkok and its vicinity, as well as other provinces nationwide. Additional home loan products have been developed to fully meet customer needs, for example the "My Home, My Cash" program.
- **Extensive marketing of SCB credit cards as the primary card for all types of spending** by introducing new privileges to promote everyday use. This effort involved a variety of campaigns such as "Let's Dine with SCB", which offered up to 10x accumulated rewards and up to 50% discounts at selected restaurants, and the "SCB Platinum, Wow! the Whole Week" campaign. In order to broaden use, SCB also collaborated with the Revenue Department of Thailand to facilitate tax payments using SCB credit cards, marking it the first time in Thailand that all types of income tax can be paid with credit cards, and allowing customers to make repayments in up to 10 monthly installments.



Atmosphere at SCB's booth in the Money Expo 2011.

- **Retained #1 position in bancassurance** by adopting a customer-centric approach in order to meet specific customer needs for saving and protection type products. As a result, the Bank developed products and services that better cater to customer requirements in each segment and expanded new selling channels to reach new customers.
- **Successfully expanded in the auto loan market's used car segment and the "My Car, My Cash" loans segment**, while strengthening relationships with important new dealers has boosted business volumes for the Bank. In the past year, used car loans and "My Car, My Cash" loans have become integral to the Bank's strategies to expand business profitability in this market. The Bank also implemented new communications technologies to enhance its process for servicing customers in these two markets.
- **Enhanced customer relationship management capability and operations.** The Bank introduced a new "SCB Platinum Banking" program to improve services and grow the affluent and high net worth customer segments. Additionally, it continued to improve the effectiveness and/or efficiency of its support operations and internal processes to accommodate aggressive growth targets for loan originations and the opening of new accounts.

2011 Highlights

- The largest distribution network in Thailand (1,094 branches and 8,459 ATMs).
- Ranked #1 in key retail products (mortgage loans, and bancassurance).
- Large individual customer base (12.3 million customers).
- Achieved 15% yoy revenue growth for seven consecutive years.
- The leading revenue generator for the Bank (>50%) and leading source of fee income (69%).
- Record-high net loan increase in retail products of Baht 90,000 million during the year.
- Sustained world-class service excellence levels, as measured by the Gallup Organization and compared to its global customer engagement database.
- Successfully increased the car loan portfolio to more than Baht 100 billion within three years.



SCB and its client Sansiri a leading property developer, joined forces to clean up flood-hit housing estates. The "Hand in Hand for Home Recovery" project was one of SCB's many efforts to alleviate the disaster's impact.

Plans for 2012

- **Strengthen distribution network** by selectively expanding branch and ATM networks to better cover high traffic locations, enhancing customer experience through the "Smart Sales" system, increasing emphasis on mobile technologies, and adding multi-channel linkages at customer touch points.
- **Transform direct sales and telesales** with a focus on accelerating business volume and enhancing opportunities to acquire new customers.
- **Upgrade the SCB EasyNet channel for more convenience and simplicity.** The Bank plans to introduce new SCB mobile applications for smart phones and tablets, such as iPhone, Blackberry, and Android devices, while also increase convenience for customers by providing access to SCB and its financial group companies via online channels, e.g., opening accounts online, applying for SCB Securities Co., Ltd. investor services, purchasing insurance online, and much more.
- **Reinforce dominance in mortgage lending** by not only deepening relationships with existing property developers, but also adjusting internal systems, developing products, and introducing new sales channels to correspond with and more effectively support the requirements of target customers in each segment. The Bank will expand its customer base where it perceives growth potential, such as "My Home, My Cash" multi-purpose loans, "Corporate Welfare" home loans, loans for second-hand homes, and loans for home construction.
- **Strengthen SCB credit cards as a key product** in order to support customer financial transactions across all major segments and expanding spending categories to cover all lifestyle trends. The Bank will also offer differentiated products for new individual and business customer target groups and maintain targets to increase both fee and interest revenues.
- **Sustain #1 position in bancassurance** by placing priority upon attaining an in-depth understanding of customer needs, in order to offer appropriate products in conjunction with high and quality services. By developing products aligned with the specific financial needs and life stage, the Bank will be able to better address market opportunities and generate enhanced customer satisfaction.
- **Regain the #1 position in the mutual fund business** by expanding product scope to add variety and choice in each customer segment based on risk appetite and optimized portfolio allocation.
- **Increase financial performance from auto loan portfolio** by focusing on business growth from the higher yielding used car segment and the 'My Car, My Cash' customer segment. In addition, the Bank will further optimize critical-to-quality processes.
- **Strengthen customer relationship management capabilities and operations** to gain better insight and identify opportunities for growth. In addition, the Bank will continue to streamline its processes, trim costs, and introduce more robust risk management systems and models to support business growth.

The Bank believes that it is important to offer total solutions in insurance services to customers in a 360 degree manner, not just a specific product to an individual customers. SCB services cover family members, assets, businesses, employees, and related persons, e.g., business partners. Its products are created with the "Power of One" through participation of other business groups in the Bank. This approach serves to reaffirm SCB's universal banking credentials.

(Million Baht)	2010	2011	yoy
NPLs (Gross)	38,684	36,200	-6.4%
NPA	12,684	11,765	-7.2%
NPL ratio	3.25%	2.61%	
NPL coverage ratio	107.5%	127.1%	

The Special Business Group (SBG), formerly named Special Assets Group, is responsible for managing the bulk of the Bank's portfolio of non-performing loans (NPLs) and non-performing assets (NPAs). The Bank established the Special Business Group to develop a center of expertise for the work-out of its legacy NPLs that arose as a result of Asia's 1997 economic crisis. The Group's capabilities were later extended to cover all NPLs and to effectively dispose of the Bank's NPAs.

In late 2008, the Special Situations Group (SSG) was established to manage potential NPLs that may have arisen from the economic crisis emerging at that time. Its main function was to screen potential NPLs and provide debt restructuring solutions to clients to prevent the creation of new NPLs.

SSG's successful efforts led to it being merged with SBG in 2010, in line with the Bank's aim to focus its efforts on preventing the formation of new NPLs through early intervention whenever customers were faced with difficulties in meeting payment obligations.

Special Business Group

2011 Performance

- **NPL reduction:** The Special Business Group had a key role in reducing the Bank's gross NPL ratio from 3.3% (on a consolidated basis) at the end of 2010 to 2.6% at the end of 2011, or to 1.1% on a net basis. The SBG employs various methods for debt restructuring, including transfers of assets and equity securities, changes in repayment conditions, and combinations thereof.
- **NPA sales:** The Group has successfully disposed of more than 1,812 asset items with an aggregate value of approximately Baht 4.3 billion.
- **Process & system:** The Group has implemented an 'early warning sign' system to detect potential NPLs. This system uses pro-active triggers, generates a client watch list, identifies potential NPLs, and facilitates the identification of timely and appropriate solutions for potential NPL accounts.

In addition, SBG is implementing a new debt collection management system to help prevent the formation of new NPLs and to improve collection and workout practices for existing NPLs.

Plans for 2012

- **NPL prevention:** The Group will concentrate its effort on the prevention of NPLs by extending the use of the 'early warning sign' system across key business units while also collaborating closely with related units such as risk management and business origination.
- **Focus on legacy NPLs:** The Group will streamline its organizational structure to better align its resources, given a reduction in its workload. Also, it will continue to canvass investors interested in purchasing NPL portfolios. In addition, the Group will implement a new approach for problem-loan management and resolution to accelerate the work-out time frame. Finally, the Group will strive to keep the relapse of NPLs to a minimum, while collaborating with business units on establishing preventive controls to improve debt quality.
- **NPA sales:** The Group plans to accelerate disposal of NPAs by leveraging the Bank's large branch network, using brokers, and arranging special events as well as by better using its new online site (BuyatSiam.com) to attract a broader base of buyers for its properties.
- **Process & system:** To enhance capabilities in NPL reduction and improve responsiveness regarding new NPL formation, the Group will continue to roll out its 'early warning sign' system in various strategic business areas while capturing benefits from more effective portfolio management. Also, it will commence implementation of a new integrated debt collection management system.

2011 Highlights

- NPLs fell to 2.6%, the lowest level since the 1997 crisis, from 3.3% in 2010.
- Sales of NPAs totaled Baht 4.3 billion.

(Million Baht)	2010	2011	yoy
Trading value	399,325	373,725	-6.4%
Market share	3.23%	2.99%	

Established in 1995, SCB Securities Co., Ltd. (SCBS) operates a securities business and offers financial products and services to institutional investors and retail investors in the capital markets. The company is a 100%-owned subsidiary of SCB.

With six branches (SCB Park Plaza Head Office, Sindhorn, Chalermnakorn, Chiangmai, Tha Phae, and Had Yai) and its online channel (www.scbsonline.com), SCBS has won the trust of investors to emerge as one of Thailand's leading securities companies, backed by its extensive experience, a dedicated team of professionals and full support from the Bank.

SCB Securities Co., Ltd. (SCBS)



SCBS introduced its new "Easy Stock" program for more convenient online trading of shares and derivatives. With a friendly interface and services like charts and research reports, the service targets customers of all types.

2011 Performance

- As general market conditions and several external factors did not favor the company's brokerage business, SCBS market share was at 2.99% (excluding proprietary trading), a fall of 0.24% from a 3.23% share in 2010.
- Despite the drop in market share in 2011, SCBS's performance in terms of revenue and profit attained significant growth from both revenue stream diversification and better operating expense management. 2011 revenue were at Baht 837 million, growing 18% from last year, and net profit after tax was Baht 237 million, up 31% from last year.
- Return on equity (ROE) rose to 11%, compared to 9% the year before. Earnings per share (EPS) climbed to Baht 1.19, up from Baht 0.91 the year before, a rise of 31%.
- Brokerage fees were SCBS's main source of revenue. 2011 brokerage fee income was Baht 660 million, accounting for 79% of total revenue and up 4% from last year.
- SCBS's market share among local institutional clients was 10%, while trading value from this sector grew 13% from last year.
- The trading value of e-business has seen continuous growth during the past few years, and in 2011 increased 16% from the prior year.

Plans for 2012

- The company will leverage from the strength of the SCB Group (in terms of a strong brand and distribution network) to expand client base with innovative, and easy to use products and services.
- Based on co-location and the group synergy concept, SCBS will introduce new, dedicated equity-focused account officers to serve the high net worth segment.
- It will recruit and train new qualified account officers to support growth.
- It will enhance IT infrastructure to increase productivity and efficiency so as to better service clients.
- It will build the most comprehensive research coverage of the stock universe, with in-depth fundamental analysis along with technical and quantitative analyses.
- SCBS will establish a new proprietary trading and derivatives businesses platform, in line with approved risk management guidelines to further diversify revenue stream.

2011 Highlights

- The company was awarded the "Outstanding Securities Company Awards – Institutional Investors" from The Stock Exchange of Thailand (SET).
- SCBS re-organized its structure to support business growth and appointed a new head for the Equity Group.
- SCBS expanded coverage of its comprehensive research to cover 92 stocks in 18 sectors, accounting for 88% of the market in terms of capitalization.
- The company launched SCBS EasyStock, the first online trading platform in the market that is fully integrated with a bank.
- The company opened a new branch at Tha Phae Road in Chiangmai province.

(Million Baht)	2010	2011	yoy
Assets under management	563,398	582,869	3.5%
Market share	19.5%	19.3%	

SCB and selected investment partners established SCB Asset Management Company Limited (SCBAM) in 1992 to provide a full range of asset management services, namely mutual funds, provident funds and private funds. SCBAM, now wholly owned by SCB, has grown rapidly since its formation, in part as a result of its solid investment performance and in part from the distribution capability provided via more than 1,000 SCB branches and its large customer base.

SCB Asset Management Co., Ltd. (SCBAM)



SCBAM launched its "SCB Global Wealth Fund" an open-ended fund investing at least 80% of assets in foreign mutual funds and exchange-traded funds.

2011 Performance

- SCBAM's assets under management (Including Resolving Financial Institution Problem Funds and Country Funds) grew by 3.5% to Baht 582,869 million, comprising mutual funds, provident funds and private funds. It now has 718,513 unitholders.
- SCBAM had a 23.2% share of the total market in mutual funds, with assets under management of Baht 482,907 million.
- SCBAM operates the largest fixed-income fund in Thailand, namely SCBSFF, accounting for 8.6% of the overall fixed-income funds market.
- SCBAM manages Thailand's largest property funds (type I) by value, with total assets under management of Baht 29,366 million and a market share of 28.8%.
- Private funds' assets under management grew by 225.1% to Baht 34,211 million, with a market share of 10.8%.

Plans for 2012

- Provide innovative financial products and services to cover a broader range of market conditions and serve a more diverse set customer needs.
- Aggressively grow customer base and retain existing customers through differentiated promotions and products.
- Deliver consistent investment outperformance by further streamlining investment processes and systems.
- Enhance sales skills to better match products to customer needs.
- Develop more efficient working process and enhance employees' knowledge and skills.

2011 Highlights

- Won the "Trusted Brands Gold Award" for the Investment Fund Company Category in Thailand 2011, from Reader's Digest.
- Achieved rating of "M2+ (tha)" for strong market position and leading role in Thailand's asset management industry, from Fitch Ratings (Thailand).

(Million Baht)	2010	2011	yoy
Total premiums	2,945	3,404	15.6%
Market share	2.34%	2.43%	

Established in 1947, Siam Commercial Samaggi Insurance Public Company Limited (SCSMG) is a subsidiary of the Bank that has a strong performance record for more than 64 years. Today it stands among the nation's leading non-life bancassurance providers. It offers all classes of non-life insurance services: fire, marine, motor and other insurance products as well as miscellaneous insurance categories like personal accident, cancer, travel, health, all-risks, engineering, credit, directors-and-officers, and product liability. It provides insurance products and services through a broadly based nationwide network comprising brokers, agents and financial institutions, and through the SCB branches.

Impact of the floods: The floods in the 4th quarter of 2011 were one of the worst in living memory. These floods caused extensive damage to the insured assets of both commercial and residential policyholders and the reported claims were at a record high. While the loss to SCSMG was mitigated by extensive reinsurance and 'excess of loss' policies to protect its retention, nevertheless, the Company faces a significant loss for the year (Baht 282 million). Accordingly, it has obtained shareholder approval to raise its capital (by Baht 660 million) and thus rapidly restore its capital adequacy ratio and capacity to undertake new business.

The Siam Commercial Samaggi Insurance PCL (SCSMG)

2011 Performance

- **Achieved strong organic growth:** SCSMG was ranked 12th out of 68 domestic non-life insurers for written premiums according to the Office of Insurance Commission's November 2011 statistics, with gross premium income of Baht 3,404 million up from Baht 2,945 million the year before.
- Retained position as one of the most **successful bancassurance providers** of tailored products for retail customers: SCSMG continued to expand its retail client base through distribution of products via the Bank in order to maintain a top-five market share in the personal accident insurance segment and to grow in other personal product lines.
- Offered services that **match customer needs:** SCSMG was one of the major domestic insurers to provide fire insurance together with flood protection for the Bank's home loan customers. This higher than average industry coverage has helped alleviate the damage suffered by more than 15,000 retail clients from the recent severe floods.
- **Streamlining specialized processes and skilling staff** for future operations: During the year SCSMG improved its internal processes for underwriting, claims management and product development. The Company also provided specialist training to staff to enhance their actuarial and risk management skills and expertise.
- **Strengthened enterprise risk management:** The Company implemented an enterprise risk management system, in line with the Bank's consolidated supervision policy, which includes risk management policy guides for credit risk, liquidity risk, operational risk and reputational risk.

Plans for 2012

- Realign organizational structure to bolster the Company's effectiveness in the areas of underwriting, claims management, product development, and actuarial and risk management, while raising the standards of claims services.
- Enhance business intelligence capability and boost internal process efficiency in preparation for future market liberalization.
- Maintain collaboration with the Bank to create value-added benefits by developing insurance products that cater to each client type.
- Enhance cooperation with major partners for each product area and enhance growth through non-bank business channels.
- Increase capital to maintain financial strength and introduce risk-based capital allocation to better monitor performance and shareholder returns from major product segments.

2011 Highlights

- Retained position as one of the top five domestic players in the personal accident business.
- Tailored protection to client needs and risks, especially the provision of flood coverage for retail customers.
- Improved efficiency in motor underwriting and motor claims management.
- Implemented enterprise risk management to support sustainable profitability.

(Million Baht)	2010	2011	yoy
Total premiums	24,555	30,301	23.4%
Market share	8.3%	9.2%	

SCB Life Assurance Public Company Limited (SCB Life) is a life insurance company listed on the Stock Exchange of Thailand that is majority owned by SCB. On March 17th, 2011 SCB completed the purchase of an additional 47.33% of SCB Life shares, bringing its total share ownership to 94.66%, with the remaining 5.34% being held by public investors.

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

SCB Life Assurance PCL (SCB Life)



SCB Life Assurance presented products and services in the third Insurance Week Fair.

2011 Performance

SCB Life had another successful year, in which first-year written premium income increased by 18%, total revenue grew 23%, and net income rose 18% over the previous year. This success was achieved in spite of a difficult investment environment that saw bond yields remain at historic low levels during the year and the disruption to normal business caused by the epic floods in Thailand during the last quarter of the year. The year's highlights include:

- **New business:** Total Company sales increased 30% to Baht 12,474 million (annualized), with bancassurance sales increasing by 32% to Baht 10,340 million (annualized); special market sales growing by 156% to Baht 1,110 million (annualized); while sales of agency-based insurance products decreased by 12% to Baht 1,020 million (annualized).
- **Total written premiums:** Total premiums increased by 23% during 2011, far outpacing the 11% growth rate of Thailand's overall life insurance industry. SCB Life ranked 5th out of 24 life insurance companies, based on total premiums, with a 9.2% market share.

Plans for 2012

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

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

2011 Highlights

- Net profits jumped 18% to Baht 2,499 million.
- Total premiums increased 23% to Baht 30,301 million.
- SCB Life was the 5th largest life insurance company in Thailand based on total premiums.

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

Under the umbrella of the Change Program, the Bank has launched and successfully completed many important change initiatives: new business and operating models; radical business-process redesign initiatives; and implementation of major new information systems. The timely and successful completion of these change initiatives is critically important to the Bank.

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

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

Change Program

2011 Performance

- Implemented a new cash forecasting system for all off-premises ATM machines, enabling savings through automation and optimization of cash levels at lowest possible cost.
- Replaced an existing foreign exchange (FX) online system to provide additional business functions and support for growth in FX transactions.
- Completed a campaign management system, allowing branches to sell products to customers more effectively through the automation of campaign processes and event-based marketing. This system promotes stronger sales based on customer profiles and behavior patterns via channels such as mobile phones.
- Completed additional 'Smart Sales System' rollout to 821 branches for country-wide. 'Smart Sales', a cutting-edge CRM software program that utilizes cloud computing, is positioned to help front-line staff in the Retail Banking Group transform their sales approach towards a "consultative" one that boost sales while also maximizing customer satisfaction. Nationwide rollout is expected to be completed by the first quarter of 2012.
- Developed a five-year IT strategy road map for business-driven IT organization by combining perspectives based on business vision/strategy, external business and technology trends.
- Prepared an asset management strategy that will anticipate and serve the needs of customers. When implemented, this will result in improving the Bank's competitive advantage and its product offerings in the asset management area.
- Implemented the internal capital adequacy assessment (ICAAP) process to ensure optimal allocation of capital reserves and compliance with Basel II requirements.
- Implemented an image-based cheque system for clearing SCB's internal cheques at all branches in Bangkok and nearby areas. This

system reduces storage needs and transportation costs associated with handling of physical cheques.

- Completed construction phase of the New Data Center. The design, construction and cabling installation were done by internationally recognized data center experts. It is the first data center in Thailand that is built to Tier 4 specifications, which is the highest international classification rating for data centers. It is also among the most robust and reliable data centers in Asia.

Plans for 2012

- Continue migration of systems to the new data center with completion set for the second half of the year.
- Expand utilization of Smart Sales System CRM software to the Call Center to create a single view of each customer's information at both the branches and the Call Center.
- Expand implementation of image-based cheque system to interbank-wide system in the Bangkok clearing areas, as stipulated by the Bank of Thailand.
- Complete the implementation of portfolio asset management system, aiming to increase operational efficiency and enable support for new financial products and services in the asset management business.
- Continue with the implementation of large-scale IT-related projects: a new fund transfer pricing (FTP) system; an integrated collection and debt management system; additional systems for the treasury function (interest rate derivative and fixed income); a new payment system and new trade system for corporate products; a new loan origination system and nationwide rollout of the "Smart Sales" system.
- Continue with the adoption and implementation of International Financial Reporting Standards (IFRS).
- Upgrade the ATM system to support future business growth and increase both reliability and functionality.

2011 Highlights

- Celebrated the successful 10th year anniversary of SCB's transformational Change Program.
- Accelerated the build-up of new capabilities required to maintain the Bank's competitive edge.



Financial services integration gives breadth and depth to SCB's franchise

SCB Group's potential keeps growing as its network of financial services strengthens. The Group completed its acquisition of the shares of its joint venture partner in Siam Commercial New York Life Insurance to give its customers access to a broader universe of financial solutions to meet their growing needs. Also, the acquisition fits with the Bank's mission of being the leading universal bank in Thailand.





Corporate Social Responsibility



SCB presented two fully equipped 8-bed mobile blood donation units to facilitate campaigns by the National Blood Center under the Thai Red Cross Society.

SCB is well aware of the role it has in Thai society and believes in the importance of sustainable community engagement. The Bank therefore adheres to conducting its business with a deep commitment to corporate social responsibility. Accordingly, SCB places substantial effort into its CSR projects and campaigns, which are conducted directly by the Bank or through the Siam Commercial Foundation (SCBF), established by the Bank. SCB promotes a spirit of volunteerism among staff as part of its corporate culture, and encourages customers and the public to join forces in the Bank's CSR activities in three main areas:

1. Supporting youth development.
2. Fostering volunteerism.
3. Helping improve the quality of life and promoting the protection of the environment.

Working in a collaborative ecosystem of like minded institutions, SCB aspires to develop a higher level of civic responsibility within Thai society through its CSR activities.

To mark the occasion of **His Majesty the King's 84th birthday** in 2011, SCB launched two new projects:

Blood donations in celebration of His Majesty the King's 84th birthday

SCB has held regular and frequent blood donation campaigns since 1996. In 2011, going beyond these past efforts and to mark His Majesty the King's 84th birthday, SCB presented two 8-bed mobile blood donation units worth 12 million baht to facilitate campaigns by the National Blood Center under the Thai Red Cross Society. In addition, the Bank conducted blood donation campaigns regularly at the SCB Head Office, main branches in Bangkok and upcountry, as well as regional blood centers. With good cooperation from SCB staff, customers and the public, SCB's blood donation campaigns were hugely successful, contributing a total blood supply of as much as 23 million ml. in 2011.

Heart surgery aid in celebration of His Majesty the King's 84th birthday

SCB joined Chiang Mai University's Faculty of Medicine in a program to bring life-saving heart operations to needy patients, in celebration of His Majesty the King's 84th birthday. SCB contributed Baht 8.4 million to support surgery for 84 patients in need.

Relief for victims of natural disasters

To mitigate the hardship caused by natural disasters, SCB provides victims with relief through organizing aid during both the emergency and recovery stages, while also collaborating with its networks of alliances to mobilize relief supplies.

With the largest banking network in Thailand (more than 1,100 branches and 8,400 ATMs), the Bank makes it convenient for the public to donate to its "SCBF-SCB for Disaster Relief" fund account. Also, the Bank waives transfer fees for donations made to this account. For donations made at SCB ATMs, a fast key for donation is provided at the ATM screens, so that donors do not have to remember the account number. This is an adaptation of a tool developed for regular banking use, applied successfully to facilitate philanthropy.

Relief for Japan

The Bank raised funds through the “SCBF-SCB for Disaster Relief” fund account to help victims of the massive earthquake and tsunami in Japan. Donations from the public, together with a 20 million baht contribution from SCB, resulted in total donations of Baht 63 million. SCB presented the funds to the Thai Red Cross Society and the Ministry of Foreign Affairs to bolster the relief efforts in Japan.

Relief for flood victims in Thailand

SCB raised funds from the public totaling Baht 44.7 million through the “SCBF-SCB for Disaster Relief” account, and, in addition, SCB itself contributed Baht 100 million. The total donation of Baht 144.7 million was directed at two phases of relief: emergency stage and recovery stage.

For the **emergency** relief during August to December, SCB used Baht 17.9 million from public donations in order to prepare 40,000 packages of relief supplies. Volunteers included participants in SCB's “One Day in a Year Sharing Project” (a campaign to promote volunteerism among young people), members of various volunteer networks, and SCB staff. These participants helped prepare and distribute relief packs to aid flood victims in affected areas including Ayutthaya, Singburi, Lopburi, Ang Thong, Phichit, Phitsanulok, Nakhon Sawan, Pathum Thani, Nonthaburi and Bangkok. The relief was distributed through SCB branches and area offices, the armed forces (Royal Thai Army, Royal Thai Navy and Royal Thai Air Force), and volunteer networks.

As part of SCB's own financial contribution, Baht 70 million was used to prepare 10,000 packs of relief supplies, boats, life jackets and other needed equipment. The Bank also prepared 10,000 sets of fresh meals on a daily basis for two months for flood victims staying at the Chaengwattana Government Complex's Flood Relief Center, the Chaipattana Foundation's Flood Relief Center at Mahachulalongkornrajavidyalaya University, Thammasat University's Flood Relief Center and Kasetsart University's Flood Relief Center. The food was also distributed to people in flood-hit areas through collaboration with volunteer networks including the Princess Pa Foundation, the Thai Red Cross Society, Thai TV 3, Thai PBS, the Buddhadasa Indapanno Archives, etc. The joint efforts of so many volunteers and organizations enabled relief and assistance to reach flood victims swiftly and thus alleviated some of the hardship faced by many of them.

Beyond this these broad based relief effort, SCB assisted flood-hit clients by offering additional credit lines, a temporary suspension on loan repayments and a reduction in interest fees; depending on the circumstances of each loan customer.

With respect to assistance during the **recovery** stage, SCB presented Baht 26.8 million from the public's donations, along with SCB's own contribution of Baht 30 million to:

- Habitat for Humanity, Thailand to fund home repairs and new construction for some 100 flood-hit households in Sara Buri, Phitsanulok and Uthai Thani provinces.



SCB volunteers prepared 10,000 sets of fresh meals on a daily basis for two months for flood victims staying at flood relief centers.



50,000 packs of relief supplies from public donations and SCB's own contribution were distributed to flood victims in many areas by SCB volunteers and young volunteers from the "One Day in a Year Sharing Project."



Assistance for home repairs and new construction for some 400 households in flood-hit areas



Emergency flood relief to reach remote areas through cooperation with the armed forces (Royal Thai Army, Royal Thai Navy, and Royal Thai Air Force), and volunteer networks.

- The Princess Pa Foundation, the Thai Red Cross Society, for its "Happy Home for the Disabled" project to repair houses for 100 flood-hit households in Sing Buri, Nonthaburi, Pathum Thani, Ayutthaya and Sara Buri provinces.
- The SCB branch network for repair and new construction for some 200 households and 20 schools in the provinces of Ayutthaya, Singburi, Chaiyaphum, Krabi, and Surat Thani.

Part of the Bank's financial contribution was also allocated for the renovation of eight municipal schools, and for the Stock Exchange of Thailand's "SET for Flood Relief" fund for renovation of two schools in Ayutthaya. SCB volunteers and participants in the "One Day in a Year Sharing Project" also took part in these activities during the recovery stage.

SCB supported the "Kla...Dee: Sustainable Flood Rehabilitation Project" by the Mae Fah Luang Foundation (MFLF) under royal patronage to assist flood victims by promoting self reliance and strong community engagement among farmers to boost their potential to sustainably improve their quality of living. The triple start-up kits comprise ready-to-eat seasonings, ready-to-grow seedlings, and ready-to-sow seeds. The project has put into practice HM the King's working principles of "understanding, reach and development" and HRH the Princess Mother's "help them to help themselves" approach through two measures. First, by supporting the farmers own efforts to reduce their living and farming expenses with the distribution of the three sets of start-up kits. Second, by helping the farmers efforts to generate income, with seeds for short-term crops that meet market demands.

SCB continued CSR activities in the three main areas it has long supported. Highlights in 2011 were as follows:

1. Youth development

Youth development refers to organizations, programs and activities to help young people from primary school age to undergraduate levels to develop their skills, interests and moral character. SCB's activities in this area during the year included:

Youth Development Program for Learning Sufficiency Economy Philosophy

As a network member of the Sufficiency Economy Research Project jointly led by the Ministry of Education and the Crown Property Bureau, SCBF has collaborated with these organizations to support the development of schools with potential to serve as sufficiency economy learning centers, which act as hosts to extend the network to schools nationwide. The focus is on capacity building for educational executives and teachers through the processes of knowledge management, research for development, and hands-on learning. The program also encourages the involvement of universities in local areas to coach participating schools and learn from them and to prepare academic papers for use as sustainable sources of knowledge in the future. The program aims to complete its target of establishing 84 schools as sufficiency economy learning centers by 2012.

SCB Challenge

The “SCB Challenge” is the Bank’s main youth development program, which has been held for six consecutive years. It serves as a platform for youngsters to express their creativity and team spirit. Each year, over 8,000 participants join a series of contests that are within three tracks:

- **Painting competitions for elementary schools:** 357 teams expressed their imagination and creativity in large paintings, each on 2 x 3 m canvas. The winner was Bankrathin School, Nakhon Ratchasima province.
- **Quiz competitions for secondary schools:** 689 teams were challenged with comprehensive knowledge quizzes. The winner was Bunyawat Witthayalai School, Lampang province.
- **Community project competitions for universities:** 418 community projects by teams from universities and colleges nationwide applied their academic learning in various efforts to benefit local communities. The winning project was a “game to enhance learning development for children with autism” from King Mongkut’s University of Technology Thonburi, which received a trophy from HRH Princess Maha Chakri Sirindhorn. The winning team developed software for a game based on tales in Thai to serve as a medium to promote development and learning for children with autism in Janthayanond Pre-Elementary School in Bangkok Noi. The game helps the children develop their skills in listening, observation, imitation and differentiation. The software can be further developed as a prototype to enhance learning for children with autism. (Project details are available on www.scbchallenge.com.)

Siam Commercial Foundation (SCBF) is another CSR arm of the Bank that supports youth development, continuous learning and networking with other youth development organizations and state agencies. SCBF has networked with over 60 youth development organizations for collaboration on value-added approaches.

“Youth Development Synergy” and “Power of Youth, Power of Community”

“Youth Development Synergy” and “Power of Youth, Power of Community” are two linked projects. “Youth Development Synergy” is a mechanism to establish a network of mutual learning and development for youth organizations to work together in the same areas of interest: 1) ICT for learning, 2) volunteer spirit for youth development, 3) young people and environmental protection, 4) youth power in local communities and 5) learning reform for youth development. Each network member presented deliverables at a “Power of Youth, Power of Community” event in order to share lessons learned. The event was held for the second time in 2011 under the theme “Share to Change” on 6-8 May 2011 at the Buddhadasa



SCBF hosts “The Leader in Sufficiency Economy,” a learning activity based on the Philosophy of Sufficiency Economy at a Sufficiency Economy youth camp held by the the National Economic and Social Development Board.



A game to enhance learning development for children with autism from King Mongkut’s University of Technology Thonburi, the winner of 2011 SCB Challenge community project competition.



"Power of Youth, Power of Community" event held by SCBF and youth organizations for the second time under the theme "Share to Change" as a platform to showcase positive youth energy to society.



"Beach trip for kids," a continuous activity under the "SCB, Let's Do Good campaign" welcomes the participation of young volunteers from the "One Day in a Year Sharing Project."

Indapanno Archives, Bangkok. The event aimed to encourage young people, youth development specialists and interested parties to share ideas and provide additional knowledge about youth development initiatives. The event was joined by 202 youth development organizations and 5,500 visitors. Deliverables and knowledge presented at the event are available at www.thailandyouthfestival.com

2. Fostering volunteerism

SCB continued its activities to encourage the development of a spirit of volunteerism among its staff, young people and the public through key campaigns and projects as follows:

"SCB, Let's Do Good" campaign

SCB has continued the "SCB, Let's Do Good" campaign, held for four consecutive years, promotes civic awareness and a volunteer spirit among SCB staff. CSR activities under the campaign were initiated either by the Bank or staff. In 2011, the number of new and ongoing CSR activities under the campaign doubled to 40 from the previous year. SCB staff nationwide took active part in initiating, planning and executing social responsibility efforts in a sustainable approach based on different needs of local communities.

The volunteer spirit branched out to reach young generations as follows:

Establishment of Thammasat University Volunteer Center

SCBF supports the establishment of the Thammasat University volunteer center and also backs the university's improvement of administrative and learning mechanisms towards community-focused approaches to nurture graduates who are good citizens and are aware of their social and community responsibility. As a result, the Center developed a civic education course as a compulsory course in the general education curriculum for freshmen. The Center also formed a network of 50 volunteer lecturers to lead course development in the field of civic services. Finally, the Center organized a network of 50 leaders to lead 1,500 volunteer students to participate in the university's activities. The results led to concrete examples for use in undergraduate courses based on the Ministry of Education's guidelines on educational reform under the Office of the Education Council's civic education strategies and the Office of the Higher Education Commission's approach to fostering a better quality of life in Thailand. Thammasat University has offered these education administration concepts and civic education courses to other universities that share a similar interest.

"One Day in a Year" sharing project

SCB launched its "One Day in a Year Sharing Project" to promote a volunteer spirit among young people, by inviting them to share good things with communities under three themes: "Share Your Belongings, Share Your Ideas, and Share Your Energy." Share What You See involved organizing a day trip to Dusit Zoo for visually impaired children. Share Your Energy resulted in tree planting, mangrove planting, beach cleaning, packing relief supplies for flood victims, and other similar activities. Over 17,000 young people have joined the campaign, and activities have been shared on the project's web site and social media, namely, www.1day1year.com, www.facebook.com/scb.thailand, and www.twitter.com/scb_thailand.

3. Improving quality of life and protection of the environment

Community's friendly way of life in the Western Forest Complex

For the second consecutive year, SCB has supported the Seub Nakhasathien Foundation's project to promote a friendly community way of life for Thailand's section of the Western Forest Complex, one of continental Southeast Asia's main biodiversity conservation corridors, comprising 19 national parks and wildlife sanctuaries. The project has organized activities with 129 communities in the Complex and 135 communities along its borders. The project integrates collaboration among government agencies to strengthen the community way of life according to the sufficiency economy concept and to promote better use of land while adhering to sustainable conservation. The project promotes knowledge sharing with other organizations working on communal forest issues, such as by discussing success cases and lessons learned. The project is linked to the Royal Initiative Discovery Foundation's "Pid Thong Lang Phra" project for further adaptation of royal initiatives in the Western Forest Complex.

The Bank has joined Siam Piwat Co., Ltd. at the Siam Center and Siam Discovery Eco Project since 2009 to raise awareness of environmental protection among youngsters.

The Bank has continued to emphasize environment protection and energy saving in its operations, as can be seen in its projects and product development, including reducing the size of ATM slips, offering customers the option to not receive ATM slips, and promoting electronic banking.

In terms of internal efforts, the Bank promotes water and electricity saving among staff. Several online service systems have been developed to save paper consumption. In addition, SCB has actively taken part in the "Shred2Share" campaign by InfoZafe, under SCG Paper, for over four years. The campaign urges staff to drop off used documents in special boxes so that paper can be shredded and recycled into new paper and paper furniture. During May 2008 - December 2011, SCB group deposited 1,000 tons of papers. For every ton of paper fed into the shredding process, SCB receives Baht 2,000, which goes to a fund for school supplies and book donations to schools. In 2011, SCB receives Baht 2.1 million from the campaign, which went to school supplies and book donations to seven schools under the supervision of Office of the Higher Education Commission and 11 Border Patrol Police Schools.

The Bank applies environmental protection and energy-saving principles in the management of its buildings. The SCB Group office renovation project features a T5 fluorescent lighting system and rugs made from recycled materials. The Bank uses an ice-storage air conditioning system and adjusts the office temperature upward from 24°C to 25°C. There are also campaigns to enlist staff cooperation in energy saving, such as by turning off computer screens and switching off lights during lunchtime. SCB's new data center will be the first Tier 4 data center in Thailand, which features TIA 942 data center standards for security and service continuity, as well as energy-saving and eco-friendly air conditioning and computer systems.

SCB is a CSR-conscious corporation and adheres to the principle of conducting business as a "good citizen" of Thai society. In 2011, the Bank received an Outstanding Corporate Social Responsibility Award from the Stock Exchange of Thailand (SET). SCB and SCB Group companies are committed to promoting and supporting CSR activities under a consistent framework that benefits communities and society at large in a sustainable way. The Bank actively supports and takes part in philanthropic activities by other public charities. Also, it allows the use of SCB branches for fund raising activities whenever appropriate.

In the spirit of 'together we can', the Bank remains committed to working collectively with others towards a better future for Thai society.



SCB joins the Seub Nakhasathien Foundation's "Sow Seeds to Save Trees" project for the recovery of the Western Forest Complex





Together we can... overcome a crisis

Thais overcame the devastation caused by the floods of 2011 by taking care of each other. SCB helped by providing contributions towards emergency relief and long-term recovery efforts. Its employees joined hands with networks of volunteers to distribute emergency supplies and food (10,000 meal boxes were distributed daily to Flood Relief Centers). Subsequently, the Bank assisted households and communities to recover. The relief efforts were anchored on a strong sense of community among the thousands of volunteers, reflecting the ethos that together we can overcome any obstacle.



Risk Management and Risk Factors

Risk Management

The Bank believes that its risk management capabilities are critical in sustaining its current growth and profitability. Accordingly, the Bank works to strengthen the structural quality and performance of its risk management on a continuous basis. The Bank has established risk management to be one of its core competencies by setting up a comprehensive risk management framework and corresponding governance structure. This ensures that risks are managed efficiently and effectively, thereby supporting the Bank's sustainable growth while adhering to the principles of corporate governance and transparency.

Risk Management System

The risk management system consists of four key elements:

1. Risk identification

There are seven types of risk in the Bank's overall operations (including transactions and activities with customers and counterparties), namely, strategic risk, credit risk, market risk, liquidity risk, operational risk, interest rate risk and reputation risk. These are covered under the key risk factors for banking operations section.

2. Risk measurement

The Bank applies a variety of quantitative and qualitative methods to measure each risk based on an internal rating based approach or other appropriate internal models:

- For **credit** risk this includes risk rating to measure the probability of default, credit scoring such as application scores and behavioral scores to assess the risk profiles of retail clients.
- **Market** risk measurement includes both statistical tools, namely value at risk (VaR), and nonstatistical methods such as risk factor sensitivity analysis and position measures for trading book exposures.
- **Interest rate** risk in the banking book is measured using term structure gap analysis and interest rate sensitivity analysis in terms of economic value of equity (EVE).
- For **liquidity** risk the Bank measures cashflow and liquidity gap analysis including behavioral cashflows and liquidity ratio analysis.

- For **operational** risk measurement, incident and loss data is analyzed, and risk and control self-assessments are used, to gauge the broad risk from operations within each business unit. Moreover, as part of our business continuity program the Bank conducts an annual business impact analysis (BIA) to align business process and IT disaster recovery.
- Both **strategic** risk and **reputational** risk are assessed using primarily qualitatively set risk factors and indicators.

To provide more forward-looking risk measurement 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, products, transactions, 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 in a timely manner. Risk reporting is developed to cover risk at different levels: products, business units, and bank-wide.

Governance Structure

The governance structure for risk management can be summarized as follows:

1. Policies

The Board of Directors has the responsibility to develop and authorize the Bank's major risk management policies including the following: Credit Policy Guide; Market Risk Policy including Trading Book Policy and Banking Book Policy; Operational Risk Policy; Business Continuity Management Policy; Strategic Risk Policy and Liquidity Risk Policy. In addition the Board of Directors authorizes the Risk Management Policy for the SCB Financial Group.

2. Authority

The Board of Directors has the authority and responsibility for approving the delegated authority of 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).

3. Committees with significant roles in risk management

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

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

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

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

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

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

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

3.2.3 **The Credit Committee, Retail Credit Committee, and Special Assets Committee** are authorized to approve lending according to their level of approval authority. 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 debt capital markets underwriting risk limit, while also making recommendations for consideration by the Executive Committee and the Board of Directors in cases where an underwriting risk limit is beyond its approval authority.

4. Credit risk governance

The Bank has given priority to establishing a system of checks and balances in its credit organization. The credit origination functions and the credit approval functions are clearly segregated. The credit approval authority is determined in accordance with risk level or expected loss, which will depend on credit line, borrower risk rating, and severity class. For wholesale credit, the Bank assigns approval authority to both credit committees and individuals. For retail credit, credit approval is under a product program approved by the Executive Committee or the Retail Credit Committee, with a scorecard prepared using a statistical method as the main tool for credit approval. Overriding criteria are clearly defined, and credit officers are allowed to override a credit limit only within the pre-specified criteria and amount.

5. Market risk governance

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

book exposure, the measures used include term structure gap analysis and interest rate sensitivity in terms of net interest income and the economic value of equity (EVE).

6. Liquidity risk governance

The Bank maintains adequate sources of liquidity in order to have sufficient cash flow to cover its activities under both normal and stressed conditions using cash flow forecasts and projected liquidity gap together with liquidity ratios to monitor and control liquidity risk. The Bank has a policy to maintain a high liquidity ratio (liquid assets against total deposits including BE), and to monitor its net cash outflow (1 month basis) in order to ensure that it will be able to meet its liquidity needs on timely and efficient basis.

7 Operational risk governance

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

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

8. Risk management for subsidiary companies

The Bank's subsidiaries are responsible for establishing risk and internal control policies and practices to ensure effective risk management at a level that is compatible with the Bank and consistent with the consolidated supervision policy of the Bank of Thailand. The Board of Directors has approved an overall "Risk Management Policy for the SCB Financial

Group" mandating that, where appropriate, each of the Bank's subsidiaries shall: formulate a risk management policy; implement an appropriate organizational structure; set risk tolerance limits; establish risk management methods; and prepare risk reports according to the risk management guidelines of the Bank. Each subsidiary is required to implement this policy framework, the level and complexity of which depends on the nature of its business.

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

9. Risk Management Group

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

Key Risk Factors for Banking Operations

1. Risks pertaining to economic uncertainties

The Thai economy was on track for robust expansion in 2011 until it was hit hard by the epic floods in the fourth quarter. The impact of the flooding was extensive. More than 10% of agricultural areas, especially rice farms, were inundated. Seven industrial estates were damaged, causing manufacturing activity overall to contract by more than 30%, with automobile-related production falling as much as 70%. As a result, GDP growth was negative in the fourth quarter and was only 0.1% for the year, which is far below potential or the estimates prior to the floods.

The Bank expects the economy in 2012 to gradually recover from the flood-related disruptions, with GDP growth at 4-5%. Much of the growth will be driven by the higher domestic private spending for reconstruction, and increased government investment in infrastructure. On the other hand, demand for Thai exports will be affected by the slow growth in the US and Europe. The Bank expects US GDP growth to increase slightly to 2% in 2012, from 1.8% in 2011, while Europe's GDP will be stagnant or slightly negative in 2012, compared to growth of 1.6% in 2011. The main risk factors to watch are the ongoing sovereign debt problem in Europe which has caused the financial markets to be volatile, the softening of the Chinese economy, and the political situation in both the Middle East and the Korean Peninsula. Apart from such offshore influences, the domestic factor to watch is whether government measures to prevent future flood disasters will be adequate in terms of restoring investor confidence.

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

2. Concentration risk

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

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

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

Additionally, lending must not be concentrated in a particular industry, which is determined from industry trends, the proportion for the banking industry, probability of loss, and probability of default. In 2010, the Bank has applied statistical tools to determine industry limits, such as the Herfindahl-Hirschman Index (HHI), which is an index adopted for measuring industry concentration.

3. Counterparty credit risk

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

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

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

4. Country risk

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

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

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

At the end of 2011, Bank-only NPLs stood at Baht 31,544 million, representing 2.3% of total credit outstanding, down from Baht 35,688 million, or 3.0% in 2010. These NPLs can be classified into four categories: restructured debts (32.7%), debts pending completion of restructuring negotiations (24.7%), debts pending the outcome of legal proceedings (26.1%), and debts pending legal execution (16.4%).

The Bank manages its NPL risk by setting aside adequate loan loss provisions for expected losses. At the end of 2011, the Bank had total loan loss provisions of Baht 41,896 million, covering 132.8% of NPLs.

6. Off-balance-sheet risk

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

At the end of 2011, the Bank's obligations arising from aval and guarantees, liability under unmatured import bills, and letters of credit amounted to Baht 34,221 million (a 48.1% increase from the year before).

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

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

7. Risk from impairment in value of real property collateral

Since most collateral placed with the Bank is in the form of real estate, the Bank's collateral will be negatively affected by a sluggish property market with declining property prices. As a result, the Bank may suffer higher losses from its NPLs.

The Bank manages impairment risk by establishing a collateral assessment 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 3 years; however, if collateral value affects the decision-making process such as restructuring a loan, the collateral price is reassessed by an independent appraiser within one year. For non-performing assets (NPA), collateral is re-appraised every year. Regarding choice of appraiser, the bank is allowed by BOT to use its internal appraiser for any loan size. This policy is implemented to ensure that the Bank's adequacy of loan loss provision is in line with the current collateral condition and real estate market prices.

8. Foreign exchange risk

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

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

As of December 31, 2011, the Bank's foreign currency position was as a net creditor of USD 160 million (USD equivalent), and VaR was Baht 18 million.

9. Interest rate risk

The fluctuation of interest rates negatively affects the Bank's interest income and expenses. Interest rate risk can be classified into four categories:

- **Repricing risk** is the risk that arises from timing differences or mismatches in maturity, and interest rate changes relating to the Bank's assets and liabilities, caused primarily by shifts in major interest rates. For example, if the Bank's assets can be repriced faster than liabilities (positive gap), interest margins increase when interest rates rise. On the other hand, if the Bank's assets can be repriced slower than liabilities (negative gap), 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 a Bank's assets and liabilities, and off-balance-sheet items. The exercise of options may affect the Bank's revenue and cost. For example, the option on three-month or six-month deposits that allows a depositor to withdraw funds before the due date will, if exercised early, cause the Bank to bear sooner-than-expected costs.

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

As of December 31, 2011, VaR of interest rate risk exposure in the trading book was Baht 35 million. For the banking book, a 1% increase of interest rates for a period of one year will increase interest income by Baht 1,130 million, and will decrease economic value by Baht 1,200 million.

10. Liquidity risk

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

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

Additionally, the Bank has a policy to maintain its daily liquidity ratio at 20%, measured as total liquid assets to total deposits and bill of exchange. At the end of December 2011, the Bank had liquid assets at 25.79% of total deposits and bill of exchange, thus assuring the Bank of ample liquidity under both normal situations and crisis type scenarios.

11. Strategic risk

Strategic risk refers to the risk of current or prospective impact on the Bank's earnings, capital, reputation or standing arising from changes in the environment the Bank operates in, as well as from: adverse strategic decisions; improper implementation of decisions; or lack of responsiveness to industry, economic or technological changes.

To provide a formalized and structured approach, the Board of Directors has adopted Strategic Risk Management Guidelines as the framework to manage its strategic risks. Key strategic risk management processes include: 1) strategic planning, 2) alignment and change management, 3) implementation and monitoring and 4) performance evaluation and feedback. The Corporate Strategy Unit is currently the process owner supporting the Board and senior management in managing strategic risk and other related processes.

Typically, the monitoring and control activities related to the strategic plan implementation are managed through the Bank's Management Committee (MCOM) or, if it involves a major change initiative, through the Change Program Steering Committee (CPSC). On a regular basis, the progress of the strategic plan as well as the change initiatives and strategic risk issues that may arise, are reported to the Executive Committee and the Board by senior management.

12. Operational risk

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

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

Business and support units within the Bank are responsible for managing their operational risk by applying the methodologies and approaches that the Bank is continually developing. The respective units perform risk and control self assessments; identify key risks; evaluate the effectiveness of controls; and establish action plans in order to reduce or prevent these risks and ensure that their operational risks are at an acceptable level and also appropriate for their business profiles. Key risk indicators are established and reviewed regularly in order to monitor key risks and to ensure that they remain at an acceptable level and that corrective action is taken, when required, on a timely basis. In addition, the Bank maintains an operational risk loss and incident data record for further study, to help prevent re-occurrence.

The Bank has also established international standard practices to mitigate this risk, such as a business continuity plan (BCP) and business impact analysis (BIA), new product approval process (NPP), insurance management and outsourcing/insourcing management, so that each unit will have effective risk management. For example, the Bank successfully implemented its recovery strategies during the floods in 2011. The floods impacted not only the branch network but also the Bank's Head Office in Bangkok. However, all critical businesses continued to operate during the crisis, and the impact on customers was minimal.

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

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

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

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

14. Reputation risk

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

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

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

The Corporate Communications Division is responsible for coordinating with business and non-business units within the Bank to identify and monitor reputation risk factors (e.g., transactions which might affect the Bank's reputation, incidents of regulatory non-compliance, customer complaints, adverse impact from employee related issues, incidents of negative media coverage, financial standing and integrity of the Bank) and conduct an assessment of overall reputation risk and report the findings to the Bank's Risk Management Committee and Executive Committee.

15. Capital adequacy risk

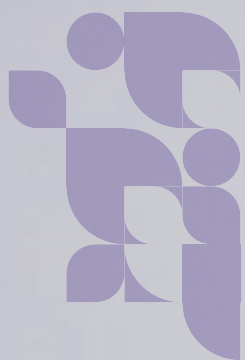
The Bank of Thailand requires commercial banks to maintain a capital adequacy ratio of not less than 8.5%, no less than 4.25% of which must be Tier 1 capital, while Tier 2 capital shall not exceed the Tier 1 ratio. If commercial banks cannot maintain this regulatory capital level, the Bank of Thailand has the authority to take an appropriate action.

From December 31, 2008, SCB adopted Basel II Standardized Approach as a guideline for maintaining capital adequacy for credit risk, market risk in the trading book and operational risk.

The Standardized Approach requires that information from external credit rating agencies be applied in the calculation of risk assets and off-balance sheet items using risk weights as determined by the Bank of Thailand. The Bank uses three major rating agencies, namely Standard & Poor's for sovereign and financial institution obligors, and TRIS or Fitch Ratings (Thailand) for private sector customers. If the ratings assigned by the two agencies differ, the Bank will adopt the one with higher risk weight in the calculation to ensure capital adequacy.

From 2008, the Bank began the implementation of the capital adequacy assessment process through, among others, stress testing according to assumptions predetermined by the Bank of Thailand and, since 2009, assumptions of the Bank itself. The process helped identify, under a range of scenarios, potential NPL levels, reserve requirements, and impact to the Bank's capital funds. Moreover since 2010, the Bank completed the internal capital adequacy assessment process (ICAAP), as per the Bank of Thailand's guidelines, in order to develop an appropriate capital adequacy plan. The Bank has submitted the annual ICAAP report to the Bank of Thailand at the end of March 2011.

As at December 31, 2011, the Bank had total capital of Baht 182,796 million, classified as Tier 1 capital of Baht 140,159 million (11.2% of risk-weighted capital) and Tier 2 capital of Baht 42,637 million (3.4% of risk-weighted capital). This is computed using the more stringent Basel II Standardized Approach. Therefore, the Bank's capital is significantly higher than regulatory capital requirements (14.5%, versus the minimum threshold of 8.5%). Accordingly, the Bank is confident that this level of capital is more than adequate in responding to economic uncertainties that may have an impact on the operations of the Bank in the year ahead.



'Spend a day doing good'

The "SCB, Let's Do Good" campaign promotes volunteerism among SCB staff. This year the Bank extended the concept to young people through a "One Day in a Year" sharing project to gather a large network of young volunteers to do things of benefit to the society.

