

THE BANK OF CHOICE



ANNUAL REPORT 2014

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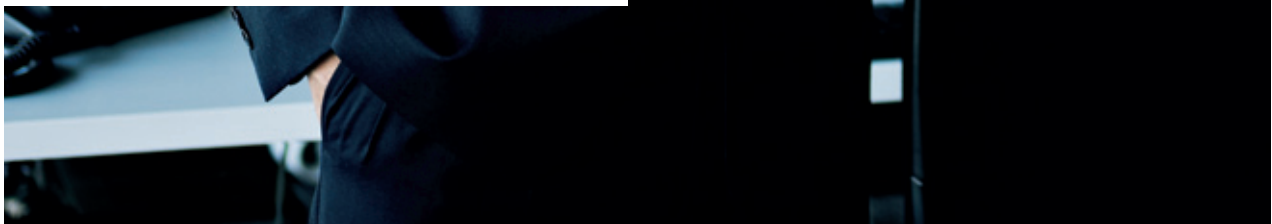
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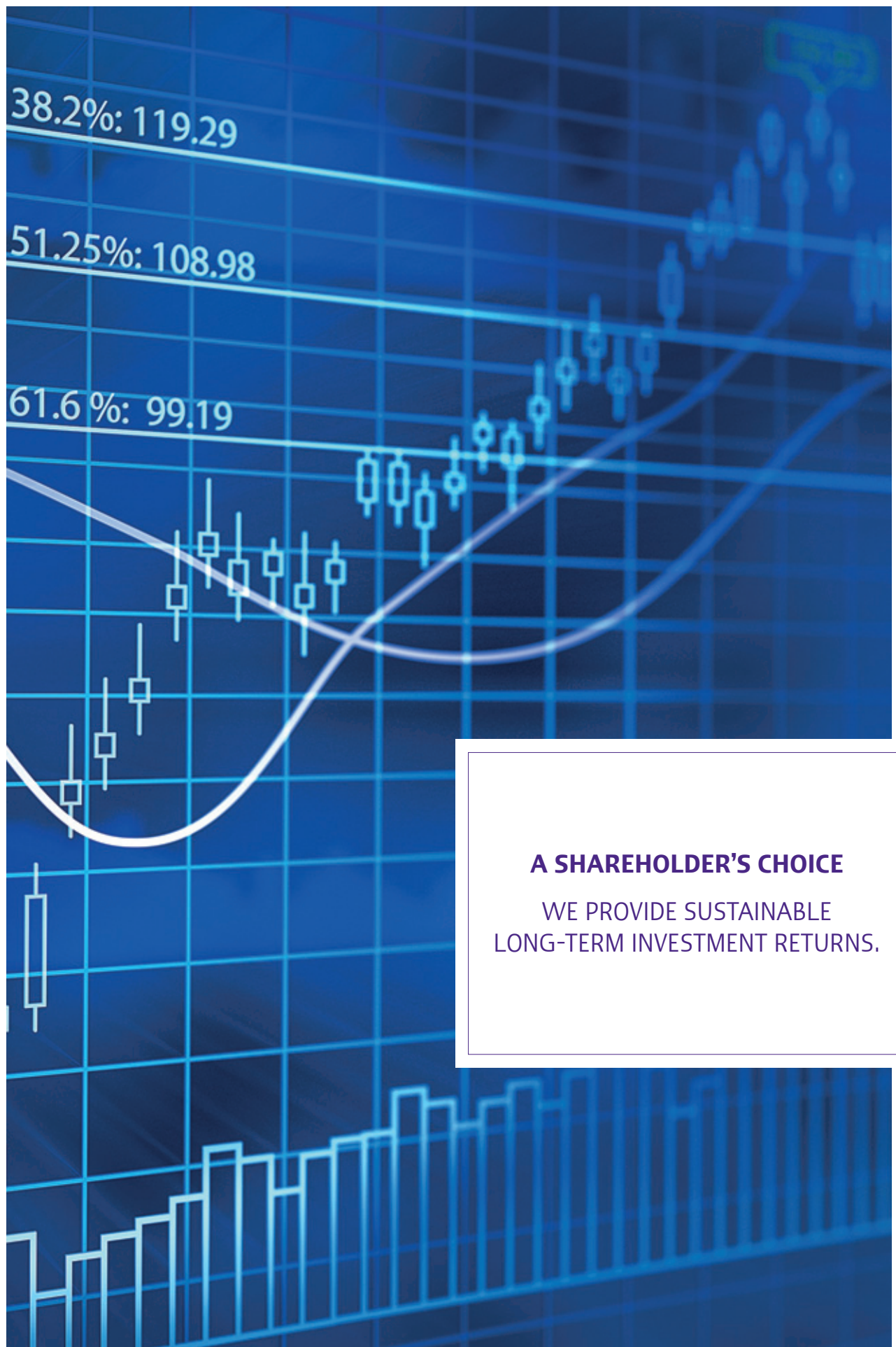
THE BANK OF CHOICE