In keeping with this spirit, the Bank participated in a national blood donation campaign to celebrate His Majesty the King's 84th birthday. The result was nothing less than phenomenal. Blood donations surpassed the target, at 23 million ml., and this attainment was a great source of pride for SCB employees and all others who joined the initiative.



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Corporate Governance Report



The 2011 Annual General Meeting of Shareholders

The Board always recognizes the critical importance of corporate governance in supporting the Bank's sustainable growth, creating shareholder value, and securing trust from all stakeholders, including shareholders, customers, employees and the general public. The Board has therefore long had a strong intention to adhere to good corporate governance practices on a continuous basis. As a result, several organizations have honored the Bank with awards; such as, the best CG report and excellent corporate social responsibility from The Stock Exchange of Thailand (SET Awards 2011) and "The Best of Asia 2011 Award" for the fifth year in a row from Corporate Governance Asia, the leading magazine about corporate governance in the region. The Thai Institute of Directors CG assessment results for 2011 recognized that the Bank has continually enacted and developed excellent corporate governance practices for seven consecutive years during the period of 2005 - 2011. The Office of Securities and Exchange Commission and Thai Investors Association jointly scored the Bank at a full 100 points based on their 2011 shareholders meeting assessment, citing the Bank as a good example.

Corporate Governance Policy

The Board has assigned the Nomination, Compensation, and Corporate Governance Committee to formulate corporate governance policy and monitor compliance. The Committee also reviews and adapts the policy to ensure that it is in line with guidelines issued by supervisory authorities for commercial banks and listed companies, and moves toward the best internationally accepted standards. The Bank's goal is to adopt

world-class practices in order to benefit stakeholders and maintain their trust.

During the period from 2011 through early 2012, the Nomination, Compensation, and Corporate Governance Committee, with approval from the Board, improved the Bank's Corporate Governance Policy, making it more comprehensive by encompassing various issues as follows:

- 1) The Bank's vision, mission and core values as well the code of conduct for the Bank, the Board, and employees.
- 2) The corporate governance structure, inclusive of roles and responsibilities, composition, and member tenure of the Board and the Board Committees; Board meeting procedures; nomination and appointment of members of the Board; orientation for new Board members; limits on a Board member's right to hold posts in other companies; separation of position between the chairman of the Board, chairman of the Executive Committee, and the president; remuneration of directors and persons with management authority; assessment of performance of the Board and persons with management authority; succession plan; and company secretary's role.
- 3) The right and treatment of stakeholders (shareholders and other stakeholders) in terms of arrangement of shareholders' meetings, dividend payments, and disclosure of information and transparency.

- 4) The internal control encompassing use of inside information by directors and employees, connected transactions, conflicts of interest, and conflict-of-interest reporting.

In this regard, the improved Corporate Governance Policy is published for the general public at the Bank's website (www.scb.co.th) under the headings "About SCB," "Corporate Governance," and "Corporate Governance Policy." Furthermore, the Charter of the Board and charters for each of the Board committees were improved in order for them to be consistent with the Corporate Governance Policy and clearer regarding details and procedural practices as explained on the Bank's website under "About SCB," "Corporate Governance," and "Charter of the Board and Board Committees."

1. Right and Equitable Treatment of Shareholders

The Bank has complied with the Corporate Governance Policy related to shareholders in all respects, regardless of whether it is a matter of their basic rights, rights in relation to shareholders' meetings (before, during, and after the meeting) and dividend payments as well as information disclosure and transparency, whereby all shareholders have always been given equal treatment. With respect to this, the principles applied by the Bank in respect of right and equitable treatment of shareholders are explained in Section 3 (Rights and Treatment of Stakeholders) of the Bank's Corporate Governance Policy on the website cited above.

1.1 Shareholders' Meeting

In 2011, the Bank held its Annual General Meeting of Shareholders (AGM) No. 188 on the 5th day of April, in compliance with laws and other relevant regulations, including good governance practices and the AGM Checklist jointly prepared by the Thai Investors Association, Thai Listed Companies Association, Office of Securities and Exchange Commission, and The Stock Exchange of Thailand, in terms of shareholders' rights and the equitable treatment of shareholders in order to accommodate and facilitate the shareholders. The venue for AGM No. 188 was also changed to match the increased number of shareholders.

Prior to the meeting day of the 2011 AGM, the invitation to minority shareholders to propose agenda items and questions, and to nominate directors in advance of the meeting, was made during the period of October 1 - 31, 2010 for which the channels made available were e-mail at "company_secretary@scb.co.th" and the Bank's website. However, as from the 2012 AGM, the period during which the shareholders may propose such matters is three months prior to the Bank's previous fiscal year end, i.e., during October 1 to December 31 of each year, in order to extend the time available to shareholders for

their proposals according to the Bank's improved Corporate Governance Policy.

As for the Meeting Notice for the 2011 AGM, containing detailed agendas, factual details, rationales and Board recommendations for each agenda item, as well as accompanying documents, details of meeting procedures, voting and proxy appointments prepared in both Thai and English, the Bank disseminated this information via its website 31 days prior to the AGM, while all such information in printed form, plus the 2010 Annual Report (in the form of a CD-ROM), were delivered to shareholders 16 days in advance. The Meeting Notice was also advertised for three consecutive days in newspapers no fewer than three days prior to the date of the AGM. If any shareholders wished to obtain the 2010 Annual Report in printed form before the date of the meeting, they were entitled to receive one from the company secretary upon their request. All these procedures were made in order for the shareholders to have sufficient information and time for consideration prior to the meeting and for their proxy arrangement should they not be able to be present at the meeting in person, so that shareholders' best interests would have been safeguarded and their rights would have been maintained in full.

In regard of the shareholders who were unable to attend the meeting in person, three forms of proxy prescribed by the Business Development Department, Ministry of Commerce were prepared and delivered to shareholders, including the proxy form in which various choices for delegating power were clearly specified in detail. As an option to shareholders wanting the appointment of a proxy, the Bank also made available two independent directors to shareholders for their appointment as proxy for attending and voting in the meeting. The Bank provided in detail relevant personal information regarding such independent directors, such as, historical record, residing address, educational background, positions in rival companies/bank-related companies, relationship with the Bank or the Bank's subsidiaries, and interest in relation to the agenda item. The shareholders may therefore have selected either one of such independent directors, or any other person, as their proxy as they deemed appropriate.

On the meeting day, several arrangements were conducted to facilitate the shareholders and their proxies who were to attend the meeting, while all such persons were treated equally. The meeting registration was available during a period of two hours in advance of the meeting time and was conducted through a bar-code system. Registration desks were separately prepared for document inspection and registration according to the types of shareholders attending the meeting, i.e., individual and corporate shareholders. The ballots for each agenda item with the same bar code as that of the registration record were distributed and delivered to the shareholders for their voting in the meeting room. As a result, the meeting registration process was convenient to the shareholders and finished in a

timely manner. The registration is open for shareholders both prior to and during the meeting, by virtue of which shareholders were still able to register to attend the meeting at any time and vote on any agenda items not yet dealt with.

The meeting was chaired by the chairman of the Board, and 15 directors of the Bank attended the meeting, as did the Bank's senior executives including the auditor, in order to clarify and answer all issues and any questions raised by shareholders. Prior to starting with the agenda of the meeting, the company secretary informed the meeting about the voting procedure for each agenda item. In order to increase efficiency and speed up the voting process, the secretary collected only the ballots voting disapproval or abstention. Voting and ballot counting were conducted openly, and were computed based on the bar code using PDAs. The company secretary reported the voting results to the meeting on an agenda item-by-item basis, and as for the ballots used for calculation of the votes, they all were kept for further verification.

For shareholder convenience and easy understanding, multi-media presentations were shown during the meeting. The chairman of the meeting allowed shareholders full opportunity to ask questions and make recommendations on an equal treatment basis, and provided comprehensive clarification and answered all questions. The directors and management representatives jointly responded to shareholder questions and clarified the issues related to them while the company secretary took minutes of the meeting and recorded the votes in each agenda item thoroughly. Because the Bank recognizes and respects shareholders' rights with the utmost seriousness, the agenda of the meeting was neither added to nor revised without informing the shareholders in advance in the notice for calling the meeting.

In the 2011 AGM, there were shareholders presented in person and by proxy at the beginning of the meeting amounting to a total of 2,128, with the number of shares held by them totaling 2,663,413,067 shares, or 78.35 percent of the total number of issued shares.

Moreover, there were two extraordinary general meetings (EGM) of shareholders held by the Bank because shareholder interests may have been affected, and so it was necessary to obtain approval from the shareholders, as follows:

- 1) EGM No. 1/2011, held on the 16th day of March 2011, of which the main agenda item was approval of the Bank's acquisition of Siam Commercial New York Life PCL; and
- 2) EGM No. 2/2011, held on the 30th day of June 2011, of which the main agenda items were:
 - (1) approval of the Bank's acquisition of The Siam Industrial Credit PCL ("SICCO") through a tender offer in general for all issued securities of SICCO and delisting of SICCO's securities from The Stock Exchange of Thailand; and

- (2) approval for the Bank to make a tender offer in general for purchase of SICCO Securities PCL's ("SSEC") securities from other shareholders of SSEC in the event where the tender offer for all securities of SICCO yields 50% or more of the Bank's voting shares in SICCO.

In such 2 EGMs, all shareholders were treated equally and their rights were recognized equally, similar to those of the 2011 AGM.

Following the meeting day of both the AGM and EGMs, the minutes of the 2011 AGM and EGMs were submitted to The Stock Exchange of Thailand within 14 days of the relevant meeting, and disclosed on the Bank's website (www.scb.co.th) to allow shareholders rapid access to the information and to allow other interested persons to note and study the Bank's information, which was in full compliance with the rules set forth by The Stock Exchange of Thailand. The minutes were systematically kept for future reference and inspection. Each material matter proposed in the meeting, including the question raised by shareholders and the resolutions, together with the number of votes, were recorded in such minutes.

1.2 Dividend Payment

As stipulated in the Bank's Corporate Governance Policy, the Bank has a policy to pay dividends at the rate of 30-50% of net profit according to the consolidated financial statements in any year in which the Bank posts a profitable operating result, provided there are no accumulated losses, and the Bank has set aside all statutory and other reserves and is able to maintain adequate capital funds in compliance with the regulatory requirements.

In 2011, the dividend from the Bank's operational results in the financial year 2010 was paid to holders of the Bank's preferred and ordinary shares at the rate of Baht 3.00 per share equivalent to Baht 10,198 Million or approximately 42.1% of the 2010 net profit, divided into an interim payment on the 16th day of September 2010 at Baht 1.00 per share amounting to Baht 3,399 Million, and payment of the remainder on the 4th day of May 2011 at Baht 2.00 per share amounting to Baht 6,799 Million, pursuant to which any individual shareholder may request a tax credit on dividends at the rate of 3/7 of the amount of dividends because the Bank had already paid the 30% corporate income tax.

2. Role of Various Groups of Stakeholders

The Bank always recognizes the rights of stakeholders in various groups, which could be seen in the Bank's vision of being "The Bank of Choice for Our Customers, Shareholders, Employees and Community," where other groups of stakeholders are also concerned. It is the Bank's policy to allow each group of stakeholders to be able to obtain their rights in full on a fair basis for mutual sustainable growth among the Bank and such stakeholders, through the Bank's compliance with all applicable laws, rules and principles of corporate governance policy as

stipulated in the Bank's Corporate Governance Policy. In this connection, the Bank's practices under its Code of Conduct for the sake of various groups of stakeholders could be mentioned, using the following points as examples:

Customers: In addition to adhering to the Code of Conduct in relation to customers as stated above, the Bank, since 2004, has measured "customer engagement" by commissioning an independent international research company to conduct customer surveys at all of its branches to measure service satisfaction and compare it with the research company's global database. Since 2008, a satisfaction survey has also been conducted among corporate and SME customers. The Bank has utilized these survey results for regular improvement of its customer services, and to enhance customer engagement in the long term. On the retail banking front, the Bank has improved service quality to bring customer engagement to world-class levels since 2006.

In 2011, a year in which the country was seriously affected by floods and the area around the Bank's head office was flooded, as were districts around many branches, the Bank used its best endeavors in order for it to be able to provide full financial services to customers without any interruption. Furthermore, the Bank had a firm intention to provide help and support to customers affected by the floods since the disaster's beginning. In this connection, the Bank provided several different financial support projects according to customer type, i.e., retail, SME and wholesale. These included allowing a debt moratorium for both principal and interest, extending the installment period, reducing interest, and granting special credit facilities.

Shareholders: As for shareholders for whom the Bank has formulated its Code of Conduct to deliver satisfactory returns by enhancing the efficiency of management to sustain superior operating results with effective internal controls and risk management, the Bank's market capitalization calculated from total shares (ordinary and preferred shares) as of year-end 2011 was equivalent to Baht 396 Billion, the highest among Thai financial institutions.

Employees: Employees are one of the key drivers of the Bank's performance and sustained development. Therefore, the Bank emphasizes: comprehensive employee development programs and human resource management in several ways in order to enhance learning, competency and skills development; the ability to respond to challenges in an increasingly volatile and competitive business environment; and appropriate compensation and benefits. Employees receive equitable treatment, and there is no gender, age or religious discrimination or discrimination against disability in the workplace.

In 2011, although the Bank had to operate its business in a volatile environment resulting from economic recession and floods, the Bank still paid great attention to, and gave much support to, employees who were affected by the disaster. This attention and support came in the form of several activities in conjunction with advancing our employee development program in order to enhance their capability as well as strengthen their engagement with the Bank. Such major activities were:

- Taking care of employees during the flood

The Bank provided support and assisted the employees affected by floods in order to build their spirit and inner strength as follows:

- Preliminary measures included allowing employees to take leave with pay, finding temporary accommodation, providing vehicles to support their commutes, and distributing sand bags to protect their houses.
- Financial problem alleviation measures included giving a special preliminary amount of money, granting emergency loans, and extending repayment periods under loans.
- Health measures included providing health tests and treatment by physicians and nurses to employees and members of their families, including psychiatrists for psychotherapy, and distributing EM balls and toilet-paper.
- Post-flood measures included arranging for staff volunteers to clean and repair the homes and belongings of flood-hit employees as well visits to their homes by senior executives.

- Strengthening employee engagement

The Bank strongly emphasizes building up employee engagement beginning from the first day that an employee becomes a member of the Bank's family, with our "On-Boarding Program." In addition, we develop engagement between supervisors, subordinates and colleagues, because we believe that promoting good relationships in the workplace will enhance employee efficiency, and motivate them to continuously dedicate themselves to the Bank's success.

In an employee engagement poll carried out by Gallup in August 2011, involving a high 99% employee participation rate, the Bank's overall engagement score was 4.69 and ranked in the 92nd percentile, a level considered to be world class. Because the Bank has made serious efforts to build up employee engagement, SCB won the Greatest Workplace Award for 2011 from Gallup.

- People Development Committee (PDC)'s Activities and the Establishment of Business Unit PDC and Sub-Business Unit PDC
 - In order to encourage managers and supervisors to take ownership of, and assume the responsibility for, staff development, with the Human Resources Group acting as advisor on HR policy, principles, and best practices, several committees were set up in order:
 - To formulate the Bank's human resource development policy to be in alignment with its business direction.
 - To monitor HR development policy implementation.
 - To formulate a long-term talent development plan to fill key positions.

Corporate Social Responsibility: The Bank adheres to the principle of conducting business with responsibility to society and local communities, and with precaution and sensitivity toward persons on whom the Bank's actions might have an effect. Furthermore, the Bank regularly supports and participates in activities beneficial to society and local communities; such as, youth development, conservation of art and culture, conservation of nature and the environment, and assistance and support to society in times of disaster. The Bank encourages staff and the public to embrace volunteerism in order to benefit local communities where the Bank's branches are located, and society as a whole. (Additional information regarding corporate social responsibility projects is available on page 50 of this Annual Report).

With respect to other groups of stakeholders, the Bank has followed the procedural guidelines set out in Section 1 (Vision, Mission, Core Values, and Code of Conduct) and Section 3 (Right and Treatment of Stakeholders) of the Bank's Corporate Governance Policy specified in the Bank's website in which the available channels for complaint submission by all stakeholders and the Bank's complaint handling procedures are detailed.

3. Disclosure of Information and Transparency

Because the Bank emphasizes transparency and the disclosure of information, procedural practices and policy regarding these matters are incorporated into the Corporate Governance Policy of the Bank. Major principles can be summarized as follows:

- Information to be disclosed must be accurate, complete and clear, while the disclosure must be made in a timely fashion.
- Compliance with all applicable rules in relation to disclosure of information must be rendered in a correct and full manner.
- All of the Bank's stakeholders, including shareholders, investors, analysts and other interested persons, must have equal right to know or receive information disseminated by the Bank.
- Any information that could serve as material for decision-making by investors and thereby affect the price of the Bank's securities, or that could affect the rights of shareholders, must be disclosed promptly through The Stock Exchange of Thailand.

Moreover, the Bank has designated persons and/or units responsible for information disclosure and transparency, and specified the period during which the Bank's operating result must be disclosed, and stated the disclosure of the Bank's securities holdings by the Bank's directors and executives as specified in the Corporate Governance Policy. As for information related to securities holdings and changes thereto by directors and executives, it is shown in detail in Table 4, page 81 of this Annual Report.

In 2011, investor relations activities for disclosure of the Bank's information, which were continually undertaken by the Bank, can be summarized as follows:

Forms of Activities	Number of Times
One-on-one meetings as well as conference calls with investors and equity analysts	124
General meetings with equity analysts	4
Investor conferences	7
Global road shows	5

Furthermore, the Bank also issued press releases regularly and held press conferences and media events to publicize the Bank's important activities.

4. Internal Control

The Board of Directors has laid out measures designed to disclose and prevent conflicts of interest and prevent the use of inside information by formulating policy, operational guidelines and supervision through the means provided in the Corporate Governance Policy of the Bank. As for 2011, regulations in relation to securities trading by the Bank's employees were improved by dividing such regulations into general rules for securities trading by employees and those for Watch List and Restricted List securities specifically applied to the employees involved with such Watch List and Restricted List securities. This is to increase the clarification and stringency of the rules in order to prevent conflict-of-interest transactions and the illegitimate use of inside information.

5. Responsibilities of the Board

5.1 Board Composition

At the end of 2011, there were 16 Board members. Members of the Board comprise professionals with diverse backgrounds in finance, banking, business management, marketing, law, auditing and accounting, corporate governance, social and community project management, and other experience considered beneficial to banking supervision. The number of Board members is commensurate with the Bank's size and business. The Bank's Board composition conforms with the Capital Market Supervisory Board Notification No. TorJor 28/2551, Re: Application for and Approval of Offer for Sale of Newly Issued Shares and the Bank of Thailand's Notification No. SorNorSor. 13/2552, Re: Corporate Governance of Financial Institutions, as follows:

The Bank has nine independent directors (representing approximately 56% of the total directors), namely Mr. Anand Panyarachun, Mr. Maris Samaram, Mr. Chumpol NaLamlieng, Khunying Jada Watthanasiritham, Mr. Sumate Tanthuanit, Assoc. Prof. Dr. Kulpatra Sirodom, Prof. Vicharn Panich M.D., Mr. Ekamol Kiriwat, and Mr. Robert Ralph Parks. It also has three executive directors (representing approximately 19% of the total directors), namely Dr. Vichit Suraphongchai, Mrs. Kannikar Chalitaporn and Mr. Bodin Asavanich. Two directors have signing authority according to the Bank's Articles of Association, who are Dr. Vichit Suraphongchai, chairman of the Executive Committee and Mrs. Kannikar Chalitaporn, president. Either one is authorized to sign on behalf of the Bank.

Names of the Bank's Board members are provided in Table 1.

Table 1 : Board of Directors

Name	Positions (at the end of 2011)
1. Mr. Anand Panyarachun	Chairman of the Board, independent director, and member of the Corporate Social Responsibility Committee
2. Dr. Vichit Suraphongchai	Director, chairman of the Executive Committee, and member of the Corporate Social Responsibility Committee
3. Mr. Maris Samaram	Independent director and chairman of the Audit Committee
4. Dr. Chirayu Isarangkun Na Ayuthaya ¹⁾	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. Khunying Jada Wattanasiritham	Independent director and member of the Corporate Social Responsibility Committee
7. Mr. Sumate Tanthuanit	Independent director and member of the Audit Committee
8. Assoc. Prof. Dr. Kulpatra Sirodom	Independent director and member of the Audit Committee
9. M.R. Disnadda Diskul ¹⁾	Director and member of the Corporate Social Responsibility Committee
10. Prof. Vicharn Panich M.D.	Independent director and member of the Corporate Social Responsibility Committee
11. Mr. Ekamol Kiriwat ²⁾	Independent director and member of the Nomination, Compensation, and Corporate Governance Committee
12. Miss Supa Piyajitti ¹⁾	Director and member of the Nomination, Compensation, and Corporate Governance Committee
13. Mr. Robert Ralph Parks	Independent director and member of the Nomination, Compensation, and Corporate Governance Committee
14. Mr. Thevan Vichitakul ^{1) and 3)}	Director and member of the Nomination, Compensation, and Corporate Governance Committee
15. Mrs. Kannikar Chalitaporn	Director, president, member of the Executive Committee, and member of the Corporate Social Responsibility Committee
16. Mr. Bodin Asavanich	Director, member of the Executive Committee, and senior executive vice president, Group General Counsel

Remarks:

1) Dr. Chirayu Isarangkun Na Ayuthaya, M.R. Disnadda Diskul, Miss Supa Piyajitti, and Mr. Thevan Vichitakul represent the majority shareholders.

2) Mr. Ekamol Kiriwat was elected by the shareholders as an independent director on 5 April 2011.

3) Mr. Thevan Vichitakul was appointed by the Board of Directors as a director on 18 January 2011.

5.2 Tenure

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

5.3 Segregation of Positions

According to the Bank's governance structure, the Bank has segregated the positions and capacities of the chairman of the Board, the chairman of the Executive Committee, and the president to enhance the operation, governance, and transparency of internal operations, as follows:

Chairman of the Board - The chairman of the Board of Directors is an independent director and shall not be the chairman of the Executive Committee or the president of the Bank, nor be involved in the Bank's routine management. This is in compliance with the principle of segregation of roles in policy formulation and oversight from those in operations management.

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

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

5.4 Membership of Other Company Boards

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

In addition, the Bank has established internal practical guidelines for directorship of other companies, requiring directors to notify the Bank via the Nomination, Compensation and Corporate Governance Committee and the company secretary in advance before assuming any position in companies or organizations so that the Nomination, Compensation, and Corporate Governance Committee may review the appointment for appropriateness and compliance with relevant laws and regulations. The company secretary shall regularly inform the Board of the membership status of each director. Membership of other listed company boards is disclosed to shareholders in the Annual Report.

5.5 Company Secretary

The Board of Directors appointed Mrs. Siribunchong Uthayophas, senior vice president and manager, Board Secretariat and Shareholder Services Office, as company secretary with the responsibilities as set forth by law and those set forth in the Bank's Corporate Governance Policy. The company secretary reports functionally to the chairman of the Board of Directors and operationally to the senior executive vice president, Group General Counsel.

5.6 Board Committees

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

5.6.1 Board Committees

At present, the Bank has four committees appointed by the Board of Directors or the Board Committees: the Executive Committee; the Audit Committee; the Nomination, Compensation, and Corporate Governance Committee; and the Corporate Social Responsibility Committee. Each of these committees has a role and responsibility as specified in the relevant charter of the committee where their operations in 2011 were as follows:

• Executive Committee

Members of the Executive Committee drawn from the Board hold concurrent tenure with that of their directorship. Currently, the Executive Committee comprises 10 members, namely Dr. Vichit Suraphongchai (Chairman), Mrs. Kannikar Chalitaporn, Mr. Bodin Asavanich, and seven other persons who are senior executive vice presidents of the Bank.

The major functions and responsibilities of the Committee are to operate the Bank's business by following the Bank's strategies and policies. In 2011, the Board of Directors adjusted the structure of the Committee in order to enhance its flexibility and efficiency in terms of management operations and decision making. Such a new structure had already been proposed to and approved by shareholders in the 2011 AGM pursuant to which changes in the relevant Articles of Association have also been made. The Committee held 39 meetings in 2011.

- **Audit Committee**

The Board appointed the Bank's first Audit Committee in 1998. Tenure of the members of the Audit Committee is concurrent with that of their directorships. In 2011, the Audit Committee comprised three independent directors, namely Mr. Maris Samaram (chairman), Mr. Sumate Tanthuanit and Assoc. Prof. Dr. Kulpatra Sirodom. Mr. Maris Samaram and Assoc. Prof. Dr. Kulpatra Sirodom are Board members who possess strong knowledge of and experience in reviewing financial statements. In 2011, the Audit Committee held 14 meetings, and their operations are described on page 92 of this Annual Report.

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

Tenure of the committee members is concurrent with that of their directorships. The Nomination, Compensation and Corporate Governance Committee is composed of five members, namely Mr. Chumpol NaLamlieng (chairman), Mr. Ekamol Kiriwat, Miss Supa Piyajitti, Mr. Robert Ralph Parks and Mr. Thevan Vichitakul. In 2011, the Committee held nine meetings, and their operations are described on page 82 of this Annual Report.

- **Corporate Social Responsibility Committee**

Tenure of the Corporate Social Responsibility Committee members is concurrent with that of their directorships. Members of the Committee comprise Dr. Chirayu Isarangkun Na Ayuthaya (chairman), Mr. Anand Panyarachun, Dr. Vichit Suraphongchai, Khunying Jada Wattanasiritham, Prof. Vicharn Panich M.D., M.R. Disnadda Diskul and Mrs. Kannikar Chalitaporn. In 2011, the Corporate Social Responsibility Committee held seven meetings, which resulted in successful undertaking of the Bank's social efforts within the framework and policy set by the Board, such as projects supporting youth development, conservation of art and culture, conservation of nature and the environment, and other aid and support to society.

5.6.2 Committees Related to Management

There are six committees related to management, namely the Management Committee, the People Development Committee, the Change Program Steering Committee, the Risk Management Committee, the Assets and Liabilities Management Committee, and the Equity Investment Management Committee, more fully described as follows:

- **Management Committee**

In early 2011, the Bank restructured the Strategy and Review Committee, renaming it the Management Committee. The Committee held 20 meetings according to its responsibility to discuss and exchange members' views in relation to the Bank's business operations, and to consider and/or approve any new products, services or operational processes.

- **People Development Committee**

The People Development Committee was set up in 2010. In 2011 the Committee held 10 meetings in order to administer and develop the Bank's human resources.

- **Change Program Steering Committee**

The Change Program Steering Committee is in charge of developing and laying down the program or project framework for the Bank's development, including monitoring each of the projects. The Committee held 12 meetings in 2011.

- **Risk Management Committee**

The Board of Directors established a Risk Management Committee in 2002. As for 2011, the Committee held 11 meetings to set out policy and guidelines regarding risk management of the Bank's financial group of companies.

- **Assets and Liabilities Management Committee**

The Assets and Liabilities Management Committee is part of the Bank's market risk management framework. In order to formulate strategies for risk management in liquidity and interest and exchange rates to be at an appropriate level, the Committee held 15 meetings in 2011.

- **Equity Investment Management Committee**

The Equity Investment Management Committee is in charge of formulating equity investment management plans that are consistent with the Bank's overall policy. The Committee held four meetings in 2011.

5.7 Roles, Duties, and Responsibilities of Board Members

The Board is committed to conducting itself in accordance with the highest standards of ethical behavior and in accordance with the law. The functions and responsibilities of the Board are as stipulated by such laws as: the Financial Institutions Business Act, B.E. 2551 (A.D. 2008), the Securities and Exchange Act, B.E. 2535 (A.D. 1992), the Public Company Limited Act, B.E. 2535 (A.D. 1992), Articles of Association, and shareholder resolutions. Details of the functions and responsibilities of the Board can be viewed on the Bank's website, www.scb.co.th, under "Corporate Governance" Re: The Board Charter.

5.8 Board Meetings

The Board of Directors and the Board Committees held meetings in accordance with specifications of the charters of the Board and the relevant Board Committees, including the Corporate Governance Policy. In 2011, there were 16 Board meetings (including one Board Retreat) and two non-executive directors' meetings. Details of each meeting in 2011 are shown in Table 2.

Table 2 : Details of Director Attendance Records in 2011

Name	The Board of Directors	The Executive Committee	The Audit Committee	The Corporate Social Responsibility Committee	The Nomination, Compensation, and Corporate Governance Committee	The Annual General Meeting No. 188	The Extraordinary General Meeting No. 1/2011	The Extraordinary General Meeting No. 2/2011
1. Mr. Anand Panyarachun	16/16			7/7		1/1	1/1	1/1
2. Dr. Vichit Suraphongchai	15/16	36/39		7/7		1/1	0/1	1/1
3. Mr. Maris Samaram	15/16		14/14			1/1	1/1	0/1
4. Dr. Chirayu Isarangkun Na Ayuthaya	13/16			6/7		1/1	1/1	0/1
5. Mr. Chumpol NaLamlieng	15/16				7/9	1/1	0/1	1/1
6. Khunying Jada Wattanasiritham ¹⁾	16/16	12/12		7/7		1/1	1/1	1/1
7. Mr. Sumate Tanthuanit	15/16		12/14			1/1	0/1	1/1
8. Assoc. Prof. Dr. Kulpatra Sirodom	15/16		14/14			1/1	1/1	1/1
9. M.R. Disnadda Diskul	14/16			5/7		1/1	1/1	1/1
10. Prof. Vicharn Panich M.D.	14/16			7/7		0/1	1/1	1/1
11. Mr. Ekamol Kiriwat ²⁾	12/12				6/6			1/1
12. Miss Supa Piyajitti	16/16				7/9	1/1	1/1	1/1
13. Mr. Robert Ralph Parks	9/16				8/9	1/1	1/1	0/1
14. Mr. Thevan Vichitakul ³⁾	14/15				8/8	1/1	1/1	1/1
15. Mrs. Kannikar Chalitaporn	16/16	38/39		7/7		1/1	1/1	1/1
16. Mr. Bodin Asavanich	14/16	31/39				1/1	1/1	1/1
17. Mr. John William Hancock ²⁾	3/4				3/3	1/1	1/1	

Remarks:

- 1) Khunying Jada Wattanasiritham ceased to be a member of the Executive Committee on 5 April 2011.
- 2) Mr. Ekamol Kiriwat was elected from shareholders as an independent director to replace Mr. John William Hancock, who retired by rotation in the 2011 AGM on 5 April 2011.
- 3) Mr. Thevan Vichitakul was appointed by the Board as a Bank director on 18 January 2011.

5.9 Board and Senior Executive Assessment**Board Assessment**

Board assessment is divided into three parts covering: 1) self assessment of individual Board members; 2) assessment of the chairman of the Board; and 3) assessment of the Board as a whole. The company secretary is assigned to send assessment forms and to gather those forms for delivery to the chairman of the Nomination, Compensation, and Corporate Governance Committee for consideration, as per the Board Charter. The results are discussed at a Board meeting. Details of the process are available on the Bank's website.

The Board assessment is undertaken every year. The recommendations from the Board assessment have been adopted for improving the effectiveness of Board performance to the optimal benefit of the Bank's good corporate governance.

Senior Executive Assessment

The Nomination, Compensation, and Corporate Governance Committee is responsible for assessing the performance of the chairman of the Executive Committee, the president and other senior executives on an annual basis. Regarding assessment of the chairman of the Executive Committee and the president, the said Committee has the duty to review the targets and

performance criteria, to monitor and assess the performance, and to propose assessment results to the Board of Directors for consideration.

Regarding performance assessment of other senior executives, management sets up the key performance indicators following the goals and strategies set each year, monitors and assesses the performance, and proposes assessment results to the Nomination, Compensation, and Corporate Governance Committee for consideration. The Committee will then propose the results to the Board of Directors for considering appropriate remuneration and other benefits.

5.10 Procedure for Nomination of Directors and Executives

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

The Nomination, Compensation, and Corporate Governance Committee is responsible for screening executive positions at the levels of: chairman of the Executive Committee; president; senior executive vice presidents; and executive vice presidents. The Nomination, Compensation, and Corporate Governance Committee is thus responsible for proposing screened nominees to the Board of Directors for its approval. After approval by the Board, management will seek approval from the Bank of Thailand prior to the appointment process.

5.11 Succession Planning

The Board assigned the Nomination, Compensation, and Corporate Governance Committee to be responsible for succession planning to ensure that the Bank has an appropriate succession plan in place for the key positions.

5.11.1 Succession plan for the positions of chairman of the Executive Committee and the president

In 2011, the Board and the Nomination, Compensation, and Corporate Governance Committee addressed the succession plan for the positions of chairman of the Executive Committee and the president in board meetings and on other occasions including identifying potential future leadership.

5.11.2 Succession plan for senior executive and key management positions

In 2011, the Nomination, Compensation, and Corporate Governance Committee endorsed the search procedure and the succession plan and the competency criteria for senior executive and key management positions that were proposed by management. The Committee will monitor and review progress of the plan for the potential successors on a regular basis.

The succession planning procedures adopted by management for senior executive and key management positions are as follows:

- Identifying the position for which a succession plan is required and the competency criteria.
- Identifying candidates for the successor pool.
- Evaluation of individual candidates in the successor pool in relation to the higher-level job profile, to identify strengths and development requirements.
- Competency development plan to ready the candidates for the higher position.
- Competency assessment and determination of the successor.

5.12 Director and Management Remuneration

Board policy is that director remuneration should be appropriate and reflect director duties and responsibilities to fulfill stakeholder expectations and comply with applicable laws and regulations. It is implicit that Bank directors must possess appropriate experience and qualifications and must receive appropriate remuneration corresponding to these 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 proposal to shareholders for annual approval.

Remuneration of Board Members

The current Board remuneration was approved at the 2011 AGM. The Board chairman receives a remuneration of Baht 1.8 million per year, and Board members receive Baht 1.2 million per year. This rate was adopted in 2000. In 2011, the Board of Directors, totaling 17 persons, received aggregate remuneration of Baht 19.73 million.

Furthermore, at the 2011 AGM, shareholders approved the payment of a directors' bonus at the rate of 0.5 percent of the dividend, and authorized the Board to determine how the bonus should be distributed. Shareholders approved a dividend payment of Baht 3.00 per share for 2010 operating results, for a total payment of Baht 10,196 million. Accordingly, the total directors' bonus for 2010 performance was Baht 50.98 million.

Remuneration of Board Committee Members

Remuneration of the current Board Committee members, based on the approval of the 2011 AGM, was as follows:

Board of Directors	Monthly Remuneration (Baht)	Meeting Allowance (Baht / Time)
Executive Committee		
Chairman	-	-
Non-executive members	150,000	-
Audit Committee		
Chairman	75,000	15,000
Members	50,000	10,000
Nomination, Compensation, and Corporate Governance Committee		
Chairman	60,000	15,000
Members	40,000	10,000
Corporate Social Responsibility Committee		
Chairman	30,000	15,000
Members	20,000	10,000

Remark: a) Chairman of the Executive Committee; b) president; and c) director and senior executive vice president of Group General Counsel, do not receive remuneration for serving on Board Committees.

In 2011, Board Committee members, namely members of the Executive Committee, the Audit Committee, the Nomination, Compensation, and Corporate Governance Committee and the Corporate Social Responsibility Committee numbering 14 persons received remuneration in the total amount of Baht 8.11 million.

Individual remuneration is shown in Table 3.

Remuneration of Senior Management

The Nomination, Compensation, and Corporate Governance Committee is responsible for proposing the remuneration of senior management to the Board of Directors and in this respect to consider the appropriate remuneration according to the Bank's policy to look at the link between the Bank's operational results and an individual's performance results based on transparent criteria and the responsibilities of such executives. To the extent possible, such compensation should reflect relative compensation levels in the finance and banking marketplace in Thailand for senior executives with similar capabilities and experience.

In accordance with the definition of the Office of Securities and Exchange Commission, the word "executives" means "the executives at the senior executive vice president level and up including the executive of finance and accounting department." In 2011, according to that definition, the remuneration of the relevant 11 executives was Baht 274.74 million. In accordance with the definition of the Bank of Thailand, the word "executives" means "the executives at the executive vice president level and up." In 2011, according to that definition, the remuneration for the relevant 58 executives was Baht 729.49 million.

Other Benefits for Directors and Executives

Directors and executives are entitled to receive other benefits in accordance with the Bank's regulations, including medical welfare. International travel and related accommodation expenses are covered for non-resident foreign directors attending meetings in Thailand.

In 2011, three executive directors of the Bank obtained welfare benefits in the total amount of Baht 248,078. As for the Bank's senior executives, they were entitled to welfare and other benefits similar to those provided to other employees, such as medical welfare, life and accident insurance, travel and related accommodation expense reimbursements plus the provident fund contribution. The Bank's provident fund contribution in 2011 to eight executives as defined by the Office of Securities and Exchange Commission (i.e., the senior executive vice president level and up including the executive of the finance and accounting department) was Baht 7.57 million, and to 55 executives at the executive vice president level and up according to the definition of the Bank of Thailand was Baht 25.57 million.

Table 3 : Details of Individual Remuneration in 2011.

Unit: MM

Name	The Board of Directors	The Executive Committee	The Audit Committee	The Corporate Social Responsibility Committee	The Nomination, Compensation, and Corporate Governance Committee	The Directors' Bonus for 2010 Operations
1. Mr. Anand Panyarachun	1.80			0.31		4.881
2. Dr. Vichit Suraphongchai	1.20					3.254
3. Mr. Maris Samaram	1.20		1.11			3.254
4. Dr. Chirayu Isarangkun Na Ayuthaya	1.20			0.45		3.254
5. Mr. Chumpol NaLamlieng	1.20				0.94	3.254
6. Khunying Jada Wattanasiritham ¹⁾	1.20	0.47		0.31		3.254
7. Mr. Sumate Tanthuanit	1.20		0.72			3.254
8. Assoc. Prof. Dr. Kulpatra Sirodom	1.20		0.74			3.254
9. M.R. Disnadda Diskul	1.20			0.29		3.254
10. Prof. Vicharn Panich M.D.	1.20			0.31		3.254
11. Mr. Ekamol Kiriwat ²⁾	0.89				0.41	
12. Miss Supa Piyajitti	1.20				0.63	3.254
13. Mr. Robert Ralph Parks	1.20				0.64	2.441
14. Mr. Thevan Vichitakul ³⁾	1.14				0.54	
15. Mrs. Kannikar Chalitaporn	1.20					3.254
16. Mr. Bodin Asavanich	1.20					3.254
17. Mr. John William Hancock ²⁾	0.30				0.25	3.254
18. Dr. Areepong Bhoocha-Oom ⁴⁾						1.356
Total	19.73	0.47	2.57	1.67	3.40	50.980

Remarks:

- 1) Khunying Jada Wattanasiritham ceased to be a member of the Executive Committee on 5 April 2011, and she received remuneration for her position in the Bank's subsidiary in the amount of Baht 1.83 million.
- 2) Mr. Ekamol Kiriwat was elected from shareholders as an independent director in replacement of Mr. John William Hancock who was retired by rotation in the 2011 AGM on 5 April 2011.
- 3) Mr. Thevan Vichitakul was appointed by the Board as a Bank director on 18 January 2011.
- 4) Dr. Areepong Bhoocha-Oom resigned from the position of director on 2 June 2010.

5.13 Director and Executive Development

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

Executive development is aimed at building competency and integrity through enhancing skills, knowledge and professional and management capabilities that are aligned with the Bank's strategic plan and policies to achieve world-class competitiveness and business excellence.

Executive development is undertaken on a continuing basis through the Executive Development Program. Sponsorships are available at for courses at local and foreign universities on banking, people management and leadership. Special meetings and seminars are held regularly with a concentration on network and team-building along with leadership skills and knowledge development so that the Bank's executives are ready to advance jointly with the Bank.

At the same time, the Bank sets training and development frameworks for development of employees at all levels. This is to increase knowledge and competency of employees in order for them to be able to operate banking and financial business as a team with strong capabilities and leadership skills while observing high ethical standards, which is a core value of the Bank adhered to by all employees. The Bank creates readiness preparation systems and people development processes in order for employees to become executives at the primary, intermediate and senior levels in the future.

In addition, the Bank creates a work environment that encourages people development through cross departmental functions, involvement in projects, and increasing roles and responsibilities. Currently, the Bank has several and various training programs such as talent development through training courses consistent with an employee's professional target for anyone who has potential to hold a higher position; a training roadmap to encourage the employee's knowledge and skill; coaching in order for supervisors to be able to transfer knowledge and experience; a functional young talent program for selection and development of capable new employees; e-learning for employees to study by themselves, allowing them to learn without limits involving time and place; as well as encouragement of employees to study domestically and abroad at leading institutions.

In 2011, the Bank arranged 450 training and development courses arranged for employees, including 252 conducted in-house and 198 external courses (both in Thailand and abroad). Employees attended courses at an average rate for each person of seven days per year.

5.14 Director Orientation

The Bank holds orientation meetings for new Board members. In these meetings, the chairman of the Executive Committee, president and senior executives give briefings on the Bank's vision, strategies and key business targets and operational plans. Important documents are also provided to new directors, including the Director's Manual, the Memorandum and Articles of Association of the Bank, and the Bank's latest Annual Report. The main areas of focus are Roles and Responsibilities of Directors, Policy Statement on Corporate Governance, Approval Authorities, Prohibitions Under Applicable Laws, and Roles and Responsibilities of the Board Committees.

Table 4 : Changes in Bank Shareholding or Debenture Holding of Directors and Senior Management

Name	Positions	Number of shares as at 31 December 2010	Number of shares as at 31 December 2011	Change [increase/ (decrease)]
1. Mr. Anand Panyarachun	Chairman of the Board, independent director, and member of the Corporate Social Responsibility Committee	461,093 SCB	461,093 SCB	-
2. Dr. Vichit Suraphongchai	Director, chairman of the Executive Committee, and member of the Corporate Social Responsibility Committee	-	-	-
3. Mr. Maris Samaram	Independent director and chairman of the Audit Committee	-	-	-
4. Dr. Chirayu Isarangkun Na Ayuthaya	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. Khunying Jada Wattanasiritham	Independent director and member of the Corporate Social Responsibility Committee	-	-	-
7. Mr. Sumate Tanthuwani	Independent director and member of the Audit Committee	51,953 SCB	51,953 SCB	-
8. Assoc. Prof. Dr. Kulpatra Sirodom	Independent director and member of the Audit Committee	-	-	-
9. M.R. Disnadda Diskul	Director and member of the Corporate Social Responsibility Committee	-	-	-
10. Prof. Vicharn Panich M.D.	Independent director and member of the Corporate Social Responsibility Committee	-	-	-
11. Mr. Ekamol Kiriwat	Independent director and member of the Nomination, Compensation, and Corporate Governance Committee	-	-	-
12. Miss Supa Piyajitti	Director and Member of the Nomination, Compensation, and Corporate Governance Committee	-	-	-
13. Mr. Robert Ralph Parks	Independent director and member of the Nomination, Compensation, and Corporate Governance Committee	-	-	-
14. Mr. Thevan Vichitakul	Director and member of the Nomination, Compensation, and Corporate Governance Committee	-	-	-
15. Mrs. Kannikar Chalitaporn	Director, president, member of the Executive Committee, and member of the Corporate Social Responsibility Committee	43,000 SCB	43,000 SCB	-
16. Mr. Bodin Asavanich	Director, member of the Executive Committee, and senior executive vice president, Group General Counsel	580 SCB	15,580 SCB	15,000 SCB
17. Mr. Deepak Sarup	Senior executive vice president, Change Program and chief financial officer	-	-	-
18. Mr. Sirichai Sombutsiri	Senior executive vice president, Business Banking Group	-	-	-
19. Mr. Yokporn Tantisawetrat	Senior executive vice president, chief risk officer	9,434 SCB	9,434 SCB	-
20. Mr. Yol Phokasub	Senior executive vice president, Retail Banking Group	10 SCB	10 SCB	-
21. Mr. Arthid Nanthawithaya	Senior executive vice president, Corporate Banking Group	-	-	-
22. Mr. Manoon Sunkunakorn	Senior executive vice president, Human Resources Group	-	-	-
23. Mr. Sarunthorn Chutima	Senior executive vice president, Special Business Group	2,320 SCB 3,030 SCB-P	5,350 SCB	3,030 SCB (3,030) SCB-P
24. Mr. Krieng Wongnongtaey	Executive vice president, Financial Reporting & Controls Division	-	-	-

Remarks: SCB means ordinary shares.

SCB-P means preferred shares.

No Bank directors had any direct or indirect interest in any contract entered into by the Bank.

The Nomination, Compensation, and Corporate Governance Committee Report

The Nomination, Compensation, and Corporate Governance Committee comprises 5 directors of the Board (3 independent directors and 2 non-executive directors). The chairman of the Committee is an independent director. The Committee has duties and responsibilities as prescribed in the Nomination, Compensation, and Corporate Governance Committee Charter and the Corporate Governance Policy.

In 2011, the Committee held 9 meetings with the major actions as follows:

1. Amended the Corporate Governance Policy to be more comprehensive in which the Bank's vision, mission, core value and code of conduct, corporate governance structure, right and treatment of stakeholders, and internal control are incorporated.
2. Amended the Board Charter to increase its standard and make it be more consistent with the Bank's actual practices. The amended issues principally were the composition of the Board, the tenure of all members of the Board, the quorum of the Board meeting, and the definitions of senior executive, Bank's advisor, independent director, and executive director.
3. Increased the period during which the shareholders may propose the agenda items, questions, and candidates for being appointed as directors in advance of annual general meeting from 1 month to 3 months prior to the ending date of the Bank's fiscal year, i.e. during 1 October - 31 December so as to follow good corporate governance principle.
4. Selected and nominated the candidates who are to serve as directors based on the list of candidates proposed by shareholders and directors in order to ensure that they have proper qualifications, competence, capability and experience. The Committee gave precedence to checking qualifications of persons who were nominated process before proposing them to the Bank of Thailand for approval, and to the Board and subsequently to shareholders for election and appointment.
5. Considered and reviewed the amount of compensation of the chairman and members of the Board and Board Committees prior to proposing to the Board and shareholders for approval by taking into account the suitability and reasonableness based on their scope of duties and responsibilities, the Bank's operating results, and overall economy. In this regard, the Committee gave recommendation to the Board to seek shareholders' approval for the maximum rate of director's bonus at 0.5% of dividend payable to the shareholders.
6. Proposed the candidates to be appointed as the Bank's senior executives for Bank of Thailand and subsequent Board approval.
7. Arranged for the performance assessment of the chairman of the Executive Committee, the president, and the senior executives against the plan targets and the performance criteria, and then proposed to the Board for consideration and approval on the suitable remuneration framework. In this connection, the remuneration of the directors and the executives are set out in detail in the Corporate Governance Report under the section "Director and Management Remuneration" for which the Committee was of the opinion that such compensation and benefits are appropriate given their assigned duties, responsibilities and performance, and the economic situation in general, and were generally consistent with those in the industry.
8. Proposed to the Board and the Bank's management with respect to the succession plan and continuity of the chairman of the Executive Committee, the president, and other senior executives.



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

Audit Fees

The Bank and its subsidiaries paid Baht 24 million to their auditors for the fiscal year 2011.

Non-Audit Fees

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

1. Special audit in accordance with the Bank of Thailand's Notification.
2. Examination of foreign exchange booths.
3. Information technology review on electronic money transfer system.
4. Comfort letter in connection with bond issuance.
5. Special audit in accordance with the Office of the Insurance Commission's Notification.
6. Audit of the Risk-Based Capital Reports.
7. Examination of banking returns as required under section 63(3) and 63(3A) of Hong Kong Banking Ordinance and compilation of half yearly financial disclosure statement of the Branch.
8. Tax services.
9. Other audit related services assigned by the bank.

Non-audit fees amounted to Baht 10.2 million for the fiscal year 2011, of which Baht 6.1 million were paid in 2011, and Baht 4.1 million is due subsequently.

Related Party Transactions

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

Loans, deposits, borrowings and contingencies to related parties or persons as at 30 December 2011 and 31 December 2010 are as follows:

	Consolidated								Director/Executive
	2011				2010				
	Loans*	Depo- sits	Borrow- ings	Contin- gencies	Loans*	Depo- sits	Borrow- ings	Contin- gencies	
(in million Baht)									
Associated companies									
Finance & Insurance									
The Siam Industrial Credit PCL and affiliates**	-	-	-	-	-	64	-	1	Mr. Krieng Wongnongtaey Mrs. Apiphan Charoenanusorn Mr. Chanmanu Sumawong
SCB Life Assurance PCL***	-	-	-	-	-	1,118	-	396	Khunying Jada Wattanasiritham Mr. Yol Phokasub Mr. Arthid Nanthawithaya Mr. Narong Srichukrin Ms. Phanporn Kongyingyong Mr. Deepak Sarup Mr. Verachai Tantikul
SCB Leasing PCL	-	16	-	-	-	115	-	-	Miss Araya Phuphanich Mr. Krieng Wongnongtaey Mr. Manat Wisetsingha
VinaSiam Bank (Vietnam)	-	7	-	-	-	1	-	-	Mr. Arthid Nanthawithaya Mr. Yokporn Tantisawetrat Mrs. Kannika Ngamsoppee
Total associated companies related companies (Shareholding through debt restructuring process)	-	23	-	-	-	1,298	-	397	
Phoenix Land Development Co., Ltd.	-	64	-	32	-	54	-	32	Mr. Sirichai Sombutsiri Mr. Seksom Intralawan Mr. Songchai Borisut
Total related companies (Shareholding through debt restructuring process)	-	64	-	32	-	54	-	32	
Related companies (Shareholding through other companies' debt restructuring process)									
Siam Media and Communication Co., Ltd. and affiliate****	-	-	-	1	-	-	-	1	
Total related companies (Shareholding through other companies' debt restructuring process)	-	-	-	1	-	-	-	1	
Major shareholder (more than 10%ownership)									
The Crown Property Bureau	-	1,523	900	-	-	1,603	-	-	
Total major shareholders (more than 10%ownership)	-	1,523	900	-	-	1,603	-	-	

Consolidated								
	2011				2010			
	Loans*	Depo- sits	Borrow- ings	Contin- gencies	Loans*	Depo- sits	Borrow- ings	Contin- gencies
	Director/Executive							
(in million Baht)								
Entities in which the directors, management or close members of their families have significant influence	13	166	270	2	-	194	-	4
Directors and key executive officers	133	476	155	-	87	579	5	-
Total	146	2,252	1,325	35	87	3,728	5	434

* Net of specific provision (1%)

** Acquisition in 2011, changed status from associate to a subsidiary

*** Acquisition of additional shares in 2011, changed its status from associate to a subsidiary and it was renamed from "Siam Commercial New York Life Insurance PCL" to "SCB Life Assurance PCL" on 25 May 2011.

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

The Bank									
	2011				2010				
	Loans*	Depo- sits	Borrow- ings	Conti- gencies	Loans*	Depo- sits	Borrow- ings	Conti- gencies	
	Director/Executive								
(in million Baht)									
Subsidiaries									
Finance & Insurance									
Chatuchak Assets Management Co., Ltd.**	-	-	-	-	-	61	-	-	Mr. Sarunthorn Chutima (Liquidator)
Rutchayothin Assets Management Co., Ltd.	-	202	-	-	-	90	-	-	Mr. Sarunthorn Chutima Mr. Krieng Wongnongtaey Mrs. Virasana Boonyasai
Cambodian Commercial Bank Ltd. (Cambodia)	-	116	-	-	-	77	-	-	Mr. Kittiphun Anutarasoti Mr. Wutipong Vechayanon Mr. Aphisak Kiewkarnkha Mr. Natthawut Chakanan
SCB Securities Co., Ltd.	-	100	1,158	166	-	98	1,465	-	Mr. Arthid Nanthawithaya Mr. Yokporn Tantisawetrat Mr. Sopon Asawanuchit Mr. Krieng Wongnongtaey
The Siam Commercial Samaggi Insurance PCL and affiliates	-	96	150	48	-	41	-	47	Khunying Jada Wattanasiritham Ms.Phanporn Kongyingyong Mr. Rungruang Sukkirdkijpipiboon Mr. Chiravuthi Bunyasiri
SCB Asset Management Co., Ltd.	-	284	-	-	-	233	-	381	Mr. Yol Phokasub Mr. Thun Reansuwan Mr. Chanmanu Sumawong Mrs. Apiphan Charoenanusorn Ms.Saranya Vajakul Mr. Smith Banomyong Miss Ellen Nora Ryan
Siam Commercial Leasing PCL and affiliate	-	2,145	310	-	6,658	202	-	-	Miss Araya Phuphanich Mrs. Apiphan Charoenanusorn Mr. Narong Srichukrin Mr. Pises Sethsathira

The Bank								
	2011				2010			
	Depo- Loans*	Borrow- sits	Contin- ings	gencies	Depo- Loans*	Borrow- sits	Contin- ings	Director/Executive
(in million Baht)								
								Khunying Jada Wattanasiritham Mr. Yol Phokasub Mr. Arthid Nanthawithaya Mr. Narong Srichukrin Ms. Phanporn Kongyingyong Mr. Deepak Sarup Mr. Verachai Tantikul
SCB Life Assurance PCL***	-	1,906	-	416	-	1,118	-	396
Siam Industrial Credit PCL and affiliates****	-	33	-	1	-	64	-	1
Services								Mr. Krieng Wongnongtaey Mrs. Apiphan Charoenanusorn Mr. Chanmanu Sumawong
								Mr. Manoon Sunkunakorn Mr. Krieng Wongnongtaey Mr. Phansak Khaoprasert Mrs. Suporn Amnuaypan Mr. Sasaphon Shooowong Mr. Boonkiat Wisittigars
SCB Training Centre Co., Ltd.	-	3	-	-	-	2	-	-
								Mr. Sarunthorn Chutima Mr. Paiboon Tangkanokpairoj Mr. Somphop Amonrattanasak Mr. Sakesom Srirungruangdeja Mr. Kovit Paopuka Mr. Seri Wattanavarangsikul Miss Pikun Ketngam Mr. Maitri Chaimongkalanon
Siam Phitiwat Co., Ltd.	-	69	-	-	-	11	-	-
SCB Capital Service Co., Ltd.*****	-	-	-	-	-	6	-	-
Siam Niti Law Office Co., Ltd.**	-	7	-	-	-	7	-	-
								Mr. Krieng Wongnongtaey Mr. Wutipong Vechayanon Miss Araya Phuphanich Mrs. Apiphan Charoenanusorn
SCB Plus Co., Ltd.	-	67	-	-	-	83	-	-
Real estate								Mr. Krieng Wongnongtaey Mr. Phansak Khaoprasert Mr. Athichart Mukdaprakorn Mr. Boonkiat Wisittigars
								Mr. Krieng Wongnongtaey Mr. Phansak Khaoprasert Mr. Athichart Mukdaprakorn Mr. Boonkiat Wisittigars
Mahisorn Co., Ltd.*****	-	150	-	-	-	48	180	-
Total subsidiaries	-	5,178	1,618	631	6,658	2,141	1,645	825
Associated companies								
Finance & Insurance								Miss Araya Phuphanich Mr. Krieng Wongnongtaey Mr. Manat Wisetsingha
								Mr. Arthid Nanthawithaya Mr. Yokporn Tantisawetrat Mrs. Kannika Ngamsopee
SCB Leasing PCL	-	16	-	-	-	115	-	-
VinaSiam Bank (Vietnam)	-	7	-	-	-	1	-	-
Total associated companies	-	23	-	-	-	116	-	-
Related companies (Shareholding through debt restructuring process)								Mr. Sirichai Sombutsiri Mr. Seksom Intralawan Mr. Songchai Borisut
								Mr. Sirichai Sombutsiri Mr. Seksom Intralawan Mr. Songchai Borisut
Phoenix Land Development Co., Ltd.	-	64	-	32	-	54	-	32
Total related companies (Shareholding through debt restructuring process)	-	64	-	32	-	54	-	32

The Bank								
	2011				2010			
	Loans*	Depo- sits	Borrow- ings	Contin- gencies	Loans*	Depo- sits	Borrow- ings	Contin- gencies
(in million Baht)								
Related companies (Shareholding through other companies' debt restructuring process)								
Siam Media and Communication Co., Ltd. and affiliate**	-	-	-	1	-	-	-	1
Total related companies (Shareholding through other companies' debt restructuring process)	-	-	-	1	-	-	-	1
Major shareholder (more than 10% ownership)								
The Crown Property Bureau	-	1,523	900	-	-	1,603	-	-
Total major shareholders (more than 10% ownership)	-	1,523	900	-	-	1,603	-	-
Entities in which the directors, management or close members of their families have significant influence								
	13	166	270	2	-	194	-	4
Directors and key executive officers	133	476	155	-	87	579	5	-
Total	146	7,430	2,943	666	6,745	4,687	1,650	862

* Net of specific provision (1%)

** Discontinued operations or in the process of dissolution

*** Acquisition of additional shares in 2011, changed its status from associate to a subsidiary and it was renamed from "Siam Commercial New York Life Insurance PCL" to "SCB Life Assurance PCL" on 25 May 2011

**** Acquisition in 2011, changed status from associate to a subsidiary

***** Dissolution in 2011

***** Decreased paid-up share capital from Baht 1,071 million to Baht 268 million on 2 June 2011

Income and expenses

Income and expenses between the Bank and its subsidiaries, associated companies and related companies for the year ended 31 December 2011 and 2010 are as follows:

Consolidated								
	2011				2010			
	Income		Expenses		Income		Expenses	
	Interest	Others	Interest	Others	Interest	Others	Interest	Others
(in million Baht)								
Associated companies	2	607	1	127	1	3,831	2	94
Major shareholder	-	-	31	16	-	-	12	16

The Bank								
	2011				2010			
	Income		Expenses		Income		Expenses	
	Interest	Others	Interest	Others	Interest	Others	Interest	Others
(in million Baht)								
Subsidiaries	70	11,669	105	1,047	174	4,575	27	926
Associated companies	-	606	1	122	-	3,829	2	90
Major shareholder	-	-	31	16	-	-	12	16

Investments in subsidiaries and associated companies

As at 31 December 2011 and 31 December 2010, the Bank had investments in associated companies, as follows:

	Type of business	Type of share	Consolidated					
			Direct and indirect shareholding		Investment value			
			2011	2010	Cost method		Equity method	
			(%)		2011	2010	2011	2010
(in million Baht)								
Associated companies								
Finance & Insurance								
VinaSiam Bank (Vietnam)	Banking	Ordinary	33.0	33.0	697	697	687	660
The Siam Industrial Credit PCL and affiliates*	Finance and hire-purchase	Ordinary	-	38.6	-	1,250	-	1,535
SCB Life Assurance PCL**	Life insurance	Ordinary	-	47.3	-	633	-	3,258
SCB Leasing PCL	Leasing, hire-purchase and factoring	Ordinary	44.9	44.3	3	45	13	57
Total					700	2,625	700	5,510
Less allowance for impairment					-	(327)	-	(259)
Total investments in associated companies, net					700	2,298	700	5,251

* Acquisition in 2011, changed from associate to be a subsidiary

** Acquisition of additional shares in 2011, changed from associate to be a subsidiary and it was renamed from "Siam Commercial New York Life Insurance PCL" to "SCB Life Assurance PCL" on 25 May 2011

As at 30 December 2011 and 31 December 2010, the Bank and its subsidiaries had investments in subsidiaries and associated companies, as follows

	Type of business	Type of share	The Bank			
			Investment value			
			Direct shareholding	Cost method		
			2011	2010	2011	2010
			(%)		(in million Baht)	
Subsidiaries						
Finance & Insurance						
Cambodian Commercial Bank Ltd. (Cambodia)	Banking	Ordinary	100.0	100.0	634	634
Chatuchak Assets Management Co., Ltd.*	Asset management	Ordinary	-	100.0	-	850
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	221
The Siam Commercial Samaggi Insurance PCL	Insurance	Ordinary	58.9	58.9	547	546
Siam Commercial Leasing PCL and affiliate	Leasing, hire-purchase and factoring	Ordinary	99.1	99.1	10,719	10,719
SCB Life Assurance PCL**	Life insurance	Ordinary	94.7	47.3	9,033	633
The Siam Industrial Credit PCL and affiliates***	Finance and hire-purchase	Ordinary	99.7	38.6	3,764	1,250

	Type of business	Type of share	The Bank			
			Investment value			
			Direct shareholding		Cost method	
			2011	2010	2011	2010
			(%)		(in million Baht)	
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 Capital Service Co., Ltd.****	Asset management	Ordinary	-	100.0	-	48
Siam Niti Law Office Co., Ltd.*	Legal consultant	Ordinary	100.0	100.0	16	16
SCB Plus Co., Ltd.	Collection company	Ordinary	100.0	100.0	1	1
Real estate						
Mahisorn Co., Ltd.*****	Property management	Ordinary	100.0	100.0	1,138	2,142
Associated companies						
Finance & Insurance						
VinaSiam Bank (Vietnam)	Banking	Ordinary	33.0	33.0	697	697
SCB Leasing PCL	Leasing, hire-	Ordinary	37.6	37.6	2	40
	purchase and					
	factoring					
Total					29,305	20,329
Less allowance for impairment					(1,172)	(2,338)
Total investments in subsidiaries and associated companies, net					28,133	17,991

* Discontinued operations or in the process of dissolution

** Acquisition of additional shares in 2011, changed its status from associate to a subsidiary and it was renamed from "Siam Commercial New York Life Insurance PCL" to "SCB Life Assurance PCL" on 25 May 2011

*** Acquisition in 2011, changed status from associate to a subsidiary

**** Dissolution in 2011

***** Decreased paid-up share capital from Baht 1,071 million to Baht 268 million on 2 June 2011

Measures and Procedures for Approving Related Party Transactions

The Bank has formulated policies, regulations, and procedures for consideration and approval of related party transactions in compliance with all applicable regulations set out by the Bank of Thailand, the Stock Exchange of Thailand, and the Office of the Securities and Exchange Commission. The main aim is to ensure that its related party transactions with connected entities, including subsidiaries, affiliates, relevant companies, third parties, and/or interested parties, are in line with reasonable criteria and procedures to ensure that fair prices and conditions are applied in the same manner as transactions generally concluded with the public. Not only do these measures result in optimum benefit to the Bank and its shareholders but they will also prevent against any conflict of interest. Significant transactions with connected entities in 2011 and 2010 are detailed in the notes to financial statements.

The Bank has also established a policy that for any loans to or investment in businesses in which the Bank or its directors or management (EVPs or higher position) and other interested parties may be involved, either directly or indirectly, or for any loans to the Bank's major shareholders in material amounts as defined by the Bank of Thailand, approval authority shall rest only with the Board of Directors. Further, the Bank's directors or management (division heads or higher position) having an involvement with any such transaction which may lead to a conflict of interest shall be excluded from the process used for consideration and approval of any related party transaction.

In general, the Bank's related party transactions concluded with its shareholders, directors, executive committee members, president, senior executive vice presidents, and management (division heads or higher position) whose direct responsibilities involve matters related to the Bank's financial statement, and other relevant persons as provided by regulation, shall be

considered based on specific criteria, e.g. type of transaction, volume, specific commercial conditions, etc. Related party transactions shall be approved only by a board resolution to ensure that fair prices and/or conditions are adopted for the Bank's benefit, provided that interested committee or Board members shall be excluded from the meeting where these matters are considered and approved. The procedures for approval of related party transactions require that these to be initially proposed to the Executive Committee and then to the Board of Directors and, if applicable, for submitted to the shareholders' meeting for final approval. If the matter is submitted to the shareholders' meeting, prior opinions must be sought from the Audit Committee and an independent financial advisor appointed for this purpose.

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

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

In light of the need for disclosure of any transactions which may lead to a conflict of interest, or connected transactions, or related party transactions according to regulations of the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission, and the Bank of Thailand, the Bank has made disclosures in its Annual Report as may be appropriate based on the criteria, conditions, and methods for the financial disclosure report and operating performance of the securities issuer. In this regard, the Bank has assigned the unit responsible for the preparation of a financial statements to collect information from all relevant units for disclosure in its annual report.

The Disclosure of Intra-Group Transaction Policy

Governance on Intra-Group Transactions

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

related transactions, is applied in a manner consistent with the Bank of Thailand's quantitative supervision guidelines.

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

Policies and Trends of Related Party Transactions

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

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

Connected Transactions

The Bank has established policies and procedures for consideration and approval of connected transactions through establishing the following practices.

- The terms and conditions shall be reasonable and prices will be applied in the same manner as similar transactions generally conducted with the public to ensure the full benefit to the Bank and its shareholders from such transactions, and to prevent any conflict of interest.
- Prohibition of directors and executives from participating in consideration of and voting for any matter in which they may have beneficial interest.
- The procedure for approval requires the initial consideration and endorsement of the Executive Committee and then the Audit Committee for an opinion through Compliance and Operational Control Division, prior to submission to the Board of Directors for approval or consideration before, if required, further submission to the Shareholders' meeting for final approval. If the matter is submitted to shareholder's meeting, an opinion must be sought from an Independent Financial Advisor appointed for this purpose.

Connected Transactions

During 2011, the Bank had no significant connected transaction which had a value greater than 0.03% of net tangible assets of the Bank as defined by the internal compliance rules of the Bank.

Board of Directors' Responsibility for Financial Reporting

The Board of Directors is responsible for the Bank's financial statements and the Bank's and its subsidiaries' consolidated financial statements, including the financial information presented in this annual report. The aforementioned financial statements are prepared in accordance with generally accepted accounting principles, using careful judgment and the best estimates possible. Important information is adequately and transparently disclosed in the financial statements and notes thereto for the Bank's shareholders and investors.

The Board of Directors has provided and maintained risk management systems and appropriate and efficient internal controls to ensure that accounting records are accurate, complete and adequate to protect the Bank's assets and to prevent material fraud or error.

In this regard, the Board of Directors has appointed an Audit Committee to be responsible for reviewing the accounting policy and the quality of financial reports, review internal controls, internal audit and risk management systems. The Audit Committee has also reviewed disclosure of related party transactions. All their comments on these issues have been included in the Audit Committee Report to the extent required, which is presented in this annual report.

The financial statements of the Bank and the consolidated financial statements of Bank and its subsidiaries have been examined by an external auditor, KPMG Phoomchai Audit Limited. To conduct the audits and express an opinion in accordance with generally accepted auditing standards, the auditor was provided with all of the Company's records and related data as requested. The auditor's opinion is presented in the auditor's report as part of this annual report.

The Board of Directors considers the Bank's overall internal control system to be satisfactory and that it provides credibility and reliability to Bank's financial statements and the Bank and its subsidiaries' consolidated financial statements for the year ended December 31, 2011. The Board of Directors also believes that all these financial statements have been prepared in accordance with generally accepted accounting principles and related laws and regulations.



Mr. Anand Panyarachun
Chairman of the Board



Mrs. Kannikar Chalitaporn
President

Audit Committee's Report

The Audit Committee of Siam Commercial Bank PCL comprises three qualified independent members as follows:

Mr. Maris Samaram	Chairman of the Audit Committee
Mr. Sumate Tanthuwani	Member of the Audit Committee
Dr. Kulpatra Sirodom	Member of the Audit Committee

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

The Audit Committee performed duties in accordance with the scope and responsibilities defined in the Audit Committee Charter and the mandate from the Board of Directors. In 2011, the Audit Committee held 14 meetings with management and senior executives in charge of concerned units. Summaries and recommendations from each Audit Committee meeting were presented to the Board of Directors to seek directives for issues as it may think fit.

Highlights were as follows:

- **Financial Statements**

The Audit Committee, jointly with the auditors and Finance Group executives, reviewed SCB's quarterly, half-year and annual financial statements, and consolidated financial statements of SCB and its subsidiaries, to ensure that the preparation of financial statements is accurate in terms of material information and in accordance with generally accepted accounting standards, and that the disclosure of information in financial statements is adequate. The Audit Committee also monitored internal control concerning the preparation of financial statements.

- **Internal Control and Audit**

The Audit Committee considered the annual assessment of internal control adequacy as presented by internal and external auditors and further presented it for the Board of Directors' consideration. The Audit Committee also followed up corrective actions. Concerned management of SCB and its subsidiaries were invited to Audit Committee meetings to report their actions taken.

In terms of internal audits, the Audit Committee considered and approved the Audit Division's audit plans, which focused on critical functions with potential risk impacts on business operations. The Audit Committee considered internal audit independence, and advised the Audit Division on how to improve the effectiveness of its performance to meet international standards.

- **Regulatory Compliance**

The Audit Committee monitored SCB and its subsidiaries' compliance with laws and regulations through the Compliance & Operational Control Division. The Audit Committee regularly acknowledged reports on regulatory changes affecting the operations of SCB and its subsidiaries, emphasized that corrective actions be taken and closely followed up on a regular basis, and that they be reported to the Board of Directors. The Audit Committee also reviewed and approved the 2011 annual compliance report to ensure SCB's compliance with related standards, laws and regulations, before submission to the Bank of Thailand.

- **Risk Management**

The Audit Committee reviewed SCB and the SCB Group's risk management policy and held monthly meetings with senior risk management executives of SCB and the SCB Group to ensure that risk management in each area was adequate, appropriate and effective, and to acknowledge their risk preventive measures and risk mitigation to control risk at acceptable risk levels.

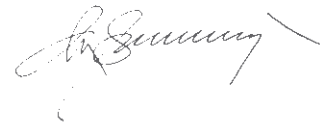
- **External Auditor**

The Audit Committee appointed auditors for SCB and its subsidiaries, based on their knowledge, competence, experience, credibility, independence in accordance with governance principles, and audit quality in the past year. The Audit Committee held meetings with the auditors on a quarterly basis and an exclusive meeting with the external auditor once a year. The meetings were to consider audit findings and discuss issues found in the audit process. The Audit Committee also considered appropriate audit fees before proposing them to the Board of Directors and shareholders.

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

The Audit Committee considered transactions with related parties and those that might involve a conflict of interest as reported by concerned units before proposal to the Board of Directors. Such consideration was based on the following principles: prudence, reasonableness, integrity, transparency, adequate information disclosure and ultimate benefits for the Bank.

The Audit Committee performed its duties prudently and independently, and provided straightforward comments based on transparency and good governance. The Audit Committee considered SCB core operations jointly with senior executives in charge of concerned groups, and internal and external auditors. The Audit Committee is of the opinion that financial statements have been prepared accurately with adequate information disclosure. The Bank's internal control and audit system are appropriate and efficient, and cover high-risk operational procedures. SCB has strictly supervised and monitored its regulatory compliance. The external auditor is independent and has performed all duties professionally. The Bank's transactions with related parties and those that might be involved in conflicts of interest were justified. The SCB risk management system is working effectively. Given this performance, SCB is capable of sustaining its trustworthiness among its customers, shareholders, employees and community in line with the objectives given by the Board of Directors.



Mr. Maris Samaram
Chairman of the Audit Committee





Our customers success, is our success

The Bank's contributions to the Thai financial services marketplace are recognized each year by the media and other interest groups. Among a long list of national and international awards we received in 2011 was Euromoney magazine's selection of SCB as the Best Bank in Thailand. Awards such as this encourage us to strive towards being the nation's 'bank of choice' for all our stakeholders.





Management Discussion and Analysis

For year ended December 31, 2011

IMPORTANT DISCLAIMER:

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

Siam Commercial Bank PCL announced audited operating results 2011, with a record consolidated **net profit** of Baht 36,273 million, a 49.9% yoy increase of Baht 12,067 million from Baht 24,206 million recorded in 2010. The year-on-year increase in net profit was mainly attributable to: higher non-interest income which was driven by higher underwriting income, a large one-time investment gain and higher net trading income; and higher net interest income from robust loan growth. The record high net profit in 2011 was achieved despite both additional provision set aside in 2H11 on a prudential basis and the impact from the floods in the fourth quarter.

Operating profit (excluding impairment loss on loans and debt securities, income tax and non-controlling interest) increased by 40.3% yoy to Baht 54,152 million in 2011 from Baht 38,591 million in 2010, due to the substantial increases in both net interest income and non-interest income explained above. Stripping out one-time items, operating profit (excluding impairment loss on loans and debt securities, income tax and non-controlling interest) increased by 29.4% yoy

In 2011, **total comprehensive income** increased 60.2% yoy to Baht 41,758 million from Baht 26,073 million in 2010 mainly attributable to the higher operating profit as explained above, and higher revaluation surplus on land and premises. Alongside net profit, earnings per share (EPS) rose to Baht 10.67 in 2011 from Baht 7.12 in 2010. Return on average equity (ROAE) and return on average assets (ROAA) increased to 21.3% and 2.2% in 2011 from 16.4% and 1.7% in 2010, respectively.

In 2011, the Bank has two acquisition deals as follow:

1. Acquisition of Siam Commercial New York Life PCL

On March 17, 2011, the Bank acquired an additional 47.33% stake in Siam Commercial New York Life Pcl (SCNYL), since renamed to SCB Life Assurance (SCBLIF), from New York Life International, LLC. (NYL) and its Thai affiliate company at the total agreed purchase price of Baht 8.4 billion or Baht 266.89 per share. After the acquisition, the Bank doubled its shareholding in SCB Life from 47.33% to 94.66% of the issued and paid up capital. As a result of the acquisition, the Bank now includes SCB Life in the consolidated financial statements rather than recording it as an investment in an associated company on an equity accounting basis.

2. Acquisition of the Siam Industrial Credit PCL

On September 22, 2011, the Bank acquired an additional 60.90% stake in Siam Industrial Credit Public Company Limited (SICCO) from other shareholders at a total purchase price of Baht 2.5 billion or Baht 6.89 per share. After the acquisition, the Bank increased its shareholding from 38.65% to 99.55% of the issued and paid up capital. Following this acquisition, the Bank includes SICCO in the consolidated financial statements commencing in 3Q11, instead of the previous practice of recording it as an investment in an associated company.

Financial Ratios Calculation

In the fourth quarter of 2011, the Bank adjusted its calculation of financial ratios from using daily average calculations of the denominators to using the average beginning and ending balance for the period. All comparative financial ratios have been restated for comparative purpose. The primary reason for this shift is to bring the ratios in line with those published by third parties, none of whom have access to the daily average balance used as the denominator.

Net Profit and Total Comprehensive Income

Unit: Million Baht

(Consolidated)	2011	2010	% yoy
Net interest income	50,526	39,754	27.1%
Non-interest income	40,509	29,372	37.9%
Non-interest expenses	36,883	30,535	20.8%
Operating profit	54,152	38,591	40.3%
Operating profit excluding non-recurring items*	48,933	37,821	29.4%
Impairment loss on loans and debt securities	6,630	4,699	41.1%
Income tax	11,213	9,563	17.2%
Non-controlling interest	36	122	-70.5%
Net profit	36,273	24,206	49.9%
Other comprehensive income	5,499	1,874	193.4%
Total comprehensive income	41,758	26,073	60.2%
EPS (Baht)	10.67	7.12	49.9%
ROE	21.3%	16.4%	
ROA	2.2%	1.7%	

* In 2011, non-recurring items include a one-time investment gain from the acquisition of SCB Life and one-time gain from an impairment reversal. In 2010 non recurring items include a one-time gain on the sale of an equity investment.

Income Statement for 2011 (Consolidated basis)

Under the new format financial statements effective from January 1, 2011, dividend income is presented under non-interest income and contribution to the Deposit Protection Agency is presented under interest expenses. Fee income is presented on a net basis (net of fee expenses directly related to fee income). In addition, gain on investment is categorized under trading and foreign exchange income (net trading income) or, if applicable, non trading income (gain on investment). All corresponding period items have been presented below using this new format to facilitate comparative analysis. The new format of financial statements is consistent with the generally accepted accounting practice in other parts of the world.

1. Net interest income

Net interest income rose 27.1% yoy to Baht 50,526 million in 2011 from Baht 39,754 million in 2010, as interest income increased by a larger magnitude than the increase in interest expenses. The sharp increase in interest income was primarily due to: the robust loan growth of 22.1% yoy, the impact of the rising interest rate environment, and the inclusion of the interest income from SCB Life investments following the consolidation of SCB Life. Interest expenses increased mainly from: the increase in deposit costs on the back of the rising interest rates, the higher volume of deposits, the higher interest expenses from borrowings due to a sharp increase in Bill of Exchange (B/E), and the issuance of the Euro Medium Term Notes (EMTN) of USD 400 million in 2Q11.

Unit: Million Baht

(Consolidated)	2011	2010	% yoy
Interest income	77,947	52,704	47.9%
- Loans	60,174	43,511	38.3%
- Interbank and money markets	5,418	1,518	256.9%
- Hire purchase and financial lease income	5,464	4,071	34.2%
- Investments	6,891	3,603	91.3%
Interest expenses	27,421	12,950	111.7%
- Deposits	14,840	6,691	121.8%
- Interbank and money markets	1,546	724	113.4%
- Borrowings	6,633	1,758	277.3%
- Contribution to the Deposit Protection Agency	4,402	3,777	16.6%
Net Interest income	50,526	39,754	27.1%
Net interest margin	3.26%	3.11%	0.15%
Yield on earning assets	5.02%	4.12%	0.90%
Yield on loans	5.58%	4.76%	0.82%
Yield on interbank	3.95%	1.22%	2.74%
Yield on investment	2.88%	2.33%	0.55%
Cost of funds*	2.03%	1.14%	0.89%
Cost of deposit	1.69%	1.02%	0.67%
Spread (yield on earning assets - cost of funds)	2.99%	2.98%	0.01%

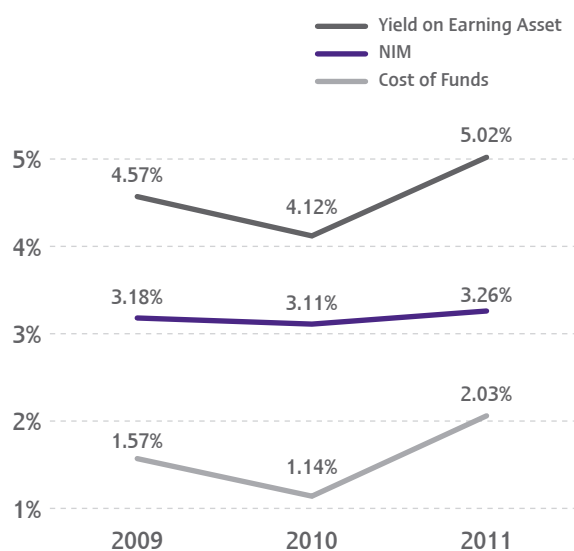
Note Profitability ratios are calculated based on using average beginning and ending balance for the period of the denominators.

* Cost of funds = interest expenses / interest bearing liabilities

Interest income in 2011 was Baht 77,947 million, a 47.9% yoy increase of Baht 25,243 million from Baht 52,704 million in 2010. Details are as follows:

- **Interest income from loans** increased 38.3% yoy to Baht 60,174 million primarily due to the increase in the Bank's interest rates (MLR was raised by 140 bps during 2010-2011) and robust loan growth of 22.1% yoy;
- **Interest income from interbank and money markets** rose 256.9% yoy to Baht 5,418 million because of the increase in interbank interest rates (policy rate rose by 225 bps during 2010-3Q11 and fell by 25 bps in 4Q11) and the higher volume of these loans or placements;
- **Hire purchase and financial lease income** increased 34.2% yoy to Baht 5,464 million, mainly from the growth in hire purchase loans of 41.6% yoy;
- **Interest income from investments** increased by 91.3% yoy to Baht 6,891 million, mainly due to the larger investment portfolio as a result of the SCB Life acquisition in 1Q11 and the higher interest income from investments in debt securities, following the rise in interest rates.

At the same time, **interest expenses** increased 111.7% yoy to Baht 27,421 million in 2011, mainly due to a 121.8% yoy increase in deposits cost as a result of the increase in deposit rates during 2010-2011, the growth of the deposit



	2009	2010	2011
Yield on Loans	5.15%	4.76%	5.58%
Yield on Interbank	2.20%	1.22%	3.95%
Yield on Investment	2.57%	2.33%	2.88%
Cost of Deposits*	1.41%	1.02%	1.69%

* Includes the contribution to the Deposit Protection Agency, as required under the new format financial statements

base by 8.4% yoy, and the launch of deposit campaigns to lock-in longer term deposits earlier this year. Interest expenses from borrowings increased 277.3% mainly due to the substantial increase in the volume of B/E (although akin to term deposits, B/E are borrowing instruments), the effect from the rising interest rates environment and the issuance of the Euro Medium Term Note. Interest expenses from interbank and money markets increased 113.4% yoy following the increase in interbank interest rates. Contribution to the Deposit Protection Agency increased 16.6% yoy alongside the expansion of the Bank's deposit base.

SCB Interest Rates	Jul 27, 10	Sep 3, 10	Dec 7, 10	Jan 14, 11	Mar 11, 11	Apr 22, 11	Jun 8, 11	Jul 19, 11	Aug 31, 11
Lending Rate									
MLR	6.00%	6.00%	6.12%	6.375%	6.625%	6.75%	6.875%	7.13%	7.25%
Deposit Rate*									
Savings Rate	0.50%	0.50%	0.50%	0.62%	0.75%	0.75%	0.75%	0.87%	0.87%
3-month deposits	0.75%	0.85%-1.00%	1.00%-1.25%	1.15%-1.40%	1.25%-1.50%	1.50%-1.70%	1.60%-2.20%	1.75%-2.20%	1.90%-2.20%
6-month deposits	0.90%	1.10%-1.20%	1.25%-1.45%	1.50%-1.625%	1.60%-1.80%	1.80%-2.00%	1.95%-2.15%	2.10%-2.30%	2.35%-2.50%
12-month deposits	1.00%-1.20%	1.15%-1.40%	1.40%-1.65%	1.60%-1.75%	1.85%-2.00%	2.00%-2.20%	2.20%-2.40%	2.50%-2.75%	2.75%-3.00%
	Aug 25, 10	Dec 1, 10	Jan 12, 11	Mar 9, 11	Apr 20, 11	Jun 1, 11	Jul 13, 11	Aug 24, 11	Nov 30, 11
Policy Rate	1.75%	2.00%	2.25%	2.50%	2.75%	3.00%	3.25%	3.50%	3.25%

* Excludes special campaigns which provide higher rates but with different terms and other conditions.

As a result of higher yield on earning asset following the rising interest rate environment for most of 2011, the annualized net interest margin (NIM) widened to 3.26% in 2011 from 3.11% in 2010 which is better than the Bank's full year target of 3.2% (using the new accounting format).

2. Non-interest income

Non-interest income rose 37.9% yoy to Baht 40,509 million in 2011 from Baht 29,372 million in 2010, principally the result of higher underwriting income, a large one-time investment gain and higher net trading income. Additional details of non-interest income yoy are provided below:

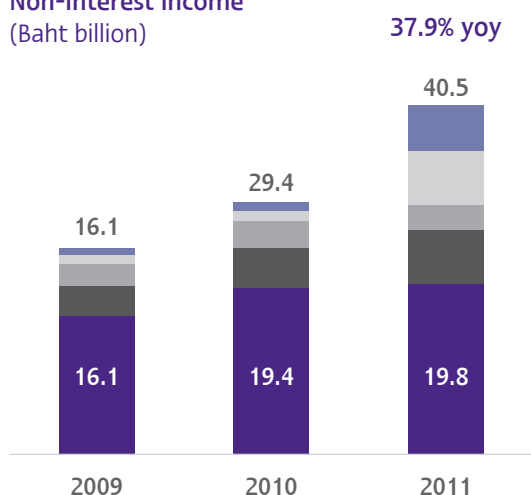
- **Net fee & service income** rose 2.0% yoy (see note 1 to the table below), driven by higher fee income from corporate finance, loan-related activities and the card business, offset by the higher fee and service expenses which rose alongside the higher volume of fee-based activities. Please note that the comparison is distorted because the bancassurance fee from SCB Life is now reflected under net insurance premiums below;
- **Net trading income** increased 58.3% yoy mainly as the result of substantially higher returns from higher transaction flows and positions in the financial markets;
- The share of profit of **associated companies** dropped by 60.9% yoy, mainly as a result of the consolidation of SCB Life results from 1Q11 which were previously booked under the equity method;
- **Dividend income** rose 5.5% yoy primarily from higher dividend income from equity investments;
- **Other income** rose 18.8% yoy partly from the acquisition of SICCO that led to the recognition of negative goodwill which has been booked as other income in 3Q11;
- **Net insurance premiums (net of claims)** increased 446.5% yoy mainly the impact of the consolidation of SCB Life results, including the bancassurance revenue that was previously reflected under 'net fee and service', as noted above; and
- **Gain on investments** was at Baht 5,330 million in 2011 compared to investment gain of Baht 1,658 million in 2010 mainly arising from a substantial one-time investment gain following the acquisition of SCB Life in 1Q11.

Unit: Million Baht

(Consolidated)	2011	2010	% yoy
Fee and service income	23,663	22,585	4.8%
Less fee and service expenses	3,857	3,167	21.8%
Net fee and service income (note 1)	19,806	19,418	2.0%
Net trading income	6,287	3,970	58.3%
Share of profit of associates	402	1,028	-60.9%
Dividend income	1,028	975	5.5%
Net earned insurance premiums	28,696	2,274	1,162.1%
Other income	1,398	1,177	18.8%
Less net insurance claims	22,438	1,128	1,888.3%
Non-interest income excluding total gain on investments	35,180	27,714	26.9%
Gain on investments	5,330	1,658	221.5%
Total non-interest income	40,509	29,372	37.9%

Note 1. If the life bancassurance volume is eliminated in 2010 and Jan-Feb 2011 financial data, the net fee and service income would increase by 21.8% yoy.

Non-interest Income (Baht billion)



Gain (Loss) on investment

Net insurance premium

Other Income¹

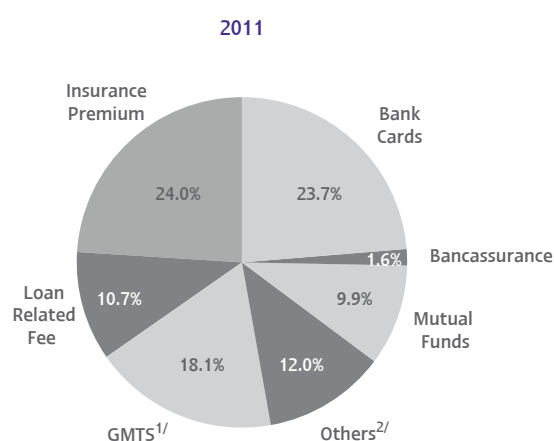
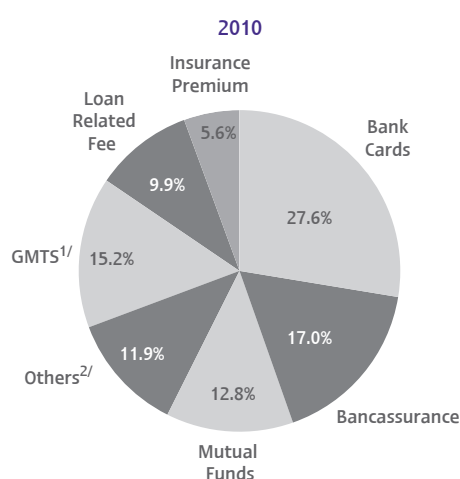
Net trading income

Net fee and service Income²

^{1/} Other income includes other operating income, share of profit of associates and dividend income

^{2/} From March 2011, all of the life bancassurance fee is reported under net insurance premium

Net Fee Income and Net Insurance Premium Breakdown



(Baht Billion)

Net Fee Income and Net Insurance Premium by Segment			
	2010	2011	%yoy
Wholesale	4.22	5.69	34.8%
SME	1.42	2.34	65.0%
Retail	14.85	17.95	20.9%

^{1/} GMTS stands for Global Markets and Transaction Services, which includes cash management, trade finance, corporate finance and corporate trust

^{2/} Others include brokerage fee, fund transfer, remittance, etc.

In 2011, **non-interest income** accounted for 44% of total income, up from 42% in 2010 as a result of consolidation of SCB Life, while net fee income made up 22% of total income down from 28% in 2010 due to the elimination of bancassurance fee following such consolidation. If fee and service income is adjusted to include net premium income, the net fee income would rise to 29% of total income. Excluding the one-time investment gain from SCB Life acquisition, non-interest income accounts for 41% of total income. The Bank expects the aggregate fee income contribution from Wholesale and SME to increase through a stronger focus on fee based activities in these business segments and, in turn, this will drive a higher proportion of fee based income.

3. Non-interest expenses

Non-interest expenses increased 20.8% yoy to Baht 36,883 million in 2011 from Baht 30,535 million in 2010. Key items are as follows:

- **Staff costs** increased 27.9% yoy mainly as a result of annual salary adjustments, the higher level of accrued performance bonus for 2011, the higher number of employees, staff allowances relating to the floods in 4Q11 and the consolidation of expenses relating to SCB Life and SICCO. Stripping out the expenses of SCB Life and SICCO the increase would be about 20.6% yoy;
- **Premises and equipment expenses** increased 5.1% yoy as a consequence of continued investments in network expansion and on-going systems enhancement initiatives;
- **Taxes and duties** increased 35.0% yoy mainly as a result of the business tax related to the higher interest income from loans;
- **Other expenses** rose 21.3% yoy mainly due to higher marketing and promotion expenses and flood related expenses.

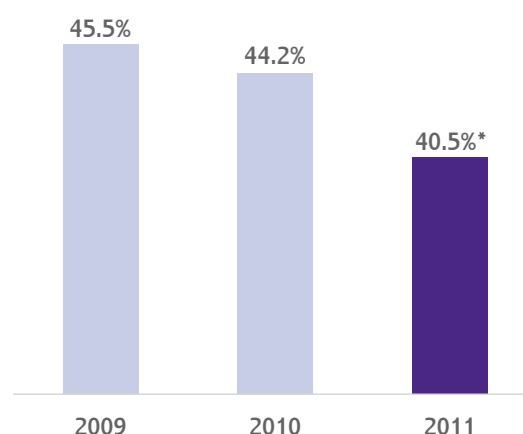
Unit: Million Baht

(Consolidated)	2011	2010	% yoy
Staff costs	17,509	13,685	27.9%
Premises and equipment expenses	8,645	8,226	5.1%
Tax and duties	2,776	2,056	35.0%
Director remuneration	97	88	9.8%
Other expenses	7,857	6,480	21.3%
Total non-interest expenses	36,883	30,535	20.8%
Cost to income ratio	40.5%	44.2%	
Cost to income ratio excluding non-recurring items	43.0%		

In 2011, cost to income ratio was 40.5%, reducing from 44.2% in 2010. If non-recurring items are excluded, cost to income ratio was 43% in 2011, declining from 44.7% in 2010, significantly better than the revised full year target of 43-44%.

The Bank's capital expenditure continues to be in line with the levels established in prior periods, and is undertaken to support the ongoing investment in network expansion and planned systems enhancement initiatives required in the rapidly changing competitive landscape. The outlay on these investments is unlikely to have significant impact to the cost-to-income ratio level over the next few quarters.

Cost-to-Income Ratio (%)



* Eliminating one-time items, the cost to income ratio would stand at 43.0% in 2011.

4. Loan loss provisions

The Bank's current provisioning policy is to set aside impairment loss on loans and debt securities of approximately Baht 900 million per quarter on a bank basis, down from the Baht 1,500 million used during 4Q08-3Q09 and from the Baht 1,200 million used during 4Q09-4Q10 given both the improved economic conditions and diminished concerns on the impact to asset quality.

On the back of the record high net profit registered in 2011, the Bank, using prudential norms, has set aside an additional provision of Baht 3,250 million (Baht 1,000 million in 3Q11 and Baht 2,250 million in 4Q11) as a cushion for any future deterioration to loan quality. These additional provisions, in two consecutive quarters, despite an overall improvement in asset quality were made for two reasons. First, the continued dislocation in the global capital markets may eventually have some impact on the Thai economy and impair the ability to repay for some borrowers, particularly those classified as 'special mention'. Second, the flooding has affected large pockets of borrowers and, given regulatory forbearance, such deterioration is not fully reflected in the current estimates of loan quality. However, later in 2012 there may be a further rise in NPLs (not anticipated to exceed 50 bps) and this additional provisioning will provide a buffer for such deterioration.

As a consequence of these additional provisions, on a **bank only** basis, the Bank set aside Baht 6,856 million of impairment loss on loans and debt securities. On a **consolidated** basis, the provision was Baht 6,630 million in 2011, which was lower than provisions on a bank only basis, mainly due to a clawback of provisions at Siam Commercial Leasing (SCBL) given tangible improvements to its portfolio quality. The Bank's total allowance for doubtful accounts at the end of December 2011 stood at Baht 45,995 million, an increase from Baht 41,595 million at the end of December 2010, while NPLs declined from Baht 38,684 million (3.25%) at the end of 2010 to Baht 36,200 million (2.61%) at the end of December 2011, despite the inclusion of Baht 1,804 million in new NPLs as a result of the acquisition of SICCO in 3Q11. At the same time, the coverage level for NPLs has increased from 107.5% at the end of 2010 to 127.1% at the end of December 2011.

Balance sheet as of December 31, 2011 (Consolidated basis)

As of December 31, 2011, the Bank reported total assets of Baht 1,877,836 million, an increase of Baht 401,102 million (27.2%) yoy from Baht 1,476,735 million at the end of 2010, in part due to the acquisition of SCB Life and SICCO and in part, due to robust business growth. Details of the consolidated balance sheet are as follows:

1. Loans and Deposits

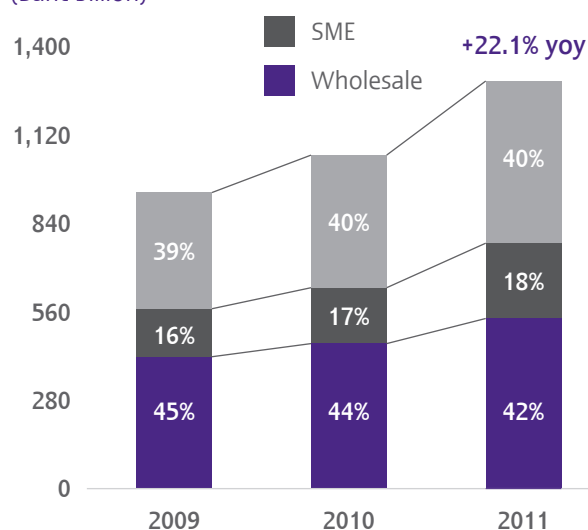
As of December 31, 2011, total outstanding loans stood at Baht 1,292,683 million, an increase of Baht 234,109 million (22.1%) yoy from Baht 1,058,574 million at the end of December 2010. The impressive loan growth arises from all business segments and was the direct result of the Bank's market-share growth strategies adopted since early 2010 and to a limited extent as a result of the consolidation of SICCO. (Loans written-off amounted to Baht 6,076 million in 2011).

Additional details of loan breakdown by customer segments are as follows:

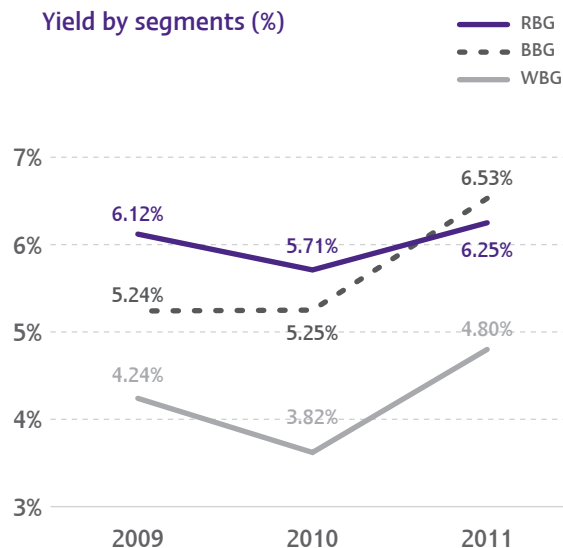
- **Wholesale** loans rose 17.2% yoy in line with the Bank's pro-active strategy to capture market share, particularly with selected major corporate customers;
- **SME** loans rose 34.7% yoy. This strong growth was the result of the successful implementation of the Bank's new SME business model with specific strategies to penetrate the SME market place, particularly at the smaller end of this segment. Also, the Bank has introduced new products and expanded its nationwide footprint to better reach the SME market and improve its competitive positioning;
- **Retail** loans increased 22.3% yoy.
 - **Housing loans** increased 16.5% yoy, alongside the continuing growth in the residential homes market;
 - **Hire purchase loans** grew 41.6% yoy as a result of the Bank's growth oriented strategy to enhance business volumes and market share in this segment and to an extent as a result of the consolidation of SICCO;
 - **Other loans** (largely personal and credit card loans) increased 16.5% yoy.

Loans

(Baht billion)



Yield by segments (%)



Unit: Million Baht

Loans by segments	Dec 31, 11	Dec 31, 10	% yoy
Wholesale	542,070	462,672	17.2%
SME	238,036	176,698	34.7%
Retail	512,577	419,205	22.3%
- Housing loans*	336,122	288,577	16.5%
- Hire purchase	118,391	83,598	41.6%
- Others loans	58,064	47,029	23.5%
Total loans	1,292,683	1,058,574	22.1%

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

As noted in the table below, loans to manufacturing and commercial sectors continued to account for the largest portion of the total loan portfolio while housing loans made up the second largest portion. Other loans, comprising mostly hire purchase, credit card, personal and consuming loans recorded the highest growth of 38.8% yoy, followed by utilities and services loans of 35.4% yoy.

The Bank's key growth strategies for 2011 to expand market shares in blue chip and other major corporates, SMEs, and automobile hire purchase segments yielded strong results as evidenced by strong overall loan growth of 22.1% yoy in 2011, better than the revised full year target of 15-18% despite the severe floods in 4Q11.

Unit: Million Baht

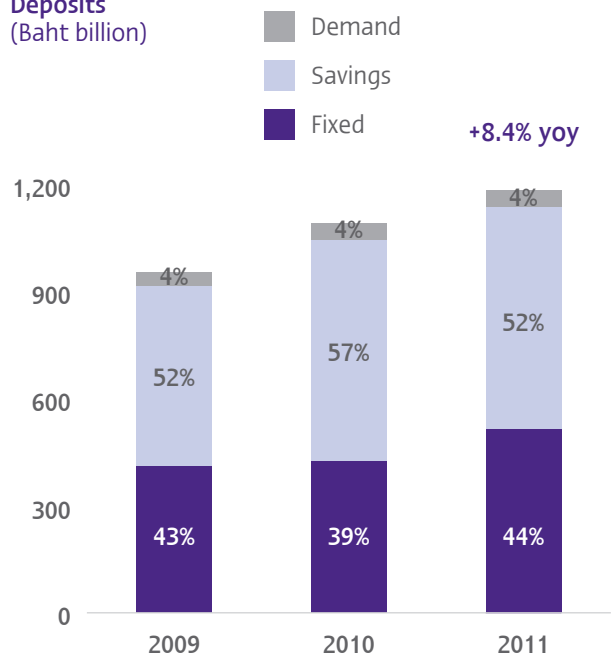
(Consolidated)	Dec 31, 11	Dec 31, 10	% yoy
Agricultural and mining	14,592	11,462	27.3%
Manufacturing and commercial	469,598	404,962	16.0%
Real estate and construction	94,838	76,193	24.5%
Utilities and services	172,507	127,371	35.4%
Housing loans*	321,784	280,557	14.7%
Others	219,364	158,029	38.8%
Total loans	1,292,683	1,058,574	22.1%

* Classified by sector/product (excludes consumer loans which use the home as collateral but are for another purpose)

As of December 31, 2011, **deposits** stood at Baht 1,184,388 million, up 8.4% yoy from Baht 1,092,109 million at the end of December 2010. The strong growth in deposit was the result of the deposit campaigns launched over the period. As of December 31, 2011, deposits plus B/E grew 23.5% yoy.

Fixed deposits, demand deposits and savings deposits increased (year-on-year) by 20.8%, 1.6% and 0.4% respectively. The proportion of savings and demand deposits as a percentage of total deposit base dropped to 56.5% in 2011 from 60.9% at the end of 2010. Following the acquisition of SICCO, its certificates of deposits of Baht 75 million were recorded as part of the Bank's deposits. Most of these certificate of deposits will mature over the next 12 months. Also, as a result of the special deposit campaigns, and in anticipation of more upward movement in interest rates in the early part of 2011, the Bank significantly shifted its portfolio mix of term deposits towards medium term fixed deposits. Concurrently, Bills of Exchange (B/E), akin to uninsured deposits, were used to attract a growing volume of both corporate and High Net Worth customer deposits.

Deposits (Baht billion)



Unit: Million Baht

Deposits (Consolidated)	Dec 31,11	Dec 31,10	% yoy
Demand	47,046	46,284	1.6%
Savings	621,733	619,038	0.4%
Fixed	515,534	426,787	20.8%
- Less than 6 months	172,550	155,806	10.7%
- 6 months and up to 1 year	137,439	65,590	109.5%
- Over 1 year	205,545	205,391	0.1%
Certificate of deposits	75	-	NM
Total Deposits	1,184,388	1,092,109	8.4%
Bill of Exchange (B/E)*	216,668	41,902	417.1%

* The B/E is akin to a fixed term deposit except that since as a borrowing instrument it does not attract the 40 bps fee from the Deposit Protection Agency. Instead, all or part of this fee is passed on to the B/E holder, thereby providing a much higher yielding alternative to term deposits. Typically, the holders of B/E are corporates with excess liquidity or high net worth individuals.

2. Investments

Total net investments rose 115.1% yoy to Baht 330,774 million at the end of 2011 from Baht 153,746 million at the end of 2010, mainly due to the inclusion of the portfolio investments of SCB Life and SICCO following acquisition as well as the larger investment in Thai government bonds.

Unit: Million Baht

	Dec 31,11	Dec 31,10	% yoy
- Investment-net	330,074	148,495	122.3%
- Investment in associated companies-net	700	5,251	-86.7%
Total Investments-net	330,774	153,746	115.1%

3. Debt securities in issue and borrowings

Debt securities in issue and borrowings increased Baht 193,234 million or 308.6% yoy to Baht 255,843 million at the end of 2011, largely due to the issuance of Bills of Exchange (B/E) (+417.1% yoy) and the issuance of Euro Medium Term Notes of USD 400 million. (The B/E are akin to an uninsured deposit which have gained in popularity among the business and high net worth customers in recent years due to a higher yield when compared to fixed term deposits. As these instruments are not insured, the Bank does not need to pay the contribution fee to the Deposit Protection Agency and some or all of this benefit is passed on to holders of these instruments).

Unit: Million Baht

	Dec 31,11	Dec 31,10	% yoy
- Short term debt securities in issue and borrowings	197,417	39,931	394.4%
- Long term debt securities in issue and borrowings	58,426	22,678	157.6%
Total debt securities in issue and borrowings	255,843	62,609	308.6%

4. Net goodwill and other intangible assets

Net goodwill and other intangible assets stood at Baht 11,256 million at end of 2011, a sharp increase from Baht 2,172 million at end of 2010. The increase was mainly a result of SCB Life acquisition in 1Q11 which led to the recognition of goodwill amounting to Baht 8.8 billion.

Under TFRS 3, the net acquired assets of SCB Life were determined at fair value. Therefore, a fair value adjustment (Baht 1.7 billion) of Held to Maturity (HTM) investments of SCB Life has been added to the book value of net acquired assets of SCB Life, and will be amortized over the remaining term of these HTM investments (12 years or approximately Baht 0.14 billion per year).

5. Shareholders' equity

As of December 31, 2011, shareholders' equity stood at Baht 185,871 million, a 20.4% yoy increase of Baht 31,555 million from Baht 154,316 million at the end of 2010, mainly from the net profit for the period. The net profit appropriations were reduced by the dividend payment of Baht 6,798 million (Baht 2.00 per share) in accordance with the resolution of the Shareholder's Annual General Meeting in April 2011 and an interim dividend payment of Baht 3,399 million (Baht 1.00 per share) in August 2011.