A CUSTOMER'S CHOICE

WE OFFER WORLD-CLASS PRODUCTS
AND SERVICES THAT FIT THE NEEDS OF
EACH CUSTOMER.





A SHAREHOLDER'S CHOICE

WE PROVIDE SUSTAINABLE
LONG-TERM INVESTMENT RETURNS.

THE BANK OF CHOICE



AN EMPLOYEE'S CHOICE

WE OFFER ALL OUR
EMPLOYEES OPPORTUNITIES
FOR CAREER PROGRESSION.



A COMMUNITY'S CHOICE

WE ARE COMMITTED TO SUPPORTING
THE QUALITY OF LIFE OF OUR LOCAL
COMMUNITIES AND SOCIETY.



OUR VISION

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

OUR MISSION

TO BE THE BEST UNIVERSAL BANK IN THAILAND

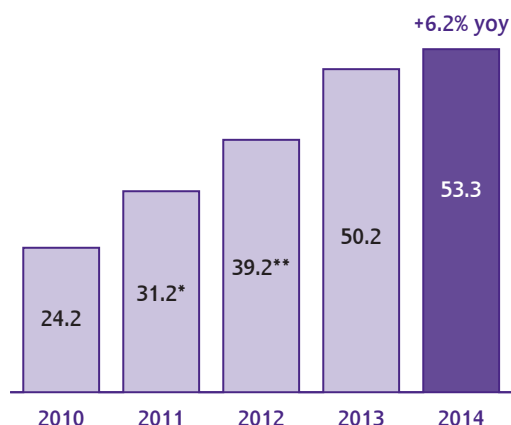
2014 FINANCIAL HIGHLIGHTS

PROFITABILITY

2014 record net profit driven by higher net interest income and higher net fee income

Net Profit

(Consolidated, Baht billion)



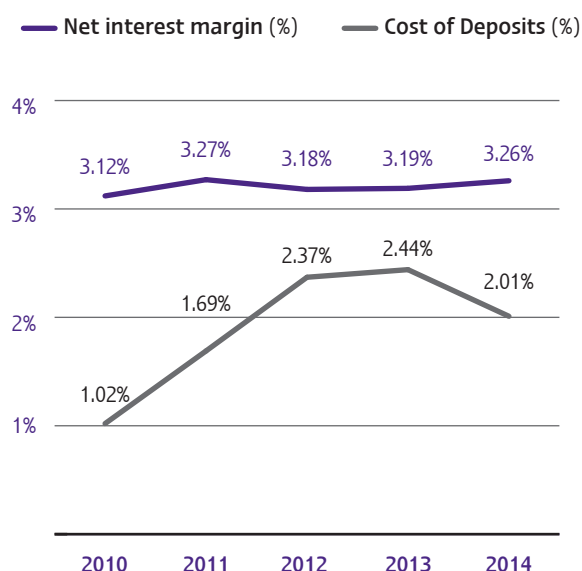
* Excluding Baht 5.1 billion one-time gain on SCB Life. If included, 2011 net profit would be Baht 36.3 billion.