Book value per share as of December 31, 2011 was Baht 54.68 (3,399 million ordinary and preferred shares at the end of December 2011), up from Baht 45.40 at the end of 2010.

Off Balance Sheet: Contingent Liabilities

As at December 31, 2011, the Bank and its subsidiaries had combined contingencies of Baht 253,123 million, up by Baht 38,456 million (17.9% yoy) from Baht 214,667 million at the end of 2010. The increase in contingencies was mainly from unused bank overdraft facilities, letters of credit and other guarantees.

Unit: Million Baht

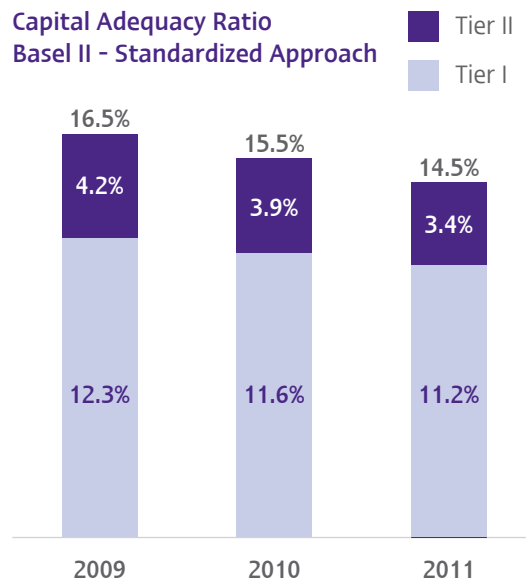
(Consolidated)	Dec 31, 11	Dec 31, 10	% yoy
Aval to bills	1,532	3,030	-49.4%
Guarantees of loans	548	414	32.6%
Liability under unmatured import bills	6,370	5,778	10.2%
Letters of credit	25,770	13,878	85.7%
Other contingencies			
Other guarantees	113,884	102,749	10.8%
Amount of unused bank overdraft	104,514	88,617	17.9%
Others	504	202	150.1%
Total contingent liabilities	253,123	214,667	17.9%

Statutory Capital (Bank only)

Total capital funds (Tier 1 and Tier 2) as of December 31, 2011 stood at 14.54% of total risk-weighted assets, representing Tier-1-capital of 11.15% and Tier-2-capital of 3.39%. Should the 2H11 net profit be taken into consideration, total capital ratio and Tier 1 capital ratio would be 15.74% and 12.35%, respectively. The Bank's Tier 1 capital comprises, substantially, tangible capital only.

The Bank believes this strong capital position, together with its sound loan loss reserve coverage, are sufficient to withstand the impact of any potential shocks, which may arise if the economic growth is hampered by unexpected events. This solid capital position also provides the Bank with flexibility to grow its business in a timely manner as and when more growth opportunities arise in the quarters to come. The Bank believes that this strong capital position will place it at an advantageous position compared with less capitalized banks, should the regulatory regime becomes more stringent in the future. The Bank expects to maintain its aggregate capital adequacy ratio well in excess of the regulatory minimum throughout 2012.

		Statutory Capital		
(Bank only)		Dec 31, 11 (Basel II)	Dec 31, 10 (Basel II)	% yoy
Tier-1 Capital	Bt, million	140,159	122,662	14.3%
	% of RWA	11.15%	11.63%	
Tier-2 Capital	Bt, million	42,637	41,018	3.9%
	% of RWA	3.39%	3.89%	
Total Capital	Bt, million	182,796	163,680	11.7%
	% of RWA	14.54%	15.52%	
Risk weighted assets	Bt, million	1,257,473	1,054,458	19.3%



Non Performing Assets

Gross NPLs on a consolidated basis fell to Baht 36,200 million (2.61% of total loans) at the end of December 2011 from Baht 38,684 million (3.25% of total loans) at the end of 2010. Net NPLs declined to Baht 14,352 million (1.05%) at the end of December 2011 from Baht 18,827 million (1.61%) at the end of 2010. The group's asset quality improved in 2011, in part due to the Bank's pre-emptive strategies to prevent new NPL formation, improved collection workout practice for existing NPLs, NPL sales to third parties, and, to some extent, the improved economic environment.

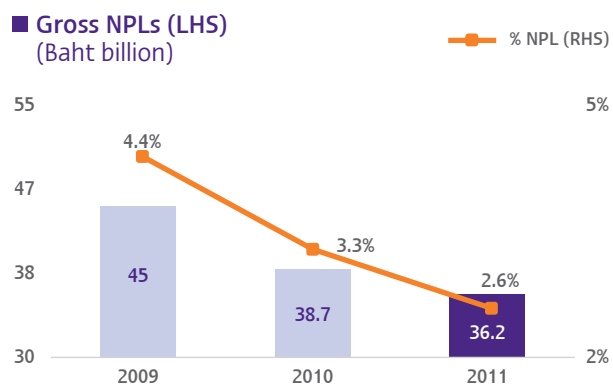
Allowance for doubtful accounts as of December 31, 2011 stood at Baht 45,995 million, an increase of Baht 4,400 million from the end of 2010. The Bank set aside an additional provision in 2H11 as a cushion for future deterioration in asset quality, resulting in the increase to the coverage ratio (total allowance to non-performing loans) to 127.1% at the end of 2011 from 107.5% at the end of 2010.

(Consolidated)		Dec 31, 11	Dec 31, 10
Non-performing loans (Gross NPLs)	Bt, million	36,200	38,684
	% of total loans	2.61%	3.25%
Allowance for doubtful accounts*	Bt, million	45,406	41,000
Allowance for revaluation of debt restructuring	Bt, million	590	595
Total allowance for doubtful accounts and revaluation of debt restructuring	Bt, million	45,995	41,595
Total allowance to NPLs		127.1%	107.5%

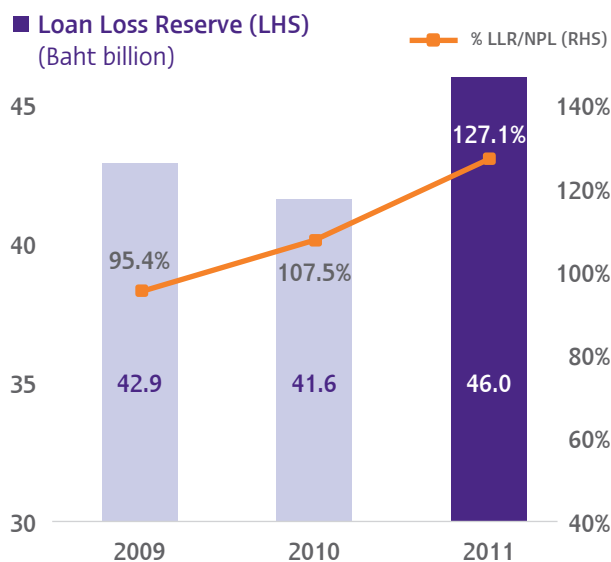
* Excluding Interbank

Gross NPLs on a bank only basis fell to Baht 31,544 million (2.32%) at the end of 2011 from Baht 35,688 million (3.04%) at the end of 2010. Net non-performing loans (net NPLs) declined to Baht 12,674 million (0.94%) at the end of 2011 from Baht 17,066 million (1.48%) at the end of 2010. Given the regulatory forbearance, the impact of the recent floods to loan quality is not fully reflected in the NPL level. The Bank is closely monitoring the underlying asset quality for flood affected customers and estimates that when the normal rules are activated the NPL increase would be within 40-50 bps and the expected loss would be further cushioned by the value of the underlying collateral.

Special mention loans increased by Baht 2,888 million in 4Q11 but were still Baht 12,170 million below the level in 4Q10. The qoq increase was due to the Bank's prudential stance to prematurely flag two customer accounts which although normal may, in future, encounter strong headwinds. The yoy reduction was mainly due to substantive improvement in the financial position and longer term outlook for a few large customers which had earlier been affected by unexpected events. These customers have now been reclassified as normal.



% NPL by Segment	2009	2010	2011
Wholesale	3.3%	2.9%	2.4%
SME	11.7%	8.5%	5.7%
Retail	3.7%	2.5%	1.9%

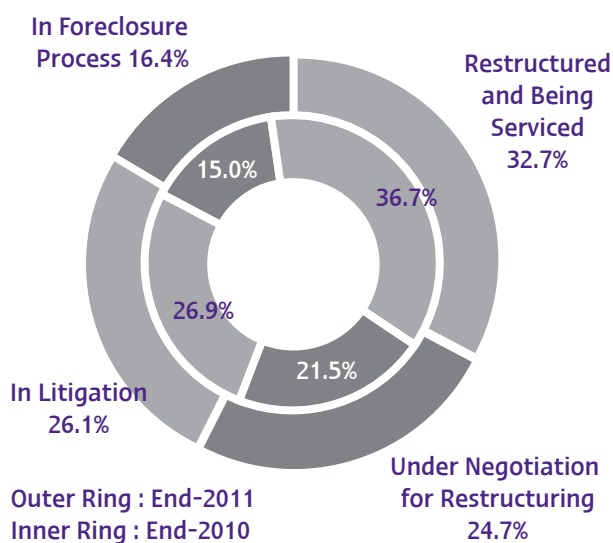


Unit: Million Baht

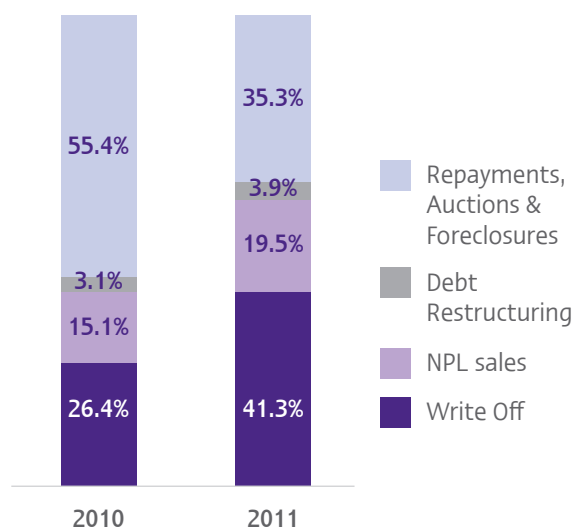
(Consolidated)	Dec 31, 11		Dec 31, 10	
	Loan and accrued interest	Allowance for classified loans	Loan and accrued interest	Allowance for classified loans
Classified loans and allowance for doubtful accounts				
Normal	1,242,234	11,938	992,308	9,479
Special mention	17,168	144	29,338	567
Substandard	6,748	3,033	8,855	4,233
Doubtful	6,223	4,819	4,516	2,335
Doubtful loss	23,310	11,323	25,381	11,239
Total	1,295,683	31,257	1,060,398	27,853
Allowance established in excess of BoT regulations		14,149		13,147
Total allowance		45,406		41,000

As shown in the chart below, at the end of 2011, NPLs that are being restructured and serviced accounted for the largest proportion of the total NPLs, followed by NPLs in the litigation process. For 2011, the Bank reduced its NPLs mainly through write-off followed by repayments auctions and foreclosures, NPL sales, and debt restructuring. In the fourth quarter of 2011, new NPL formation dropped from 41 bps in 3Q11 to 24 bps as one large corporate borrower was marked down as a new NPL in 3Q11.

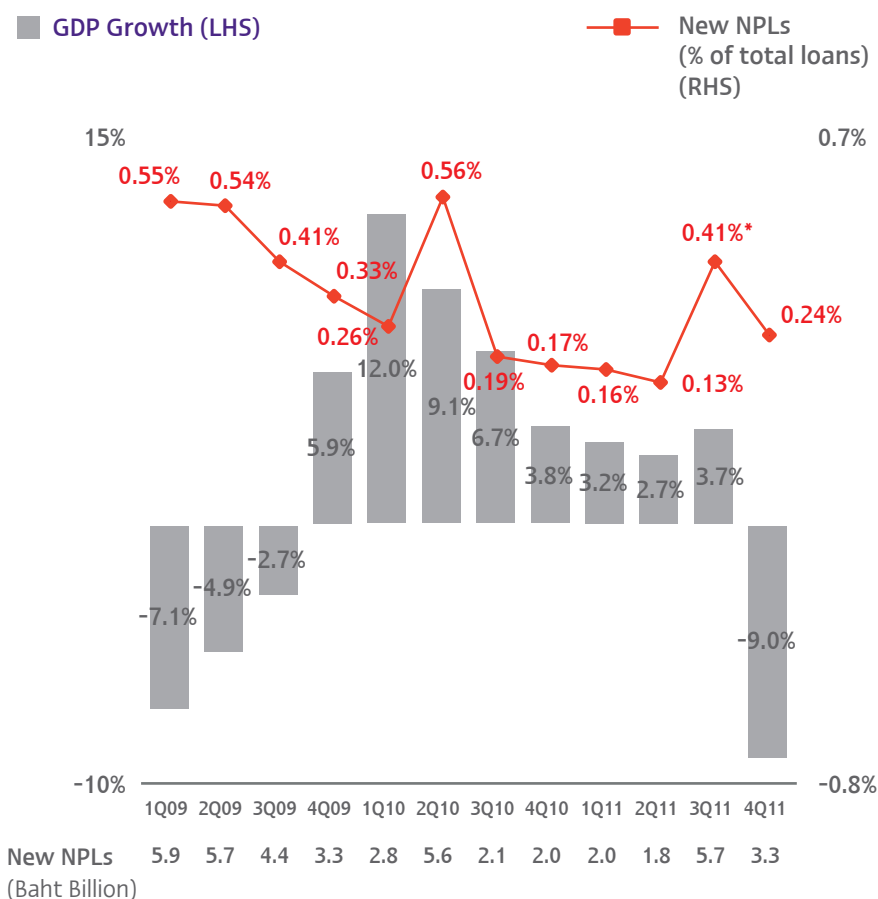
NPL Breakdown by Status (Bank only)



NPL Reduction by Methods



New NPLs Formation



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

The Bank's foreclosed properties as at December 2011 stood at Baht 11,765 million, a decrease of Baht 919 million (7.2% yoy) from Baht 12,684 million at end of 2010.

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, 2011, the Bank and its subsidiaries that are financial institutions have outstanding loans that have been restructured amounting to Baht 30,795 million in the consolidated financial statements and Baht 30,466 million for the Bank only. Some of these loans are NPLs and are already included in the NPL level noted above.

In 2011, loans amounting to Baht 6,717 million were restructured. Also, during 2011 the Bank recognized interest income from debt restructuring in the amount of Baht 1,795 million

(Consolidated)		Dec 31, 11	Dec 31, 10
Loans to restructured debtors	Bt, million	30,795	36,055
- Restructured loans which are classified as NPL	Bt, million	8,349	11,817
- Restructured loans which are not classified as NPL	Bt, million	22,446	24,238
Troubled debt restructuring	Bt, million	6,717	6,331
Interest income recognized from restructured loans	Bt, million	1,795	2,292

Liquidity

In 2011, the Bank was successful in growing its funding base through multiple campaigns that leveraged its strong retail franchise. Given, high loan demand, the **loan to deposit** ratio on a consolidated basis stands at 109.1% as of December 31, 2011, an increase from 96.9% in 2010. However, the 'loan to deposits and B/E' ratio dropped to 92.3%, from 93.3% in 2010 mainly due to the significant increase in the volume of B/E. Given the high level of competition for deposits market at the moment, the Bank is comfortable with maintaining its loan to deposit (including B/E) ratio in the mid 90s%.

	Dec 31, 11	Dec 31, 10
Gross Loans to Deposits Ratio	109.1%	96.9%
Gross Loans to Deposits and B/E	92.3%	93.3%

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

The Bank has a policy to maintain its daily liquidity ratio at 20% or higher - measured as total liquid assets to total deposits and B/E. If the ratio falls below 20%, immediate corrective action is considered. As at December 31, 2011, the liquidity ratio stood at 25.8% of total deposits and B/E and thus the Bank is assured of ample liquidity despite the relatively tight conditions in the deposit market.

Sources and Uses of Funds

As at December 31, 2011, deposits accounted for 63.1% of SCB funding base. Other sources of funds included 13.6% from the issuance of debt instruments (including Bills of Exchange which are akin to an uninsured deposit), 9.9% from shareholders' equity, and 2.8% from interbank borrowings. Of that total, 68.8% was used for loans, while another 17.6% was applied to net investments in securities, and 6.7% was lent in the interbank and money markets.

Credit Ratings

The Bank's credit ratings by Moody's Investors Service, Standard & Poor's and Fitch Ratings as of December 31, 2011 are shown below.

Credit Ratings of Siam Commercial Bank PCL		December 31, 11
Moody's Investors Service		
Bank Financial Strength Rating (BFSR)		C-
Outlook		Stable
Deposit - Foreign Currency (Long Term/Short Term)		Baa1/P-2
Deposit - Local Currency (Long Term/Short Term)		A3/P-1
Outlook		Stable
Senior Unsecured MTN		(P) A3
Other Short Term		(P) P-2
Standard & Poor's		
Certificate of Deposit		BBB+/A-2
Counterparty Credit Rating		BBB+/A-2
ASEAN Regional Scale Rating		axA+/axA-1
Outlook		Stable
Senior Unsecured		BBB+
Fitch Ratings		
Foreign Currency		
Long Term Issuer Default Rating		BBB+
Short Term Issuer Default Rating		F2
Outlook		Stable
Senior Unsecured		BBB+
Individual Rating		C
Support Rating		2
National		
Long Term Rating		AA (tha)
Short Term Rating		F1+ (tha)
Outlook		Stable
Unsecured Subordinated Debenture		AA- (tha)



Pillar III Disclosure

June 2011

Introduction

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

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

- **Pillar I** provides guidelines for the calculation of minimum capital requirements.
- **Pillar II** outlines the key principles for the supervisory review process and the related risk management concepts.
- **Pillar III** requires a set of disclosures on capital and risk assessment processes, aimed at encouraging and reinforcing market discipline.

Under Pillar III, the BOT requires reporting to be on a semi-annual basis: 30 June and 31 December. This report as at 30 June 2011 discloses quantitative information on capital structure and its adequacy, including the composition of risk-weighted assets. The report at the year end will provide both qualitative and quantitative disclosure.

In line with the BOT guidelines, the capital adequacy calculation and Pillar III disclosure are provided based on both solo basis and consolidated basis. The Bank has adopted the Standardized Approach for measuring credit risk, market risk and operational risk in order to compute its regulatory capital requirements.

The annual disclosure report at year end will provide more explanatory details in terms of qualitative and quantitative information on the bank's risk management policies and framework, as well as the measures adopted to monitor and report these matters in line with the Basel II framework. Both disclosure reports are made available to market participants within four months following the date of the financial statements under the Investor Relations section of the Bank's website at http://www.scb.co.th/en/abt/abt_ivr.shtml.

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

Capital Management

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

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

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

Capital Adequacy

Capital provides a cushion against the risks SCB and its Financial Group underwrite and, therefore, maintaining an adequate capital level is of critical importance to the economic soundness of SCB and its Financial Group.

The regulatory guidelines stipulate the minimum level of capital requirements for SCB and its Financial Group that must be maintained at all times; 8.5% of risk weighted assets to cover credit risk, market risk and operational risk. Further SCB and its Financial Group must maintain, at least, 4.25% of this capital in Tier 1 capital as a regulatory requirement.

The figures and tables below provide summary data of SCB and its Financial Group's capital resources, risk weighted assets, capital adequacy ratios, and capital requirements by risk type.

Solo Basis

As at 30 June 2011, SCB's total capital adequacy and tier 1 ratios stood at 14.37% and 10.65% respectively, which were lower than the ratios at 31 December 2010 by 1.15% and 0.98% respectively.

Consolidated Supervision*

Under full consolidation supervision, as at 30 June 2011, Financial Group's total capital adequacy and tier 1 ratios stood at 13.44% and 10.37% respectively, which were lower than the ratios at 31 December 2010 by 1.67% and 1.18% respectively.

Although, the total capital adequacy and tier 1 ratios of both SCB and its Financial Group were decreased due to a large expansion in loan portfolios, they were still well beyond the BOT minimum regulatory requirements and at a higher level than the Bank's risk appetite.

* The structure of the Consolidated Supervision Group can be divided into two levels: Full consolidation which includes parent company and subsidiaries categorized under Solo and Non-solo consolidated subsidiaries and Solo consolidation which includes the Bank and its subsidiaries categorized under the solo consolidation group.

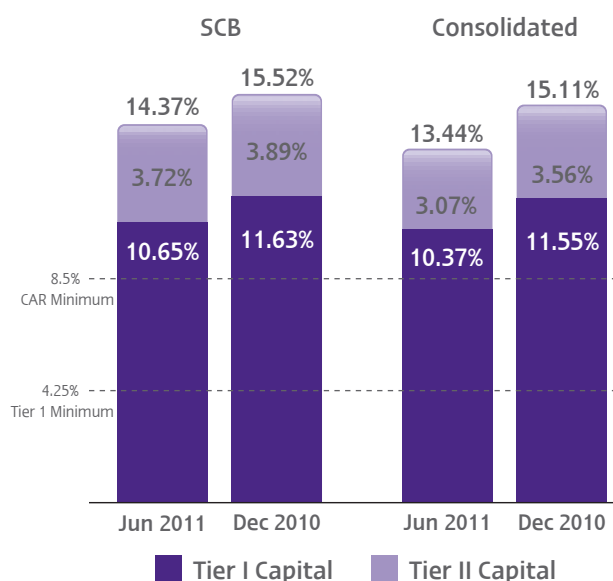
- Solo consolidated subsidiaries means any of the Bank's subsidiaries whose business operations involve loans or loan-related transactions and whose shares are directly held by the Bank in a ratio of not less than 75% of issued and paid-up shares.

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

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

Capital Adequacy Ratio (CAR)

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

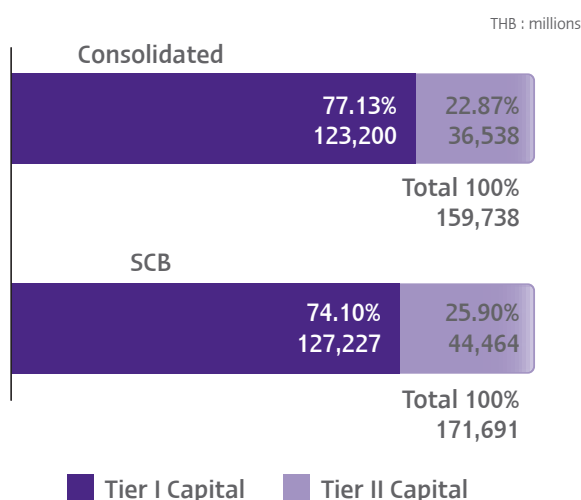


Capital adequacy ratio well above BOT capital requirement

Capital adequacy ratio (CAR) and Tier I ratio at the end of first half year were strong and well above the regulatory requirement.

Figure 2: Capital Structure

Capital Structure as at 30 June 2011



Robustness of capital composition

- As Tier 1 CAR was above the total minimum requirement capital adequacy ratio (8.5%), it attests to the ability and quality of the Bank's capital to absorb losses in an economic downturn. Much of the Tier 1 capital is from the continued & robust growth in retained earnings.

Impact from economic environment

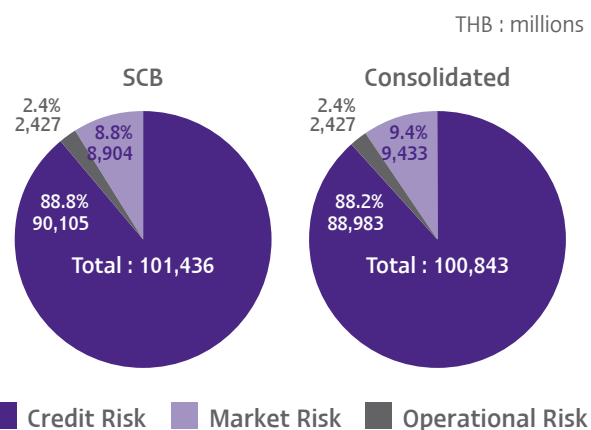
- The increase in Tier II of SCB is underpinned by both the revaluation surplus on AFS investment and the revaluation surplus arising from the appraisal of Land and Building, due to the upward trend within the Thai economy, stock exchange and property market in 1H11.

Higher capital supportive of continued asset growth

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

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

Basel II Minimum Capital Requirement as at 30 June 2011



Minimum Capital Requirement

- Overall, current minimum capital required for SCB and its Financial Group increased by 13.17% and 12.23% respectively (from Baht 89,629 million & Baht 89,854 million in December 2010 to Baht 101,436 million and Baht 100,843 million in June 2011) as a result of economic recovery and business growth in the first half of 2011.
- However, the proportion of capital consumed by risk types remained unchanged.

Quantitative Information

Table 1: Comprehensive Capital Structures and Capital Adequacy

In THB : millions	Bank Only		Consolidated	
	30-Jun-11	31-Dec-10	30-Jun-11	31-Dec-10
Tier 1 Capital				
Paid-up Capital	33,992	33,926	33,992	33,926
Premium on shares	11,124	11,124	11,124	11,124
Paid-up Preferred shares	-	66	-	66
Legal Reserve	7,000	6,034	7,000	6,034
Appropriated Retained Earnings	75,117	71,512	79,646	74,947
Minority interest	-	-	88	88
Deductions from Tier 1 Capital				
Goodwill	-	-	(804)	(804)
50/50 Deduction items	-	-	(7,840)	(3,337)
Deferred Tax	(6)	-	(6)	-
Total Tier 1 Capital	127,227	122,662	123,200	122,044
Tier 2 Capital				
Revaluation Surplus on Land and Building Appraisal	8,144	6,478	8,144	6,478
Revaluation Surplus on AFS Investment	1,381	1,359	1,382	1,359
General Provision	14,939	13,181	14,852	13,214
Subordinated Debt	20,000	20,000	20,000	20,000
Deductions from Tier 2 Capital				
50/50 Deduction items	-	-	(7,840)	(3,337)
Total Tier 2 Capital	44,464	41,018	36,538	37,714
Total Regulatory Capital	171,691	163,680	159,738	159,758
Risk Weighted Assets				
Credit Risk	1,060,054	932,356	1,046,861	928,667
Market Risk	30,335	23,587	30,337	23,590
Operational Risk	104,758	98,514	110,982	104,852
Total Risk Weighted Assets	1,195,147	1,054,458	1,188,180	1,057,109
Total Risk Weighted Capital Ratio (%)	14.37%*	15.52%	13.44%	15.11%
Tier 1 Risk-weighted Capital Ratio (%)	10.65%	11.63%	10.37%	11.55%
Minimum Regulatory Capital Adequacy Ratio (%)	8.50%	8.50%	8.50%	8.50%
Minimum Tier 1 Risk-Weighted Capital Ratio (%)	4.25%	4.25%	4.25%	4.25%

* Note: Appropriation of profit after interim dividend distribution for the first half of 2011 is not included in this computation. If included, the total risk-weighted capital ratio and the Tier 1 risk-weighted capital ratio of SCB would be 15.73 % and 12.01% respectively, and SCB financial group would be 14.81% and 11.73%

Table 2: Minimum Capital Requirements by Risk Type

In THB : millions	Bank Only		Consolidated	
	30-Jun-11	31-Dec-10	30-Jun-11	31-Dec-10
Credit Risk - Standardized Approach				
Performing				
Governments, Central Banks, MDBs ¹ and PSEs ² treated as Sovereign	41	27	233	157
Banks and PSEs ² treated as Bank	1,719	1,626	1,737	1,641
Corporates ³ and PSEs ² treated as Corporate	55,523	48,778	55,475	48,585
Retail	14,185	11,723	14,865	12,830
Retail Mortgage Loans	9,286	8,323	9,286	8,323
Other Assets	7,564	6,857	5,502	5,354
Non-Performing	1,785	1,916	1,885	2,047
First-to-Default Credit Derivatives and Securitisation	-	-	-	-
Total Minimum Capital Requirements for Credit Risk	90,105	79,250	88,983	78,937
Market Risk - Standardized Approach				
Interest Rate Risk	1,818	1,550	1,818	1,550
Equity Position Risk	78	80	78	80
Foreign Exchange Risk	531	375	531	375
Commodity Risk	-	-	-	-
Total Minimum Capital Requirements for Market Risk	2,427	2,005	2,427	2,005
Operational Risk - Standardized Approach				
Total Minimum Capital requirements for Operational Risk	8,904	8,374	9,433	8,912
Total Minimum Capital Requirements	101,436	89,629	100,843	89,854

¹ Multilateral development banks² Non-central government public sector entities³ Including claims on individuals and their groups with business purposes but exceeding conditions of claims on retail



COMPARATIVE KEY FINANCIAL STATISTICS

(CONSOLIDATED BASIS)

Financial Status

As of December 31,

Unit: Million Baht

	2011	2010	2009	2008*	2007*
Total Assets	1,877,836	1,476,735	1,293,990	1,275,133	1,165,568
- Loans	1,292,683	1,058,574	940,238	916,920	868,175
- Allowance for Doubtful Accounts	(45,995)	(41,595)	(42,894)	(41,711)	(46,796)
- Investment - net	330,774	153,746	165,419	155,197	128,640
- Properties for Sale - net	11,765	12,684	12,990	11,987	16,943
Total Liabilities	1,690,654	1,321,630	1,153,068	1,147,237	1,053,750
- Deposits	1,184,388	1,092,109	955,920	911,482	850,229
- Debt Issued and Borrowings	255,843	62,609	57,183	82,411	88,660
Total Equity	187,183	155,105	140,921	127,896	111,818

Financial Results

For the year ended December 31,

Unit: Million Baht

	2011	2010	2009	2008*	2007*
Interest Income	77,947	52,704	53,891	63,331	60,446
Less Interest Expenses	27,421	12,950	16,365	19,002	21,268
Net Interest Income	50,526	39,754	37,526	44,330	39,177
Non-interest Income	40,509	29,372	23,895	25,141	22,367
Total Operating Income	91,035	69,126	61,422	69,470	61,544
Less Operating Expenses	36,883	30,535	27,989	34,337	32,594
Income (loss) before Impairment Loss of Loans and Debt Securities	54,152	38,591	33,433	35,133	28,950
Less Impairment Loss of Loans and Debt Securities	6,630	4,699	5,505	4,954	4,036
Income Tax and Non-controlling interest	11,249	9,686	7,169	8,766	7,558
Net Profit (loss)	36,273	24,206	20,758	21,414	17,356

Key Financial Ratios (Consolidated Basis)

Unit: Percent

	2011	2010	2009	2008*	2007*
Profitability Ratio					
Return on Assets (ROA)	2.2	1.7	1.6	1.8	1.6
Return on Equity (ROE)	21.3	16.4	15.5	18.0	16.5
Net Interest Margin (NIM)	3.3	3.1	3.2	3.9	3.7
Non Interest Income to Total Income	44.5	42.5	38.9	36.2	36.3
Efficiency Ratio					
Cost Income Ratio	40.5	44.2	45.6	49.4	53.0
Cost to Assets	2.2	2.2	2.2	2.8	3.0
Financial Ratio					
Equity to Assets	9.9	10.4	10.8	10.0	9.5
Loans to Deposits	109.1	96.9	98.4	100.6	102.1
Capital Adequacy Ratio					
Total Capital to Risk Assets	14.5	15.5	16.5	15.2	13.1
Tier 1 Capital to Risk Assets	11.2	11.6	12.3	11.0	10.6
Tier 2 Capital to Risk Assets	3.4	3.9	4.2	4.2	2.5
Asset Quality Ratio					
Non-performing Loans to Total Loans (bank only)	2.3	3.0	4.1	4.7	5.7
Non-performing Loans to Total Loans (consolidated)	2.6	3.3	4.4	5.1	6.1
Total Allowance to Non-performing Loans (bank only)	132.8	110.6	98.4	86.8	88.9
Total Allowance to Non-performing Loans (consolidated)	127.1	107.5	95.4	83.3	86.3
Total Allowance to Total Loans	3.6	3.9	4.6	4.5	5.4
Accrued Interest to Total Loans	0.2	0.2	0.2	0.2	0.3

Share Information**

	2011	2010	2009	2008*	2007*
Earnings per Share - EPS (Baht)	10.67	7.12	6.11	6.30	5.11
Book Value per Share (Baht)	54.68	45.40	41.23	37.42	32.63
Dividend per Share*** (Baht)	3.50	3.00	2.50	2.00	2.00
Market Capitalization (Billion Baht)	396.0	351.8	294.9	164.0	291.0
Number of Share (Million shares)	3,399	3,399	3,399	3,399	3,399

Remark:

* Based on old financial statement format.

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

*** Dividend per share in 2011 as proposed to the Annual General Meeting of Shareholders in April 2012. (Interim dividend Baht 1.0 per share)



Audit Report of Certified Public Accountant

To the Shareholders of The Siam Commercial Bank Public Company Limited

I have audited the accompanying consolidated and the Bank's statements of financial position as at 31 December 2011 and 2010, and the related statements of comprehensive income, changes in equity and cash flows for the years then ended of The Siam Commercial Bank Public Company Limited and its subsidiaries, and of The Siam Commercial Bank Public Company Limited, respectively. The Bank's management is responsible for the correctness and completeness of information presented in these financial statements. My responsibility is to express an opinion on these financial statements based on my audits.

I conducted my audits in accordance with generally accepted auditing standards. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audits provide a reasonable basis for my opinion.

In my opinion, the consolidated and the Bank's financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 2011 and 2010 and the results of operations and cash flows for the years then ended of The Siam Commercial Bank Public Company Limited and its subsidiaries, and of The Siam Commercial Bank Public Company Limited, respectively, in accordance with Financial Reporting Standards.

As explained in notes 2, 4 and 50 to the financial statements, with effect from 1 January 2011, the Bank and its subsidiaries have adopted certain new and revised financial reporting standards and relevant Bank of Thailand notifications with regard to the presentation of the financial statements. The consolidated and the Bank's financial statements for the year ended 31 December 2010, which are included in the accompanying financial statements for comparative purposes, have been restated accordingly.

Supot Singhasaneh
Certified Public Accountant
Registration No. 2826

KPMG Phoomchai Audit Ltd.
Bangkok
16 February 2012

Financial Statements and Notes





Statements of financial position

The Siam Commercial Bank Public Company Limited and its Subsidiaries
As at 31 December 2011 and 2010

Asset	Note	Consolidated		The Bank	
		2011	2010	2011	2010
		(in thousand Baht)			
Cash		33,701,257	33,273,010	33,468,934	33,171,784
Interbank and money market items, net	11	125,003,304	149,018,434	114,794,032	146,391,744
Derivative assets	12	28,198,279	31,589,205	28,198,279	31,589,205
Investments, net	13	330,074,039	148,495,443	248,064,620	145,424,811
Investments in subsidiaries and associates, net	14	699,561	5,250,817	28,132,697	17,990,809
Loans to customers and accrued interest receivables, net	15				
Loans to customers		1,306,393,160	1,067,159,207	1,282,584,826	1,050,236,154
Accrued interest receivables		2,999,976	1,824,400	2,833,752	1,797,442
Total loans to customers and accrued interest receivables		1,309,393,136	1,068,983,607	1,285,418,578	1,052,033,596
Less deferred revenue		(13,710,151)	(8,585,280)	(12,210,373)	(7,290,998)
Less allowance for doubtful accounts	15.4, 19	(45,405,542)	(41,000,179)	(41,333,964)	(38,867,757)
Less revaluation allowance for debt restructuring	20	(589,811)	(594,759)	(561,772)	(594,759)
Total loans to customers and accrued interest receivables, net		1,249,687,632	1,018,803,389	1,231,312,469	1,005,280,082
Customers' liabilities under acceptances		110,194	162,945	110,194	162,945
Properties for sale, net	21	11,765,050	12,683,713	11,573,083	12,551,756
Premises and equipment, net	22	34,772,020	28,534,779	33,240,646	27,324,796
Goodwill and other intangible assets, net	23	11,256,139	2,172,288	1,272,059	1,318,263
Reinsurance receivables and assets		10,998,360	19,646	-	-
Receivables from sales of investments		21,126,259	29,578,247	21,116,210	29,578,241
Assets pending transfer	24	7,255,264	6,809,074	7,252,955	6,701,302
Other assets, net	25	13,189,091	10,343,959	9,450,800	8,434,693
Total assets		1,877,836,449	1,476,734,949	1,767,986,978	1,465,920,431

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



Statements of financial position

The Siam Commercial Bank Public Company Limited and its Subsidiaries
As at 31 December 2011 and 2010

		Consolidated		The Bank	
Liabilities and equity	Note	2011	2010	2011	2010
		(in thousand Baht)			
Liabilities					
Deposits	27	1,184,387,802	1,092,108,950	1,179,458,199	1,090,495,260
Interbank and money market items	28	53,431,298	48,039,272	55,005,273	49,911,581
Liabilities payable on demand		6,905,019	6,883,222	6,897,938	6,866,151
Derivative liabilities	12	28,818,615	29,135,232	28,818,615	29,135,232
Debt issued and borrowings	29	255,842,963	62,609,368	256,302,963	62,789,368
Bank's liabilities under acceptances		110,194	162,945	110,194	162,945
Provisions	30	5,139,207	4,601,002	4,759,166	4,359,861
Liabilities under insurance contracts		89,040,860	1,640,490	-	-
Payable from purchases of investments		29,459,244	33,431,691	28,599,961	33,431,691
Liabilities pending transfer	31	8,914,689	13,202,177	8,644,997	13,083,204
Other liabilities	32	28,603,647	29,815,529	22,872,182	26,309,379
Total liabilities		1,690,653,538	1,321,629,878	1,591,469,488	1,316,544,672

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



Statements of financial position

The Siam Commercial Bank Public Company Limited and its Subsidiaries
As at 31 December 2011 and 2010

Liabilities and equity	Note	Consolidated		The Bank	
		2011	2010	2011	2010
(in thousand Baht)					
Equity					
Share capital					
Authorised share capital					
3,585,588,249 preference shares of Baht 10 each		35,855,882	35,861,558	35,855,882	35,861,558
3,414,411,751 ordinary shares of Baht 10 each		34,144,118	34,138,442	34,144,118	34,138,442
Issued and paid-up share capital					
6,029,591 preference shares of Baht 10 each		60,296	65,719	60,296	65,719
3,393,162,607 ordinary shares of Baht 10 each		33,931,626	33,926,203	33,931,626	33,926,203
Premium on share capital					
Premium on preference share		23,578	25,699	23,578	25,699
Premium on ordinary share		11,100,613	11,098,492	11,100,613	11,098,492
Other reserves		20,921,165	15,754,413	20,499,582	15,344,324
Retained earnings					
Appropriated					
Legal reserve	33	7,000,000	7,000,000	7,000,000	7,000,000
Unappropriated		112,833,679	86,445,116	103,901,795	81,915,322
Total shareholders' equity		185,870,957	154,315,642	176,517,490	149,375,759
Non-controlling interest		1,311,954	789,429	-	-
Total equity		187,182,911	155,105,071	176,517,490	149,375,759
Total liabilities and equity		1,877,836,449	1,476,734,949	1,767,986,978	1,465,920,431

Mrs. Kannikar Chalitaporn
President

Dr. Vichit Suraphongchai
Chairman of the Executive Committee

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



Statements of comprehensive income

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the years ended 31 December 2011 and 2010

		Consolidated		The Bank	
	Note	2011	2010	2011	2010
		<i>(in thousand Baht)</i>			
Interest income	41	77,946,828	52,703,550	73,909,322	50,846,663
Interest expense	42	27,420,781	12,949,963	27,417,325	12,776,929
Net interest income		50,526,047	39,753,587	46,491,997	38,069,734
Fees and service income	43	23,662,965	22,585,499	26,342,506	21,523,857
Fees and service expense	43	3,856,868	3,167,385	3,452,967	2,947,796
Net fees and service income	43	19,806,097	19,418,114	22,889,539	18,576,061
Net trading income	44	6,286,726	3,970,302	6,289,908	3,959,384
Net gain on investments	45	5,329,579	1,657,834	512,190	1,611,631
Share of profit of associates		401,980	1,028,484	-	-
Dividend income		1,028,474	974,972	5,627,866	3,000,348
Net earned insurance premiums		28,695,761	2,273,611	-	-
Other operating income		1,398,352	1,177,126	624,706	639,409
Total operating income		113,473,016	70,254,030	82,436,206	65,856,567
Net insurance claims		22,437,521	1,128,458	-	-
Net operating income		91,035,495	69,125,572	82,436,206	65,856,567
Other operating expenses					
Staff costs		17,508,629	13,685,133	15,325,116	12,443,353
Directors' remuneration	38	97,110	88,467	87,295	78,049
Premises and equipment expenses		8,645,280	8,225,658	7,798,839	7,682,565
Taxes and duties		2,775,503	2,056,018	2,676,269	2,044,042
Others		7,856,962	6,479,795	8,127,288	6,670,658
Total operating expenses		36,883,484	30,535,071	34,014,807	28,918,667
Impairment loss of loans and debt securities	46	6,630,491	4,698,950	6,856,064	4,837,543
Profit before tax		47,521,520	33,891,551	41,565,335	32,100,357
Income tax expense		11,212,786	9,563,170	9,693,565	8,921,975
Net profit		36,308,734	24,328,381	31,871,770	23,178,382

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



Statements of comprehensive income

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the years ended 31 December 2011 and 2010

		Consolidated		The Bank	
	Note	2011	2010	2011	2010
<i>(in thousand Baht)</i>					
Other comprehensive income					
Change in revaluation surplus		5,568,365	-	5,533,439	-
Gain (loss) on remeasuring available-for-sale investment		(132,889)	2,041,849	(65,902)	1,979,011
Foreign currency translation differences		82,651	(167,477)	-	-
Share of other comprehensive income of associates		(19,514)	-	-	-
Total other comprehensive income		5,498,613	1,874,372	5,467,537	1,979,011
Total comprehensive income		41,807,347	26,202,753	37,339,307	25,157,393
Net profit attributable					
Shareholders of the parent company		36,272,651	24,205,969	31,871,770	23,178,382
Non-controlling interest		36,083	122,412	-	-
Total comprehensive income attributable					
Shareholders of the parent company		41,757,579	26,072,586	37,339,307	25,157,393
Non-controlling interest		49,768	130,167	-	-
Earnings per share of the parent company	47				
Basic earnings per share (in Baht)		10.67	7.12	9.38	6.82

Mrs. Kannikar Chalitaporn
President

Dr. Vichit Suraphongchai
Chairman of the Executive Committee

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



Statements of changes in equity

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the years ended 31 December 2011 and 2010

Consolidated														
Other reserves														
	Issued and paid-up share capital		Premium on share capital		Change in revaluation surplus	Gain on remeasuring available-for-sale investment	Foreign currency translation differences	Share of other comprehensive income of associates	Total other reserves	Retained earnings		Total shareholders' equity	Non - controlling interest	Total
	Preference shares	Ordinary shares	Preference shares	Ordinary shares						Legal reserve	Unappropriated			
Note														
(in thousand Baht)														
Balance at 1 January 2010	71,644	33,920,278	28,016	11,096,175	11,203,614	3,034,834	(245,652)	60,454	14,053,250	6,034,294	74,936,163	140,139,820	781,655	140,921,475
Dividend paid	34	-	-	-	-	-	-	-	-	-	(11,897,173)	(11,897,173)	(121,869)	(12,019,042)
Conversion of preference shares to ordinary shares	(5,925)	5,925	(2,317)	2,317	-	-	-	-	-	-	-	-	-	-
Profit for the year	-	-	-	-	-	-	-	-	-	-	24,205,969	24,205,969	122,412	24,328,381
Other comprehensive income	-	-	-	-	-	2,034,094	(167,477)	-	1,866,617	-	-	1,866,617	7,755	1,874,372
Total comprehensive income for the year	-	-	-	-	-	2,034,094	(167,477)	-	1,866,617	-	24,205,969	26,072,586	130,167	26,202,753
Transfer to legal reserve	-	-	-	-	-	-	-	-	-	965,706	(965,706)	-	-	-
Transfer to retained earnings	-	-	-	-	(165,454)	-	-	-	(165,454)	-	165,863	409	(524)	(115)
Balance at 31 December 2010	65,719	33,926,203	25,699	11,098,492	11,038,160	5,068,928	(413,129)	60,454	15,754,413	7,000,000	86,445,116	154,315,642	789,429	155,105,071

(in thousand Baht)

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the years ended 31 December 2011 and 2010

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



Statements of changes in equity

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the years ended 31 December 2011 and 2010

The Bank											
	Note	Issued and paid-up share capital			Premium on share capital		Other reserves			Total	
		Preference shares	Ordinary shares	Preference shares	Ordinary shares	Change in revaluation surplus	Gain on remeasuring available-for-sale investment	Total other reserves	Retained earnings		
									Legal reserve		Unappropriated
(in thousand Baht)											
Balance at 1 January 2010		71,644	33,920,278	28,016	11,096,175	10,810,433	2,716,984	13,527,417	6,034,294	71,437,715	136,115,539
Dividend paid	34	-	-	-	-	-	-	-	-	(11,897,173)	(11,897,173)
Conversion of preference shares to ordinary shares		(5,925)	5,925	(2,317)	2,317	-	-	-	-	-	-
Profit for the year		-	-	-	-	-	-	-	-	23,178,382	23,178,382
Other comprehensive income		-	-	-	-	-	1,979,011	1,979,011	-	-	1,979,011
Total comprehensive income for the year		-	-	-	-	-	1,979,011	1,979,011	-	23,178,382	25,157,393
Transfer to legal reserve		-	-	-	-	-	-	-	965,706	(965,706)	-
Transfer to retained earnings		-	-	-	-	(162,104)	-	(162,104)	-	162,104	-
Balance at 31 December 2010		65,719	33,926,203	25,699	11,098,492	10,648,329	4,695,995	15,344,324	7,000,000	81,915,322	149,375,759

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



Statements of changes in equity

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the years ended 31 December 2011 and 2010

(in thousand Baht)

The Bank											
	Note	Issued and paid-up share capital			Premium on share capital		Other reserves			Total	
		Preference shares	Ordinary shares	Preference shares	Ordinary shares	Change in revaluation surplus	Gain (loss) on remeasuring available-for-sale investment	Retained earnings			
								Legal reserve	Unappropriated		
											Total other reserves
(in thousand Baht)											
Balance at 1 January 2011		65,719	33,926,203	25,699	11,098,492	10,648,329	4,695,995	15,344,324	7,000,000	81,915,322	149,375,759
Dividend paid	34	-	-	-	-	-	-	-	-	(10,197,576)	(10,197,576)
Conversion of preference shares to ordinary shares		(5,423)	5,423	(2,121)	2,121	-	-	-	-	-	-
Profit for the year		-	-	-	-	-	-	-	-	31,871,770	31,871,770
Other comprehensive income		-	-	-	-	5,533,439	(65,902)	5,467,537	-	-	5,467,537
Total comprehensive income for the year		-	-	-	-	5,533,439	(65,902)	5,467,537	-	31,871,770	37,339,307
Transfer to retained earnings		-	-	-	-	(312,279)	-	(312,279)	-	312,279	-
Balance at 31 December 2011		60,296	33,931,626	23,578	11,100,613	15,869,489	4,630,093	20,499,582	7,000,000	103,901,795	176,517,490

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



Statements of cash flows

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the years ended 31 December 2011 and 2010

	Consolidated		The Bank	
	2011	2010	2011	2010
	(in thousand Baht)			
Cash flows from operating activities				
Profit before tax	47,521,520	33,891,551	41,565,335	32,100,357
<i>Adjustments for</i>				
Depreciation and amortisation	2,803,391	2,532,510	2,504,045	2,390,765
Impairment loss on loans and debt securities	7,466,649	5,762,809	7,581,685	5,671,830
(Reversal) loss on impairment of assets	(222,674)	13,498	(222,674)	13,498
(Reversal) loss on impairment of properties for sale	8,284	(491)	8,284	(491)
Gain on investments	(5,329,579)	(1,657,834)	(512,190)	(1,611,631)
Amortisation of premiums of investment in debt securities	1,686,354	694,508	1,895,496	694,508
(Gain) loss on sales of premises and equipment	(10,239)	15,323	(3,948)	26,622
Gain on sales of properties for sale	(288,808)	(504,062)	(338,699)	(474,554)
Net trading income	(6,286,726)	(3,970,302)	(6,289,908)	(3,959,384)
Negative goodwill	(259,233)	-	-	-
Share of profit of associates	(401,980)	(1,028,484)	-	-
	46,686,959	35,749,026	46,187,426	34,851,520
Net interest income	(50,526,047)	(39,753,587)	(46,491,997)	(38,069,734)
Dividend income	(1,028,474)	(974,972)	(5,627,866)	(3,000,348)
Proceeds from interest	76,476,675	52,717,403	72,661,140	50,846,786
Interest paid	(22,373,266)	(10,946,277)	(22,413,470)	(10,726,075)
Proceeds from dividend	1,014,407	967,174	5,629,123	3,000,348
Income tax paid	(12,105,801)	(7,887,878)	(10,582,637)	(7,178,293)
Income from operations before changes in operating assets and liabilities	38,144,453	29,870,889	39,361,719	29,724,204
<i>(Increase) decrease in operating assets</i>				
Interbank and money market items	31,834,014	(48,936,219)	31,637,974	(50,125,662)
Derivative assets	3,390,926	(8,452,078)	3,390,926	(8,452,078)
Investment in securities for trading	(2,842,027)	728,495	(3,068,005)	345,061
Loans to customers	(230,315,525)	(129,174,121)	(235,588,456)	(143,492,182)
Properties for sale	4,729,038	4,756,251	4,272,458	3,832,351
Reinsurance receivables and assets	(10,978,714)	(3,598)	-	-
Other assets	14,719,122	(12,875,801)	12,965,482	(12,793,367)

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



Statements of cash flows

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the years ended 31 December 2011 and 2010

	Consolidated		The Bank	
	2011	2010	2011	2010
	<i>(in thousand Baht)</i>			
Cash flows from operating activities				
<i>Increase (decrease) in operating liabilities</i>				
Deposits	82,058,940	136,161,639	88,962,940	137,782,456
Interbank and money market items	5,226,426	(498,987)	5,093,691	(6,675)
Liabilities payable on demand	21,797	1,208,024	31,787	1,193,683
Derivative liabilities	(316,617)	6,000,026	(316,617)	6,000,026
Short-term debt securities in issue and borrowings	185,064,737	4,178,520	186,724,737	18,558,520
Other liabilities	9,961,291	16,421,417	(16,536,197)	15,873,633
Net cash from (used in) operating activities	<u>130,697,861</u>	<u>(615,543)</u>	<u>116,932,439</u>	<u>(1,560,030)</u>
Cash flows from investing activities				
Purchases of available-for-sale securities	(260,500,988)	(48,913,506)	(227,952,920)	(46,081,727)
Proceeds from sales of available-for-sale securities	147,000,256	51,936,060	119,766,072	49,483,079
Purchases of held-to-maturity securities	(11,424,701)	(3,988,296)	(1,053,295)	(1,313,652)
Proceeds from redemption of held-to-maturity securities	10,153,743	14,309,752	8,242,663	12,098,752
Purchases of general securities	(15,477)	(23,460)	(583)	(2,300)
Proceeds from sales of general securities	8,477	1,222,507	6,332	1,212,007
Purchases of investments in subsidiaries and/or associated companies	(10,836,744)	-	(10,914,107)	-
Proceeds from sales of investments in subsidiaries and/or associated companies	99,567	244,409	1,104,825	40,000
Purchases of premises and equipment	(2,885,838)	(2,925,046)	(2,436,816)	(2,862,012)
Proceeds from sales of premises and equipment	500,068	96,705	270,733	18,881
Net cash from (used in) investing activities	<u>(127,901,637)</u>	<u>11,959,125</u>	<u>(112,967,096)</u>	<u>12,593,028</u>
Cash flows from financing activities				
Increase in long-term debt securities in issue and borrowings	7,909,383	1,247,934	6,529,383	1,247,934
Dividend paid to equity holders of the Bank	(10,197,576)	(11,897,173)	(10,197,576)	(11,897,173)
Dividend paid to non-controlling interest	(162,435)	(121,869)	-	-
Net cash used in financing activities	<u>(2,450,628)</u>	<u>(10,771,108)</u>	<u>(3,668,193)</u>	<u>(10,649,239)</u>
Foreign currency translation differences	82,651	(167,477)	-	-
Net increase in cash	<u>428,247</u>	<u>404,997</u>	<u>297,150</u>	<u>383,759</u>
Cash at 1 January	<u>33,273,010</u>	<u>32,868,013</u>	<u>33,171,784</u>	<u>32,788,025</u>
Cash at 31 December	<u>33,701,257</u>	<u>33,273,010</u>	<u>33,468,934</u>	<u>33,171,784</u>

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
For the years ended 31 December 2011 and 2010

The notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from and are consistent with the Thai language statutory financial statements, and both the English and Thai language financial statements were approved and authorised for issue by the directors on 16 February 2012.

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 listed on the Stock Exchange of Thailand on 6 February 1976.

The principal business of the Bank is banking business through its branch network in Thailand and other countries.

Details of the Bank's subsidiaries as at 31 December 2011 and 2010 were as follows:

Name of the entity	Type of business	% shareholding of the Bank	
		2011	2010
1 Chatuchak Assets Management Co., Ltd.*	Asset management	-	100.0
2 Rutchayothin Assets Management Co., Ltd.	Asset management	100.0	100.0
3 Cambodian Commercial Bank Ltd.	Banking	100.0	100.0
4 SCB Securities Co., Ltd.	Securities	100.0	100.0
5 The Siam Commercial Samaggi Insurance PCL	Insurance	59.6	59.1
6 SCB Training Centre Co., Ltd.	Training center	100.0	100.0
7 Siam Phitiwat Company Limited	Appraisal services	100.0	100.0
8 Mahisorn Co., Ltd.**	Property management	100.0	100.0
9 SCB Asset Management Co., Ltd.	Asset management	100.0	100.0
10 SCB Capital Service Co., Ltd.*	Asset management	-	100.0
11 Siam Commercial Leasing PCL	Leasing, hire-purchase, factoring and collection	99.1	99.1
12 Siam Panich SPV 1 Co., Ltd.	Securitisation	99.1	99.1
13 Siam Niti Law Office Co., Ltd.***	Legal consultant	100.0	100.0

* Dissolution in 2011

** Decreased paid-up share capital from Baht 1,071 million to Baht 268 million on 2 June 2011 and to Baht 67 million on 15 December 2011

*** Discontinued operations or in the process of dissolution

	Name of the entity	Type of business	% shareholding of the Bank	
			2011	2010
14	SCB Plus Co., Ltd.	Collection company	100.0	100.0
15	SCB Life Assurance PCL****	Life insurance	94.7	47.3
16	The Siam Industrial Credit PCL*****	Finance and hire - purchase		
17	SICCO Special Purpose Vehicle 2 Company Limited*	Securitisation	-	38.6
18	SICCO Securities PCL	Securities	69.9	27.1
19	SICCO Advisory Co., Ltd.	Financial advisory	69.9	27.1

**** Changed from associate to be a subsidiary in 2011 and renamed from "Siam Commercial New York Life Insurance PCL" to "SCB Life Assurance PCL" on 25 May 2011

***** Changed from associate to be a subsidiary in 2011

All subsidiaries were registered and operate in Thailand except Cambodian Commercial Bank Ltd., which was registered and operates in Cambodia.

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) and guidelines promulgated by the Federation of Accounting Professions (FAP); applicable rules and regulations of the Thai Securities and Exchange Commission; and presented as prescribed by the Bank of Thailand (BoT) notification number Sor Nor Sor 11/2553, directive dated 3 December 2010, regarding "The preparation and announcement of the financial statements of commercial banks and holding companies which are the parent company of a group of companies offering financial services".

During 2010 and 2011, the FAP issued the following new and revised TFRS relevant to the Bank and its subsidiaries' operations and effective for accounting periods beginning on or after 1 January 2011:

TFRS	Topic
TAS 1 (revised 2009)	Presentation of Financial Statements
TAS 7 (revised 2009)	Statement of Cash Flows
TAS 8 (revised 2009)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2009)	Events after the Reporting Period
TAS 16 (revised 2009)	Property, Plant and Equipment
TAS 17 (revised 2009)	Leases
TAS 18 (revised 2009)	Revenue
TAS 19	Employee Benefits
TAS 23 (revised 2009)	Borrowing Costs
TAS 24 (revised 2009)	Related Party Disclosures
TAS 27 (revised 2009)	Consolidated and Separate Financial Statements
TAS 28 (revised 2009)	Investments in Associates
TAS 33 (revised 2009)	Earnings per Share
TAS 34 (revised 2009)	Interim Financial Reporting
TAS 36 (revised 2009)	Impairment of Assets
TAS 37 (revised 2009)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2009)	Intangible Assets
TAS 40 (revised 2009)	Investment Property
TFRS 3 (revised 2009)	Business Combinations
TFRS 5 (revised 2009)	Non-current Assets Held for Sale and Discontinued Operations
TIC 31	Revenue - Barter Transactions Involving Advertising Services
FAP Announcement no. 16/2554	Disclosure Guidance on Related Party Transactions with Government
FAP Announcement no. 17/2554	Transitional Procedures for Other Long-term Employee Benefits
FAP Announcement no. 18/2554	Accounting Guidance on Revaluation of Assets
FAP Announcement no. 19/2554	Accounting Guidance for Condominiums

The adoption of these new and revised TFRS has resulted in changes in the Bank and its subsidiaries' accounting policies. The effects of these changes are disclosed in note 4.

In addition to the above new and revised TFRS, the FAP has issued during 2010 a number of other new and revised TFRS which are expected to be effective for financial statements beginning on or after 1 January 2013 and have not been adopted in the preparation of these financial statements. These new and revised TFRS are disclosed in note 49.

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following material items in the statements of financial position:

- derivative financial instruments are measured at fair value;
- trading and available-for-sale financial assets are measured at fair value.

(c) Presentation currency

The financial statements are prepared and presented in Thai Baht. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest million unless otherwise stated.

(d) Use of estimates and judgments

The preparation of financial statements in conformity with TFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. Actual results may differ from estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which estimates are revised and in any future periods affected.

Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes:

Note 3	Impact of severe flooding in Thailand
Note 7	Financial risk management
Note 8	Fair value of financial instruments
Note 11	Interbank and money market items, net (Assets)
Note 12	Derivatives
Note 13	Investments, net
Note 14	Investments in subsidiaries and associated companies, net
Note 19	Allowance for doubtful accounts
Note 20	Revaluation allowance for debt restructuring
Note 21	Properties for sale, net
Note 22	Premises and equipment, net
Note 23	Goodwill and other intangibles assets, net
Note 31	Liabilities pending transfer

3. Impact of severe flooding in Thailand

Due to the recent flooding the Bank of Thailand has implemented measures requesting banks to provide support to their impacted customers, where a request for such support is made and approved by the Bank and where the customer's account status is Pass or Special Mention. Such measures are set out in Notification ForNorSor. (23) Wor. 1564/2554 issued on 19 October 2011 (the "Notification"). These measures include deferral of repayment of loan principal and/or interest for periods of 6 months or 12 months, extend the repayment period of outstanding loans by considering the customer's payment ability, provide new loans to assist business recovery at special rates of interest and, in the case of credit card customers, a reduction in the minimum amount payable to less than 10% of the outstanding balance. In accordance with the Notification, the relief provided has been treated as "general debt restructuring", under which the related balances due have continued to be classified on the basis of their account status as of the date (the customer requests relief from the Bank). However, if the Bank has incurred an NPV loss under the terms of restructuring, this has been recognised in the allowance for doubtful account.

The Bank continues to monitor the underlying performance of flood affected customers, and set up allowance for doubtful accounts where considered necessary.

Management has performed an assessment of the financial impact of the flood on other areas of the Bank's operations and concluded this is not material to the consolidated financial statements.

4. Changes in accounting policies

(a) *Presentation of financial statements*

From 1 January 2011, the Bank and its subsidiaries have adopted TAS 1 (revised 2009) Presentation of Financial Statements. Under the revised standard, a set of financial statements comprises:

- Statement of financial position;
- Statement of comprehensive income;
- Statement of changes in equity;
- Statement of cash flows; and
- Notes to the financial statements.

As a result, the Bank and its subsidiaries present all owner changes in equity in the statement of changes in equity and all non-owner changes in equity in the statement of comprehensive income. Previously, all such changes were included in the statement of changes in equity.

Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on reported profit or earnings per share.

(b) *Accounting for business combinations*

From 1 January 2011, the Bank and its subsidiaries have adopted TFRS 3 (revised 2009) *Business Combinations* and TAS 27 (revised 2009) *Consolidated and Separate Financial Statements* for all business combinations on or after 1 January 2011. The new policy has been applied prospectively from 1 January 2011 in accordance with the transitional provisions of the revised standards for business combinations during 2011 and, the adoption of these two revised standards has been disclosed in note 6.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Bank and its subsidiaries. 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 and its subsidiaries take into consideration potential voting rights that are currently exercisable.

Acquisitions on or after 1 January 2011

The Bank measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus
- if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Bank and its subsidiaries incur in connection with a business combination are expensed as incurred.

Acquisitions between 1 January 2008 and 31 December 2010

Goodwill represented the excess of the cost of the acquisition over the Bank's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Bank and its subsidiaries incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Acquisitions prior to 1 January 2008

Goodwill was measured in the same way as described in the preceding paragraph. However, both positive and negative goodwill were amortised over their estimated useful life of 20 years. On 1 January 2008, on adoption of the former TAS 43 (revised 2007), the Bank and its subsidiaries discontinued amortising goodwill. Negative goodwill carried in the financial statements as at 31 December 2007 was derecognised by crediting unappropriated retained earnings on 1 January 2008.

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 changes in accounting policies.

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 accounting policy for business combinations has been changed from 1 January 2011. See note 4(b) for details.

The Bank applies the acquisition method for all business combinations other than those with entities under common control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Bank takes into consideration potential voting rights that currently are exercisable. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Bank to the previous owners of the acquiree, and equity interests issued by the Bank. Consideration transferred also includes the fair value of any contingent consideration.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

The Bank measures any non-controlling interest at its proportionate interest in the identifiable net assets of the acquiree.

Transaction costs that the Bank incurs in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

Subsidiaries

Subsidiaries are entities controlled by the Bank. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Bank. Losses applicable to non-controlling interests in a subsidiary are allocated to non-controlling interests even if doing so causes the non-controlling interests to have a deficit balance.

Loss of control

Upon the loss of control, the Bank derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Bank retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

Associates

Associates are those entities in which the Bank has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Bank holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for in the consolidated financial statements using the equity method (equity-accounted investees) and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Bank's share of profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Bank, from the date that significant influence commences until the date that significant influence ceases. When the Bank's share of losses exceeds its interest in an associate, the Bank's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Bank has incurred legal or constructive obligations or made payments on behalf of the associate.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Bank and its Subsidiaries' interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

The consolidated financial statements include the accounts of the Head Office, all domestic and overseas branches and the Bank's subsidiaries where more than 50% of the shares are owned by the Bank. Related party transactions and balances have been eliminated.

The consolidated financial statements for the years ended 31 December 2011 and 2010 do not consolidate certain companies which are in the process of being dissolved and do not consolidate the companies in which the Bank and a subsidiary have more than 50% of paid-up capital as a result of debt restructuring because the Bank and the subsidiary intend to hold these investments temporarily. Such companies which are classified as "general investments" are as follows:

	% of the paid-up share capital	
	2011	2010
Companies which are owned through debt restructuring		
Phoenix Land Development Co., Ltd.	97.6	97.6

The Company's assets, liabilities, equity, income, expenses, and profit are relatively immaterial compared to the consolidated financial statements.

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 associated companies. The Bank presents these investments in the statement of financial position as either investments or investments in subsidiaries and associated companies.

Trading securities are those investments that management acquires with the intention of holding these investments for a short period of time in order to take advantage of anticipated changes in the underlying market values. Trading securities are stated at fair value. Changes in fair value are recognised in profit or loss as net trading income. Interest income on trading securities is recognised using the accrual basis of accounting.

Debt securities and marketable equity securities that are not classified as trading securities, held-to-maturity securities, and investment in subsidiaries and associated companies 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. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Impairment losses and foreign exchange differences are recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

The Bank classifies non-negotiable promissory notes and the rights of the Bank against the non-negotiable promissory notes, which were given to the Bank by the Thai Asset Management Corporation (TAMC) upon entering into the Asset Transfer Agreement in order to transfer impaired assets of the Bank and its subsidiary, as held-to-maturity debt securities.

Equity securities which are not marketable and are not subsidiaries and associated companies are classified as general investments and are stated at the historical cost, less impairment losses, if any.

Investments in subsidiaries and associated companies in the Bank's financial statements are accounted for by the cost method less impairment losses, if any.

Investments in associated companies in the consolidated financial statements are accounted for by the equity method.

Investments in subsidiaries and associated companies acquired from troubled debt restructuring for which the Bank has received permission from the Bank of Thailand to hold the shares, and which are included in general investment and available-for-sale securities, are not required to be either accounted for by the equity method or to be consolidated.

The following methodologies are used to determine the fair value of securities held by the Bank.

The fair value of government debt securities is estimated based on the Thai Bond Market Association's last average bid price. In situations where no auction prices are available, the fair value is estimated based on the last executed price. For government debt securities with no active market price, the fair value is estimated based on the yield curve of government debt securities plus a risk premium.

The bidding prices at The Stock Exchange of Thailand on the last business day of the year are used to estimate the fair value of listed private sector debt and equity securities. The fair value of non-listed private sector debt securities is estimated by applying the BoT valuation formula and the risk free yield curve plus the appropriate risk premium.

The fair value of unit trusts is estimated based on the net asset value at the reporting date.

The fair value of foreign debt and equity securities listed on the foreign stock exchanges is estimated by using the bid prices at such exchanges as of the last business day of the year. The fair value of non-listed foreign debt and equity securities is determined based on values quoted by reliable international financial institutions.

Valuation allowances are established and recognised as gains on investments in profit or loss, when impairment in the value of investments has occurred.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Bank and its subsidiaries dispose of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

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

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. The minimum allowance consists of the provisions based on the regulatory loan classifications and other additional provisions required by the BoT.

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.

The allowance is in compliance with and normally exceeds the minimum requirement under BoT's guidelines by considering each loan type. 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.

Loans which have been restructured will be reclassified. Restructured loans which were previously classified as doubtful and doubtful loss are upgraded to substandard. Restructured loans which were previously classified as substandard or special mention loans will be classified at the same class for 3 consecutive months or the next 3 installment payments, whichever is the longer, at which time the loans will be reclassified as normal if the terms of the restructuring are complied with.

Allowances for doubtful accounts established during the year are recognised as bad debt and doubtful accounts expense in profit or loss. Bad debts recovery is recorded as income and is presented net of bad debt and doubtful accounts expense in profit or loss.

Bad debt written off is recorded as a decrease in the allowance for doubtful accounts. Write offs are only made for loans which the Bank pursues the collection but has no prospect of further receipts. These procedures comply with BoT's notification and guidelines.

5.6 Troubled debt restructuring

Losses on troubled debt restructuring resulting from the reduction of principal and accrued interest and other restructuring concessions including modification of terms, asset transfer, debts to equity swap, etc. are recognised as expenses in profit or loss.

In case the troubled debt restructuring modifies the terms of payment, the Bank complies with the BoT's criteria requiring the Bank to choose between the collateral method by which a loss amount is to be estimated and/or the net present value method which represents expected cash flow in the future and applying the interest rate on the restructuring date for discounting purpose. Losses from such debt restructuring are recognised in profit or loss.

The Bank records assets or shares of stock representing an equity interest in the debtor received under debt restructuring agreements at their fair value less cost to sell. However, the assets received are recorded at the amount not exceeding the recorded amount of the receivable plus the non-accrued interest income to which the Bank has the ultimate legal right, in accordance with the TAS 104 Accounting for Troubled Debt Restructuring.

Subsequent to the troubled debt restructuring, the Bank recalculates fair value of restructuring debt based on aforementioned discount rates as of the last date of the quarterly financial statements and makes an adjustment of the valuation on the debt restructuring, if the fair value has changed. The recalculation made to the quarterly financial statements is in accordance with the aforementioned BoT's criteria. The adjustment in the valuation of restructuring debt shall not cause the book value of restructuring debt to exceed the investment value of restructuring debt.

5.7 Properties for sale

Properties for sale consist of immovable and movable properties which are carried at the lower of carrying amount of the loan or fair value of the property as at the reporting date. Should the carrying value of a property for sale become impaired, an allowance for impairment will be recorded in accordance with TAS 36 (revised 2009) Impairment of Assets.

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

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.

Gains and losses on disposal of an item of premises and equipment are determined by comparing the proceeds from disposal with the carrying amount of premises and equipment, and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Revalued assets

Revaluations are performed by independent professional appraisers with sufficient regularity according to guidelines prescribed by BoT to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value, on revaluation, is recognised in other comprehensive income and presented in other reserves in equity unless it offsets a previous decrease in value recognised in profit or loss in respect of the same asset. A decrease in value is recognised in profit or loss to the extent it exceeds an increase previously recognised in other comprehensive income in respect of the same asset. Upon disposal of a revalued asset, any related revaluation surplus is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

Subsequent costs

The cost of replacing a part of an item of premises and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its subsidiaries, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of premises and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of assets. The estimated useful lives are as follows:

Premises	15-50 years
Building improvement	10 years
Furniture, fixtures, office equipment, equipment and vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

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 calculated over 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 asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities and receivable carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate. Receivables with a short duration are not discounted.

The recoverable amount of available-for-sale financial asset is calculated by reference to the fair value.

The recoverable amount of a non-finance asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimate future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial asset carried at amortised cost and available-for-sale financial asset that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

5.11 Securities borrowing and lending

The Bank and its subsidiaries record its obligations to return borrowed securities as "liabilities to deliver security" in statement of financial position and were presented at the fair value. Gains or losses arising from such adjustment are recognised in profit or loss. Cash paid as collateral for securities borrowing and lending is recorded as "claims on security" in the statement of financial position.

5.12 Employee benefits

The Bank operates a number of employees' benefit plans as follows:

Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Bank and its subsidiaries have a present legal or constructive obligation to pay this amount as a result of past service provided by employee, and the obligation can be estimated reliably.

Pension and post-retirement benefits

The Bank provides pension and post-retirement benefits to eligible employees under the following arrangement:

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Bank pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

The defined contribution plans comprise provident funds established by the Bank and its subsidiaries for their employees. Membership to the funds is on voluntary basis. Contributions are made monthly by the employees at rates ranging from 2% to 10% of their basic salaries and by the Bank and its subsidiaries at rates ranging from 2% to 10% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by licensed Fund Managers.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Bank's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Bank's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed by a qualified actuary using the projected unit credit method. The Bank recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in staff costs in profit or loss.

Other long-term employee benefits

The Bank and its subsidiaries' net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that the eligible employees have earned in return for their service in the current and prior periods before retirement; that benefit is discounted to determine its present value.

In the statement of financial position, the obligations represent the present value of the other long-term employee benefits. The obligations are calculated on the same basis as the defined benefit plan.

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 financial cost.

5.14 Initial recognition

The Bank and its subsidiaries initially recognise loans to customers, deposits and debt issued and borrowings on the transaction date. All other financial assets and liabilities 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 it is 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.

The preference shares were all convertible preference shares with the preferential right expiring on 10 May 2009. As at 31 December 2011, the Bank's preference shares preferential rights expired, such preference shares will automatically have the same rights as those of ordinary shares.

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 the statement of comprehensive income on an accrual basis.

Interest income on restructured loans of the Bank and its subsidiaries are recognised on the same accrual basis as used for loans mentioned above, except that for loans that are subject to monitoring for compliance with restructuring conditions, where the Bank and its subsidiaries recognises interest income on a cash basis until the receivables have been able to comply with the restructuring conditions for a period of no less than three months or three installments, whichever is longer.

Interest or discounts, which are already included in the face value of notes receivable or loans, are deferred and taken up as income evenly over the term of the notes or loans.

5.16 Income from hire-purchase contracts

The Bank recognises income from hire-purchase contracts based on the effective interest method.

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

5.17 Dividend income

The Bank recognises dividend income in the statement of comprehensive income on an accrual basis on the date which the Bank earns the rights to receive the dividend.

5.18 Net trading income

Net trading income is recognised in the statement of comprehensive income on an accrual basis.

5.19 Contributions to the Deposit Protection Agency

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

5.20 Income tax

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

In determining the amount of current tax, the Bank and its subsidiaries takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Bank and its subsidiaries believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Bank and its subsidiaries to change its judgement 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.

5.21 Earnings per share

The Bank and its subsidiaries present basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Since 10 May 2009, the conversion preference of the preference shares expired. Therefore, the preference shares' rights are equivalent to the ordinary shares. Basic earnings per share is calculated from net profit divided by the total number of ordinary shares and preference shares.

5.22 Assets and liabilities in foreign currencies

Assets and liabilities in foreign currencies are converted into Baht at the rates of exchange prevailing at the transaction dates.

Monetary asset and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the reference BoT exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary asset and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

Foreign entities

The asset and liabilities of foreign entities are translated to Thai Baht at the foreign exchange rates ruling at the reporting date.

The revenues and expenses of foreign entities are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on transaction are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity unit disposal of the investment.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and loss arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and present in the foreign currency translation reserve in equity unit disposal of the investment.

5.23 Derivatives

Recognition of derivatives is as follows:

- 1 Derivatives for trading are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.
- 2 Derivatives for hedging of transactions which are measured on an accrual basis are recorded as off-financial reporting items and income and expense are recognised on an accrual basis equivalent to that used for the underlying transactions.

5.24 Sales of bills of exchange

Sales, with recourse clause, of bills of exchange that carry no acceptances or aval of the financial institutions are recorded as liabilities under the caption of "Liabilities under commercial papers sold". The amount of loans recorded upon the purchase of the bills will be credited when the bills are due and collected.

5.25 Significant accounting policies of life assurance subsidiary

5.25.1 Recognition of revenues

Premium income is recognised as revenue when premium is received and on the effective date of insurance policies for the first year premium. For the renewal insurance policies, premium income is recognised as revenue when premium is received. Premium due and uncollected is additionally recognised as revenue when the policy is still in force and in the process of collection.

5.25.2 Life insurance policy reserves

Life insurance policy reserves represent the accumulated total liability for the life insurance policies in force on the reporting date. Such reserves are established to meet the estimated future obligations of all the life insurance policies in force. The reserves are calculated using actuarial methods as required by the related regulations of the Office of Insurance Commission, regarding the regulations on the allocation method of premiums as life insurance policy reserves for in force policies.

The assumptions for calculation e.g. mortality rate, discounted interest rate, surrender rate, and other terms are approved by OIC at the time of submission of policy product specification or premium rate change.

Unearned premium reserve

Unearned premium reserve for group insurance and short-term riders are calculated on a pro-rata basis i.e. incorporating the outstanding duration of each policy.

5.25.3 Unpaid policy benefits

A provision is made for the estimated cost of all claims notified but not settled at the reporting date less reinsurance recoveries, using the information available at the time. Provision is also made for the cost of claims incurred but not reported as at the reporting date based on the Company's experience and historical data. Differences between the provision for outstanding claims at the reporting date and subsequent revisions and settlements are included in profit or loss in later years.

5.26 Significant accounting policies of general insurance subsidiary

5.26.1 Recognition of direct and reinsurance premium

Premium income is recognised on the date the relevant insurance policy comes into effect, after deducting premium ceded and cancelled, and adjustment for unearned premiums.

The Company records premium income from long-term insurance policies for the coverage periods longer than 1 year as unearned revenue, and records related revenues and expenses as unearned and prepaid items. The Company recognises unearned and prepaid items as income in accordance with the Notification of Registrar No.13/2544 dated 28 August 2001, governing the revised rate of fire insurance premium.

Reinsurance premium income is recognised when the reinsurer places the reinsurance application or statement of accounts with the Company.

5.26.2 Unearned premium reserve

The subsidiary sets aside part of its written premiums as unearned premium reserve as follows:

Fire, marine (hull), motor and miscellaneous	- Monthly average basis from net premium written (the one-twenty fourth method)
Marine (cargo)	- Net premium written for the last ninety days
Travel accident	- Net premium written for the last thirty days

5.26.3 Loss reserves and outstanding claims

Loss reserves are taken up in the accounts upon receipt of claim advices from the insured, at the value appraised by an independent appraiser or the subsidiary's appraiser, depending on the particular case. In addition, the subsidiary sets up a provision for losses incurred but not yet reported (IBNR) based on the subsidiary's experience, but not less than 2.5% of the net premiums written of the last 12 months, in compliance with the Notification of the Ministry of Commerce governing the appropriation of unearned premium reserve and loss reserve of non-life insurance companies.

5.27 Significant accounting policies of the leasing subsidiary

5.27.1 Income from lease contracts

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Finance income from lease contracts is recognised on the effective interest method over the period of the contracts.

5.27.2 Income from factoring

Income from factoring is recognised by the effective interest method over the period of contracts. Interest income is not accrued for debts which are overdue more than 90 days.

5.27.3 Securitisation transaction

Siam Commercial Leasing Public Company Limited, a subsidiary, recognised the sales of hire-purchase receivables to Siam Panich SPV 1 Co., Ltd. ("Securitisation Plan"), according to the approval conditions required by the Securities and Exchange Commission. The subsidiary derecognised the hire-purchase receivables, which were transferred to Siam Panich SPV 1 Co., Ltd., and the debentures under the securitisation plan in the amount that the risks and returns on the receivables had been transferred to the debenture holders for both initial receivables transferred on the initial cut off date and additional revolving receivables transferred during the revolving period.

For those receivables whose risks and returns were not transferred to the debenture holders, the subsidiary recorded it as Deferred Purchase Price Receivable and the separately presented in the statement of financial position.

The subsidiary derecognised the hire-purchase receivables and the debentures under the securitisation project where the risks and returns on the receivables have been transferred to the debenture holders. The subsidiary has considered that the risks and returns have been transferred when the transferor surrenders control over those assets to the transferee and accounted for as a sale to the extent that consideration other beneficial interests in the transferred assets are received in exchange.

Servicing assets and other beneficial interests in the transferred assets are measured by allocating the previous carrying amount between the assets sold (if any), and retained interests (if any), based on their relative fair values at the date of transfer, if practicable.

5.27.4 Allowance for doubtful accounts

The subsidiary provides the allowance for doubtful accounts of hire-purchase accounts receivable, lease accounts receivable and terminated contract of hire-purchase accounts receivable by using the Collective Approach method which consider the historical loss experience of each loan category.

The subsidiary also reverses income from hire-purchase accounts receivable and unearned interest income for receivables which are outstanding over 3 months from the due date in order to comply with the guidelines of the BoT.

The subsidiary provides allowance for doubtful accounts for factoring accounts receivable, notes receivable, and other legal receivable in compliance with the minimum allowance for doubtful accounts based on the BoT guidelines. Each loan category is subject to different levels of provisioning based on percentages established by the BoT without collateral deduction as follows:

	Allowance (%)
Normal (Past due less than 30 days)	1
Special Mention (Past due 31 - 90 days)	2
Sub-Standard (Past due 91 - 180 days)	100
Doubtful (Past due 181 - 360 days)	100
Doubtful Loss (Past due > 360 days)	100

The statement of financial position discloses the Deferred Purchase Price Receivable net of any allowance for doubtful accounts. Any allowance is recognised immediately in profit or loss.

6 Acquisitions of subsidiaries and non-controlling interests

6.1 SCB Life Assurance Public Company Limited (SCBLIF)

On 17 March 2011, the Bank acquired an additional 31,475,017 ordinary shares or 47.33% of the common shares of SCB Life Assurance Public Company Limited (SCBLIF) (formerly Siam Commercial New York Life Insurance Public Company Limited (SCNYL)) for Baht 8.4 billion resulting in the Bank holding 94.66% of the issued and paid up capital of SCBLIF (previously held 47.33%).

Under TFRS 3 (Revised 2009) *Business Combinations* (Effective in 2011), the investment in SCBLIF is classified as a step acquisition which requires the Bank to remeasure the previously held equity interest in SCBLIF (47.33%) at fair value and recognise the difference between fair value and carrying value to profit or loss on the acquisition date as follows:

	Amount <i>(in million Baht)</i>
Fair value of previously held equity interest in SCBLIF (47.33%)	8,400
Less Carrying amount of previously investment in SCBLIF	(3,340)
Gain on revaluation of interest in SCBLIF	5,060

Gain on revaluation of interest in SCBLIF was presented in net gain on investments in the consolidated statement of comprehensive income.

According to TFRS 3, the acquisition of SCB Life Assurance Public Company Limited led to the recognition of Baht 8,865 million to goodwill, calculated as follows:

	Holding <i>(%)</i>	Amount <i>(in million Baht)</i>
Fair value of previously held equity interest in SCBLIF	47.33	8,400
Fair value of additional equity interest in SCBLIF	47.33	8,400
Non-controlling interest in SCBLIF	5.34	349
Total fair value of common shares of SCBLIF	100.00	17,149
Less Fair value of net assets acquired		8,284
Goodwill		8,865

The fair value and the book value of identifiable assets and liabilities assumed at acquisition date in SCB Life Assurance Public Company Limited are as follows:

	Book value <i>(in million Baht)</i>	Fair value <i>(in million Baht)</i>
Interbank and money market items, net	7,209	7,209
Investments, net	58,554	60,290
Loans to customers and accrued interest receivables, net	1,089	1,089
Other assets, net	3,205	3,205
Total assets	70,057	71,793
Liabilities under insurance contracts	60,609	60,609
Other liabilities	2,900	2,900
Total liabilities	63,509	63,509
Net assets acquired	6,548	8,284

The revenue and net profit of SCB Life Assurance Public Company Limited from the acquisition date to 31 December 2011 included in the consolidated profit or loss are Baht 29,097 million and Baht 6,144 million, respectively.

6.2 The Siam Industrial Credit Public Company Limited (SICCO)

On 23 September 2011, the Bank acquired an additional 363,857,542 ordinary shares or 60.90% of the common shares of The Siam Industrial Credit Public Company Limited (SICCO) for Baht 2.5 billion resulting in the Bank holding 99.55% of the issued and paid up capital of SICCO (previously held 38.65%).

The Stock Exchange of Thailand has approved the delisting of The Siam Industrial Credit Public Company Limited's securities from being listed securities on the Stock Exchange of Thailand with effective on 7 October 2011 onwards.

Under TFRS 3 (Revised 2009) Business Combinations (Effective in 2011), the investment in SICCO is classified as a step acquisition which requires the Bank to remeasure the previously held equity interest in SICCO (38.65%) at fair value and recognise the difference between fair value and carrying value to profit or loss on the acquisition date as follows:

	Amount
	<i>(in million Baht)</i>
Fair value of previously held equity interest in SICCO (38.65%)	1,591
Less Carrying amount of previously investment in SICCO	(1,691)
Loss on revaluation of interest in SICCO	(100)

Loss on revaluation of interest in SICCO was presented in loss on investments in the consolidated statement of comprehensive income.

Negative goodwill arising of Baht 259 million has been included in other operating income in the consolidated statement of comprehensive income.

The fair value and the book value of identifiable assets and liabilities of The Siam Industrial Credit Public Company Limited assumed at acquisition date are as follows:

	Book value	Fair value
	<i>(in million Baht)</i>	
Interbank and money market items, net	529	529
Investments, net	5,089	5,089
Loans to customers and accrued interest receivables, net	9,254	9,254
Other assets, net	929	929
Total assets	15,801	15,801
Deposits	10,220	10,220
Interbank and money market items	166	166
Other liabilities	754	754
Total liabilities	11,140	11,140
Net assets acquired	4,661	4,661

The revenue and net profit of The Siam Industrial Credit Public Company Limited from the acquisition date to 31 December 2011 included in the consolidated profit or loss are Baht 220 million and Baht 35 million, respectively.

7 Financial risk management

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight to the Bank and its subsidiaries' risk management framework. The Board has established the Bank and its subsidiaries Asset and Liability (ALCO) Credit and Operational Risk committees, which are responsible for developing and monitoring Bank and its subsidiaries risk management policies in their specified areas and reporting regularly to the Board of Directors on their activities.

The Bank and its subsidiaries' risk management policies are established to identify and analyse the risks faced by the Bank and its subsidiaries, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank and its subsidiaries, through its training and management controls and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Bank and its subsidiaries 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 and its subsidiaries 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 and its subsidiaries Audit Committee.

7.1 Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Bank and its subsidiaries. The Bank and its subsidiaries have adopted the policy of dealing with only creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial losses from defaults.

In case of recognised financial assets, the carrying amount of the assets recorded in the consolidated statement of financial position, net of any applicable provision for loss, represents the Bank's maximum exposure to credit risk.

The Bank has a credit risk where counterparties do not adhere to the terms of the financial contract.

Credit risk also arises from the possibility that the counterparty to a derivative financial instrument will not adhere to the terms of the contract with the Bank when settlement becomes due.

Concentrations of credit risk are limited due to the large number and diversification of customers.

7.2 Interest rate risk

Interest rate risk arises from the change in interest rates which will affect the net interest earnings in the current reporting period and in the future. Interest rate risk arises from the structure and characteristics of the Bank's assets, liabilities and equity.

The Bank uses various derivative transactions to manage its own asset and liability positions in order to manage interest rate exposure. The use of derivative transactions is in accordance with the policies and guidelines from the Board of Directors and is under the control of the Assets and Liabilities Committee (ALCO).

As at 31 December 2011 and 2010, significant financial assets and liabilities can be repriced as follows:

Consolidated								
2011								
	Reprice on demand	Reprice within 1-3 months	3-12 months	1-5 years	Reprice over 5 years	Non Performing Loans	Non interest bearing	Total
<i>(in million Baht)</i>								
Financial assets								
Cash	-	-	-	-	-	-	33,701	33,701
Interbank and money market items*	3,936	99,016	5,056	569	2,251	-	15,027	125,855
Investments, net	271	40,411	113,620	73,948	77,502	-	24,322	330,074
Loans to customers	728,912	277,204	132,673	112,754	4,640	36,200	300	1,292,683
Accrued interest receivables	-	-	-	-	-	-	3,000	3,000
Total financial assets	733,119	416,631	251,349	187,271	84,393	36,200	76,350	1,785,313
Financial liabilities								
Deposits	629,870	177,422	310,730	19,468	-	-	46,898	1,184,388
Interbank and money market items	20,328	15,763	1,926	9,874	-	-	5,540	53,431
Debt issued and borrowings	-	121,810	75,650	38,196	20,187	-	-	255,843
Other liabilities	-	-	-	-	-	-	7,222	7,222
Total financial liabilities	650,198	314,995	388,306	67,538	20,187	-	59,660	1,500,884
Difference	82,921	101,636	(136,957)	119,733	64,206	36,200	16,690	284,429

* Excluding allowance for doubtful accounts amounting to Baht 852 million

Consolidated								
2010								
	Reprice on demand	Reprice within 1-3 months	Reprice within 3-12 months	Reprice within 1-5 years	Reprice over 5 years	Non Performing Loans	Non interest bearing	Total
(in million Baht)								
Financial assets								
Cash	-	-	-	-	-	-	33,273	33,273
Interbank and money market items*	3,843	130,805	1,039	35	39	-	14,609	150,370
Investments, net	195	13,834	48,972	52,230	15,634	-	17,630	148,495
Loans to customers	585,859	234,995	113,333	83,657	2,045	38,684	1	1,058,574
Accrued interest receivables	-	-	-	-	-	-	1,824	1,824
Total financial assets	589,897	379,634	163,344	135,922	17,718	38,684	67,337	1,392,536
Financial liabilities								
Deposits	619,038	187,893	99,459	139,435	-	-	46,284	1,092,109
Interbank and money market items	14,088	27,626	908	447	-	-	4,970	48,039
Debt issued and borrowings	-	28,512	11,419	22,594	84	-	-	62,609
Other liabilities	-	-	-	-	-	-	2,493	2,493
Total financial liabilities	633,126	244,031	111,786	162,476	84	-	53,747	1,205,250
Difference	(43,229)	135,603	51,558	(26,554)	17,634	38,684	13,590	187,286

* Excluding allowance for doubtful accounts amounting to Baht 1,352 million

The Bank

2011

	Reprice on demand	Reprice within 1-3 months	3-12 months	1-5 years	Reprice over 5 years	Non Performing Loans	Non interest bearing	Total
<i>(in million Baht)</i>								
Financial assets								
Cash	-	-	-	-	-	-	33,469	33,469
Interbank and money market items*	3,635	97,261	-	5	-	-	14,745	115,646
Investments, net	-	35,917	112,372	66,704	13,031	-	20,041	248,065
Loans to customers	726,724	276,369	130,093	101,655	3,989	31,544	-	1,270,374
Accrued interest receivables	-	-	-	-	-	-	2,834	2,834
Total financial assets	730,359	409,547	242,465	168,364	17,020	31,544	71,089	1,670,388
Financial liabilities								
Deposits	632,388	173,144	308,029	19,467	-	-	46,430	1,179,458
Interbank and money market items	21,874	15,722	1,916	9,874	-	-	5,619	55,005
Debt issued and borrowings	-	122,120	75,650	38,346	20,187	-	-	256,303
Other liabilities	-	-	-	-	-	-	7,177	7,177
Total financial liabilities	654,262	310,986	385,595	67,687	20,187	-	59,226	1,497,943
Difference	76,097	98,561	(143,130)	100,677	(3,167)	31,544	11,863	172,445

* Excluding allowance for doubtful accounts amounting to Baht 852 million

The Bank								
2010								
	Reprice on demand	Reprice within 1-3 months	Reprice within 3-12 months	Reprice within 1-5 years	Reprice over 5 years	Non Performing Loans	Non interest bearing	Total
(in million Baht)								
Financial assets								
Cash	-	-	-	-	-	-	33,172	33,172
Interbank and money market items*	2,697	130,521	48	-	-	-	14,478	147,744
Investments, net	-	12,695	49,276	51,482	15,397	-	16,575	145,425
Loans to customers	589,091	237,177	110,563	68,381	2,045	35,688	-	1,042,945
Accrued interest receivables	-	-	-	-	-	-	1,798	1,798
Total financial assets	591,788	380,393	159,887	119,863	17,442	35,688	66,023	1,371,084
Financial liabilities								
Deposits	617,775	187,745	99,477	139,436	-	-	46,062	1,090,495
Interbank and money market items	15,960	27,626	908	447	-	-	4,971	49,912
Debt issued and borrowings	-	28,692	11,419	22,594	84	-	-	62,789
Other liabilities	-	-	-	-	-	-	2,491	2,491
Total financial liabilities	633,735	244,063	111,804	162,477	84	-	53,524	1,205,687
Difference	(41,947)	136,330	48,083	(42,614)	17,358	35,688	12,499	165,397

* Excluding allowance for doubtful accounts amounting to Baht 1,352 million

As at 31 December 2011 and 2010, Interest earning and interest bearing financial instruments are as follows:

Consolidated						
	2011			2010		
	Average	Interest	Average interest rate	Average	Interest	Average interest rate
	(in million Baht)		(%)	(in million Baht)		(%)
Interbank and money market items, net (Assets)	137,011	5,418	4.0	124,557	1,518	1.2
Investments, net	239,285	6,891	2.9	154,595	3,604	2.3
Loans to customers*	1,175,628	65,638	5.6	999,406	47,582	4.8
Deposits	1,138,248	19,242	1.7	1,024,014	10,468	1.0
Interbank and money market items (Liabilities)	50,735	1,546	3.0	48,289	724	1.5
Debt issued and borrowings	159,226	6,633	4.2	59,896	1,758	2.9

The Bank						
	2011			2010		
	Average	Interest	Average interest rate	Average	Interest	Average interest rate
	(in million Baht)		(%)	(in million Baht)		(%)
Interbank and money market items, net (Assets)	130,593	5,149	3.9	121,326	1,507	1.2
Investments, net	196,745	4,242	2.2	151,773	3,550	2.3
Loans to customers*	1,156,660	64,518	5.6	975,909	45,790	4.7
Deposits	1,134,977	19,180	1.7	1,021,590	10,464	1.0
Interbank and money market items (Liabilities)	52,458	1,613	3.1	49,915	750	1.5
Debt issued and borrowings	159,546	6,624	4.2	52,886	1,563	3.0

* Net of deferred revenue

7.3 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.

In managing its foreign exchange risk, it is the Bank's policy to square off its foreign currency denominated assets and liabilities positions. The Bank, therefore, endeavors to match its foreign currency denominated lending with same currency funding sources in order to minimise its exposure on foreign currency fluctuations. In addition, the Bank manages its exposure to currency risk by setting limits for both overnight and intra-day position, limits for stop-loss position and value at risk. These are monitored on a daily basis and in compliance with the Bank of Thailand's regulations on foreign exchange.

As at 31 December 2011 and 2010, the Bank has the financial assets and liabilities denominated in the various currencies as follows:

	Consolidated					
	2011					
	THB	USD	EURO	YEN	Other	Total
	<i>(in million Baht)</i>					
Financial assets						
Cash	32,649	499	216	82	255	33,701
Interbank and money market items*	109,761	13,101	885	522	1,586	125,855
Investments, net	327,673	2,152	3	-	246	330,074
Loans to customers	1,190,946	94,011	5,702	560	1,464	1,292,683
Accrued interest receivables	2,751	235	9	-	5	3,000
Total financial assets	1,663,780	109,998	6,815	1,164	3,556	1,785,313
Financial liabilities						
Deposits	1,156,586	26,048	1,112	176	466	1,184,388
Interbank and money market items	43,000	10,356	75	-	-	53,431
Debt issued and borrowings	243,193	12,650	-	-	-	255,843
Other liabilities	7,138	83	-	-	1	7,222
Total financial liabilities	1,449,917	49,137	1,187	176	467	1,500,884
On-financial reporting items, net	213,863	60,861	5,628	988	3,089	284,429
Off-financial reporting items - contingencies (currency swap contracts)	-	(58,928)	(4,783)	(947)	(3,124)	(67,782)

* Excluding allowance for doubtful accounts amounting to Baht 852 million

	Consolidated					
	2010					
	THB	USD	EURO	YEN	Other	Total
	<i>(in million Baht)</i>					
Financial assets						
Cash	32,143	527	246	86	271	33,273
Interbank and money market items*	142,541	5,705	280	355	1,489	150,370
Investments, net	145,945	2,190	3	-	357	148,495
Loans to customers	986,545	66,865	4,488	449	227	1,058,574
Accrued interest receivables	1,540	281	3	-	-	1,824
Total financial assets	1,308,714	75,568	5,020	890	2,344	1,392,536
Financial liabilities						
Deposits	1,047,419	38,368	918	4,914	490	1,092,109
Interbank and money market items	46,486	1,553	-	-	-	48,039
Debt issued and borrowings	62,609	-	-	-	-	62,609
Other liabilities	2,478	14	-	-	1	2,493
Total financial liabilities	1,158,992	39,935	918	4,914	491	1,205,250
On-financial reporting items, net	149,722	35,633	4,102	(4,024)	1,853	187,286
Off-financial reporting items - contingencies (currency swap contracts)	75	(18,642)	(3,860)	(5,117)	(920)	(28,464)

* Excluding allowance for doubtful accounts amounting to Baht 1,352 million

The Bank						
2011						
	THB	USD	EURO	YEN	Other	Total
(in million Baht)						
Financial assets						
Cash	32,586	336	216	82	249	33,469
Interbank and money market items*	101,907	10,751	885	522	1,581	115,646
Investments, net	245,664	2,152	3	-	246	248,065
Loans to customers	1,169,628	93,022	5,702	560	1,462	1,270,374
Accrued interest receivables	2,588	232	9	-	5	2,834
Total financial assets	1,552,373	106,493	6,815	1,164	3,543	1,670,388
Financial liabilities						
Deposits	1,154,287	23,427	1,112	176	456	1,179,458
Interbank and money market items	44,458	10,472	75	-	-	55,005
Debt issued and borrowings	243,653	12,650	-	-	-	256,303
Other liabilities	7,094	82	-	-	1	7,177
Total financial liabilities	1,449,492	46,631	1,187	176	457	1,497,943
On-financial reporting items, net	102,881	59,862	5,628	988	3,086	172,445
Off-financial reporting items - contingencies (currency swap contracts)	-	(58,513)	(4,783)	(947)	(3,124)	(67,367)

* Excluding allowance for doubtful accounts amounting to Baht 852 million

The Bank						
2010						
	THB	USD	EURO	YEN	Other	Total
(in million Baht)						
Financial assets						
Cash	32,136	436	246	86	268	33,172
Interbank and money market items*	141,715	3,906	280	355	1,488	147,744
Investments, net	142,875	2,190	3	-	357	145,425
Loans to customers	971,972	65,812	4,488	449	224	1,042,945
Accrued interest receivables	1,516	279	3	-	-	1,798
Total financial assets	1,290,214	72,623	5,020	890	2,337	1,371,084
Financial liabilities						
Deposits	1,047,940	36,243	917	4,914	481	1,090,495
Interbank and money market items	48,282	1,630	-	-	-	49,912
Debt issued and borrowings	62,789	-	-	-	-	62,789
Other liabilities	2,476	14	-	-	1	2,491
Total financial liabilities	1,161,487	37,887	917	4,914	482	1,205,687
On-financial reporting items, net	128,727	34,736	4,103	(4,024)	1,855	165,397
Off-financial reporting items - contingencies (currency swap contracts)	75	(18,261)	(3,860)	(5,117)	(920)	(28,083)

* Excluding allowance for doubtful accounts amounting to Baht 1,352 million

7.4 Equity risk

Equity risk is any risk arising from changes in the price of equities or common stock that may cause volatility in the Bank's earning or fluctuations in the value of the Bank's financial assets. The Bank and its subsidiaries have policies to manage the risk by maintaining long-term equity investment and investing in growth potential equity and/or those intended to support the business. The Bank has established the Policy that only companies within the Financial Group that are engaged in the financial business with specific supervisory bodies and those permitted to engage in portfolio management can engage in equity investment under relevant applicable regulations. The Bank has closely managed and monitored market situations to provide information for management to monitor the risk to the Bank.

7.5 Liquidity risk

Liquidity risk is the risk that the Bank may not be able to meet its obligations as they fall due, because of inability to realise assets or to cover funding requirements at an appropriate price, thus resulting in losses to the Bank.

The Bank has set the standard risk management framework for the SCB Financial Group companies which follow the Bank of Thailand's Consolidated Supervision framework. The Board of Directors has approved the SCB Financial Group Risk Management Policy which has set the risk management policy, organisation structure, risk limit, risk measurement and liquidity risk monitoring.

The Bank has implemented a system to monitor liquidity management on a daily basis in both baht and foreign currencies by applying a number of risk management tools, such as net daily liquidity position report, individual foreign currency position report in both the remaining time to maturity and with behavioral adjustments. In addition, the Bank also determines relevant risk limits to be adopted to measure, monitor and control liquidity risk to remain at an acceptable level, which is further reported to the senior management and relevant units on a daily basis.

As at 31 December 2011 and 2010, financial assets and liabilities are classified according to their contractual maturity as follows:

Consolidated							
2011							
	Maturity on demand	Maturity within 1 - 3 months	3 - 12 months	1 - 5 years	Maturity over 5 years	No maturity	Total
<i>(in million Baht)</i>							
Financial assets							
Cash	-	-	-	-	-	33,701	33,701
Interbank and money market items*	19,071	99,229	4,907	715	1,933	-	125,855
Investments, net	3,293	40,411	115,204	73,948	77,578	19,640	330,074
Loans to customers**	120,292	247,315	138,183	429,527	355,071	2,295	1,292,683
Accrued interest receivables	-	3,000	-	-	-	-	3,000
Total financial assets	142,656	389,955	258,294	504,190	434,582	55,636	1,785,313
Financial liabilities							
Deposits	668,779	176,370	314,015	23,488	1,736	-	1,184,388
Interbank and money market items	25,867	15,840	1,850	9,874	-	-	53,431
Debt issued and borrowings	-	119,315	74,607	41,868	20,053	-	255,843
Other liabilities	-	1,789	5,206	220	7	-	7,222
Total financial liabilities	694,646	313,314	395,678	75,450	21,796	-	1,500,884
Net liquidity gap	(551,990)	76,641	(137,384)	428,740	412,786	55,636	284,429

* Excluding allowance for doubtful accounts amounting to Baht 852 million

** Including non-performing loans

Consolidated							
2010							
	Maturity on demand	Maturity within 1 - 3 months	3 - 12 months	1 - 5 years	Maturity over 5 years	No maturity	Total
(in million Baht)							
Financial assets							
Cash	-	-	-	-	-	33,273	33,273
Interbank and money market items*	18,424	130,881	991	35	39	-	150,370
Investments, net	195	13,834	48,972	52,230	15,710	17,554	148,495
Loans to customers**	92,294	208,195	116,694	379,835	261,155	401	1,058,574
Accrued interest receivables	-	1,824	-	-	-	-	1,824
Total financial assets	110,913	354,734	166,657	432,100	276,904	51,228	1,392,536
Financial liabilities							
Deposits	665,322	187,893	99,459	139,435	-	-	1,092,109
Interbank and money market items	19,058	27,626	908	447	-	-	48,039
Debt issued and borrowings	-	28,511	11,420	2,594	20,084	-	62,609
Other liabilities	-	1,286	1,021	186	-	-	2,493
Total financial liabilities	684,380	245,316	112,808	142,662	20,084	-	1,205,250
Net liquidity gap	(573,467)	109,418	53,849	289,438	256,820	51,228	187,286

* Excluding allowance for doubtful accounts amounting to Baht 1,352 million

** Including non-performing loans

The Bank

2011

	Maturity on demand	Maturity within 1 - 3 months	3 - 12 months	1 - 5 years	Maturity over 5 years	No maturity	Total
<i>(in million Baht)</i>							
Financial assets							
Cash	-	-	-	-	-	33,469	33,469
Interbank and money market items*	18,314	97,332	-	-	-	-	115,646
Investments, net	-	35,916	113,957	66,704	13,031	18,457	248,065
Loans to customers**	117,590	245,926	134,273	418,169	354,416	-	1,270,374
Accrued interest receivables	-	2,834	-	-	-	-	2,834
Total financial assets	135,904	382,008	248,230	484,873	367,447	51,926	1,670,388
Financial liabilities							
Deposits	670,830	172,091	311,314	23,487	1,736	-	1,179,458
Interbank and money market items	27,493	15,798	1,840	9,874	-	-	55,005
Debt issued and borrowings	-	119,625	74,607	42,018	20,053	-	256,303
Other liabilities	-	1,744	5,206	220	7	-	7,177
Total financial liabilities	698,323	309,258	392,967	75,599	21,796	-	1,497,943
Net liquidity gap	(562,419)	72,750	(144,737)	409,274	345,651	51,926	172,445

* Excluding allowance for doubtful accounts amounting to Baht 852 million

** Including non-performing loans

The Bank

2010

	Maturity on demand	Maturity within 1 - 3 months	3 - 12 months	1 - 5 years	Maturity over 5 years	No maturity	Total
<i>(in million Baht)</i>							
Financial assets							
Cash	-	-	-	-	-	33,172	33,172
Interbank and money market items*	17,150	130,594	-	-	-	-	147,744
Investments, net	-	12,695	49,276	51,482	15,397	16,575	145,425
Loans to customers**	95,979	210,076	112,564	363,171	261,155	-	1,042,945
Accrued interest receivables	-	1,798	-	-	-	-	1,798
Total financial assets	113,129	355,163	161,840	414,653	276,552	49,747	1,371,084
Financial liabilities							
Deposits	663,837	187,746	99,477	139,435	-	-	1,090,495
Interbank and money market items	20,931	27,626	908	447	-	-	49,912
Debt issued and borrowings	-	28,691	11,420	2,594	20,084	-	62,789
Other liabilities	-	1,284	1,021	186	-	-	2,491
Total financial liabilities	684,768	245,347	112,826	142,662	20,084	-	1,205,687
Net liquidity gap	(571,639)	109,816	49,014	271,991	256,468	49,747	165,397

* Excluding allowance for doubtful accounts amounting to Baht 1,352 million

** Including non-performing loans

Loan to Deposit ratio

As at 31 December 2011 and 2010, the loan to deposit ratio in the consolidated financial statements are as follows:

	2011	2010
	(%)	
Gross loans to deposits ratio (Consolidated financial statements)	109.1	96.9
Gross loans to deposits and B/E (Consolidated financial statements)	92.3	93.3

8 Fair value of financial instruments

Fair values of financial instruments are their quoted market prices or where, quoted market prices are not available, based on estimates using present value or other valuation techniques. These techniques are significantly affected by the assumptions including discount rate and estimated cash flow. Hence, estimated fair values from different techniques may vary significantly.