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

NIM / COST OF DEPOSITS

Year-on-Year the cost of deposits fell, in line with the Bank's strategy, resulting in an increase in NIM

Net interest margin and Cost of deposits (%)

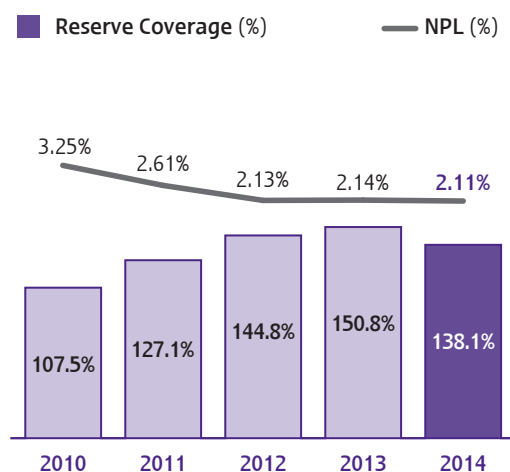


ASSET QUALITY

A declining non-performing loans ratio with adequate reserve coverage over NPLs

Non-performing Loans (%) and Reserve Coverage (%)

(Consolidated)

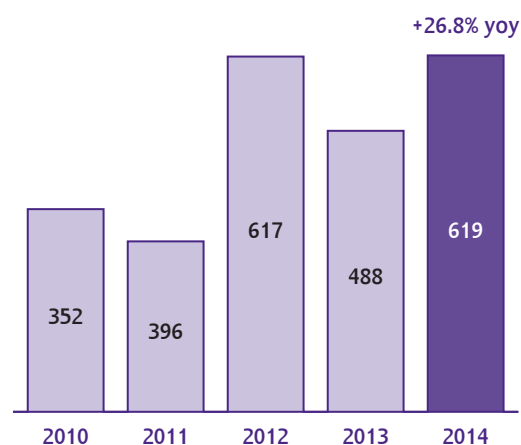


MARKET CAPITALIZATION

Market capitalization remains the highest among Thai financial institutions

Market Capitalization*

(Baht billion)



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

MESSAGE FROM THE BOARD OF DIRECTORS



DR. VICHIT SURAPHONGCHAI

MR. ANAND PANYARACHUN

MRS. KANNIKAR CHALITAPORN

DEAR SHAREHOLDERS

THE THAI ECONOMY IN 2014

2014 started inauspiciously for Thailand. Political turmoil reached a new high following the inconclusive elections, the consequent lack of a functioning government, a sharply polarized political environment and more vociferous and disruptive political demonstrations. Inevitably, as has happened before, the continued turmoil led to a military coup in late May 2014 and the appointment of a new administration led by the military. This new administration is likely to continue through to such time as a new constitution is promulgated in Thailand and fresh elections held under the new charter. The transition to an elected administration is generally expected to occur in early 2016.

In addition to the above socio-political backdrop that characterized Thailand in 2014, the global economic recovery remained constrained and both energy and commodity prices fell sharply. Together, these factors led to stagnant demand and a fall-off in economic growth in Thailand. Specifically, the Thai economy registered the second consecutive year of declining growth, which stagnated at 0.7%, a further decline from the low level of 2.9% recorded in 2013. Weak growth persisted despite the new administration's considerable effort in clearing legal backlogs that had emerged during the first half of 2014, the approval of incentives for pending investment projects, a healthy return of investor confidence and the slow resumption of domestic spending.