As at 31 December 2011 and 2010, a summary of book value and fair value of financial instruments are as follows:

	Consolidated			
	2011		2010	
	Book value	Fair value	Book value	Fair value
	<i>(in million Baht)</i>			
Financial assets				
Cash	33,701	33,701	33,273	33,273
Interbank and money market items, net	125,003	125,003	149,018	149,018
Derivative assets	28,198	28,198	31,589	31,589
Investments, net	330,074	337,620	148,495	150,075
Loans to customers and accrued interest receivables, net	1,249,688	1,251,381	1,018,803	1,023,801
Total financial assets	1,766,664	1,775,903	1,381,178	1,387,756
Financial liabilities				
Deposits	1,184,388	1,183,965	1,092,109	1,092,407
Interbank and money market items	53,431	53,428	48,039	48,035
Liabilities payable on demand	6,905	6,905	6,883	6,883
Derivative liabilities	28,819	28,819	29,135	29,135
Debt issued and borrowings	255,843	255,843	62,609	62,609
Total financial liabilities	1,529,386	1,528,960	1,238,775	1,239,069

The Bank				
	2011		2010	
	Book value	Fair value	Book value	Fair value
<i>(in million Baht)</i>				
Financial assets				
Cash	33,469	33,469	33,172	33,172
Interbank and money market items, net	114,794	114,794	146,392	146,392
Derivative assets	28,198	28,198	31,589	31,589
Investments, net	248,065	249,993	145,425	146,957
Loans to customers and accrued interest receivables, net	1,231,312	1,232,653	1,005,280	1,010,207
Total financial assets	1,655,838	1,659,107	1,361,858	1,368,317
Financial liabilities				
Deposits	1,179,458	1,179,035	1,090,495	1,090,793
Interbank and money market items	55,005	55,002	49,912	49,908
Liabilities payable on demand	6,898	6,898	6,866	6,866
Derivative liabilities	28,819	28,819	29,135	29,135
Debt issued and borrowings	256,303	256,303	62,789	62,789
Total financial liabilities	1,526,483	1,526,057	1,239,197	1,239,491

The following methods and assumptions are used by the Bank in estimating fair market values of financial instruments as disclosed herein:

Cash:	The carrying amounts approximate fair value.
Interbank and money market items (Assets):	Fair value calculated based on present value of estimated cash flows, using the current interest rate in the money market.
Derivatives:	The fair values of derivatives are obtained from quoted market price in active markets. Fair values of derivatives in an illiquid market are obtained using an average price (quoted from several reliable sources), valuation technique and a benchmark price of instruments which have similar characteristic, as appropriate.
Investments:	Fair values for securities are based on estimated market prices as described in Note 5.3.
Loans to customers and accrued interest receivables:	- For variable-rate loans that are repriced frequently and have no significant change in credit risk, fair values are based on carrying values. - Fair values of other loans are estimated using discounted cash flow analyses, using market interest rates or fair value of collateral. - The carrying amount of accrued interest receivables approximates fair value.

Deposits and interbank and money market items (Liabilities):	- The fair values disclosed for deposits which are payable on demand by the depositor, are equal to the carrying values of such deposits. - Fair values for fixed-deposits are estimated using a discounted cash flow calculation that applies interest rates currently being offered on similar deposits. - The carrying amount of interbank and money market items approximates their fair value at the reporting date.
Liabilities payable on demand:	The carrying amount of liabilities payable on demand approximates fair value.
Liabilities to deliver security	Fair value for liabilities to deliver security are based on the latest offer price quoted on the Stock Exchange of Thailand at the end of the year.
Debt issued and borrowings:	- 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.
Interest payable on deposits:	The carrying amounts of interest payable approximate their fair values.
Off-financial reporting instruments:	Fair values for off-financial reporting instruments are based on the difference between contract rate and spot rate at year end as adjusted with risk premium of the remaining terms of the agreements.

9 Maintenance of capital fund

The Bank and its subsidiaries, which are financial institutions, are subject to various capital and regulatory requirements of the BoT. Under these capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank and its subsidiaries must satisfy specific capital guidelines that involve, among others, quantitative measures of the Bank's assets, liabilities and certain off-financial reporting items as calculated in accordance with regulatory accounting practices. The Bank's and its subsidiaries' capital amounts and classifications are also subject to qualitative judgments by the BoT as to components, risk weightings, and other factors. These capital and regulatory requirements are subject to change, as considered necessary by the BoT.

The Bank maintains its capital fund in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk assets in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand. According to the Bank of Thailand's regulations, capital fund as at 31 December 2008 and thereafter must be calculated according to Basel II. As at 31 December 2011 and 2010, the Bank's total capital funds can be categorised as follows:

		The Bank	
		2011	2010
		(in million Baht)	
Tier 1 capital			
Issued and paid-up share capital		33,992	33,992
Premium on share capital		11,124	11,124
Legal reserve		7,000	6,034
Net gain after appropriations		88,056	71,512
Capital deduction item		(13)	-
Total Tier 1 capital		140,159	122,662
Tier 2 capital			
Revaluation surplus on land and premises appraisal		8,085	6,478
Revaluation surplus on investment in equity securities		1,240	1,359
Subordinated bonds		20,000	20,000
Allowance for classified assets of "normal" category and excess allowance		13,312	13,181
Total Tier 2 capital		42,637	41,018
Total capital funds		182,796	163,680
Total risk assets		1,257,473	1,054,458
Total capital / Total risk weighted assets	(minimum 8.50%)	14.5%	15.5%
Total Tier 1 capital / Total risk weighted assets	(minimum 4.25%)	11.1%	11.6%
Total Tier 2 capital / Total risk weighted assets		3.4%	3.9%

Disclosures of capital maintenance information under the Notification of the Bank of Thailand number Sor Nor Sor 25/2552 dated 14 December 2009, the Public Disclosures of Capital Maintenance for Commercial Banks and the Notification of the Bank of Thailand number Sor Nor Sor 6/2553 dated 18 June 2010, Prudential Regulations on Consolidated Supervision are as follows:

Location of disclosure	The Bank's website under Investor Relations section at http://www.scb.co.th/en/abt/abt_ivr_fin_fnr.shtml
Date of disclosure	Within 4 months after the year end date as indicated in the notification.
Information as of	31 December 2011

Capital management

The Bank and its subsidiaries policies are to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and Bank and its subsidiaries recognises the need to maintain a balance between the higher returns that might be possible with greater 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.

10 Supplementary disclosures of cash flow information

Significant non-cash items for the years ended 31 December 2011 and 2010 are as follows:

	Consolidated		The Bank	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Change in revaluation surplus	5,557	-	5,533	-
Gain (loss) on remeasuring available-for-sale investment	(135)	2,034	(66)	1,979
Foreign currency translation differences	83	(167)	-	-
Share of other comprehensive income of associates	(20)	-	-	-
Conversion of preference shares to ordinary shares	5	6	5	6
Premium on conversion of preference shares to ordinary shares	2	2	2	2
Properties for sale from loans settlement	3,408	3,945	2,963	3,199
Unrealised increment per premises appraisal transferred to retained earnings	313	166	312	162

11 Interbank and money market items, net (Assets)

As at 31 December 2011 and 2010, interbank and money market items, net (Assets) are as follows:

	Consolidated					
	2011			2010		
	Demand	Time	Total	Demand	Time	Total
	(in million Baht)					
Domestic items:						
Bank of Thailand and Financial Institutions Development Fund	10,527	75,500	86,027	11,146	127,500	138,646
Commercial banks	965	9,285	10,250	1,001	175	1,176
Specialised financial institutions*	-	35	35	-	35	35
Other financial institutions**	6	6,931	6,937	99	1,716	1,815
Total	11,498	91,751	103,249	12,246	129,426	141,672
Add accrued interest receivables	-	73	73	-	27	27
Less allowance for doubtful accounts	-	(845)	(845)	-	(1,336)	(1,336)
Total domestic items	11,498	90,979	102,477	12,246	128,117	140,363
Foreign items:						
US Dollar	4,104	8,997	13,101	3,362	2,343	5,705
Japanese YEN	522	-	522	355	-	355
Euro	885	-	885	280	-	280
Other currencies	2,062	5,214	7,276	2,181	149	2,330
Total	7,573	14,211	21,784	6,178	2,492	8,670
Add accrued interest receivables	-	749	749	-	1	1
Less allowance for doubtful accounts	-	(7)	(7)	-	(16)	(16)
Total foreign items	7,573	14,953	22,526	6,178	2,477	8,655
Total domestic and foreign items	19,071	105,932	125,003	18,424	130,594	149,018

* Specialised financial institutions mean financial institutions which operate under specific development mandates such as 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, exclude Small Business Credit Guarantee Corporation

** Other financial institutions mean financial institutions which operate under the Interest on Loans of Finance Institution Act and apart from those listed above such as Finance company, Securities company, Credit foncier companies, Life insurance companies, Cooperatives, the Federation of Savings and Credit Cooperatives of Thailand Limited and Credit Union League of Thailand Limited

The Bank						
	2011			2010		
	Demand	Time	Total	Demand	Time	Total
	(in million Baht)					
Domestic items:						
Bank of Thailand and Financial Institutions Development Fund	10,527	75,500	86,027	11,146	127,500	138,646
Commercial banks	838	7,760	8,598	473	-	473
Specialised financial institutions*	-	-	-	-	-	-
Other financial institutions**	7	6,451	6,458	13	1,717	1,730
Total	11,372	89,711	101,083	11,632	129,217	140,849
Add accrued interest receivables	-	64	64	-	25	25
Less allowance for doubtful accounts	-	(845)	(845)	-	(1,336)	(1,336)
Total domestic items	11,372	88,930	100,302	11,632	127,906	139,538
Foreign items:						
US Dollar	3,478	7,273	10,751	2,703	1,203	3,906
Japanese YEN	522	-	522	355	-	355
Euro	885	-	885	280	-	280
Other currencies	2,057	283	2,340	2,180	149	2,329
Total	6,942	7,556	14,498	5,518	1,352	6,870
Add accrued interest receivables	-	1	1	-	-	-
Less allowance for doubtful accounts	-	(7)	(7)	-	(16)	(16)
Total foreign items	6,942	7,550	14,492	5,518	1,336	6,854
Total domestic and foreign items	18,314	96,480	114,794	17,150	129,242	146,392

* Specialised financial institutions mean financial institutions which operate under specific development mandates such as 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, exclude Small Business Credit Guarantee Corporation

** Other financial institutions mean financial institutions which operate under the Interest on Loans of Finance Institution Act and apart from those listed above such as Finance company, Securities company, Credit foncier companies, Life insurance companies, Cooperatives, the Federation of Savings and Credit Cooperatives of Thailand Limited and Credit Union League of Thailand Limited

12 Derivatives

Financial derivatives are financial instruments whose characteristics are derived from underlying assets, or from interest and exchange rates or indices. The following derivatives are used by the Bank:

1. Forward exchange contracts which are agreements to buy or sell fixed amounts of currency at agreed rates of exchange on a specified future date.
2. Currency and interest rate swaps which are agreements to exchange, and on termination of the swap, re-exchange principal amounts denominated in different currencies and may also involve the exchange of related interest payments.
3. Interest rate swaps which are agreements that involve the exchange of interest obligations with a counterparty for a specified period without exchanging the underlying or notional principal.
4. Equity derivatives which are agreements that determined values based on level of equity's price or price of equity group or Equity Index used as underlying assets.
5. Credit derivatives which are agreements to buy or sell guarantee of credit risk related to ability to repay underlying assets.
6. Commodity derivatives which are a purchase or a sale of a reference product or the exchange of cash flow calculated from a reference volume of product multiplied by the agreed price within a period of time and conditions as agreed in the contract.

The Bank has set up objectives and policies to manage the foreign exchange risk and interest rate risk from the volatility of foreign exchange rates and interest rates by using the derivatives for serving the client's need and the Bank's assets and liability management purpose. The Bank controls the counterparty risks by setting-up the credit limit based on the normal lending procedures and controls the market risks by setting-up the limit of stop-loss, value at risk and basis point value.

The total notional amounts of the derivatives at the year end do not represent the incurred risks from derivative transactions. The risks arising from the derivatives will depend on the changes in price of each derivative type.

As at 31 December 2011 and 2010, the notional amount and the fair value of derivatives are as follows:

Consolidated				
2011				
Notional amount				
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
	<i>(in million Baht)</i>			
Forward exchange contracts	973,005	4,667	80	977,752
Currency swap contracts	60,880	95,111	98,124	254,115
Interest rate swap contracts	403,316	633,877	129,942	1,167,135
Equity derivatives	470	-	-	470
Credit derivatives	105	-	-	105
Commodity derivatives	5,685	3,545	-	9,230

Consolidated				
2010				
Notional amount				
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
	<i>(in million Baht)</i>			
Forward exchange contracts	654,320	8,395	127	662,842
Currency swap contracts	112,628	75,628	135,136	323,392
Interest rate swap contracts	337,007	476,333	98,808	912,148
Equity derivatives	784	30	-	814
Credit derivatives	-	199	-	199
Commodity derivatives	7,397	-	-	7,397

The Bank				
2011				
Notional amount				
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
<i>(in million Baht)</i>				
Forward exchange contracts	973,005	4,667	80	977,752
Currency swap contracts	60,880	95,431	98,124	254,435
Interest rate swap contracts	403,316	633,877	129,942	1,167,135
Equity derivatives	470	-	-	470
Credit derivatives	105	-	-	105
Commodity derivatives	5,685	3,545	-	9,230

The Bank				
2010				
Notional amount				
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
<i>(in million Baht)</i>				
Forward exchange contracts	654,320	8,395	127	662,842
Currency swap contracts	112,628	75,628	135,136	323,392
Interest rate swap contracts	337,007	476,333	98,808	912,148
Equity derivatives	784	30	-	814
Credit derivatives	-	199	-	199
Commodity derivatives	7,397	-	-	7,397

As at 31 December 2011 and 2010, notional amounts, fair value of derivatives held for trading book and readjustment based on an accrual basis of derivatives held for banking book classified by type of risk are as follows:

Consolidated						
Type of risk	2011			2010		
	Fair value /		Notional	Fair value /		Notional
	Readjustment based			Readjustment based		
	on an accrual basis		on an accrual basis			
	Assets	Liabilities	amount	Assets	Liabilities	amount
(in million Baht)						
Foreign exchange rates	17,493	17,468	1,231,867	20,460	17,521	986,234
Interest rate	10,456	11,109	1,167,135	9,229	9,731	912,148
Equity derivatives	52	53	470	84	77	814
Credit derivatives	1	-	105	4	-	199
Commodity derivatives	196	189	9,230	1,812	1,806	7,397
Total	28,198	28,819	2,408,807	31,589	29,135	1,906,792

The Bank						
Type of risk	2011			2010		
	Fair value /		Notional	Fair value /		Notional
	Readjustment based			Readjustment based		
	on an accrual basis		on an accrual basis			
	Assets	Liabilities	amount	Assets	Liabilities	amount
(in million Baht)						
Foreign exchange rates	17,493	17,468	1,232,187	20,460	17,521	986,234
Interest rate	10,456	11,109	1,167,135	9,229	9,731	912,148
Equity derivatives	52	53	470	84	77	814
Credit derivatives	1	-	105	4	-	199
Commodity derivatives	196	189	9,230	1,812	1,806	7,397
Total	28,198	28,819	2,409,127	31,589	29,135	1,906,792

As at 31 December 2011 and 2010, the proportion, determined based on the notional amount, of derivatives transactions divided by type of counterparty is as follows;

	Consolidated		The Bank	
	2011	2010	2011	2010
	(%)			
Counterparty				
Financial institutions	74.71	72.63	74.70	72.63
Affiliated companies	0.00	0.02	0.02	0.02
Third parties	25.29	27.35	25.28	27.35

13 Investments, net

13.1 Classification of investments in securities

As at 31 December 2011 and 2010, the Bank and its subsidiaries classify their investments in securities as follows:

	Consolidated		The Bank	
	2011	2010	2011	2010
	Fair value	Fair value	Fair value	Fair value
	(in million Baht)			
Trading securities				
Government and state enterprise securities	14,570	11,176	14,569	11,176
Corporate debt securities	941	1,465	941	1,465
Foreign debt securities	218	-	219	-
Domestic equity securities	4	-	-	-
Other securities	153	27	-	-
Total	15,886	12,668	15,729	12,641

	Consolidated		The Bank	
	2011	2010	2011	2010
	Fair value	Fair value	Fair value	Fair value
<i>(in million Baht)</i>				
Available-for-sale securities				
Government and state enterprise securities	189,987	78,153	184,355	77,086
Corporate debt securities	4,849	1,111	1,001	1,000
Foreign debt securities	241	407	240	407
Domestic equity securities	17,634	15,652	14,872	15,522
Foreign equity securities	1,110	365	1,110	365
Other securities	1,496	1,624	180	756
Total	215,317	97,312	201,758	95,136

	Consolidated		The Bank	
	2011	2010	2011	2010
	Cost / Amortised cost	Cost / Amortised cost	Cost / Amortised cost	Cost / Amortised cost
<i>(in million Baht)</i>				
Held-to-maturity securities				
Government and state enterprise securities	89,711	37,197	28,241	35,165
Corporate debt securities	6,133	401	921	1,271
Foreign debt securities	2,325	1,762	1,908	1,762
Other securities	1,400	-	-	-
Total	99,569	39,360	31,070	38,198
<i>Less allowance for impairment</i>	<i>(934)</i>	<i>(1,062)</i>	<i>(757)</i>	<i>(816)</i>
Total	98,635	38,298	30,313	37,382

	Consolidated		The Bank	
	2011	2010	2011	2010
	Cost	Cost	Cost	Cost
<i>(in million Baht)</i>				
General investments				
Domestic non-marketable equity securities	890	1,364	883	1,401
Foreign non-marketable equity securities	15	15	15	15
Total	905	1,379	898	1,416
Less allowance for impairment	(669)	(1,162)	(633)	(1,150)
Total	236	217	265	266
Total investments, net	330,074	148,495	248,065	145,425

As at 31 December 2011, the Bank and a subsidiary classified the promissory notes which were issued by the Thai Asset Management Corporation (TAMC) upon entering into the Asset Transfer Agreement for the transfer of sub-quality assets, as held-to-maturity debt securities - government and state enterprise securities of Baht 2,186 million in the consolidated financial statements and of Baht 2,186 million in the Bank's financial statements (2010: Baht 5,180 million and Baht 5,036 million, respectively) (see Note 15.8).

13.2 Unrealised gain (loss) on available-for-sale securities and held-to-maturity securities

As at 31 December 2011 and 2010, unrealised gain (loss) on available-for-sale securities and held-to-maturity securities is as follows:

Consolidated								
Type of securities	2011				2010			
	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	210,920*	4,762	(365)	215,317	93,071*	4,673	(432)	97,312
Held-to-maturity securities	99,569	6,775	(162)	106,182	39,360	982	(464)	39,878
Total	310,489	11,537	(527)	321,499	132,431	5,655	(896)	137,190

* Net of allowance for impairment

The Bank								
Type of securities	2011				2010			
	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	197,457*	4,565	(264)	201,758	90,876*	4,665	(405)	95,136
Held-to-maturity securities	31,070	1,232	(61)	32,241	38,198	933	(216)	38,915
Total	228,527	5,797	(325)	233,999	129,074	5,598	(621)	134,051

* Net of allowance for impairment

13.3 Investments in companies with holding of 10% and upwards

As at 31 December 2011 and 2010, investments in mutual fund and companies other than subsidiaries and associated companies, of which the Bank and its subsidiaries hold 10% and upwards of the fund or the paid-up capital in each company, classified by industry, are as follows:

		Consolidated		The Bank	
	Number of companies	2011	2010	2011	2010
(in million Baht)					
Mutual fund and financial services	3 - 4	11,088	11,668	11,087	11,666
Others	10 - 12	76	75	74	74
		11,164	11,743	11,161	11,740

13.4 Investments in companies with problems in their financial positions

As at 31 December 2011 and 2010, the Bank and its subsidiaries have investments in a number of securities issued by the companies with problems in their financial positions and operating results. The Bank and its subsidiaries have made a provision for diminution in the value of securities equal to the amount by which the aggregate cost exceeds the aggregate market value as follows:

	Consolidated							
	2011				2010			
	Number of companies	Cost	Market value	Amount of provision	Number of companies	Cost	Market value	Amount of provision
	(in million Baht)				(in million Baht)			
Finance companies ordered closed								
Common shares	1	1	-	1	1	1	-	1
Bonds	2	-	-	-	2	-	-	-
Listed companies identified for delisting								
Common shares	3	21	3	21	3	27	-	27
Bonds	3	30	-	30	3	30	-	30
Non-listed companies whose operating results in line with the listed companies identified for delisting and having going concern issue								
Common shares/ Preference shares	12	50	2	47	13	563	6	559

The Bank								
2011					2010			
	Number of companies	Cost	Market value	Amount of provision	Number of companies	Cost	Market value	Amount of provision
			(in million Baht)					(in million Baht)
Listed companies identified for delisting								
Common shares	3	21	3	21	3	27	-	27
Bonds	2	30	-	30	2	30	-	30
Non-listed companies whose operating results in line with the listed companies identified for delisting and having going concern issue								
Common shares/ Preference shares	11	50	2	47	12	563	6	559

14 Investments in subsidiaries and associated companies, net

As at 31 December 2011 and 2010, the Bank has investments in associated companies, net as follows:

			Consolidated					
	Type of business	Type of share	Direct and indirect shareholding		Investment value			
			2011	2010	Cost method		Equity method	
					2011	2010	2011	2010
			(%)		(in million Baht)			
Associated companies								
Finance & Insurance								
VinaSiam Bank (Vietnam)	Banking	Ordinary	33.0	33.0	697	697	687	660
The Siam Industrial Credit PCL and affiliates*	Finance and hire-purchase	Ordinary	-	38.6	-	1,250	-	1,535
SCB Life Assurance PCL**	Life insurance	Ordinary	-	47.3	-	633	-	3,258
SCB Leasing PCL	Leasing, hire-purchase and factoring	Ordinary	44.9	44.3	3	45	13	57
Total					700	2,625	700	5,510
Less allowance for impairment					-	(327)	-	(259)
Total investments in associated companies, net					700	2,298	700	5,251

* Changed from associate to be a subsidiary in 2011

** Changed from associate to be a subsidiary in 2011 and renamed from "Siam Commercial New York Life Insurance PCL" to "SCB Life Assurance PCL" on 25 May 2011

As at 31 December 2011 and 2010, the Bank and its subsidiaries have investments in subsidiaries and associated companies, net as follows:

	Type of business	Type of share	The Bank			
			Direct shareholding		Investment value	
					Cost method	
			2011	2010	2011	2010
			(%)		(in million Baht)	
Subsidiaries						
Finance & Insurance						
Cambodian Commercial Bank Ltd. (Cambodia)	Banking	Ordinary	100.0	100.0	634	634
Chatuchak Assets Management Co., Ltd.*	Asset management	Ordinary	-	100.0	-	850
Rutchayothin Assets Management Co., Ltd.	Asset management	Ordinary	100.0	100.0	25	25
SCB Securities Co., Ltd.	Securities	Ordinary	100.0	100.0	2,107	2,107
SCB Asset Management Co., Ltd.	Asset management	Ordinary	100.0	100.0	222	222
The Siam Commercial Samaggi Insurance PCL	Insurance	Ordinary	58.9	58.9	547	547
Siam Commercial Leasing PCL	Leasing, hire-purchase, factoring and collection	Ordinary	99.1	99.1	10,719	10,719
SCB Life Assurance PCL**	Life insurance	Ordinary	94.7	47.3	9,033	633
The Siam Industrial Credit PCL***	Finance and hire- purchase	Ordinary	99.7	38.6	3,764	1,250
Services						
SCB Training Centre Co., Ltd.	Training center	Ordinary	100.0	100.0	390	390
Siam Phitiwat Company Limited	Appraisal services	Ordinary	100.0	100.0	10	10
SCB Capital Service Co., Ltd.*	Asset management	Ordinary	-	100.0	-	48
Siam Niti Law Office Co., Ltd.****	Legal consultant	Ordinary	100.0	100.0	16	16

* Dissolution in 2011

** Changed from associate to be a subsidiary in 2011 and renamed from "Siam Commercial New York Life Insurance PCL" to "SCB Life Assurance PCL" on 25 May 2011

*** Changed from associate to be a subsidiary in 2011

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

		The Bank				
	Type of business	Type of share	Direct shareholding		Investment value Cost method	
			2011	2010	2011	2010
			(%)		(in million Baht)	
SCB Plus Co., Ltd.	Collection company	Ordinary	100.0	100.0	1	1
Real estate						
Mahisorn Co., Ltd.*****	Property management	Ordinary	100.0	100.0	1,138	2,142
Associated companies						
Finance & Insurance						
VinaSiam Bank (Vietnam)	Banking	Ordinary	33.0	33.0	697	697
SCB Leasing PCL	Leasing, hire-purchase and factoring	Ordinary	37.6	37.6	2	39
Total					29,305	20,330
Less allowance for impairment					(1,172)	(2,339)
Total investments in subsidiaries and associated companies, net					28,133	17,991

***** Decreased paid-up share capital from Baht 1,071 million to Baht 268 million on 2 June 2011 and to Baht 67 million on 15 December 2011

Summaries of financial information of associated companies are as follows:

	2011			2010		
	(Unaudited)			(Audited)		
	Total assets	Total liabilities	Equity	Total assets	Total liabilities	Equity
	(in million Baht)					
Finance & Insurance	6,928	4,818	2,110	91,734	78,863	12,871
	6,928	4,818	2,110	91,734	78,863	12,871

For the years ended 31 December						
2011			2010			
(Unaudited)			(Audited)			
Revenue	Expenses	Net income	Revenue	Expenses	Net income	
(in million Baht)						
Finance & Insurance	314	242	72	29,342	26,989	2,353
	314	242	72	29,342	26,989	2,353

The equity interests in SCB Life Assurance Public Company Limited and The Siam Industrial Credit Public Company Limited and its affiliates have been reclassified as subsidiaries during the year ended 31 December 2011 (see Note 6).

As at 31 December 2011 and 2010, 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 associated companies as it is the Bank's and subsidiary's intention to hold such investments temporarily. Such investments are as follows:

2011				
(Unaudited)				
	Shareholding	Total assets	Total liabilities	Equity
	(%)	(in million Baht)		
General investments				
Phoenix Land Development Co., Ltd.	97.6	167	169	(2)
Siam Media and Communication Co., Ltd. and affiliate*	33.3	-	-	-
WTA (Thailand) Co., Ltd.	25.0	-	-	-

2010				
(Audited)				
	Shareholding	Total assets	Total liabilities	Equity
	(%)	(in million Baht)		
General investments				
Phoenix Land Development Co., Ltd.	97.6	162	169	(7)
Siam Media and Communication Co., Ltd. and affiliate*	33.3	-	-	-
WTA (Thailand) Co., Ltd.	25.0	-	-	-

* Discontinued operations or in the process of dissolution

For the years ended 31 December						
2011			2010			
(Unaudited)			(Audited)			
Revenue	Expenses	Net income	Revenue	Expenses	Net income	
(in million Baht)						
General investments						
Phoenix Land Development Co., Ltd.	9	2	7	8	3	5
Siam Media and Communication Co., Ltd. and affiliate*	-	-	-	-	-	-
WTA (Thailand) Co., Ltd.	-	-	-	-	-	-

* Discontinued operations or in the process of dissolution

15 Loans to customers and accrued interest receivables, net

15.1 Classified by product as at 31 December 2011 and 2010

	Consolidated		The Bank	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Overdrafts	73,153	57,849	72,852	57,576
Loans	978,181	818,327	973,530	822,904
Bills	89,640	69,486	89,640	69,283
Hire-purchase	130,696	91,474	114,468	71,973
Finance leases	152	367	-	-
Others	34,571	29,656	32,094	28,500
Less deferred revenue	(13,710)	(8,585)	(12,210)	(7,291)
Total loans to customers, net	1,292,683	1,058,574	1,270,374	1,042,945
Add accrued interest receivables	3,000	1,824	2,834	1,798
Total loans to customers and accrued interest receivables, net	1,295,683	1,060,398	1,273,208	1,044,743
Less allowance for doubtful accounts				
- allowance established at BoT regulations				
- Individual approach	(31,021)	(26,702)	(27,536)	(25,792)
- Collective approach	(236)	(1,151)	-	-
- allowance established in excess	(14,148)	(13,147)	(13,798)	(13,076)
Less revaluation allowance for debt restructuring	(590)	(595)	(562)	(595)
Total	1,249,688	1,018,803	1,231,312	1,005,280

15.2 Classified by currency and residence of customers as at 31 December 2011 and 2010

Consolidated						
	2011			2010		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	1,190,946	-	1,190,946	986,542	3	986,545
US Dollar	56,752	37,259	94,011	34,570	32,295	66,865
Other currencies	7,724	2	7,726	5,161	3	5,164
Total			1,292,683			1,058,574

The Bank						
	2011			2010		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	1,169,628	-	1,169,628	971,972	-	971,972
US Dollar	56,752	36,270	93,022	34,570	31,242	65,812
Other currencies	7,724	-	7,724	5,161	-	5,161
Total			1,270,374			1,042,945

15.3 Classified by business type and loan classification as at 31 December 2011 and 2010

	Consolidated											
	2011					2010						
	Normal	Special Mention	Sub- Standard	Doubtful	Doubtful Loss	Total*	Normal	Special Mention	Sub- Standard	Doubtful	Doubtful Loss	Total*
(in million Baht)												
Agriculture and mining	14,455	98	4	1	34	14,592	11,234	88	21	1	118	11,462
Manufacturing and commercial	446,279	3,638	1,027	4,284	14,370	469,598	368,677	15,700	4,687	2,179	13,719	404,962
Real estate and construction	90,107	979	873	84	2,795	94,838	70,502	2,080	153	38	3,420	76,193
Utilities and services	168,385	2,084	1,034	54	950	172,507	120,946	2,737	1,322	633	1,733	127,371
Housing loans	310,182	5,281	2,183	1,361	2,777	321,784	268,180	4,929	1,734	1,319	4,395	280,557
Others	210,017	4,978	1,611	439	2,319	219,364	151,085	3,732	895	346	1,971	158,029
Total*	1,239,425	17,058	6,732	6,223	23,245	1,292,683	990,624	29,266	8,812	4,516	25,356	1,058,574

* Net of deferred revenue

	The Bank											
	2011					2010						
	Normal	Special Mention	Sub- Standard	Doubtful	Doubtful Loss	Total*	Normal	Special Mention	Sub- Standard	Doubtful	Doubtful Loss	Total*
	(in million Baht)											
Agriculture and mining	14,455	98	4	1	34	14,592	11,234	88	21	1	118	11,462
Manufacturing and commercial	445,491	3,638	1,025	4,020	13,973	468,147	374,760	15,700	4,687	2,179	13,696	411,022
Real estate and construction	90,100	976	873	19	1,419	93,387	70,498	2,080	153	38	2,165	74,934
Utilities and services	168,104	2,084	1,033	54	950	172,225	120,537	2,737	1,322	632	1,733	126,961
Housing loans	310,174	5,278	2,183	1,360	2,752	321,747	268,176	4,929	1,734	1,319	4,346	280,504
Others	195,215	3,217	1,043	336	465	200,276	134,326	2,192	734	259	551	138,062
Total*	1,223,539	15,291	6,161	5,790	19,593	1,270,374	979,531	27,726	8,651	4,428	22,609	1,042,945

* Net of deferred revenue

15.4 Loan classification as at 31 December 2011 and 2010

Consolidated							
2011							
	Loans and accrued interest receivables	Net amount used for set the allowance for doubtful accounts	% used for setting the allowance Collateral / Cashflow approach	% used for setting the allowance Collective approach	Allowance for doubtful accounts		Total
	(in million Baht)				Collateral / Cashflow approach	Collective approach	
					(in million Baht)		
Minimum allowance of BoT's regulation							
- Normal	1,242,234	1,201,634*	1	-	11,938	-	11,938
- Special Mention	17,168	7,534*	2	-	144	-	144
- Sub - Standard***	6,748	3,099**	100	-	3,033	-	3,033
- Doubtful	6,223	4,858**	100	-	4,819	-	4,819
- Doubtful Loss	23,310	11,557**	100	70.34-71.18	11,087	236	11,323
Total	1,295,683	1,228,682			31,021	236	31,257
Allowance established in excess							14,148
Total							45,405

* Net of cash and near cash collateral

** Net of PV cashflow from loan receivables or selling collateral

*** Excluding allowance for troubled debt restructuring, the allowance of which was included in revaluation allowance for debt restructuring

Consolidated							
2010							
	Loans and accrued interest receivables	Net amount used for set the allowance for doubtful accounts	% used for setting the allowance Collateral / Cashflow approach	% used for setting the allowance Collective approach	Allowance for doubtful accounts		
					Collateral / Cashflow approach	Collective approach	Total
	(in million Baht)				(in million Baht)		
Minimum allowance of BoT's regulation							
- Normal	992,308	963,358*	1	0.00 - 69.20	9,466	13	9,479
- Special Mention	29,338	29,218*	2	0.00 - 69.20	554	13	567
- Sub - Standard***	8,855	4,360**	100	0.00 - 69.20	4,198	35	4,233
- Doubtful	4,516	2,187**	100	2.72 - 82.84	2,100	235	2,335
- Doubtful Loss	25,381	12,189**	100	69.20 - 70.34	10,384	855	11,239
Total	1,060,398	1,011,312			26,702	1,151	27,853
Allowance established in excess							13,147
Total							41,000
* Net of cash and near cash collateral							
** Net of PV cashflow from loan receivables or selling collateral							
*** Excluding allowance for troubled debt restructuring, the allowance of which was included in revaluation allowance for debt restructuring							

The Bank				
2011				
	Loans and accrued interest	Net amount used for set the allowance for doubtful accounts	% used for setting the allowance	Allowance for doubtful accounts
	(in million Baht)			(in million Baht)
Minimum allowance of BoT's regulation				
- Normal	1,226,247	1,185,694*	1	11,857
- Special Mention	15,401	5,767*	2	115
- Sub - Standard***	6,177	2,528**	100	2,528
- Doubtful	5,790	4,435**	100	4,435
- Doubtful Loss	19,593	8,601**	100	8,601
Total	1,273,208	1,207,025		27,536
Allowance established in excess				13,798
Total				41,334

The Bank				
2010				
	Loans and accrued interest	Net amount used for set the allowance for doubtful accounts	% used for setting the allowance	Allowance for doubtful accounts
	(in million Baht)			(in million Baht)
Minimum allowance of BoT's regulation				
- Normal	981,214	952,264*	1	9,523
- Special Mention	27,799	27,679*	2	554
- Sub - Standard***	8,693	4,198**	100	4,198
- Doubtful	4,428	2,100**	100	2,100
- Doubtful Loss	22,609	9,417**	100	9,417
Total	1,044,743	995,658		25,792
Allowance established in excess				13,076
Total				38,868

* Net of cash and near cash collateral

** Net of PV cashflow from loan receivables or selling collateral

*** Excluding allowance for troubled debt restructuring, the allowance of which was included in revaluation allowance for debt restructuring

15.5 Loans to listed companies identified for delisting

Consolidated								
	2011				2010			
	No. of companies	Loans and accrued interest receivables*	Collateral	Amount of provision	No. of companies	Loans and accrued interest receivables*	Collateral	Amount of provision
		(in million Baht)				(in million Baht)		
Listed companies identified for delisting	3	3,104	685	2,968	4	721	211	524

The Bank								
	2011				2010			
	No. of companies	Loans and accrued interest receivables*	Collateral	Amount of provision	No. of companies	Loans and accrued interest receivables*	Collateral	Amount of provision
		(in million Baht)				(in million Baht)		
Listed companies identified for delisting	3	3,104	685	2,968	4	721	211	524

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15.6 Non-Performing Loans

As at 31 December 2011 and 2010, the Bank used the guidelines specified in the BoT's notification dated 3 August 2008 in determining Non-Performing Loans which consist of loans classified as sub-standard, doubtful, doubtful loss and loss under the BoT's guideline. The amounts are as follows:

	Consolidated		The Bank	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Non-Performing Loans (net of allowance for doubtful accounts)	14,352	18,827	12,674	17,066
% of Non-Performing Loans to total loans (net)	1.1	1.6	0.9	1.5
Non-Performing Loans (gross)	36,200	38,684	31,544	35,688
% of Non-Performing Loans to total loans	2.6	3.3	2.3	3.0

As at 31 December 2011, Rutchayothin Assets Management Co., Ltd. which is a subsidiary, has Non-Performing Loans of Baht 520 million (2010: Baht 686 million), has Non-Performing Loans based on principal of loan purchased from the group as at 31 December 2011, the amount would be Baht 1,153 million (2010: Baht 1,361 million).

15.7 Non-accrual loans based on the accrual basis

Non-accrual loans, gross, (including financial institutions) based on the accrual basis as at 31 December 2011 and 2010.

	Consolidated		The Bank	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Loans to suspend recognition of income	111,760	105,078	107,104	102,081
% of loans to suspend recognition of income	8.0	8.8	7.9	8.7

Following the release of the financial statements, non-accrual loans presented above have been revised as follows:

	Consolidated		The Bank	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
<i>Loans to suspend recognition of income</i>	<i>58,646</i>	<i>62,922</i>	<i>53,990</i>	<i>59,926</i>
<i>% of loans to suspend recognition of income</i>	<i>4.2</i>	<i>5.3</i>	<i>4.0</i>	<i>5.1</i>

15.8 Sales of loan receivables to the Thai Asset Management Corporation ("TAMC")

The information regarding the transfer of a portion of sub-quality assets to TAMC according to the Asset Transfer Agreement of the Bank and a subsidiary since 2001 are as follows:

	Consolidated		The Bank	
	2011****	2010***	2011**	2010*
	(in million Baht)			
Total net amount of sub-quality assets transferred to TAMC since 2001	9,899	9,953	9,691	9,749
Promissory notes received	9,899	9,953	9,691	9,749
* Net of adjustment of selling price of loans sold to TAMC of Baht 739 million				
** Net of adjustment of selling price of loans sold to TAMC of Baht 738 million				
*** Net of adjustment of selling price of loans sold to TAMC of Baht 985 million				
**** Net of adjustment of selling price of loans sold to TAMC of Baht 869 million				

On 12 October 2001, the Bank entered into an Asset Transfer Agreement with the Thai Asset Management Corporation ("TAMC"). Under the agreement, the Bank transferred sub-quality assets including the right over the collateral to TAMC at terms and conditions specified in the agreement. The price of transferred loans was equal the value of the collateral, which did not exceed the book value of such loans. The Bank and TAMC reserved the right to request for reappraisal under specified terms. Once TAMC and the Bank agreed with the price, the Bank received a non-negotiable promissory note from TAMC. The note matures in 10 years from the issuing date with the interest rate calculated based on the average rate of deposits. The note is availed by Financial Institution Development Fund (see Note 13.1).

The Bank and TAMC agreed to recognise any profits or losses from the management of the sub-quality assets at the end of the fifth and the tenth year starting from 1 July 2001. The profits or losses shall be calculated based on all accumulated asset recoveries on a cash basis up to the date of calculation of such profits or losses less the transfer costs and other operating expenses incurred by TAMC including all interest paid by TAMC to the Bank. In addition, pursuant to the TAMC Decree B.E. 2544, in case when the profits are realised, the first portion of the profits, not exceeding 20% of the transfer price of sub-quality assets transferred to TAMC, will be allocated between TAMC and the Bank. The second portion of the profits will be given to the Bank. The two portions of the profits combined together shall not exceed the difference between the book value of sub-quality assets and the transfer price of sub-quality assets transferred to TAMC. All residual amount of profit will be given to TAMC. In the case of losses it will be shared between TAMC and the Bank. The Bank will take the first portion of losses, not exceeding 20% of the transfer price of sub-quality assets transferred to TAMC. The residual amount of the first portion of losses, not exceeding 20% of the transfer price of sub-quality assets transferred to TAMC, will be shared between TAMC and the Bank. All residual amount of the loss will be absorbed by TAMC. As at 31 December 2011, the Bank's provision for possible loss amounted to Baht 904 million, which was presented in provisions on the statement of financial position (2010: Baht 904 million).

15.9 Securitisation transaction of a subsidiary

On 20 March 2006, Siam Commercial Leasing Public Company Limited, a subsidiary, entered into the Hire-purchase Receivables Sale Agreement with Siam Panich SPV 1 Co., Ltd. ("the SPV 1"), which was incorporated under the Civil and Commercial Code of Thailand, to operate the securitisation business under the Securitisation Law. The Subsidiary's Securitisation Plan was approved by the Office of the Securities and Exchange Commission after which the total Initial Receivables of Baht 6,614,999,826 were sold to the SPV 1 at the net book value as at 28 February 2006. The Subsidiary transferred the rights to receive cash from the obligors to the SPV 1 and received cash of Baht 4,999,649,826 from the SPV 1 on 30 March 2006 (see Note 5.27.3). The remaining balance of the selling price for the Initial Receivables of Baht 1,615,350,000 was recorded as Deferred Purchase Price. The Subsidiary was allowed to sell additional revolving receivables subsequently and was appointed to act as the servicer which is responsible for collecting payments from its obligors under the Receivables Sale Agreements and Servicing Agreements.

16 Disclosure of the statements of cash flows of the asset management company

In accordance with the BoT's letter number Sor Nor Sor (01) Wor 3258/2543 dated 27 November 2000, relating to the regulations of the asset management company ("AMC"), the Bank is required to disclose the statements of cash flows of the AMC in the notes to the financial statements. The statements of cash flows of Rutchayothin Assets Management Co., Ltd. are as follows:

Rutchayothin Assets Management Co., Ltd.
Statement of cash flows
For the years ended 31 December 2011 and 2010

	2011	2010
	<i>(Unaudited)</i>	<i>(Audited)</i>
	<i>(in million Baht)</i>	
Cash flows from operating activities		
Profit before tax	22	13
<i>Adjustments for</i>		
(Reversal) bad debt and doubtful accounts	(33)	3
Loss from impairment of investment in TAMC	3	3
Loss on impairment on properties for sale	1	-
	(7)	19
Net interest income	(4)	13
Proceed from interest	9	8
Income tax paid	(12)	(29)
Income (loss) from operations before changes in operating assets and liabilities	(14)	11
<i>(Increase) decrease in operating assets</i>		
Investment in receivables	189	110
Loans	-	1
Properties for sale	47	19
Other assets	90	(98)
<i>Increase (decrease) in operating liabilities</i>		
Short-term debt issued and borrowings	(350)	(201)
Other liabilities	2	2
Net cash used in operating activities	(36)	(156)
Cash flows from investing activities		
Proceeds from redemption of held-to-maturity securities	148	-
Net cash from investing activities	148	-
Net increase (decrease) in cash	112	(156)
Cash at 1 January	90	246
Cash at 31 December	202	90

17 Troubled debt restructuring

The financial statements for the years ended 31 December 2011 and 2010, include the result of various types of troubled debt restructuring including transfers of assets and equity securities, changes in repayment conditions, and mixed types as follows:

Consolidated									
Types of debt restructuring	No. of accounts		Outstanding debts				Transferred assets		
			Before debt restructuring		After debt restructuring		Types	Fair value	
	2011	2010	2011	2010	2011	2010		2011	2010
	(in million Baht)							(in million Baht)	
Transfers of assets	8	14	23	66	20	60	Immovable properties	19	60
Debt restructuring in various forms	289	558	2,199	1,819	1,898	1,815	Immovable properties	770	22
Changes of repayment conditions	2,038	1,887	4,495	4,446	4,419	4,360			
Total	2,335	2,459	6,717	6,331	6,337	6,235			

The Bank									
Types of debt restructuring	No. of accounts		Outstanding debts				Transferred assets		
			Before debt restructuring		After debt restructuring		Types	Fair value	
	2011	2010	2011	2010	2011	2010		2011	2010
	(in million Baht)							(in million Baht)	
Transfers of assets	8	14	23	66	20	60	Immovable properties	19	60
Debt restructuring in various forms	289	558	2,199	1,819	1,898	1,815	Immovable properties	770	22
Changes of repayment conditions	2,038	1,887	4,495	4,446	4,419	4,360			
Total	2,335	2,459	6,717	6,331	6,337	6,235			

As at 31 December 2011 and 2010, troubled debt restructuring compared with total loans including loans to financial institutions are as follows:

	Consolidated			
	2011		2010	
	No. of	The	No. of	The
	accounts	outstanding debts	accounts	outstanding debts
		<i>(in million Baht)</i>		<i>(in million Baht)</i>
Troubled debt restructuring during the year	2,335	6,717	2,459	6,331
Total loans including loans to financial institutions	609,396	1,393,635	469,764	1,190,831

	The Bank			
	2011		2010	
	No. of	The	No. of	The
	accounts	outstanding debts	accounts	outstanding debts
		<i>(in million Baht)</i>		<i>(in million Baht)</i>
Troubled debt restructuring during the year	2,335	6,717	2,459	6,331
Total loans including loans to financial institutions	499,028	1,364,482	356,349	1,175,176

As at 31 December 2011 and 2010, the Bank and its subsidiaries have balances of restructured loans as follows:

	Consolidated		The Bank	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Restructured loans which are classified as NPL	8,349	11,817	8,020	11,817
Restructured loans which are not classified as NPL	22,446	24,238	22,446	24,238
Total	30,795	36,055	30,466	36,055

The average term of troubled debt restructured as of 31 December 2011 is 9.1 years (2010: 8.8 years).

Supplementary information relating to restructuring debtors for the years ended 31 December 2011 and 2010 are as follows:

	Consolidated		The Bank	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Interest income recognised in profit or loss	1,795	2,292	1,795	2,292
Loss on debt restructuring recognised in profit or loss	433	149	433	149
Cash collection	14,654	13,806	14,654	13,806

18 Finance leases

As at 31 December 2011 and 2010, the Bank and its subsidiaries have finance leases as follows:

	Consolidated							
	2011				2010			
	Amount due				Amount due			
	Less than 1 year	1 to 5 years	Over 5 years	Total	Less than 1 year	1 to 5 years	Over 5 years	Total
	<i>(in million Baht)</i>							
Total of gross investments in the lease	36,376	90,234	4,238	130,848	22,446	67,531	1,864	91,841
Less deferred revenue				(13,378)				(8,399)
Present value of the lease payments				117,470				83,442
Allowance for doubtful accounts				(4,842)				(2,255)
Finance leases, net				112,628				81,187

	The Bank							
	2011				2010			
	Amount due				Amount due			
	Less than 1 year	1 to 5 years	Over 5 years	Total	Less than 1 year	1 to 5 years	Over 5 years	Total
	<i>(in million Baht)</i>							
Total of gross investments in the lease	30,694	81,436	2,338	114,468	18,344	51,764	1,865	71,973
Less deferred revenue				(12,003)				(7,108)
Present value of the lease payments				102,465				64,865
Allowance for doubtful accounts				(3,585)				(1,516)
Finance leases, net				98,880				63,349

19 Allowance for doubtful accounts

As at 31 December 2011 and 2010, allowance for doubtful accounts consists of the following:

Consolidated							
2011							
	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss	Allowance established in excess of BoT regulations	Total
(in million Baht)							
Beginning balance	9,479	567	4,233	2,335	11,239	13,147	41,000
Transfer from business combination	166	133	37	321	1,031	670	2,358
Bad debt and doubtful accounts*	2,393	(447)	(1,694)	2,113	5,047	(357)	7,055
Bad debt written off	-	-	-	-	(6,076)	-	(6,076)
Others	(100)	(109)	457	50	82	688	1,068
Ending balance	11,938	144	3,033	4,819	11,323	14,148	45,405

* Before deducting bad debt recovered of Baht 836 million

Consolidated							
2010							
	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss	Allowance established in excess of BoT regulations	Total
(in million Baht)							
Beginning balance	8,244	623	2,503	2,884	14,374	13,514	42,142
Bad debt and doubtful accounts*	1,234	(56)	1,730	(549)	3,478	(260)	5,577
Bad debt written off	3	-	-	-	(6,642)	-	(6,639)
Others	(2)	-	-	-	29	(107)	(80)
Ending balance	9,479	567	4,233	2,335	11,239	13,147	41,000

* Before deducting bad debt recovered of Baht 1,064 million

The Bank							
2011							
	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss	Allowance established in excess of BoT regulations	Total
	(in million Baht)						
Beginning balance	9,523	554	4,198	2,100	9,417	13,076	38,868
Bad debt and doubtful accounts*	2,334	(439)	(1,670)	2,335	4,873	(290)	7,143
Bad debt written off	-	-	-	-	(5,689)	-	(5,689)
Others	-	-	-	-	-	1,012	1,012
Ending balance	11,857	115	2,528	4,435	8,601	13,798	41,334

* Before deducting bad debt recovered of Baht 726 million

The Bank							
2010							
	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss	Allowance established in excess of BoT regulations	Total
	(in million Baht)						
Beginning balance	8,322	579	2,436	2,621	12,068	13,402	39,428
Bad debt and doubtful accounts*	1,201	(25)	1,762	(521)	3,289	(221)	5,485
Bad debt written off	-	-	-	-	(5,940)	-	(5,940)
Others	-	-	-	-	-	(105)	(105)
Ending balance	9,523	554	4,198	2,100	9,417	13,076	38,868

* Before deducting bad debt recovered of Baht 834 million

20 Revaluation allowance for debt restructuring

As at 31 December 2011 and 2010, revaluation allowance for debt restructuring consists of the following:

	Consolidated		The Bank	
	2011	2010	2011	2010
	(in million Baht)			
Beginning balance	595	752	595	752
Transfer from business combination	28	-	-	-
Decrease during the year	(33)	(157)	(33)	(157)
Ending balance	590	595	562	595

21 Properties for sale, net

As at 31 December 2011 and 2010, properties for sale, net consist of the following:

Consolidated					
2011					
	Beginning balance	Transfer from business combination	Additions	Disposals	Ending balance
	<i>(in million Baht)</i>				
Foreclosed assets					
Immovable assets	13,808	119	2,936	(4,142)	12,721
Movable assets	67	22	773	(694)	168
Total	13,875	141	3,709	(4,836)	12,889
Others	193	-	549	(677)	65
Total properties for sale	14,068	141	4,258	(5,513)	12,954
Less allowance for impairment	(1,384)	(15)	195	15	(1,189)
Total properties for sale, net	12,684	126	4,453	(5,498)	11,765

Consolidated					
2010					
	Beginning balance	Transfer from business combination	Additions	Disposals	Ending balance
	<i>(in million Baht)</i>				
Foreclosed assets					
Immovable assets	14,214	-	3,223	(3,629)	13,808
Movable assets	217	-	944	(1,094)	67
Total	14,431	-	4,167	(4,723)	13,875
Others	293	-	1,425	(1,525)	193
Total properties for sale	14,724	-	5,592	(6,248)	14,068
Less allowance for impairment	(1,734)	-	-	350	(1,384)
Total properties for sale, net	12,990	-	5,592	(5,898)	12,684

The Bank				
2011				
	Beginning balance	Additions	Disposals	Ending balance
	(in million Baht)			
Foreclosed assets				
Immovable assets	13,698	2,936	(4,094)	12,540
Movable assets	18	365	(260)	123
Total	13,716	3,301	(4,354)	12,663
Others	193	550	(677)	66
Total properties for sale	13,909	3,851	(5,031)	12,729
Less allowance for impairment	(1,357)	209	(8)	(1,156)
Total properties for sale, net	12,552	4,060	(5,039)	11,573

The Bank				
2010				
	Beginning balance	Additions	Disposals	Ending balance
	(in million Baht)			
Foreclosed assets				
Immovable assets	14,067	3,223	(3,592)	13,698
Movable assets	57	197	(236)	18
Total	14,124	3,420	(3,828)	13,716
Others	293	1,425	(1,525)	193
Total properties for sale	14,417	4,845	(5,353)	13,909
Less allowance for impairment	(1,707)	-	350	(1,357)
Total properties for sale, net	12,710	4,845	(5,003)	12,552

Gain on sales of properties for sale recognised in the consolidated profit or loss for the years ended 31 December 2011 and 2010 are gains of Baht 289 million and Baht 504 million, respectively and for the Bank's profit or loss are gains of Baht 339 million and Baht 475 million, respectively.