Exports remained sluggish throughout 2014. Shipments dropped by 0.4% amid the fragile recovery of global demand. The continuing slide in the price for natural rubber, Thailand's most important agricultural export, due to the global oversupply, contributed to the shrinkage of export revenue by 27%. Concurrently, automobile exports slowed significantly as Indonesia expanded its own production base, thus lowering demand for Thai imports and the demand from Australia cooled off due to the change in its economic situation. On the other hand, shipments of electronics and electrical appliances gained from robust demand from the United States, while demand for Thai products from the CLMV countries (Cambodia, Laos, Myanmar and Vietnam) remained resilient.

2014 FINANCIAL RESULTS

As at December 2014, SCB maintained its **#1 position** in terms of **market capitalization** across listed Thai financial institutions (at Baht 619 billion) and **net profit**.

Despite the unfavorable economic conditions, SCB was able to maintain its momentum and announce the 5th successive year of net profit growth. Consolidated **net profit** was reported at Baht 53.3 billion, a 6.2% increase from 2013. Following the higher net profit, earnings per share (EPS) rose 6.2% year-on-year to Baht 15.69 in 2014. However, return on average equity (**ROAE**) and return on average assets (**ROAA**) decreased slightly to 20.1% and 2.0%, respectively as the increase in average equity and average assets was proportionately higher than the increase in net profit. The 2014 growth in net profit was mainly attributable to the substantially higher net interest income as explained below. This year-on-year increase was partly offset by lower dividend income (given that two exceptional dividends were recorded in 1Q13 and 3Q13) and lower net trading and FX income.

Net interest income stood at Baht 81.1 billion in 2014, an increase of 11.1% compared to 2013. This increase in interest income was the result of substantially lower interest expenses on deposits, despite the increase in the deposit volume, consistent with the Bank's strategy to proactively reduce its cost of deposits relative to its peer group. To a lesser extent, the Bank benefited from the modest annual loan growth.

Non-interest income decreased 6.9% year-on-year to Baht 47.0 billion in 2014, which was the result of lower dividend income (as substantial exceptional dividends recorded in 1Q13 and 3Q13), lower net trading and FX income and lower net insurance premium. However, net fee income continued to grow at a healthy rate.

The **disciplined cost control** is evident in the slight increase in non-interest expenses, by just 1.6 % year-on-year and the improved **cost-to-income** of 37.5%, from the 38.3% level in 2013. The small increase in operating expenses was the result of the Bank's strategic thrust of containing the growth of discretionary expenditure through, among others, better resource deployment and process optimization.

Loan quality remained stable despite considerable downward pressure. The ratio of NPLs- to-loans stood at 2.11% at the end of December 2014, down from 2.14% at the end of December 2013, although the volume of NPLs at Baht 42.7 billion increased by 6.9% compared to the end of last year. The Bank set aside Baht 13.2 billion of loan loss provisions in 2014.

The Bank maintained a **solid capital base** as total capital funds, on a consolidated basis under Basel III, as at December 31, 2014 were at a high of 17.0% of total risk-weighted assets, representing Common Equity Tier 1/Tier 1 capital of 13.7% and Tier 2 capital of 3.3%. This strong capital base positions the Bank to withstand shocks that the Bank may face as well as poises the Bank for future growth.

DEVELOPMENTS IN CORPORATE GOVERNANCE PRACTICES

In 2014, the Board continued to develop its corporate governance best practices. The highlights of the year were as follows:

- Approved the leadership succession for the top management positions of the Bank. In early April 2015, **Mrs. Kannikar Chalitaporn** will complete her tenure as the president and the Board has appointed two senior executives in her replacement. Specifically, **Mr. Arthid Nanthawithaya**, senior executive vice president, Wholesale Banking Group, will be appointed as chief executive officer (CEO) and the deputy chairman of the Executive Committee. At the same time, **Mr. Yol Phokasub**, senior executive vice president, Retail Banking Group and Business Banking Group will be appointed as the president.
- Approved the Bank's revision of selected policies and practices to meet more advanced standards for corporate governance, for example, the maximum number of terms for independent directors, the frequency for a review of the Bank's vision statement, and the requirement for a minimum quorum for a board decision.