Immovable assets for sale classified by external and internal appraisers as at 31 December 2011 and 2010 consist of the following:

	Consolidated		The Bank	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Foreclosed assets				
Immovable assets				
Appraised by external appraisers	162	6,728	-	6,728
Appraised by internal appraisers	12,559	7,080	12,540	6,970
Total	12,721	13,808	12,540	13,698

The Bank
2011

	Cost			Accumulated depreciation					Allowance			
	Beginning balance	Additions	Disposals	Others	Ending balance	Beginning balance	Depreciation	Disposals	Others	Ending balance	for impairment	Net balance
	(in million Baht)											
Land												
Cost	5,675	-	-	-	5,675	-	-	-	-	-	(351)	5,324
Appraisal increase (year 2010)	5,771	1,736	-	-	7,507	-	-	-	-	-	-	7,507
Premises												
Cost	13,679	395	(19)	216	14,271	(6,047)	(330)	12	(1)	(6,366)	(137)	7,768
Appraisal increase (year 2010)	5,697	3,018	-	-	8,715	(820)	(312)	-	779	(353)	-	8,362
Equipment	15,396	1,822	(394)	130	16,954	(11,859)	(1,368)	135	(1)	(13,093)	(28)	3,833
Others	543	802	(464)	(435)	446	-	-	-	1	1	-	447
Total	46,761	7,773	(877)	(89)	53,568	(18,726)	(2,010)	147	778	(19,811)	(516)	33,241

Depreciation presented in the Bank's profit or loss for the years ended 31 December 2011 and 2010 amounted to Baht 1,896 million and Baht 1,010 million, respectively.

The gross amount of the Bank's fully depreciated premises and equipment that was still in use as at 31 December 2011 amounted to Baht 11,507 million (2010: Baht 7,839 million).

23. Goodwill and other intangible assets, net

As at 31 December 2011 and 2010, goodwill and other intangible assets, net consist of the following:

Consolidated													
2011													
Cost													
Accumulated amortisation													
	Beginning balance	Transfer from business combination	Additions	Disposals	Others	Ending balance	Beginning balance	Transfer from business combination	Amortisations	Disposals	Others	Ending balance	Net balance
(in million Baht)													
Goodwill	804	8,865	-	-	-	9,669	-	-	-	-	-	-	9,669
Software licenses	3,476	411	396	(3)	32	4,312	(2,113)	(150)	(512)	1	(3)	(2,777)	1,535
Others	5	33	15	-	(1)	52	-	-	-	-	-	-	52
Total	4,285	9,309	411	(3)	31	14,033	(2,113)	(150)	(512)	1	(3)	(2,777)	11,256

Amortisation presented in the consolidated profit or loss for the years ended 31 December 2011 and 2010 amounted to Baht 512 million and Baht 429 million, respectively.

The gross amount of the Bank and its subsidiaries' fully amortised intangible assets that was still in use for the consolidated financial statements as at 31 December 2011 amounted to Baht 1,542 million (2010: Baht 719 million).

(in million Baht)

Amortisation presented in the Bank's profit or loss for the years ended 31 December 2011 and 2010 amounted to Baht 433 million and Baht 416 million, respectively.

The gross amount of the Bank's fully amortised intangible assets that was still in use for the Bank's financial statements as at 31 December 2011 amounted to Baht 1,435 million (2010: Baht 674 million).

24. Assets pending transfer

As at 31 December 2011 and 2010, assets pending transfer consist of the following:

	Consolidated		The Bank	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Sundry receivables	6,280	6,146	6,280	6,040
Prepayment of Option Premium	86	84	86	84
Clean bills in transit	55	62	55	62
Others	834	517	832	515
Total	7,255	6,809	7,253	6,701

25 Other assets, net

As at 31 December 2011 and 2010, other assets, net consist of the following:

	Consolidated		The Bank	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Collateral per Credit Support Annex	2,058	1,467	2,058	1,467
Accrued interest on investment	1,943	945	1,079	907
Net inter-account balance	1,429	1,644	1,429	1,644
Securities business receivables and receivable from clearing house	1,272	989	-	-
Receivables from disposal of assets	954	1,841	954	1,841
Leasehold, net	395	466	314	373
Customer insurance premium and legal deposits with court	112	152	112	152
Others	5,026	2,840	3,505	2,051
Total	13,189	10,344	9,451	8,435

26 Classified assets

The Bank and its subsidiaries have classified assets according to the guidelines of the BoT as at 31 December 2011 and 2010 as follows:

Consolidated						
2011						
	Loans and accrued interest receivables	Loans to financial institutions and accrued interest receivables	Investments	Properties for sale	Other assets	Total
<i>(in million Baht)</i>						
Normal	1,242,234	97,953	-	-	15	1,340,202
Special Mention	17,168	-	-	-	1	17,169
Sub-Standard	6,748	-	-	-	-	6,748
Doubtful	6,223	-	-	-	1	6,224
Doubtful Loss	23,310	-	2,455	686	622	27,073
	1,295,683	97,953	2,455	686	639	1,397,416

Consolidated						
2010						
	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	992,308	130,433	-	-	15	1,122,756
Special Mention	29,338	-	-	-	1	29,339
Sub-Standard	8,855	-	-	-	2	8,857
Doubtful	4,516	-	-	-	1	4,517
Doubtful Loss	25,381	-	3,277	592	854	30,104
	1,060,398	130,433	3,277	592	873	1,195,573

The Bank

2011

	Loans and accrued interest receivables	Loans to financial institutions and accrued interest receivables	Investments	Properties for sale	Other assets	Total
<i>(in million Baht)</i>						
Normal	1,226,247	91,274	-	-	15	1,317,536
Special Mention	15,401	-	-	-	1	15,402
Sub-Standard	6,177	-	-	-	-	6,177
Doubtful	5,790	-	-	-	1	5,791
Doubtful Loss	19,593	-	3,013	537	622	23,765
	1,273,208	91,274	3,013	537	639	1,368,671

The Bank

2010

	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	981,214	130,433	-	-	15	1,111,662
Special Mention	27,799	-	-	-	1	27,800
Sub-Standard	8,693	-	-	-	2	8,695
Doubtful	4,428	-	-	-	1	4,429
Doubtful Loss	22,609	-	5,069	573	854	29,105
	1,044,743	130,433	5,069	573	873	1,181,691

27 Deposits

27.1 Classified by product as at 31 December 2011 and 2010:

	Consolidated		The Bank	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Demand	47,046	46,284	46,649	46,062
Savings	621,733	619,038	624,181	617,775
Fixed				
- Less than 6 months	172,550	155,806	165,896	155,659
- 6 months and less than 1 year	137,439	65,590	137,188	65,607
- Over 1 year	205,545	205,391	205,544	205,392
Negotiable Certificate of Deposit	75	-	-	-
Total	1,184,388	1,092,109	1,179,458	1,090,495

27.2 Classified by currency and residence of customer as at 31 December 2011 and 2010:

	Consolidated					
	2011			2010		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	1,156,215	371	1,156,586	1,047,112	307	1,047,419
US Dollar	20,478	5,570	26,048	34,104	4,264	38,368
Other currencies	1,125	629	1,754	6,059	263	6,322
Total	1,177,818	6,570	1,184,388	1,087,275	4,834	1,092,109

	The Bank					
	2011			2010		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	1,153,928	359	1,154,287	1,047,664	276	1,047,940
US Dollar	20,478	2,949	23,427	34,104	2,139	36,243
Other currencies	1,125	619	1,744	6,059	253	6,312
Total	1,175,531	3,927	1,179,458	1,087,827	2,668	1,090,495

28 Interbank and money market items (Liabilities)

As at 31 December 2011 and 2010, interbank and money market items (Liabilities) consist of the following:

	Consolidated					
	2011			2010		
	Demand	Time	Total	Demand	Time	Total
	(in million Baht)					
Domestic items:						
Bank of Thailand and Financial Institutions Development Fund	-	-	-	-	360	360
Commercial banks	864	13,930	14,794	629	18,395	19,024
Specialised financial institutions*	108	-	108	733	-	733
Other financial institutions**	23,485	3,493	26,978	16,569	8,724	25,293
Total domestic items	24,457	17,423	41,880	17,931	27,479	45,410
Foreign items:						
US Dollar	215	10,141	10,356	51	1,502	1,553
Euro	75	-	75	-	-	-
Other currencies	1,120	-	1,120	1,076	-	1,076
Total foreign items	1,410	10,141	11,551	1,127	1,502	2,629
Total domestic and foreign items	25,867	27,564	53,431	19,058	28,981	48,039

* Specialised financial institutions mean financial institutions which operate under specific development mandates such as 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, exclude Small Business Credit Guarantee Corporation

** Other financial institutions mean financial institutions which operate under the Interest on Loans of Finance Institution Act and apart from those listed above such as Finance company, Securities company, Credit foncier companies, Life insurance companies, Cooperatives, the Federation of Savings and Credit Cooperatives of Thailand Limited and Credit Union League of Thailand Limited

	The Bank					
	2011			2010		
	Demand	Time	Total	Demand	Time	Total
	<i>(in million Baht)</i>					
Domestic items:						
Bank of Thailand and Financial Institutions Development Fund	-	-	-	-	360	360
Commercial banks	2,155	13,930	16,085	629	18,395	19,024
Specialised financial institutions*	108	-	108	733	-	733
Other financial institutions**	23,704	3,441	27,145	18,365	8,724	27,089
Total domestic items	25,967	17,371	43,338	19,727	27,479	47,206
Foreign items:						
US Dollar	331	10,141	10,472	128	1,502	1,630
Euro	75	-	75	-	-	-
Other currencies	1,120	-	1,120	1,076	-	1,076
Total foreign items	1,526	10,141	11,667	1,204	1,502	2,706
Total domestic and foreign items	27,493	27,512	55,005	20,931	28,981	49,912

* Specialised financial institutions mean financial institutions which operate under specific development mandates such as 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, exclude Small Business Credit Guarantee Corporation

** Other financial institutions mean financial institutions which operate under the Interest on Loans of Finance Institution Act and apart from those listed above such as Finance company, Securities company, Credit foncier companies, Life insurance companies, Cooperatives, the Federation of Savings and Credit Cooperatives of Thailand Limited and Credit Union League of Thailand Limited

29 Debt issued and borrowings

As at 31 December 2011 and 2010, debt issued and borrowings consist of the following:

	Interest rate	Year of maturity	Consolidated					
			2011			2010		
			Domestic	Foreign	Total	Domestic	Foreign	Total
	(%)		(in million Baht)					
Bonds								
- US Dollar	3.90	2016	-	12,650	12,650	-	-	-
- Baht	3.10 - 3.60	2012	3,495	-	3,495	-	-	-
Subordinated Bonds								
- Baht	3.50 - 6.25	2018	20,000	-	20,000	20,000	-	20,000
Structured Notes								
- Baht	Variable*	2011	-	-	-	306	-	306
Securities sold under repurchase agreement								
- Baht	3.20 - 3.35	2012	3,140	-	3,140	-	-	-
Bill of Exchanges								
- Baht	0.50 - 4.83	2011-2014	216,208	-	216,208	41,973	-	41,973
Others			350	-	350	330	-	330
Total			243,193	12,650	255,843	62,609	-	62,609

* Variable rates linked to reference interest rates and average price of marketable equity securities

	The Bank							
	Interest rate	Year of maturity	Domestic	2011		2010		
				Foreign	Total	Domestic	Foreign	Total
				(in million Baht)				
(%)								
Bonds								
- US Dollar	3.90	2016	-	12,650	12,650	-	-	-
- Baht	3.10 - 3.60	2012	3,495	-	3,495	-	-	-
Subordinated Bonds								
- Baht	3.50 - 6.25	2018	20,000	-	20,000	20,000	-	20,000
Structured Notes								
- Baht	Variable*	2011	-	-	-	306	-	306
Securities sold under repurchase agreement								
- Baht	3.20 - 3.35	2012	3,140	-	3,140	-	-	-
Bill of Exchanges								
- Baht	0.50 - 4.83	2011-2014	216,668	-	216,668	42,153	-	42,153
Others			350	-	350	330	-	330
Total			243,653	12,650	256,303	62,789	-	62,789

* Variable rates linked to reference interest rates and average price of marketable equity securities

30 Provisions

As at 31 December 2011 and 2010, provisions consist of the following:

	Consolidated		The Bank	
	2011	2010	2011	2010
(in million Baht)				
Reserve for pension and gratuity	2,352	2,060	2,112	1,944
Reserve for claims	1,339	1,173	1,339	1,173
Possible loss from Asset Transferred Agreement with TAMC	945	957	904	904
Possible loss from legal cases	326	296	289	224
Provisions for commitments as off-financial reporting items	115	115	115	115
Others	62	-	-	-
Total	5,139	4,601	4,759	4,360

Pension and other post-retirement employee benefits

The Bank operates a number of post-retirement benefit plans including both defined contribution plans and defined benefit plans. All defined benefit plans are unfunded.

Present value of unfunded obligations as at 31 December 2011 and 2010 are as follows:

	Consolidated		The Bank	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Severance Payment ("SP") benefits scheme	1,975	1,720	1,764	1,619
Other scheme	377	340	348	325
Total present value of unfunded obligations	2,352	2,060	2,112	1,944

Post-employee benefit expenses included in profit or loss for the years ended 31 December 2011 and 2010 are as follows:

	Consolidated		The Bank	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Defined contribution plans	686	602	609	555
Defined benefit plans	353	224	326	207
Total post-employment benefit expenses	1,039	826	935	762

Movement in the present value of the defined benefit obligations:

	Consolidated			
	2011		2010	
	SP	Others	SP	Others
	<i>(in million Baht)</i>			
Obligations at 1 January	1,720	340	1,601	316
Transfer from business combination	106	11	-	-
Current service cost	154	24	131	23
Interest cost	66	13	59	12
Benefits paid	(71)	(11)	(71)	(11)
Obligations at 31 December	1,975	377	1,720	340

	The Bank			
	2011		2010	
	SP	Others	SP	Others
	<i>(in million Baht)</i>			
Obligations at 1 January	1,619	325	1,513	303
Current service cost	134	20	119	22
Interest cost	61	12	56	11
Benefits paid	(50)	(9)	(69)	(11)
Obligations at 31 December	1,764	348	1,619	325

The principal actuarial assumptions used to calculate the obligations under the defined benefit plans at 31 December 2011 and 2010 were as follows:

	Consolidated and The Bank	
	2011	2010
	<i>(%)</i>	
Financial assumptions		
Discount rate	3.6 - 4.2	3.8
Price inflation rate	3.5	3.5
Health cost increase rate	4 - 4.8	4 - 4.8
Future salary increases	6 - 12	6 - 12

As of 31 December 2011, assumed healthcare cost trend rates have a significant effect on the amounts recognised in profit or loss. A one percentage point change in assumed healthcare cost trend rates would have the following effects:

	Consolidated and The Bank	
	1% increase	1% decrease
	<i>(in million Baht)</i>	
Effect on the aggregate current service and interest cost	7	(5)
Effect on defined benefit obligations	73	(54)

The employee benefit expected to be paid to retirees in 2012 is as follows:

	Consolidated	The Bank
	<i>(in million Baht)</i>	
Forecast of benefit payments		
Severance Payment ("SP") benefits scheme	69	67
Other scheme	13	11
Expenses recognised in profit or loss	82	78

31 Liabilities pending transfer

As at 31 December 2011 and 2010, liabilities pending transfer consist of the following:

	Consolidated		The Bank	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Pending for payment E-banking	5,001	9,139	5,001	9,139
Other payables	2,228	3,072	2,228	3,072
Others	1,686	991	1,416	872
Total	8,915	13,202	8,645	13,083

32 Other liabilities

As at 31 December 2011 and 2010, other liabilities consist of the following:

	Consolidated		The Bank	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Accrued expenses	15,130	11,993	14,986	11,772
Interest payable on deposits	4,905	2,003	4,860	2,003
Other payable per Credit Support Annex	2,190	11,833	2,190	11,833
Securities business payables and payables to clearing house	1,291	912	-	-
Marginal deposit	387	405	387	318
Others	4,701	2,670	449	383
Total	28,604	29,816	22,872	26,309

33 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 components of equity

Currency translation differences

The currency translation differences account within equity all foreign currency differences arising from the translation of the financial statements of foreign operations.

Fair value changes in available-for-sale investments

The fair value changes in available-for-sale investments account within equity comprise the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

Valuation surplus

The valuation surplus account within equity comprises the cumulative net change in the valuation premises and equipment included in the financial statements at valuation until such premises and equipment is sold or otherwise disposed of.

Movements in reserves

Movements in reserves are shown in the statement of change in equity.

34 Dividends

The shareholders' meeting passed a resolution on 23 August 2011 to pay interim dividends to both preferred and ordinary shareholders at the rate of Baht 1.00 per share. The amount of Baht 3,399 million was paid on 16 September 2011.

At the annual general meeting of the shareholders of the Bank held on 5 April 2011, the shareholders approved the appropriation of dividend of Baht 2.00 per share, amounting to Baht 6,798 million. The dividend was paid to shareholders on 4 May 2011.

The shareholders' meeting passed a resolution on 20 August 2010 to pay interim dividends to both preferred and ordinary shareholders at the rate of Baht 1.00 per share. The amount of Baht 3,399 million was paid on 16 September 2010.

At the annual general meeting of the shareholders of the Bank held on 2 April 2010, the shareholders approved the appropriation of dividend of Baht 2.50 per share, amounting to Baht 8,498 million. The dividend was paid to shareholders on 28 April 2010.

35 Assets pledged as collateral

As at 31 December 2011 and 2010, assets pledged as collateral are as follow:

	Consolidated		The Bank	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Deposits	1	175	-	-
Investments				
Securities purchased under resale agreements	80,346	128,114	80,347	128,114
Others	14,803	182	49	48
Total	95,150	128,471	80,396	128,162

36 Contingencies

As at 31 December 2011 and 2010, contingencies of the Bank and its subsidiaries are as follows:

	Consolidated		The Bank	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Avals to bills	1,532	3,030	1,532	3,030
Guarantees of loans	548	413	349	320
Liability under unmatured import bills	6,370	5,778	6,370	5,778
Letter of credit	25,770	13,878	25,707	13,755
Other contingencies				
- Amount of unused bank overdraft	104,514	88,617	104,113	88,256
- Other guarantees	113,884	102,749	113,865	102,797
- Others	505	202	-	-
Total	253,123	214,667	251,936	213,936

As at 31 December 2011, the Bank has 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 (2010: Baht 3 million).

37 Related parties

For the purposes of these financial statements, parties are considered to be related to the Bank and its subsidiaries if the Bank and its subsidiaries have the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Bank and its subsidiaries and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Bank has business transactions with related parties or persons. Interest rate for staff loans under the staff welfare scheme is charged in accordance with the Bank's regulations for such loans. Interest rate and other pricing for other related parties are at the same rate as in the normal course of business with the same business condition as general customers. The transactions with related parties or persons are as follows:

37.1 Loans, deposits, borrowings and contingencies

Loans, deposits, borrowings and contingencies to related parties or persons as at 31 December 2011 and 2010 are as follows:

	Consolidated							
	2011				2010			
	Loans*	Deposits	Borrow- ings	Contin- gencies	Loans*	Deposits	Borrow- ings	Contin- gencies
	(in million Baht)							
Associated companies								
Finance & Insurance								
The Siam Industrial Credit PCL and affiliates**	-	-	-	-	-	64	-	1
SCB Life Assurance PCL***	-	-	-	-	-	1,118	-	396
SCB Leasing PCL	-	16	-	-	-	115	-	-
VinaSiam Bank (Vietnam)	-	7	-	-	-	1	-	-
Total associated companies	-	23	-	-	-	1,298	-	397
Related companies (Shareholding through debt restructuring process)								
Phoenix Land Development Co., Ltd.	-	64	-	32	-	54	-	32
Total related companies (Shareholding through debt restructuring process)	-	64	-	32	-	54	-	32
Related companies (Shareholding through other companies' debt restructuring process)								
Siam Media and Communication Co., Ltd. and affiliate****	-	-	-	1	-	-	-	1
Total related companies (Shareholding through other companies' Debt restructuring process)	-	-	-	1	-	-	-	1
Major shareholder (more than 10% ownership)								
The Crown Property Bureau	-	1,523	900	-	-	1,603	-	-
Total major shareholder (more than 10% ownership)	-	1,523	900	-	-	1,603	-	-
Entities in which the directors, management or close members of their families have significant influence	13	166	270	2	-	194	-	4
Directors and key executive officers	133	476	155	-	87	579	5	-
Total	146	2,252	1,325	35	87	3,728	5	434

* Net of specific provision (1%)

** Changed from associate to be a subsidiary in 2011

*** Changed from associate to be a subsidiary in 2011 and renamed from "Siam Commercial New York Life Insurance PCL" to "SCB Life Assurance PCL" on 25 May 2011

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

The Bank								
	2011				2010			
	Loans*	Deposits	Borrow- ings	Contin- gencies	Loans*	Deposits	Borrow- ings	Contin- gencies
	(in million Baht)							
Subsidiaries								
Finance & Insurance								
Chatuchak Assets Management Co., Ltd.**	-	-	-	-	-	61	-	-
Rutchayothin Assets Management Co., Ltd.	-	202	-	-	-	90	-	-
Cambodian Commercial Bank Ltd. (Cambodia)	-	116	-	-	-	77	-	-
SCB Securities Co., Ltd.	-	100	1,158	166	-	98	1,465	-
The Siam Commercial Samaggi Insurance PCL and affiliates	-	96	150	48	-	41	-	47
SCB Asset Management Co., Ltd.	-	284	-	-	-	233	-	381
Siam Commercial Leasing PCL and affiliate	-	2,145	310	-	6,658	202	-	-
SCB Life Assurance PCL***	-	1,906	-	416	-	1,118	-	396
The Siam Industrial Credit PCL and affiliates****	-	33	-	1	-	64	-	1
Services								
SCB Training Centre Co., Ltd.	-	3	-	-	-	2	-	-
Siam Phitiwat Company Limited	-	69	-	-	-	11	-	-
SCB Capital Service Co., Ltd.**	-	-	-	-	-	6	-	-
Siam Niti Law Office Co., Ltd.*****	-	7	-	-	-	7	-	-
SCB Plus Co., Ltd.	-	67	-	-	-	83	-	-
Real estate								
Mahisorn Co., Ltd.*****	-	150	-	-	-	48	180	-
Total subsidiaries	-	5,178	1,618	631	6,658	2,141	1,645	825
* Net of specific provision (1%)								
** Dissolution in 2011								
*** Changed from associate to be a subsidiary in 2011 and renamed from "Siam Commercial New York Life Insurance PCL" to "SCB Life Assurance PCL" on 25 May 2011								
**** Changed from associate to be a subsidiary in 2011								
***** Discontinued operations or in the process of dissolution								
***** Decreased paid-up share capital from Baht 1,071 million to Baht 268 million on 2 June 2011 and to Baht 67 million on 15 December 2011								

The Bank								
2011				2010				
		Borrow- Contin-				Borrow- Contin-		
Loans*	Deposits	ings	gencies	Loans*	Deposits	ings	gencies	
(in million Baht)								
Associated companies								
Finance & Insurance								
SCB Leasing PCL	-	16	-	-	-	115	-	-
VinaSiam Bank (Vietnam)	-	7	-	-	-	1	-	-
Total associated companies	-	23	-	-	-	116	-	-
Related companies (Shareholding through debt restructuring process)								
Phoenix Land Development Co., Ltd.	-	64	-	32	-	54	-	32
Total related companies (Shareholding through debt restructuring process)	-	64	-	32	-	54	-	32
Related companies (Shareholding through other companies' debt restructuring process)								
Siam Media and Communication Co., Ltd. and affiliate**	-	-	-	1	-	-	-	1
Total related companies (Shareholding through other companies' debt restructuring process)	-	-	-	1	-	-	-	1
Major shareholder (more than 10% ownership)								
The Crown Property Bureau	-	1,523	900	-	-	1,603	-	-
Total major shareholder (more than 10% ownership)	-	1,523	900	-	-	1,603	-	-
Entities in which the directors, management or close members of their families have significant influence								
	13	166	270	2	-	194	-	4
Directors and key executive officers	133	476	155	-	87	579	5	-
Total	146	7,430	2,943	666	6,745	4,687	1,650	862

* Net of specific provision (1%)

** Discontinued operations or in the process of dissolution

37.2 Investments

Investments in subsidiaries and associated companies as at 31 December 2011 and 2010 are described in note 14.

Investments in related companies in which the Bank and its subsidiaries are the shareholders and/or management are directors as at 31 December 2011 and 2010 are as follows:

2011						
Company	Type of business	Paid-up capital (in million Baht)	Consolidated		The Bank	
			Share holding	Net investment	Share holding	Net investment
			(%)	(in million Baht)	(%)	(in million Baht)
Shareholding through debt restructuring process						
Phoenix Land Development Co., Ltd.	Holding	500	97.6	-	97.6	-
Shareholding through other companies' debt restructuring process						
WTA (Thailand) Co., Ltd.	Others	-	25.0	-	25.0	-
Siam Media & Communication Co., Ltd. and affiliate*	Holding	700	33.3	-	33.3	-
2010						
Company	Type of business	Paid-up capital (in million Baht)	Consolidated		The Bank	
			Share holding	Net investment	Share holding	Net investment
			(%)	(in million Baht)	(%)	(in million Baht)
Shareholding through debt restructuring process						
Phoenix Land Development Co., Ltd.	Holding	500	97.6	-	97.6	-
Shareholding through other companies' debt restructuring process						
WTA (Thailand) Co., Ltd.	Others	-	25.0	-	25.0	-
Siam Media & Communication Co., Ltd. and affiliate*	Holding	700	33.3	-	33.3	-

* Discontinued operations or in the process of dissolution

37.3 Income and expenses

Income and expenses between the Bank and its subsidiaries, associated companies and related companies for the years ended 31 December 2011 and 2010 are as follows:

	Consolidated							
	2011				2010			
	Income		Expenses		Income		Expenses	
	Interest	Others	Interest	Others	Interest	Others	Interest	Others
	(in million Baht)							
Associated companies	2	607	1	127	1	3,831	2	94
Major shareholder	-	-	31	16	-	-	12	16

	The Bank							
	2011				2010			
	Income		Expenses		Income		Expenses	
	Interest	Others	Interest	Others	Interest	Others	Interest	Others
	(in million Baht)							
Subsidiaries	70	11,669	105	1,047	174	4,575	27	926
Associated companies	-	606	1	122	-	3,829	2	90
Major shareholder	-	-	31	16	-	-	12	16

38 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, being the president, director and group executive committee.

The Bank has not paid benefits to directors and executives other than the benefits that are normally paid such as meeting allowance, reward, salary, bonus, cost of living allowance, transportation fee and fringe benefits according to the Bank's regulations.

<i>For the years ended 31 December</i>	Consolidated		The Bank	
	2011	2010	2011	2010
	(in million Baht)			
Short-term employee benefits	1,257	1,029	940	867
Post-employment benefits	21	9	16	7
Other long-term benefits	2	-	-	-
Total	1,280	1,038	956	874

39 Long-term leases and service agreements

As at 31 December 2011 and 2010, the remaining rental and service expenses to be paid for long-term leases and service agreements are as follows:

Type of lease	Period	Consolidated		The Bank	
		2011	2010	2011	2010
(in million Baht)					
Land and/or premises	Within 1 year	1,087	909	902	863
	1 - 5 years	1,210	717	1,035	655
	Over 5 years	105	119	87	103
Equipment	Within 1 year	97	69	97	68
	1 - 5 years	-	2	-	-
Vehicles	Within 1 year	199	188	199	172
	1 - 5 years	493	322	493	291

40 The financial position and results of operations classified by domestic and foreign business

The significant financial position and the results of operations classified into domestic and foreign business are shown below.

40.1 As at 31 December 2011 and 2010, the financial position classified by domestic and foreign business are as follows:

	Consolidated					
	2011			2010		
	Domestic business	Foreign business	Total	Domestic business	Foreign business	Total
	<i>(in million Baht)</i>					
Total assets	1,844,481	33,355	1,877,836	1,455,396	21,339	1,476,735
Interbank and money market items, net (Assets)	116,927	8,076	125,003	145,808	3,210	149,018
Investments, net*	328,973	1,801	330,774	151,893	1,853	153,746
Loans to customers and accrued interest receivables, net	1,215,880	33,808	1,249,688	987,795	31,008	1,018,803
Deposits	1,179,521	4,867	1,184,388	1,085,216	6,893	1,092,109
Interbank and money market items (Liabilities)	43,924	9,507	53,431	46,537	1,502	48,039
Debt issued and borrowings	243,193	12,650	255,843	62,609	-	62,609

* Included investments in subsidiaries and associates, net

	The Bank					
	2011			2010		
	Domestic business	Foreign business	Total	Domestic business	Foreign business	Total
	<i>(in million Baht)</i>					
Total assets	1,738,269	29,718	1,767,987	1,447,679	18,241	1,465,920
Interbank and money market items, net (Assets)	106,767	8,027	114,794	144,999	1,393	146,392
Investments, net*	274,396	1,801	276,197	161,563	1,853	163,416
Loans to customers and accrued interest receivables, net	1,197,489	33,823	1,231,312	975,318	29,962	1,005,280
Deposits	1,174,591	4,867	1,179,458	1,085,767	4,728	1,090,495
Interbank and money market items (Liabilities)	45,498	9,507	55,005	48,410	1,502	49,912
Debt issued and borrowings	243,653	12,650	256,303	62,789	-	62,789

* Included investments in subsidiaries and associates, net

40.2 The results of operations classified by domestic and foreign business for the years ended 31 December 2011 and 2010 are as follows:

Consolidated								
	2011				2010			
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	(in million Baht)							
Interest income	77,340	1,617	(1,010)	77,947	52,180	796	(272)	52,704
Interest expenses	(27,444)	(987)	1,010	(27,421)	(12,938)	(284)	272	(12,950)
Net interest income	49,896	630	-	50,526	39,242	512	-	39,754
Net fees and service income	19,725	81	-	19,806	19,219	199	-	19,418
Other operating income	20,653	50	-	20,703	9,951	3	-	9,954
Other operating expenses	(43,412)	(101)	-	(43,513)	(34,852)	(382)	-	(35,234)
Profit before tax	46,862	660	-	47,522	33,560	332	-	33,892

The Bank								
	2011				2010			
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	(in million Baht)							
Interest income	73,359	1,560	(1,010)	73,909	50,393	726	(272)	50,847
Interest expenses	(27,444)	(983)	1,010	(27,417)	(12,770)	(279)	272	(12,777)
Net interest income	45,915	577	-	46,492	37,623	447	-	38,070
Net fees and service income	22,849	40	-	22,889	18,418	158	-	18,576
Other operating income	13,011	44	-	13,055	9,215	(4)	-	9,211
Other operating expenses	(40,824)	(47)	-	(40,871)	(33,436)	(321)	-	(33,757)
Profit before tax	40,951	614	-	41,565	31,820	280	-	32,100

41 Interest income

Interest income included in profit or loss for the years ended 31 December 2011 and 2010 is as follows:

	Consolidated		The Bank	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Interbank and money market items	5,418	1,518	5,149	1,507
Investments and trading transactions	222	387	222	387
Investments in debt securities	6,669	3,217	4,020	3,163
Loans	60,174	43,511	60,043	43,543
Hire-purchase and finance leases	5,464	4,071	4,475	2,247
Total	77,947	52,704	73,909	50,847

42 Interest expenses

Interest expenses included in profit or loss for the years ended 31 December 2011 and 2010 are as follows:

	Consolidated		The Bank	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Deposits	14,840	6,691	14,785	6,687
Interbank and money market items	1,546	724	1,613	750
Contributions to Deposit Protection Agency	4,402	3,777	4,395	3,777
Debt issued				
- Subordinated debentures	980	1,068	980	1,068
- Others	5,622	651	5,625	463
Borrowings	31	39	19	32
Total	27,421	12,950	27,417	12,777

43 Net fees and service income

Net fees and service income included in profit or loss for the years ended 31 December 2011 and 2010 is as follows:

	Consolidated		The Bank	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Fees and service income				
- Acceptances, avals and guarantees	976	936	972	936
- ATM, Debit cards and other banking electronic	4,972	4,559	4,973	4,559
- Others	17,715	17,090	20,398	16,029
Total fees and service income	23,663	22,585	26,343	21,524
Fees and service expense	3,857	3,167	3,453	2,948
Net fees and service income	19,806	19,418	22,890	18,576

44 Net trading income

Net trading income included in profit or loss for the years ended 31 December 2011 and 2010 is as follows:

	Consolidated		The Bank	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Gain (loss) on trading and foreign exchange transactions				
- Foreign currencies and foreign currency related derivatives	6,515	3,890	6,511	3,884
- Interest rate related derivatives	(275)	(119)	(275)	(119)
- Debt securities	44	205	44	204
- Equity securities	(7)	4	-	-
- Others	10	(10)	10	(10)
Total	6,287	3,970	6,290	3,959

45 Net gain on investments

Gains related to investments in securities included in profit or loss for the years ended 31 December 2011 and 2010 is as follows:

	Consolidated		The Bank	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Gains (losses) on sales				
- Available-for-sale securities	90	779	46	770
- Held-to-maturity securities	(120)	-	-	-
- General investments	(509)	952	(512)	952
- Investment in subsidiaries and associated companies	4,999	1	(790)	-
Total	4,460	1,732	(1,256)	1,722
Gains (losses) on impairment				
- Available-for-sale securities	86	121	86	121
- General investments	525	64	515	77
- Investment in subsidiaries and associated companies	259	(259)	1,167	(308)
Total	870	(74)	1,768	(110)
Net gain on investments	5,330	1,658	512	1,612

46 Impairment loss of loans and debt securities

Bad debt and doubtful accounts recognised in the consolidated profit or loss for the years ended 31 December 2011 and 2010 are Baht 6,219 million and Baht 4,513 million (net of bad debt recovery of Baht 836 million and Baht 1,064 million), respectively and in the Bank's profit or loss are Baht 6,417 million and Baht 4,651 million (net of bad debt recovery of Baht 726 million and Baht 834 million), respectively (see Note 19).

Loss on debt restructuring recognised in the consolidated and the Bank's profit or loss for the years ended 31 December 2011 and 2010 are Baht 433 million and Baht 149 million, respectively (see Note 17).

Bad debt, doubtful accounts and loss on debt restructuring included in profit or loss for the years ended 31 December 2011 and 2010 are as follows:

	Consolidated		The Bank	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Available-for-sale securities	(22)	(21)	6	(20)
Held-to-maturity securities	-	58	-	58
Loans to customers	6,219	4,513	6,417	4,651
Loss on debt restructuring	433	149	433	149
Total	6,630	4,699	6,856	4,838

47 Earnings per share

Earnings per share in the consolidated and the Bank's financial statements for the years ended 31 December 2011 and 2010 are calculated as follows:

	Consolidated					
	Net income		Weighted average number of ordinary shares		Earnings per share	
	2011	2010	2011	2010	2011	2010
	<i>(in million Baht)</i>		<i>(in million shares)</i>		<i>(in Baht)</i>	
Basic earnings per share						
Net income	36,273	24,206	3,399	3,399	10.67	7.12

	The Bank					
	Net income		Weighted average number of ordinary shares		Earnings per share	
	2011	2010	2011	2010	2011	2010
	<i>(in million Baht)</i>		<i>(in million shares)</i>		<i>(in Baht)</i>	
Basic earnings per share						
Net income	31,872	23,178	3,399	3,399	9.38	6.82

The preference of the preference shares expired in 2009, therefore, their rights are equivalent to ordinary shares. Basic earnings per share of 2011 and 2010 are calculated from net profit divided by the total number of ordinary and preference shares.

48 Events after the reporting period

185,930 preference shares have been converted into 185,930 ordinary shares. The Bank registered the conversion of the preference shares with the Ministry of Commerce on 10 January 2012.

49 Thai Financial Reporting Standards (TFRS) not yet adopted

The Bank and its subsidiaries have not adopted the following new and revised TFRS that have been issued as of the reporting date but are not yet effective. The new and revised TFRS are expected to become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table.

TFRS	Topic	Year effective
TAS 12	Income Taxes	2013
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013

Management expects to adopt and apply these new TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the consolidated and the Bank's financial statements of those new standards assessed to have the greatest potential impact on the financial statements in the period of initial application. These standards are as follows:

TAS 12 – Income taxes

The principal change introduced by TAS 12 is the requirement to account for deferred tax liabilities and assets in the financial statements. Deferred tax liabilities and assets are the amounts of income taxes payable and recoverable, respectively, in future periods in respect of temporary differences between the carrying amount of the liability or asset in the statement of financial position and the amount attributed to that liability or asset for tax purposes; and the carryforward of unused tax losses. Currently, the Bank and its subsidiaries do not recognise deferred tax in the financial statements.

The Bank and its subsidiaries will adopt TAS 12 with effect from 1 January 2013. The effects of the change will be recognised retrospectively in the financial statements and the statement of financial position as at 31 December 2011 will be adjusted accordingly. Management estimates that the impact on the statement of financial position is less than 1% of net assets.

TAS 21 (revised 2009) - The effects of changes in foreign exchange rates

Management is presently considering the potential impact from the adaption of the above TFRS.

50 Reclassification of accounts

Certain accounts in the statement of financial position as at 31 December 2010 and the statement of comprehensive income for the year ended 31 December 2010, which are included in the 2011 financial statements for comparative purposes, have been reclassified to conform to the presentation in the 2011 financial statements. These reclassifications have principally been made following TAS 1 (revised 2009) *Presentation of Financial Statements* and the Bank of Thailand (BoT) notification number Sor Nor Sor 11/2553, regarding "The preparation and announcement of the financial statements of commercial banks and holding companies which are parent company of group of companies offering financial services". There were no other significant reclassifications of accounts.

Supplementary Information





Principal Shareholders

Siam commercial Bank PCL
as at 30 December 2011

No.	Name	Ordinary Shares	Preferred Shares	Total of Shares	Percentage of Shares
1	BUREAU OF THE CROWN PROPERTY AND GROUP	805,309,758	-	805,309,758	23.69
2	VAYUPAK MUTUAL FUND 1	785,798,200	-	785,798,200	23.12
3	THAI NVDR COMPANY LIMITED	174,173,211	3,900	174,177,111	5.12
4	CHASE NOMINEES LIMITED 42	172,884,800	-	172,884,800	5.09
5	LITTLEDOWN NOMINEES LIMITED	121,497,100	-	121,497,100	3.57
6	HSBC (SINGAPORE) NOMINEES PTE LTD	106,368,098	-	106,368,098	3.13
7	STATE STREET BANK AND TRUST COMPANY	105,355,688	-	105,355,688	3.10
8	STATE STREET BANK EUROPE LIMITED	57,167,060	-	57,167,060	1.68
9	SOCIAL SECURITY OFFICE (2)	48,244,000	-	48,244,000	1.42
10	GOVERNMENT OF SINGAPORE INVESTMENT CORPORATION C	46,098,000	-	46,098,000	1.36
11	OTHERS	970,266,692	6,025,691	976,292,383	28.72
TOTAL ISSUED SHARE CAPITAL		3,393,162,607	6,029,591	3,399,192,198	100.00
	THAI SHAREHOLDERS	2,173,669,598	5,546,261	2,179,215,859	64.11
	FOREIGN SHAREHOLDERS	1,219,493,009	483,330	1,219,976,339	35.89

Remark:

(1) Ministry of Finance of the Royal Thai Government holds 3,051,786 ordinary shares representing 0.09% of total share capital.



Investment of Siam Commercial Bank PCL in other companies.

As of December 31, 2011 the Bank invested in 10% or more than of the issued shares of the following companies.
Reported under Section 258 of Securities and Exchange Act*.

No.	Company/Address	Type of Business	Type of Shares	Issued and Paid up Share Capital (Baht)	Paid-up Shares	Amount of Shares	Percentage of Ownership*	Amount* (Baht)
1	The Cambodian Commercial Bank Co., Ltd. 26 Monivong Rd., Sangkat Phsar Thmei 2, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia Tel: 001-855 (23) 426-145, 213-601-2 Fax: 001-855 (23) 426-116	Banking	Ordinary	US\$25,000,000	250,000	250,000	100.000%	634,316,885
2	SCB Plus Co., Ltd. 1060 Bldg.3, 9 th Floor, 10 Siam Commercial Bank PCL, New Phetchaburi Rd., Makkasan, Ratchathewi, Bangkok 10400 Tel: 0-2256-2039-40, 0-2792-3828, 3900 Fax: 0-2255-1565	Collection Company	Ordinary	1,000,000	100,000	100,000	100.000%	1,000,000
3	SCB Training Center Co., Ltd. SCB Head Office Bldg., 9 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2544-1702, 1704, 1707 Fax: 0-2544-1701	Training Center	Ordinary	549,000,000	5,490,000	5,490,000	100.000%	389,504,400
4	Rutchayothin Assets Management Co., Ltd. SCB Park Plaza Bldg., West A, 12 nd Floor 189 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2544-5908, 2874	Asset Management	Ordinary	25,000,000	2,500,000	2,500,000	100.000%	25,000,000
5	Mahisorn Co., Ltd. SCB Park Plaza Bldg. East, 6 th Floor 18 - 19 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2937-5400 Fax: 0-2937-5438	Property (Buildings) Management	Ordinary	66,949,000	669,490	669,490	100.000%	1,137,718,400
6	Siam Panich SPV 1 Co., Ltd. ⁽⁴⁾ SCB Park Plaza Bldg., Tower 2 West, 22 nd Floor 18 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2544-2592 Fax: 0-2937-7721	SPV set up under securitization Act.	Ordinary	40,000	400	400	100.000%	40,000
7	Siam Pitiwat Co., Ltd. 222/1-7 Siam Square Soi 1, Rama 1 Rd., Pathumwan, Pathumwan, Bangkok 10330 Tel: 0-2530-7500 Fax: 0-2530-7515-6	Appraisal Services	Ordinary	10,000,000	1,000,000	1,000,000	100.000%	10,000,000
8	Siam Niti Law Office Co., Ltd. ⁽¹⁾ SCB Park Plaza Bldg., Tower 1 West, 12 th Floor, 18 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2937-5000 Fax: 0-2937-5001	Consultant (Legal Service)	Ordinary	16,000,000	160,000	160,000	100.000%	16,249,576
9	SCB Asset Management Co., Ltd. SCB Park Plaza Bldg., Tower 3 East, 21 st - 22 nd Floor, 19 Rutchadaphisek 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
10	SCB Securities Co., Ltd. SCB Park Plaza Bldg., Tower 3 East, 20 th - 21 st Floor, 19 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2949-1000 Fax: 0-2949-1001	Securities	Ordinary	2,000,000,000	200,000,000	200,000,000	100.000%	2,107,396,410
11	SICCO Advisory Co., Ltd. ⁽⁴⁾ Sindhorn Tower 3, 12 th Floor 130 - 132 Wireless Rd., Lumpini, Pathumwan, Bangkok 10330 Tel: 0-2675-3899 Fax: 0-2675-3898	Financial Advisory	Ordinary	20,000,000	2,000,006	2,000,000	100.000%	20,000,000

No.	Company/Address	Type of Business	Type of Shares	Issued and Paid up Share Capital (Baht)	Paid-up Shares	Amount of Shares	Percentage of Ownership*	Amount* (Baht)
12	The Siam Industrial Credit PCL Sindhorn Bldg., Tower 2, 3 th - 5 th Floor, 130 - 132 Wireless Rd., Lumpini, Pathumwan, Bangkok 10330 Tel: 0-2263-2100, 0-6250-9990 Fax: 0-2263-2044, 0-2263-2046	Finance and Hire Purchase	Ordinary	2,987,115,310	597,423,062	595,781,672	99.725%	3,764,055,690
13	Siam Commercial Leasing PCL SCB Park Plaza Bldg., Tower 2 West, 22 nd Floor 18 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2949-1800 Fax: 0-2949-1900	Hire Purchase Leasing Factoring and Collection Company	Ordinary	5,677,975,020	567,797,502	562,795,864	99.119%	10,718,599,678
14	Phonix Land Developmnt Co., Ltd. ⁽²⁾ 555 Rasa Tower Bldg., 14 th Floor Phahon Yothin Rd. Chatuchak, Chatuchak, Bangkok 10900 Tel: 0-2937-0826-7#12 Fax: 0-2937-0826	Holding Company	Ordinary	500,000,000	500,000	488,000	97.600%	1
15	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: 0-2655-3000 Fax: 0-2256-1666	Life Insurance	Ordinary	665,000,000	66,500,000	62,950,033	94.662%	9,033,188,057
16	Phoenix Golf and Country Club Pattaya Co., Ltd. ^{(2), (4)} 555 Rasa Tower Bldg., 14 th Floor Phahon Yothin Rd. Chatuchak, Chatuchak, Bangkok 10900 Tel: 0-2937-0826-7#12 Fax: 0-2937-0826	Golf Club	Ordinary	119,250,000	23,850	22,078	92.568%	147,665,000
17	Siam Sat Network Co., Ltd. ^{(1), (4)} SCB Park Plaza Bldg., Tower 2 West, 21 st Floor 18 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900	Sattellite Service	Ordinary	112,500,000	11,249,708	9,182,012	81.620%	91,820,120
18	Siam Technology Service Co., Ltd. ⁽¹⁾ SCB Park Plaza Bldg., Tower 1 West, 18 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900	Consultant	Ordinary	30,000,000	2,999,991	2,249,993	75.000%	1
19	SICCO Securities PCL ⁽³⁾ Sindhorn Tower 2, 1 st - 2 nd Floor and Sindhorn Tower 3, 12 th Floor 130 - 132 Wireless Rd., Lumpini, Pathumwan, Bangkok 10330 Tel: 0-2627-3100 Fax: 0-2263-2043	Securities	Ordinary	637,215,030	637,250,720	446,558,917	70.076%	497,582,250
20	Siam Commercial Samaggi Insurance PCL Siam Commercial Insurance Bldg., 12 th Floor, North Park 2/4 Vibhavadi Rangsit Rd., Thung Song Hong, Lak Si, Bangkok 10210 Tel: 0-2955-0100-29 Fax: 0-2955-0150-1	Insurance	Ordinary	454,452,155	90,884,345	54,195,674	59.631%	559,750,568
21	SCB Leasing PCL Jewelry Trade Center Bldg., 27 th Floor 919/345 Silom Rd., Bangrak, Bangkok 10500 Tel: 0-2266-2641 Fax: 0-2266-2465-6	Leasing, Hire Purchase and Factoring	Ordinary	6,610,571	10,576,813	4,845,358	45.811%	2,891,726
22	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
23	Vina Siam Bank 2 Pho Duc Chinh Street, District 1, Ho Chi Minh City, The Socialist Republic of Vietnam Tel: 001-84 (83) 821-0557, 821-0360, 821-5353, 821-5353-5 Fax: 001-84 (83) 821-0585	Banking	Ordinary	US\$61,000,000	610,000	201,300	33.000%	697,125,576

No.	Company/Address	Type of Business	Type of Shares	Issued and Paid up Share Capital (Baht)	Paid-up Shares	Amount of Shares	Percentage of Ownership*	Amount* (Baht)
24	WTA (Thailand) Co., Ltd. 313 C.P. Tower, Silom Rd., Silom, Bangrak, Bangkok 10500 Tel: 0-2699-1609 Fax: 0-2643-1881	Others	Ordinary	25,000	1,000	250	25.000%	1
25	SG Star Properties Limited ^{(1), (2)} 408/70, Phaholyothin Place Bldg., 16 th Floor, Phaholyothin Rd., Samsennai, Phayathai, Bangkok 10400	Real Estate	Ordinary	611,641,180	61,164,118	12,389,213	20.256%	4,838,385
26	Nippon Koa Insurance Broker (Thailand) Co., Ltd. ⁽⁴⁾ 90/53 Sathorn Thani 1 Bldg., 18 th Floor North Sathorn Rd. Silom, Bang Rak, Bangkok 10500 Tel: 0-2636-7288 Fax: 0-2636-8277	Insurance Broker	Ordinary	6,000,000	60,000	11,999	19.998%	1,199,900
27	National ITMX Co., Ltd. 93/1 GPF Witthayu Tower A, 17 th Floor, Wireless Rd., Lumpini, Pathumwan, Bangkok 10330 Tel: 0-2650-6800 Fax: 0-2650-6808	Payment System Service Provider	Ordinary	50,000,000	500,000	97,350	19.470%	11,184,710
28	Siam Cement Myanmar Trading Ltd. No.5 Kabar Aye Pagoda Road, Yankin Township, Yangon, Myanmar Tel: (95-9) 862-3069 / (95-1) 548-058 Fax: (95-1) 548-058	Commercial	Ordinary	KYAT1,320,000	220	22	10.000%	559,281
29	Thai U.S. Leather Co., Ltd. ⁽¹⁾ 39/98 Moo 2, Rama II Rd., Bangkrajao, Muang, Samuthsakhon 74000 Tel: (034) 490-082	Industry	Ordinary	193,750,000	25,000,000	2,500,000	10.000%	19,375,000
30	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
31	Thai Obayashi Corporation Co., Ltd. 161 Nantawan Bldg., 11st Floor, Soi Mahadlek Luang 3 Ratchadamri Rd. Lumpini, Pathum Wan, Bangkok 10330 Tel: 0-2252-5200	Construction	Ordinary	10,000,000	20,000	2,000	10.000%	61,753,160
32	Nanachart Traders Consolidation Limited ⁽⁴⁾ 34/3, Ruam Thanu Thai Lang Suan Bldg., Soi Lang Suan, Phloenchit Rd., Lumpini, Pathumwan, Bangkok 10330 Tel: 0-2652-2020-4 Fax: 0-2255-9947	Agribusiness	Ordinary	20,000,000	20,000	2,000	10.000%	2,000,000
33	Premas (Thailand) Co., Ltd. 90 CyberWorld Tower 27 th Floor Tower A, Rutchadaphisek Rd., Huay Kwang, Huay Kwang, Bangkok 10320 Tel: 0-2168-3101 Fax: 0-2168-3106	Property Management	Ordinary	12,500,000	250,000	25,000	10.000%	1,250,000

Remarks

* In case of indirect investment by bank's affiliates, in which the bank 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.

(1) Discontinued operations, being in process of dissolution or in process of liquidation

(2) Invested from Debt Restructuring

(3) The company which the bank's affiliates, in which the bank hold more than 30% of theirs shares, invest with any direct investment from bank

(4) The company which the bank's affiliates, in which the bank hold more than 30% of theirs shares, invest without any direct investment from bank

(5) In 2011, the Bank sold 2,666,176 of preferred shares of Fuel Pipeline Transportation Limited, which the Bank acquired through a debt restructuring process, to a business entity which is not a related party as defined by the Notification of Capital Market Supervisory Board in an amount of Baht 0.27 million. Net book value of the share was nil, the Bank earned Baht 0.27 million from the sale.



Information of the Management and Controller of the Bank

as of 31 December 2011

Name/ Position	Age (yrs)	Education/ Training Program	% of Total Share	Experiences in the past 5 years	
				Period	Position / Company
1. Mr. Anand Panyarachun - Chairman of the Board (Independent Director) - Member of the Corporate Social Responsibility Committee	79	B.A. (Hons.) in Law, Trinity College, University of Cambridge U.K.	0.01%	Past Positions	
				2001-2008	- Member of Advisory Board, Toyota Motor Corporation Co., Ltd.
				1997-2009	- Chairman of the University Council, Asian University of Science and Technology (AUST)
				1993-2011	- Member of Advisory Board, American International Group Co., Ltd.
				1995-2011	- Chairman of the Board of Trustees, Mekong Region Law Center
				Current Positions	
				1990-Present	- Chairman, Eastern Star Real Estate PCL
				1990-Present	- Chairman, Chiang Mai Night Bazaar Co., Ltd.
				1990-Present	- Chairman, Cambridge Thai Foundation
				1996-Present	- UNICEF ambassador in Thailand
				1996-Present	- Chairman of International Advisory Board, The Carlos P. Romulo Foundation
				1999-Present	- Honorary International Advisor, the Governors of Dulwich College, London, U.K.
				2000-Present	- Member of the Advisory Council of Transparency International.
				2003-Present	- Trustee, U Thant Institute
				2003-Present	- Fellow, Dulwich College, London, U.K.
2006-Present	- Consultant, Chevron Asia South Co., Ltd.				
2008-Present	- Director, Siam Commercial Foundation				
2009-Present	- Chairman, Green Globe Institute				

He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.

Name/ Position	Age (yrs)	Education/ Training Program	% of Total Share	Experiences in the past 5 years	
				Period	Position / Company
2. Mr. Vichit Suraphongchai	66	- B.Sc. (Engineering), Chulalongkorn University - M.Sc. (Engineering), University of California, Berkeley, U.S.A. - M.B.A. (Management), Graduate School of Management, UCLA, U.S.A. - Ph.D., Graduate School of Management, UCLA, U.S.A. - Role of the Chairman Program, Thai Institute of Directors Association (IOD)	-	<i>Past Positions</i> 2007-2009 - Independent Director, Thai Airways PCL 2003-2011 - Honorary Advisor, Phantavanit Co., Ltd. 2004-2011 - Board of The Public Policy Development Office (PPDO) 2009-2011 - Chairman, Nok Airlines Co., Ltd. 2009-2011 - The Commission for the Judicial Service <i>Current Positions</i> 1997-Present - Advisor, The Bureau of the Crown Property 1999-Present - Director, Kempinski AG 2006-Present - Committee, The Tio Chew Association of Thailand 2006-Present - Deputy Director, Peiing School Board 2006-Present - Member of the Board, The Mahidol University Council 2006-Present - Director, CPB Equity Co., Ltd. 2007-Present - Board of Governor, Amata Spring Country Club 2008-Present - Director, Siam Commercial Foundation 2009-Present - Chairman, Excel 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.					
3. Mr. Maris Samaram	69	- B.S.B.A., Major in Accounting, University of the East, Philippines - Program for Management Development, Harvard Business School, U.S.A. - Director Certification Program, Thai Institute of Directors Association (IOD) - Audit Committee Program, Thai Institute of Directors Association (IOD) - Monitoring the System of Internal Control and Risk Management, Thai Institute of Directors Association (IOD) - Monitoring the Internal Audit Function, Thai Institute of Directors Association (IOD) - Monitoring the Quality of Financial Reporting, Thai Institute of Directors Association (IOD) - DCP Refresher Course, Thai Institute of Directors Association (IOD)	-	<i>Past Positions</i> 2004-2010 - Director and Member of the Audit Committee, Sub Sri Thai Warehouse PCL 2008-2011 - Director and Member of the Audit Committee, Indorama Polymers PCL <i>Current Positions</i> 1988-Present - Member of the Executive Committee, The Harvard Club of Thailand 2003-Present - Independent Director, Member of the Audit Committee, and Member of the Corporate Governance and Nomination Committee, TATA Steel (Thailand) PCL 2004-Present - Director, Marsh PB Co., Ltd. 2005-Present - Director, PAC (Siam) Co., Ltd. 2006-Present - Chairman of the Audit Committee and Member of Executive Committee, Asian Institute of Technology (AIT) 2010-Present - Director and Member of the Audit Committee, Indorama Ventures 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 Share	Period	Experiences in the past 5 years Position / Company
4. Mr. Chirayu Isarangkun Na Ayuthaya - Director - Chairman of the Corporate Social Responsibility Committee	69	- B. Sc. (Economics) (Hons), London School of Economics, University of London, U.K. - Ph. D. (Economics), Australian National University, Australia - Role of the Chairman Program, Thai Institute of Directors Association (IOD)	-	2004-2008	<i>Past Positions</i> - Chairman, Nok Airlines Co., Ltd.
				<i>Current Positions</i>	
				1987-Present	- Grand Chamberlain, Bureau of the Royal Household
				1987-Present	- Director-General, The Crown Property Bureau
				1987-Present	- Chairman, Deves Insurance PCL
				1988-Present	- Treasurer, Foundation for Promotion of Supplementary Occupation and Related Techniques of Her Majesty Queen Sirikit
				1990-Present	- Director, Phra Dabos Foundation
				1991-Present	- Secretary General, Queen Sirikit Park Foundation
				1992-Present	- Secretary General, Royal Project Foundation
				1992-Present	- Secretary General, Sai Jai Thai Foundation
5. Mr. Chumpol NaLamlieng - Independent Director - Chairman of the Nomination, Compensation, and Corporate Governance Committee	64	- B.Sc. (Mechanical Engineering), The University of Washington, U.S.A. - M.B.A, Harvard Business School, U.S.A. - Role of the Chairman Program, Thai Institute of Directors Association (IOD)	-	2006-2008	<i>Past Positions</i> - Chairman, CPB Equity Co., Ltd. - Director, Navuti Co., Ltd. - Chairman, The Siam Cement PCL - Director, Siam Commercial Foundation
				<i>Current Positions</i>	
				1990-2009	- Director, Garden River Co., Ltd.
				2005-2009	- Director, The British Airways PCL
				2004-2011	- Chairman, Singapore Telecommunications Ltd.
				1989-Present	- Director, Navuti Co., Ltd.
				1990-Present	- Director, Supapruk Co., Ltd.
				1992-Present	- Director and Member of Remuneration Committee, Siam Cement PCL
				1995-Present	- Director, Dole (Thailand) Co., Ltd.
				2008-Present	- Director, Lum Luk Ka Golf and Country Club Co., Ltd.
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 - Chairman of the Corporate Social Responsibility Committee	69	- B. Sc. (Economics) (Hons), London School of Economics, University of London, U.K. - Ph. D. (Economics), Australian National University, Australia - Role of the Chairman Program, Thai Institute of Directors Association (IOD)	-	2004-2008	<i>Past Positions</i> - Chairman, Nok Airlines Co., Ltd.
				<i>Current Positions</i>	
				1987-Present	- Grand Chamberlain, Bureau of the Royal Household
				1987-Present	- Director-General, The Crown Property Bureau
				1987-Present	- Chairman, Deves Insurance PCL
				1988-Present	- Treasurer, Foundation for Promotion of Supplementary Occupation and Related Techniques of Her Majesty Queen Sirikit
				1990-Present	- Director, Phra Dabos Foundation
				1991-Present	- Secretary General, Queen Sirikit Park Foundation
				1992-Present	- Secretary General, Royal Project Foundation
				1992-Present	- Secretary General, Sai Jai Thai 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 Share	Period	Experiences in the past 5 years
6. Khunying Jada Wattanasiritham	66	- B.A. (Natural Sciences and Economics), University of Cambridge, U.K. - M.A. (Natural Sciences and Economics), University of Cambridge, U.K. - M.A. (Economic Development), Williams College, U.S.A. - Role of the Chairman Program, Thai Institute of Directors Association (IOD) - Director Certification Program, Thai Institute of Directors Association (IOD) - Audit Committee Program, Thai Institute of Directors Association (IOD) - Monitoring the Quality of Financial Report, Thai Institute of Directors Association (IOD) - Monitoring the Internal Audit Function, Thai Institute of Directors Association (IOD)	-	<i>Past Positions</i> 1999-2007 - President, The Siam Commercial Bank PCL 2006-2008 - Member, The National Legislative Assembly 2007-2008 - Chairman, Settrade. com Co., Ltd. 2006-2010 - Director and Chairman of the Audit Committee, The Stock Exchange of Thailand 2006-2010 - Director, The Stock Exchange of Thailand Foundation 2007-2010 - Director, and Chairman of the Audit Committee, PTT PCL 2003-Present - Chairman, Thailand Business Coalition on AIDS 2009-Present - Chairman and Chairman of Remuneration Committee, Thai Asset Management Corporation <i>Current Positions</i> 1985-Present - Director and Treasurer Than Phuying Dushdi Mala Foundation 1992-Present - Independent Director, Siam Piwat Co., Ltd. 2002-Present - Chairman, Books for Thailand Foundation 2003-Present - Director, and Chairman of the Finance Committee, The Kenan Institute Asia 2006-Present - Director, Siam Piwat Holding Co., Ltd. 2006-Present - Board of Trustee, Executive Director, and Member of the Audit Committee, Asian Institute of Technology (AIT) 2006-Present - Vice Chairman, Ramathibodi Foundation 2006-Present - Honorary Director and Chairman of the Investment Policy Committee, Srinakharinwirot University Council 2007-Present - Chairman, SCB Life Assurance PCL 2007-Present - Director, Raj Pracha Samasai Foundation under the Royal Patronage of H.M. the King 2007-Present - Advisory Council, Sasin Graduate Institute of Business Administration of Chulalongkorn University 2008-Present - Independent Director and Member of the Audit Committee, Minor International PCL 2008-Present - Director, Rajini Foundation 2008-Present - Director, Siam Commercial Foundation 2008-Present - Director, Ton Poh Fund 2009-Present - Chairman, Siam Commercial Samaggi Insurance PCL 2009-Present - Director, Somdech Phra Mahitala Dhibesra Adulyadej Vikrom the Prince Father Foundation 2010-Present - Director, Patumvanarak Foundation 2010-Present - Chairman, The Disciplinary Committee for the directors and executive officers of the securities issuer, The Office of the Securities and Exchange Commission 2011-Present - Chairman, Takeover Panel, The Office of the Securities and Exchange Commission 2011-Present - Chairman, Siam Paragon Development Co., Ltd. 2011-Present - Chairman, Thai Institute of Directors Association (IOD) 2011-Present - Director, Buddhadasa Indapanno Archives Foundation 2011-Present - Expert Member, Government Pension Fund - Director, The King Rama XI Memorial Park Foundation	
					- Independent Director - Member of the Corporate Social Responsibility Committee
She does not hold any current position as chairman, or exective 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 Share	Experiences in the past 5 years	
				Period	Position / Company
7. Mr. Sumate Tanthuwaniit - Independent Director - Member of the Audit Committee	65	- B.Sc. (2nd Hons.) degree in Electrical Engineering, Chulalongkorn University - M.Sc. in Management Engineering, the Asian Institute of Technology - Director Certification Program, Thai Institute of Directors Association (IOD) - Monitoring the Internal Audit Function, Thai Institute of Directors Association (IOD) - Monitoring the Quality of Financial Report, Thai Institute of Directors Association (IOD) - Monitoring the System of Internal Control and Risk Management, Thai Institute of Directors Association (IOD) - DCP Refresher Course, Thai Institute of Directors Association (IOD) - Financial Statement for Director, Thai Institute of Directors Association (IOD)	0.00%	2006-2008	<i>Past Positions</i> - Member, The National Legislative Assembly - Director, Radanasin Bank PCL - Director, Bangkok-Thonburi Insurance Co., Ltd. <i>Current Positions</i> 1980-Present - President, Regional Container Lines PCL. 1982-Present - Director, Panjaphum Co., Ltd. 1985-Present - Director, Ngow Hock Co., Ltd. 1985-Present - Director, Ngow Hock Agency Co., Ltd. 1985-Present - Director, Bangkok Terminal Services Co., Ltd. 1988-Present - Managing Director, Sintanachote Co., Ltd. 1989-Present - Managing Director, Thai Prosperity Terminal Co., Ltd. 1989-Present - Director, TIPS Co., Ltd. 1990-Present - Chairman of the Executive Committee, NH Prosperity Co., Ltd. 1995-Present - Director, Panjamitir Holding Co., Ltd. 1996-Present - Director, One Two Seven Co., Ltd. 2001-Present - Director, RCL Logistics Co., Ltd. - Director, Thai India Corporation Limited - Director, N.Y.K. Songkhla Co., Ltd. Chairman of the Executive Committee, NH Prosperity Co., Ltd. - Director, Hapag-Lloyd (Thailand) Co., Ltd. - Director, N. Capital Co., Ltd. - Director, Asian Bulk Shipping Co., Ltd. - Director, I.C.D. Suranaree Co., Ltd. - Director, Burabha Logistics Service Co., Ltd. - Director, Eastern Contrans Co., Ltd. - Director, NH Logistics Co., Ltd. - Director, Phuket Ngow Hock Co., Ltd. - Director, Songkhla Ngow Hock Co., Ltd. - Director, Songkhla Container Co., Ltd. - Director, Songkhla Shipping Agency Co., Ltd. - Director, Land Venture Co., Ltd. - Director, SMPL Syndicate Co., Ltd. - Director, BTS Customs Service Co., Ltd. - Director, N.M. Land Co., Ltd. - Director, Mahachai Logistics Center Co., Ltd. - Director, Prapadang Holding Co., Ltd. - Director, Behn Myer & Co (Thailand) Co., Ltd. - Director, Siam Offshore Co., Ltd. - Director, Jittin Tanthuvanit Foundation

He does not hold any current position as chairman, or elective 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 Share	Period	Experiences in the past 5 years
8. Mrs. Kulpatra Sirodom - Independent Director - Member of the Audit Committee	55	- B.B.A. (Finance) (First Class Honors), Thammasat University - M.B.A. (Finance), West Virginia University, U.S.A. - Ph.D. (Finance), University of Pittsburgh, U.S.A. - Director Certification Program, Thai Institute of Directors Association (IOD) - Audit Committee Program, Thai Institute of Directors Association (IOD)	-	<i>Past Positions</i> 2004-2009 - Director, The Agricultural Futures Exchange of Thailand 2006-2009 - Advisor to the Risk Management Committee, Government Housing Bank 2006-2009 - Advisor, Investment Banking Division, Thanachart Securities PCL 2009-2010 - Head of the Department of Finance, Faculty of Commerce and Accountancy, Thammasat University 2006-2011 - Director of the Managerial Accounting Sub-committee, The Federation of Accounting Professions	
				<i>Current Positions</i> 1994-Present - Independent Director and Chairman of the Audit Committee, Thai President Food PCL 2002-Present - Independent Director and Member of the Audit Committee, President Bakery PCL 2006-Present - Director, H.R.H. Prince Pijitirapa Tevakul Foundation 2006-Present - Member of Operation Committee, The Professor Sangvian Indaravijaya Foundation 2009-Present - Dean, Faculty of Commerce and Accountancy, Thammasat University 2010-Present - Independent Director, Thai Wacoal PCL 2011-Present - Advisor, The Federation of Accounting Professions 2011-Present - Member of the Nomination Committee, The Association of Advance Collegiate School of Business 2011-Present - Director, Asia-Pacific Advisory Council	
She does not hold any current position as chairman, or elective director, or all of the aforementioned positions in other companies exceeding 3 business groups.					
9. M.R. Disnadda Diskul - Director - Member of the Corporate Social Responsibility Committee	72	- B. Sc. (Business Administration), Indiana University (Bloomington), U.S.A. - Role of the Chairman Program, Thai Institute of Directors Association (IOD)	-	<i>Current Positions</i> 1985-Present - Director, Volunteer Doctors Foundation of Her Royal Highness the Princess Mother 1988-Present - Director-General, Doi Tung Development Project 1989-Present - Director, Navuti Co., Ltd. 1992-Present - Director, Prostheses Foundation of Her Royal Highness the Princess Mother 1994-Present - Director and Secretary-General, The Mae Fah Luang Foundation under Royal Patronage 1995-Present - Director, Breast Foundation under the Patronage of Her Royal Highness the Princess Mother 1999-Present - Chairman, East Asia Development Foundation 2001-Present - Chairman, Prince Damrong Rajanupab and Mornjao Jongjitthanom Disakul Foundation 2002-Present - Director, Elephant Reintroduction Foundation 2007-Present - Director, Siam Commercial Foundation 2009-Present - Director, Japan-American Institute of Management Science (Hawaii, USA) 2010-Present - Chairman, Royal Innovation Institute 2010-Present - Director and Secretary-General, Royal Innovation Foundation 2011-Present - Chairman, Rakkaew Foundation - Advisor, The Crown Property Bureau	
				He does not hold any current position as chairman, or elective director, or all of the aforementioned positions in other companies exceeding 3 business groups.	

Name/ Position	Age (yrs)	Education/ Training Program	% of Total Share	Period	Experiences in the past 5 years Position / Company
10. Mr. Vicharn Panich - Independent Director - Member of the Corporate Social Responsibility Committee	69	- M.D., Faculty of Medicine, Siriraj University	-	2003-2007	<i>Past Positions</i> - Director, The Knowledge Management Institute (KMI)
		- Master's Degree in Human Genetics from the University of Michigan, U.S.A.		2008-2011	- Chairman, The Higher Education Commission
		- Director Accreditation Program, Thai Institute of Directors Association (IOD)			<i>Current Positions</i>
		- Understanding the Fundamental of Financial Statements, Thai Institute of Directors Association (IOD)		1994-Present	- Member of the University Council, Walailak University
		- Financial Statement for Director, Thai Institute of Directors Association (IOD)		1995-Present	- Director, Sodsri-Saridwongsa Foundation
		- Director Certification Program, Thai Institute of Directors Association (IOD)		1995-Present	- Director, The Medical Division of the Anandamahidol Foundation
		- Role of the Chairman Program, Thai Institute of Directors Association (IOD)		1997-Present	- Advisor, Thai Academy of Science and Technology
		- Leadership in the Boardroom Program, Thai Institute of Directors Association (IOD)		1999-Present	- Director, National Health Foundation
				1999-Present	- Director, Withithat Foundation
				2002-Present	- Director, Prince Mahidol Award Foundation under Royal Patronage
11. Mr. Ekamol Kiriwat - Independent Director - Member of the Nomination, Compensation, and Corporate Governance Committee	66	- Bachelor's degree (Magna Cum Laude) in Economics, Dartmouth College, U.S.A.	-	2008-2011	<i>Past Positions</i> - Chairman, Seamico Securities PCL
		- Master's degree (Finance), Harvard Graduate School of Business Administration, U.S.A.			<i>Current Positions</i>
		- Director Certification Program, Thai Institute of Directors Association (IOD)		2004-Present	- Chairman, K.C. Property 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.					
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 Share	Experiences in the past 5 years	
				Period	Position / Company
12. Miss Supa Piyajitti - Director - Member of the Nomination, Compensation, and Corporate Governance Committee	57	- B.A., Thammasat University - LL.B., Thammasat University - Master's degree in Public Administration, The National Institute of Development Administration (NIDA) - Mini MBA, The Ministry of Finance, Class 20, Thammasat University - Director Certification Program, Thai Institute of Directors Association (IOD) - DCP Refresher Course, Thai Institute of Directors Association (IOD) - The National Defence Course, National Defence College - High Certificate In Judicial Processes for Senior Executive, National Justice Academy, Judicial Training Institute, Office of Judicialy	-	<i>Past Positions</i> 2006-2009 - Deputy Permanent Secretary, The Ministry of Finance 2006-2009 - Vice Chairman, The Financial Institutions Development Fund 2006-2009 - Director, The Agricultural Futures Trading Commission 2009-2010 - Director General, The State Enterprise Policy Office, The Ministry of Finance	
				<i>Current Positions</i> 2008-Present - Chairman, National Credit Bureau Co., Ltd. 2010-Present - Deputy Permanent Secretary, The Ministry of Finance 2010-Present - Director, Bangchak Petroleum PCL 2010-Present - Chairman, Finansia Life Assurance 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.	
13. Mr. Thevan Vichitakul - Director - Member of the Nomination, Compensation, and Corporate Governance Committee	61	- B.Eng. (Industrial Engineering), Chulalongkorn University - M.E. (Business Economics), Thammasat University - Director Certification Program, Thai Institute of Directors Association (IOD) - Audit Committee Program, Thai Institute of Directors Association (IOD) - Financial Institutions Governance Program, Thai Institute of Directors Association (IOD)	-	<i>Past Positions</i> 2008-2010 - Director General, Treasury Department, The Ministry of Finance 2008-2011 - Director, Erawan Hotel PCL 2010-2011 - Director, Dhipaya Insurance PCL 2010-2011 - Director, Electricity Generating Authority of Thailand 2010-2011 - Inspector General, The Ministry of Finance	
				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.	
14. Mr. Robert Ralph Parks - Independent Director - Member of the Nomination, Compensation, and Corporate Governance Committee	67	- B.A., Rice University, U.S.A. - M.B.A, Columbia University Graduate School of Business, U.S.A.	-	<i>Past Positions</i> 2008-2011 - Director, LT Technology Holding Ltd. <i>Current Positions</i> 1995-Present - Director, Pear Tree Point School 2007-Present - Chairman, Oaktree Capital (Hong Kong) Ltd. 2007-Present - Director, Northshore Power Systems 2009-Present - Chairman and Director, Sinoomedical Limited 2010-Present - Advisor, Ambow Education Holding Ltd. 2011-Present - Board of Trustee, Rice University	
				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 Share	Experiences in the past 5 years	
				Period	Position / Company
15. Mrs. Kamikar Chaitaporn - President - Member of the Executive Committee - Member of the Corporate Social Responsibility Committee	64	- Bachelor Degree (Business), University of Colorado, U.S.A. - Advanced Management Programme (AMP), Harvard University, U.S.A. - Role of the Chairman Program, Thai Institute of Directors Association (IOD)	0.00%	<i>Past Positions</i> 2003-2007 - Director and SEVP, Retails Group, Siam Commercial Bank PCL. 2005-2007 - Director and Member of the Audit Committee, Sermisuk PCL 2005-2007 - Chairman of the Board and Chairman of the Executive Committee, Siam Commercial New York Life Insurance PCL 2006-2007 - Director, Siam Commercial Leasing PCL 2007-2011 - Advisory Council, Sasin Graduate Institute of Business Administration of Chulalongkorn University <i>Current Positions</i> 2003-Present - Advisory Director, MasterCard International (Asia Pacific Region) 2008-Present - Director, Siam Commercial Foundation 2008-Present - Director, Blood Donation Supporting Committee, Thai Red Cross 2009-Present - Director, Mrigadayavan Palace Foundation	
She does not hold any current position as chairman, or executive director, or all of the aforementioned positions in other companies exceeding 3 business groups.					
16. Mr. Bodin Asavanich - Director - Member of the Executive Committee - SEVP, General Counsel Group	67	- LL.B., Thammasat University - Thai Bar Association - Master of Comparative Jurisprudence, New York University, U.S.A. - Master of Law, New York University, U.S.A. - Stanford Executive Program, Stanford University, U.S.A.	0.00%	<i>Past Positions</i> 2006-2008 - Member, The National Legislative Assembly <i>Current Positions</i> 2001-Present - Director, SCG Legal Counsel Limited 2005-Present - Legal Advisor, Elephant Reintroduction Foundation 2006-Present - Vice Chairman, Industrial Development Foundation 2006-Present - Senior Vice Chairman, The Federation of Thai Industries 2009-Present - Trustee, Sirindhorn International Institute of Technology 2010-Present - Director and Member of Nomination and Corporate Governance Committee, Shin Corporation PCL 2011-Present - Advisor to the CEO, The Siam Cement PCL	
He does not hold any current position as chairman, or executive director, or all of the aforementioned positions in other companies exceeding 3 business groups.					
17. Mr. Deepak Sarup - Senior Executive Vice President, Chief Financial Officer and Change Program	56	- BA (Commerce)(Hons.) Delhi University - Diploma in Accounting (with distinction), University of Westminster England - Fellow, Institute of Chartered Accountants in England of Wales (FCA) - Fellow, The Wharton School, University of Pennsylvania USA - Certified Information Systems Auditors (CISA)	-	<i>Past Positions</i> 2003-2008 - Senior Executive Vice President, Change Program and Chief Information Officer, Siam Commercial Bank PCL <i>Current Positions</i> 2008- Present - Senior Executive Vice President, Chief Financial Officer, Finance Group & Change Program, Siam Commercial Bank PCL	

Name/ Position	Age (yrs)	Education/ Training Program	% of Total Share	Experiences in the past 5 years	
				Period	Position / Company
18. Mr. Sirichai Sombutsiri - Senior Executive Vice President, Group Head, Business Banking Group	58	- Bachelor's degree (Hons.) in Accounting from Thammasat University - MBA in Finance from the University of Southern California (USA) - Advance Management Program (AMP) Harvard University (USA) - Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD) - National Defense Course, National Defense College of Thailand (2002) - Leadership Program, Capital Market Academy	-	<i>Past Positions</i>	
				2004-2006	- Senior Executive Vice President, Group Head, Corporate Banking Group, Siam Commercial Bank PCL
				2006-2008	- Senior Executive Vice President, Group Head, Business Banking Group, Siam Commercial Bank PCL
				2008-2008	- Senior Executive Vice President, Group Head, Corporate Banking Group, Siam Commercial Bank PCL
				2008-2009	- Senior Executive Vice President, Group Head, Corporate Banking Group 1, Siam Commercial Bank PCL
19. Mr. Yokporn Tantisawetrat - Senior Executive Vice President, Chief Risk Officer, Risk Management Group	56	- Bachelor's in Economics from Chulalongkorn University - Master's degree in Economics from Thammasat University - Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD) - Advanced Bank Management Program, Wharton University - Advanced Management Program, Harvard Business School - National Defense Course, National Defense College of Thailand (2004) - MBA in Enterprise Risk Management, Terrapinn Financial Training (2010)	0.00%	<i>Current Positions</i>	
				2009-Present	- Senior Executive Vice President, Group Head, Business Banking Group, Siam Commercial Bank PCL
				<i>Past Positions</i>	
				2003-2006	- Executive Vice President, Chief Risk Officer, Risk Management Group, Siam Commercial Bank PCL
				2006-2007	- Senior Executive Vice President, Chief Risk Officer, Risk Management Group, Siam Commercial Bank PCL
20. Mr. Yol Phokasub - Senior Executive Vice President, Group Head, Retail Banking Group	50	- Bachelor's degree (Hons.) in Computer Science and Software Engineering from Imperial College, University of London - Leadership Program, Capital Market Academy	0.00%	2007-2007	- Senior Executive Vice President, Chief Financial Officer, Finance Group, Siam Commercial Bank PCL
				<i>Current Positions</i>	
				2007-Present	- Senior Executive Vice President, Chief Risk Officer, Risk Management Group, Siam Commercial Bank PCL
				<i>Past Positions</i>	
				2002-2006	- Managing Director, Unilever Foods
				2006-2007	- Chief Operating Officer and Board member of Dutchmill Group
				<i>Current Positions</i>	
				2007-Present	- Senior Executive Vice President, Group Head, Retail Banking Group, Siam Commercial Bank PCL

Name/ Position	Age (yrs)	Education/ Training Program	% of Total Share	Experiences in the past 5 years	
				Period	Position / Company
21. Mr. Arthid Nanthawithaya - Senior Executive Vice President, Group Head, Wholesale Banking Group	44	- Bachelor's degree in Economics from Chulalongkorn University - MBA in Finance from Sasin Graduate Institute of Business Administration - Leadership Program , Capital Market Academy - Leadership Program, Office of the Attorney General	-	<i>Past Positions</i>	
				2001-2006	- Managing Director, Capital Market Thailand, Standard Charter Bank
				2006-2008	- Managing Director, Regional Head of Capital Markets, South East Asia, Standard Charter Bank
				2008-2009	- Senior Executive Vice President, Group Head, Corporate Banking Group 2, Siam Commercial Bank PCL
				2009-2010	- Senior Executive Vice President, Group Head, Corporate Banking Group 2 and GMTS Group, Siam Commercial Bank PCL
22. Mr. Manoon Sunkunakorn - Senior Executive Vice President, Group Head, Human Resources Group	60	- Bachelor of Laws (2 nd Class Honors), Chulalongkorn University - Barrister-at-Law, Thai Bar Association - Management Development Program, The Wharton School, University of Pennsylvania - Advance Management Program, Harvard Business School - Innovation Leadership Program, SCB & INSEAD	-	<i>Current Positions</i>	
				2010-Present	- Senior Executive Vice President, Group Head, Wholesale Banking Group, Siam Commercial Bank PCL
				<i>Past Positions</i>	
				1999-2010	- Corporate Human Resource Director, Siam Cement Group PCL
				<i>Current Positions</i>	
23. Mr. Sarunthorn Chutima - Senior Executive Vice President, Group Head, Special Business Group	53	- Bachelor of Accounting, Chulalongkorn University - MBA, Ohio University, USA - National Defense Course, National Defense College of Thailand (2007) - International Management Program, MIT Sloan Management	0.00%	<i>Current Positions</i>	
				2003-2008	- Executive Vice President, Division Head, Corporate Banking Division 1, Siam Commercial Bank PCL
				2008-2009	- First Executive Vice President, Division Head, Strategic Clients Division 1, Siam Commercial Bank PCL
				2009-2010	- First Executive Vice President, Group Head, Special Situations Group, Siam Commercial Bank PCL
				<i>Current Positions</i>	
24. Mr. Krieng Wongnongtaey - Executive Vice President, Division Head, Financial Reporting & Controls Division	46	- Bachelor's in Accounting from Thammasat University - Master's degree in Accounting from Thammasat University - Certified Public Accountant (Thailand)	-	2010-Present	- Senior Executive Vice President, Group Head, Special Assets Group, Siam Commercial Bank PCL
				<i>Past Positions</i>	
				2003-2008	- Senior Vice President, Division Head, Financial Reporting & Controls Division, Siam Commercial Bank PCL
				<i>Current Positions</i>	
				2008-Present	- Executive Vice President, Division Head, Financial Reporting & Controls Division, Siam Commercial Bank PCL



Information of directorship

of senior executives in other companies as of December 31, 2011

No.	NAME	POSITION	COMPANY	Authorized Signatory
1	Mr. Bodin Asvanich SEVP, Group General Counsel	Director	Shin Corporation PCL	-
2	Mr. Yol Phokasub Group Head, Retail Banking Group	Director and Member of the Executive Committee	SCB Life Assurance PCL	√
		Chairman	SCB Asset Management Co., Ltd.	√
3	Mr. Deepak Sarup Chief Financial Officer, Finance Group & Change Program	Director	SCB Life Assurance PCL	-
4	Mr. Manoon Sunkunakorn Group Head, Human Resources Group	Chairman	SCB Training Centre Co., Ltd.	√
5	Mr. Sarunthorn Chutima Group Head, Special Business Group	Chairman and Managing Director	Rutchayothin Assets Management Co., Ltd.	√
		Chairman	Siam Pitiwat Co., Ltd.	√
		Director	Donmuang International Airport Hotel Co., Ltd.	-
		Director	Thai Ohbayashi Corp., Ltd.	-
		Director	Nantawan Management Co., Ltd.	-
6	Mr. Sirichai Sombutsiri Group Head, Business Banking Group	Chairman	Phoenix Land Development Co., Ltd.	-
		Chairman	Phoenix Golf & Country Club Pattaya Co., Ltd.	-
		Director	Asean Finance Corp.	-
7	Mr. Yokporn Tantisawetrat Chief Risk Officer, Risk Management Group	Director	SCB Securities Co., Ltd.	√
		Director	Vina Siam Bank	-
8	Mr. Arthid Nanthawithaya Group Head, Wholesale Banking Group	Chairman	SCB Securities Co., Ltd.	√
		Vice Chairman and Director	Vina Siam Bank	-
		Director	SCB Life Assurance PCL	-
9	Mr. Verachai Tantikul Finance Group	Director	SCB Life Assurance PCL	-
10	Mrs. Kannika Ngamsopee Chief Audit and Compliance Officer	Chairman of the Audit Committee and Director	Vina Siam Bank	-
11	Mr. Kittiphun Anutarasoti Head of Corporate Banking	Director	Cambodian Commercial Bank Ltd.	√
12	Mr. Narong Srichukrin Division Head, Auto Finance Business, Hire Purchase Business Division	Director and Member of the Steering Committee	Siam Commercial Leasing PCL	√
		Director	SCB Life Assurance PCL	√
13	Mr. Thun Reansuwan Head of Capital Markets	Director	SCB Asset Management Co., Ltd.	√
14	Miss Phanporn Kongyingyong Branch Network	Director	The Siam Commercial Samaggi Insurance PCL	√
		Director	SCB Life Assurance PCL	√
15	Mr. Rungruang Sukkirdkijpiboon Division Head, Wealth	Director	The Siam Commercial Samaggi Insurance PCL	√
		Director	National ITMX Co., Ltd.	-
16	Mrs. Ongorn Abhakorn Na Ayuthaya Division Head, Corporate Communications Division	Director	Imperial Technology Management Services PCL	-

No.	NAME	POSITION	COMPANY	Authorized Signatory
17	Mr. Krieng Wongnongtaey Division Head, Financial Reporting & Controls Division	Chairman	Mahisorn Co., Ltd.	√
		Director	Rutchayothin Assets Management Co., Ltd.	√
		Director	SCB Training Centre Co., Ltd.	√
		Director	SCB Plus Co., Ltd.	√
		Director	The Siam Industrial Credit PCL	-
		Director and Member of the Executive Committee	SCB Leasing PCL	√
		Director and Member of the Audit Committee	SCB Securities Co., Ltd.	-
		Liquidator	Siammultimedia Co., Ltd.	-
18	Mr. Chanmanu Sumawong Banking Finance 2 & Litigation Division	Director	SCB Asset Management Co., Ltd.	√
		Director	The Siam Industrial Credit PCL	√
19	Miss Pikun Ketngam Division Head, Mortgage Business	Director	Siam Pitiwat Co., Ltd.	√
20	Mr. Pises Sethsathira Banking Finance 1 & Capital Market Division	Director	Siam Commercial Leasing PCL	√
		Chairman of the Executive Committee and Chairman	SICCO Securities PCL	√
21	Mr. Wutipong Vechayanon Legal Service and Research and Development Division	Director	SCB Plus Co., Ltd.	√
		Director	Cambodian Commercial Bank Ltd.	√
22	Mr. Somchai Sanyalaksiri Ministry of Finance and Government Offices Commercial Banking Division 2	Director	Premas (Thailand) Co., Ltd.	√
23	Mr. Smith Banomyong Wealth Division	Director	SCB Asset Management Co., Ltd.	-
24	Mr. Sopon Asawanuchit Head of Investment Banking	Director and Member of the Audit Committee	SCB Securities Co., Ltd.	-
25	Mrs. Apiphan Charoenanusorn Division Head, Management Services & Retail Operations Division	Director and Member of the Audit Committee	SCB Asset Management Co., Ltd.	-
		Director	Siam Commercial Leasing PCL	√
		Director	The Siam Industrial Credit PCL	√
		Managing Director	SCB Plus Co., Ltd.	√
26	Miss Araya Phuphanich Division Head, Credit Card and Personal Loan, Hire Purchase Business Division, Retail Banking Group	Chairman of the Executive Committee and Chairman	SCB Leasing PCL	√
		Director	Siam Commercial Leasing PCL	√
		Director	SCB Plus Co., Ltd.	√
27	Miss Ellen Nora Ryan Head of Market and Operational Risk	Director	SCB Asset Management Co., Ltd.	-



Positions held as the management of the Subsidiary, Associated and Related Company under the name of Board Directors (Reported under the Securities and Exchanges Act section 258)

List of Director's name	Subsidiary Company													Associated Company		
	The Cambodian Commercial Bank Co., Ltd.	SCB Plus Co., Ltd.	SCB Training Center Co., Ltd.	Rutchayothin Assets Management Co., Ltd.	Mahisorn Co., Ltd.	Siam Pitiwat Co., Ltd.	SCB Asset Management Co., Ltd.	SCB Securities Co., Ltd.	SICCO Advisory Co.,Ltd.	The Siam Industrial Credit PCL	Siam Commercial Leasing PCL	SCB Life Assurance PCL	SICCO Securities PCL	Siam Commercial Insurance PCL.	Siam Niti Law Office Co., Ltd.	
1 Mr. Anand Panyarachun															SCB Leasing PCL	Vina Siam Bank
2 Dr. Vichit Suraphongchai																
3 Mr. Maris Samaram																
4 Dr. Chirayu Isarangkun Na Ayuthaya																
5 Mr. Chumpol NaLamleng																
6 Khunying Jada Wattanasiritham												x		x		
7 Mr. Sumate Tanthuwaniit																
8 Assoc. Prof. Dr. Kulpatra Sirodom																
9 Mom Rajawongse Disnadda Diskul																
10 Prof. Vicharn Panich, M.D.																
11 Ms. Supa Piyajitti																
12 Mr. Robert Ralph Parks																
13 Mr. Thevan Vichitakul																
14 Mr. Ekamol Kiriwat																
15 Mrs. Kannikar Chalitaporn																
16 Mr. Bodin Asavanich																
17 Mr. Deepak Sarup												//				
18 Mr. Sirichai Sombutsiri																
19 Mr. Yokporn Tantisawettrat								//								
20 Mr. Yol Phokasub							x					//			//	
21 Mr. Arthid Nanthawithaya								x				//			//	
22 Mr. Manoon Sunkunakorn			x													
23 Mr. Sarunthorn Chutima				x		x										
24 Mr. Krieng Wongnongtaey		//	//	//	x	x		//		//					//	

Remark: x = Chairman // = Director /= Liquidator

	List of Director's name	Related Company															
		Siam Panich SPV 1 Co.,Ltd.	Phonix Land Developmnt Co.,Ltd.	Phoenix Golf and Country Club Pattaya Co.,Ltd.	Siam Sat Network Co.,Ltd.	Siam Technology Service Co., Ltd.	Siam Media and Communication Co., Ltd.	WTA (Thailand) Co., Ltd.	SG Star Properties Limited	Nippon Koa Insurance Service (Thailand) Co.,Ltd.	National ITMX Co., Ltd.	Siam Cement Myanmar Trading Ltd.	Thai U.S. Leather Co., Ltd.	Navuti Co., Ltd.	Thai Obayasi Corporation Co., Ltd.	Nanachart Traders Consolidation Limited	Premas (Thailand) Co.,Ltd.
1	Mr. Anand Panyarachun																
2	Dr. Vichit Suraphongchai																
3	Mr. Maris Samaram																
4	Dr. Chirayu Isarakun Na Ayuthaya													//			
5	Mr. Chumpol NaLamleng																
6	Khunying Jada Wattanasiritham																
7	Mr. Sumate Tanthuwanit																
8	Assoc. Prof. Dr. Kulpatra Sirodorn																
9	Mom Rajawongse Disnadda Diskul													//			
10	Prof. Vicharn Panich, M.D.																
11	Ms. Supa Piyajitti																
12	Mr. Robert Ralph Parks																
13	Mr. Thevan Vichitakul																
14	Mr. Ekamol Kiriwat																
15	Mrs. Kannikar Chalitaporn																
16	Mr. Bodin Asavanich																
17	Mr. Deepak Sarup																
18	Mr. Sirichai Sombutsiri	x		x													
19	Mr. Yokporn Tantisawetrat																
20	Mr. Yol Phokasub																
21	Mr. Arthid Nanthawithaya																
22	Mr. Manoon Sunkunakorn																
23	Mr. Sarunthorn Chutima															//	
24	Mr. Krieng Wongnongtaey																

Remark : x = Chairman // = Director /= Liquidator



List of Directors of Subsidiary Companies

List of Director's name	Subsidiary Company														
	The Cambodian Commercial Bank Co., Ltd.	SCB Plus Co., Ltd.	SCB Training Center Co., Ltd.	Rutchayothin Assets Management Co., Ltd.	Mahisorn Co., Ltd.	Siam Pitiwat Co., Ltd.	SCB Asset Management Co., Ltd.	SCB Securities Co., Ltd.	SICCO Advisory Co.,Ltd.	The Siam Industrial Credit PCL	Siam Commercial Leasing PCL	SCB Life Assurance PCL	SICCO Securities PCL	Siam Commercial Samaggi Insurance PCL.	Siam Niti Law Office Co., Ltd.
1 Mr. Na Bhengbhasang Krishnamra	x														
2 Mr. Kittiphun Anutarasoti	//														
3 Mr. Natthawut Chakanan	//														
4 Assoc. Prof. Dr. Pakpachong Vadhanasindhu	//														
5 Mr. Yothin Phibulkasetkij	//												//		
6 Mr. Wutipong Vechayanon	//	//													
7 Mr. Aphisak Kiewkankha	//														
8 Mr. Krieng Wongnongtaey		//	//	//	x			//		//					
9 Mrs. Apiphan Charoenanusorn		//					//			//	//				
10 Miss Araya Phuphanich		//									//				
11 Mr. Manoon Sunkunakorn			x												
12 Mr. Boonkiat Wisittigars			//		//										
13 Mr. Phansak Khaoprasert			//		//										
14 Mr. Sasaphon Shoo Wong			//												
15 Mrs. Suporn Amnuaypan			//												
16 Mr. Sarunthorn Chutima				x		x									
17 Mrs. Virasana Boonyasai				//											
18 Mr. Athichart Mukdaprakorn					//										
19 Mr. Kovit Paopuka						//									
20 Miss Pikun Ketngam						//									
21 Mr. Paiboon Tangkanokpairaj						//									
22 Mr. Maitree Chaimongkhanont						//									
23 Mr. Somphop Amonrattanasak						//									
24 Mr. Sakesom Srirungruangdeja						//									
25 Mr. Seri Wattanavarangsikul						//									
26 Mr. Yol Phokasub							x					//			
27 Mr. Chanmanu Sumawong							//			//					
28 Mrs. Jotika Savanananda							//								
29 Mr. Thun Reansuan							//								
30 Miss Saranya Vajakul							//								

Remark : x = Chairman // = Director / = Liquidator

List of Director's name	Subsidiary Company														
	The Cambodian Commercial Bank Co., Ltd.	SCB Plus Co., Ltd.	SCB Training Center Co., Ltd.	Rutchayothin Assets Management Co., Ltd.	Mahisorn Co., Ltd.	Siam Pitiwat Co., Ltd.	SCB Asset Management Co., Ltd.	SCB Securities Co., Ltd.	SICCO Advisory Co.,Ltd.	The Siam Industrial Credit PCL	Siam Commercial Leasing PCL	SCB Life Assurance PCL	SICCO Securities PCL	Siam Commercial Samaggi Insurance PCL.	Siam Niti Law Office Co., Ltd.
31 Miss Ellen Nora Ryan							//								
32 Mr. Smith Banomyong							//								
33 Mr. Arthid Nanthawithaya								x				//			
34 M.L. Thongmakut Thongyai								//							
35 Mr. Sopon Asawanuchit								//							
36 Mr. Yokporn Tantisawetrat								//							
37 Mr. Chakkris Uthayophas									//						
38 Mr. Siripong Sutharoj									//						
39 Mr. Wirutt Ruttanaporn										x	//			//	
40 Assoc. Prof. Dr. Kamales Santivijkul										//					
41 Mr. Kavi Ansvananda										//					
42 Mr. Montree Chotikaprachal										//					
43 Mr. Vachara Palakawong Na Ayudhaya										//					
44 Mr. Yuth Vorachattarn											x				
45 Mr. Pises Sethsathira											//		x		
46 Mr. Narong Srichukrin											//	//			
47 Khunying Jada Wattanasiritham												x		x	
48 Mr. Deepak Sarup												//			
49 Miss Phanporn Kongyingyong												//		//	
50 Mr. Vipon Vorasowharid												//			
51 Mr. Verachai Tantikul												//			
52 Mr. Weerawong Chittmittrapap												//			
53 Miss Amornthip Chansrichawla												//			
54 Mr. Utid Tamwatin												//			
55 Mr. Chakkris Uthayophas													//		
56 Mr. Nophadol Yingjajaval													//		
57 Mr. Siripong Sutharoj													//		
58 Mr. Apichai Anukularmchai													//		
59 Mr. Chiravuthi Bunyasiri														//	
60 Mr. Chanin Roonsamrarn														//	
61 Mr. Dechapiwat Na Songkhla														//	
62 Mr. Rungruang Sukkirdkijpiboon														//	
63 Assis. Prof. Dr. Oranuj Soungswang														//	
64 Mr. Sorason Suvanprakorn															/

Remark : x = Chairman // = Director / = Liquidator



Banking Network

as at 31 December 2011

Area Office*	26 Offices
Branch, all nationwide*	1,094 Branches
Bangkok and vicinity	490 Branches
Upcountry	604 Branches
Overseas Branch	3 Branches
Affiliated Bank	4 Branches
Joint Venture Bank	1 Branche
Business Relationship Center: Medium Business*	38 Centers
Business Relationship Center: Small Business*	37 Centers
Special Business Group	27 Centers
International Trade Service Center*	46 Centers
Foreign Exchange Service Center*	110 Centers
Bangkok	25 Centers
Tourist locations, Upcountry	85 Centers
ATM*	8,459 Machines
Bangkok	2,814 Machines
Upcountry	5,645 Machines

* For complete list of locations please refer to The Bank's website www.scb.co.th
 For branches locations please go to: www.scb.co.th/en/branch
 For area offices locations please go to: www.scb.co.th/en/area-offices
 For business relationship centers locations please go to: www.scb.co.th/en/business-relationship-center
 For international trade service centers locations please go to: www.scb.co.th/en/international-trade-services
 For foreign exchange service centers locations please go to: www.scb.co.th/en/foreign-exchange-service
 For ATM locations please go to: www.scb.co.th/en/atm



REFERENCE INFORMATION

Registrar

Thailand Securities Depository Company Limited

62 The Stock Exchange of Thailand
Ruchadapisek Road, Klongtoey, Bangkok 10110
Tel: 0-2229-2800 and 0-2654-5599
Fax: 0-2359-1259

Auditor

Mr. Supot Singhasaneh
Mr. Charoen Phosamritlert
Ms. Pantip Gulsantithamrong

Certified Public Accountant (Thailand) Registration No. 2826 or
Certified Public Accountant (Thailand) Registration No. 4068 or
Certified Public Accountant (Thailand) Registration No. 4208

KPMG Phoomchai Audit Ltd.

Empire Tower, 50th-51st Floor,
195 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120, Thailand
Tel: 0-2677-2000
Fax: 0-2677-2222

Tax Advisor

Mr. Verachai Tantikul
The Siam Commercial Bank PCL Head Office Building
9 Ruchadapisek Road, Ladyao, Jatujak, Bangkok 10900
Tel: 0-2544-2490

The Bank's securities listed on the Stock Exchange of Thailand

1. **Ordinary Shares**, main board (SCB) and foreign board (SCB-F)
2. **Preferred Shares**, main board (SCB-P) and foreign board (SCB-Q)

Preferred Share Conversion

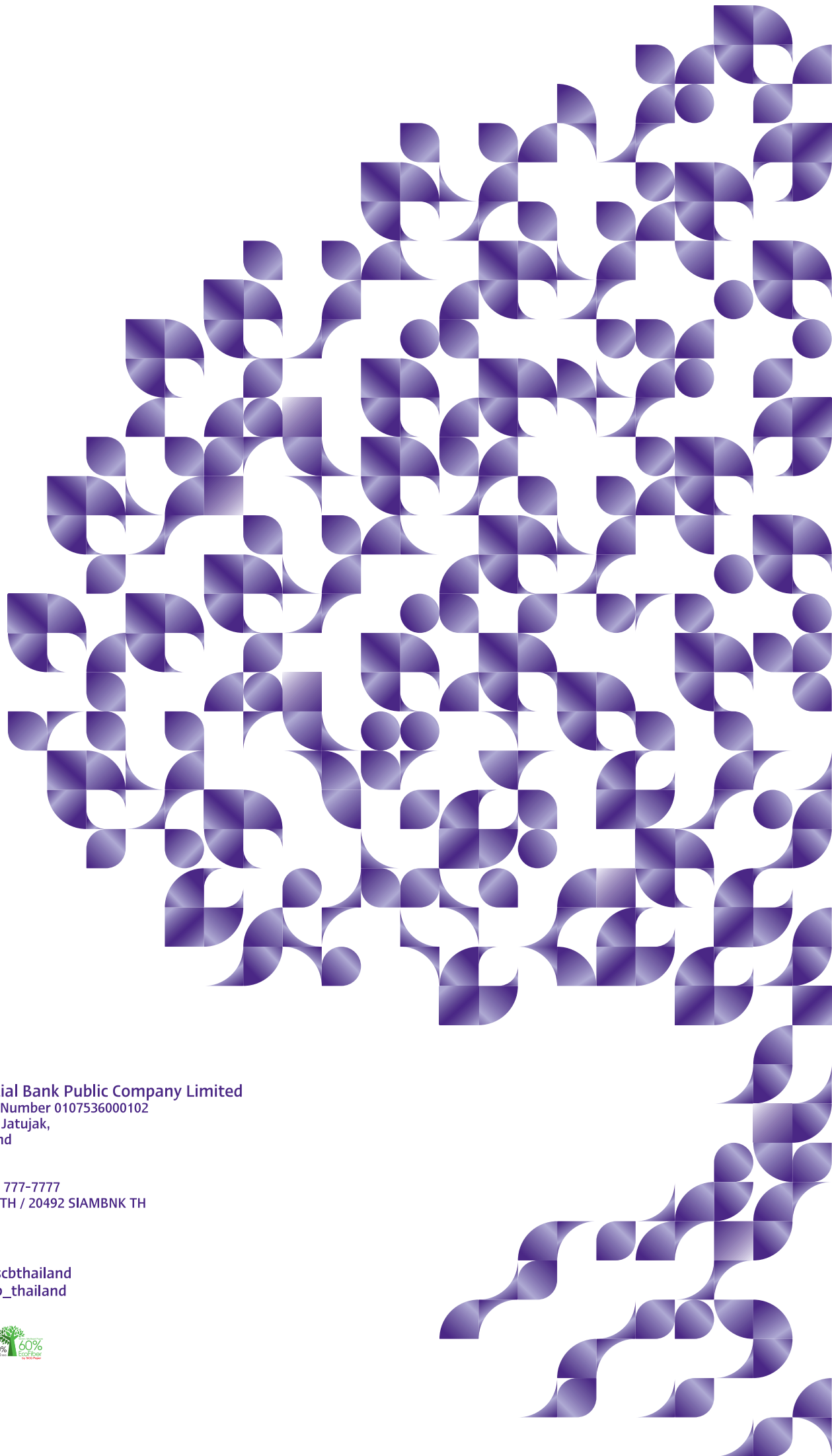
Exercise Right	One preferred share converts into one ordinary share
Exercise Price	None
Term of preferred shares	The term of the preferential rights of the preferred shares was 10 years commencing on 10 May 1999 and the rights expired on 10 May 2009. However, the holder of preferred shares may continue to file an application for conversion of preferred shares into ordinary shares during the period set by the Bank.
Conversion Period	Every quarter

SCB's Financial Calendar 2012

Mar 16-29	: Application submission of SCB-P
Mar 30	: Exercise date for SCB-P
Jun 15-28	: Application submission of SCB-P
Jun 29	: Exercise date for SCB-P
Sep 14-27	: Application submission of SCB-P
Sep 28	: Exercise date for SCB-P
Dec 14-27	: Application submission of SCB-P
Dec 28	: Exercise date for SCB-P

Contact SCB Investor Relations at

Investor Relations Division, Finance Group
The Siam Commercial Bank PCL, Head Office, Floor 15B
9 Ratchadapisek Road, Jatujak, Bangkok 10900
Tel +66 2 544-4358
Fax +66 2 544-2658
E-mail: investor.relations@scb.co.th
Website: www.scb.co.th



The Siam Commercial Bank Public Company Limited

Company Registration Number 0107536000102

9 Ratchadapisek Road, Jatujak,
Bangkok 10900, Thailand

TEL +66 2544-1111

FAX +66 2544-2658

SCB CALL CENTER +66 2 777-7777

TELEX 82876 SIAMCOM TH / 20492 SIAMBNK TH

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