- Approved the Anti-Corruption and Bribery Policy for SCB Group.
- Arranged for the performance assessment for the Board, the chairman of the Board, individual directors and Board committees, using assessment forms that were based on the format recommended by an external consulting firm.
- Selected and nominated candidates as directors from the nominations obtained from both shareholders and directors. Selection was based on the candidates' qualifications, and the need for diversity at the Board in terms of knowledge, competence, experience, gender, etc.

CHANGES IN BOARD COMPOSITION

At the 2014 AGM, the shareholders elected **Mr. Apisak Tantivorawong**, a retired president of a major Thai bank, as a director to replace Mr. Robert Ralph Parks, who had expressed his preference not to be nominated for re-election.

In addition, in September 2014, the Board appointed **Mr. Weerawong Chittmittrapap**, a prominent legal counsel in Thailand, as an independent director to replace the seat vacated by the resignation of Mr. Bodin Asavanich.

At the same time, the Board appointed **Mr. Kulit Sombatsiri** as a director. He is a senior civil servant and was nominated by the Ministry of Finance, one of two major shareholders of the Bank, to the seat vacated by the resignation of Ms. Supa Piyajitti, also a nominee of the Ministry. Police General Adul Sangsingkeo, the other remaining director representing the Ministry, tendered his resignation in August 2014 but has yet to be replaced.

OUTLOOK FOR 2015

The Bank expects the Thai economy to grow by 3.0-3.5% in 2015. This projection is predicated on domestic demand rebounding as the government accelerates both its fiscal expenditure and the launch of the announced major infrastructure projects. Indeed, the latter will be the key to boosting investor and business confidence and provide a much-needed uplift in investment sentiment across the private sector. Private consumption is poised to recover steadily as purchases of durable goods, especially passenger cars, returns to normal and households are left with more discretionary income due to cheaper energy costs, although the high level of household debt and depressed farm incomes will continue to be a drag on spending among the lower-income segments. Export growth will remain challenged as global demand continues to be fragile and the economic recovery remains imbalanced, with the U.S. economy as the only major source of some optimism.

Key external factors to monitor in 2015 are the potential rise in U.S. interest rates and the execution of monetary easing measures announced in both Japan and the euro zone. The U.S. Federal Reserve is expected to begin raising its funds rate toward the end of 2015 assuming that the American economy remains on its recovery track with strong employment indicators. In contrast, low energy prices will drive down inflationary pressures, potentially exacerbating deflationary pressures in Japan and the euro zone. In turn, this should result in aggressive quantitative monetary easing in both these areas. This divergence in monetary policies among major economies may cause an undue level of volatility in global capital flows and currency markets and even contribute to an export slowdown across emerging economies.

The Bank expects the policy interest rate of the Bank of Thailand to remain at 2% throughout 2015 and for the Thai baht to weaken slightly to Baht 33.5 per dollar toward the end of year.

The Bank aspires to sustain both its leadership position in key segments and its long-term competitiveness. Key priorities for 2015 will be to sustain the core business momentum and further enhance competitiveness through the transformation of the SME franchise, increase acquisition of new customer relationships and a push to further digitize the Bank. Meanwhile, the Bank will continue to strengthen people capabilities and, under the new leadership team, better align the organization and governance structure of the Bank with the new direction.

The Board commends the management and staff of the Bank for the performance milestone achieved in 2014. As a result, the Bank remains on track to be '**the bank of choice**' for its customers, shareholders, employees and the community.' Also, the Board acknowledges the support and contribution of the shareholders in building '**the best universal bank in Thailand**.'



Mr. Anand Panyarachun
Chairman of the Board



Dr. Vichit Suraphongchai
Chairman of the Executive Committee



Mrs. Kannikar Chalitaporn
President

BOARD OF DIRECTORS



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. PROFESSOR VICHARN PANICH, M.D.

Independent Director and Chairman of the Corporate Social Responsibility Committee

5. MR. CHUMPOL NALAMLIENG

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

6. ASSOC. PROF. DR. KULPATRA SIRODOM

Independent Director and Member of the Audit Committee

7. MR. EKAMOL KIRIWAT

Independent Director and Member of the Audit Committee

8. MR. PRASAN CHUAPHANICH

Independent Director and Member of the Audit Committee

9. DR. CHIRAYU ISARANGKUN NA AYUTHAYA

Director and Member of the Corporate Social Responsibility Committee



**10. MOM RAJAWONGSE
DISNADDA DISKUL**

Director and Member of the Corporate
Social Responsibility Committee

**11. KHUNYING JADA
WATTANASIRITHAM**

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

12. MR. APISAK TANTIVORAWONG

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

**13. MR. WEERAWONG
CHITTMITTRAPAP**

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

14. MR. KULIT SOMBATSIRI

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

15. MRS. KANNIKAR CHALITAPORN

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

BOARD OF DIRECTORS

MR. ANAND PANYARACHUN

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

Mr. 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, and Permanent Secretary of the Ministry of Foreign Affairs. Since leaving the foreign service in 1979, Mr. Anand has been active in the world of business and international affairs. He was appointed by United Nations Secretary General Kofi Annan to chair the High-Level Panel on Threats, Challenges and Change,

established to review the U.N.'s role in the world's rapidly changing political and security environment, during the period of 2003-2004.

Mr. Anand is widely recognized for his pivotal role in the Kingdom's political development when he was called upon twice to serve as Prime Minister of Thailand in 1991-1992, and chaired the committee to draft a new constitution for the Kingdom in 1997. Mr. Anand has received 25 honorary degrees from various Thai and foreign universities for his distinguished roles in many areas. He is also a 1997 recipient of the prestigious Ramon Magsaysay Award.

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 and an Advisor to the Board of the Anti-Corruption Organization of Thailand.

Mr. Anand has served as an Independent Director of the Bank since 1984, and was elected Chairman of the Board in 2007. He brings an unparalleled perspective on the macro-level challenges facing the Bank and plays an important role in promoting good governance and corporate social responsibility within SCB.

DR. VICHIT SURAPHONGCHAI

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

Dr. Vichit holds a Bachelor's Degree in engineering from Chulalongkorn University, a Master's Degree in engineering from the University of California, Berkeley and an MBA and a PhD from the University of California, Los Angeles.

Dr. Vichit commenced his long and illustrious career in banking in 1977 at Bangkok Bank PCL, and at the time he left he was serving as its President. Later, he joined the Royal Thai Government as the Minister of Transport and Communications, from 1994-1995. He returned to the banking world in 1998 as the Chairman of Radanasin Bank PCL and thereafter,

in December 1999, he joined SCB as the Chairman of its Executive Committee and a Member of its Board of Directors. Dr. Vichit also serves, concurrently, as a Member of the Supervisory Board of Kempinski AG in Switzerland, and as an Advisor to the Bureau of Crown Property, Thailand.

Since joining SCB, he has provided the vision, drive and leadership to transform SCB's franchise and dramatically restore its competitiveness and profitability – one of the most successful corporate transformations in Thai economic history. Today, SCB has the highest market capitalization of any Thai financial institution, has received a number of international and domestic awards and accolades as the 'best Thai bank,' and is widely recognized as the premier universal bank in the country. With the Bank's stability and sustainable growth in mind,

Dr. Vichit anchored its transformation on the formation of a high-caliber executive management team and the establishment of a program to nurture development of its next generation of leaders.

Dr. Vichit has made substantial contributions to the development of educational programs within the country through his former roles as a Member of the Senate of Mahidol University, a Member of the National Education Commission, a Council Member of the National Institute of Development Administration Council (NIDA) and as a Trustee of the Asian Institute of Technology (AIT).

MR. MARIS SAMARAM

Independent Director and Chairman of the Audit Committee

Mr. 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. Mr. Maris commenced his auditing career in 1961 and qualified as a CPA with the SGV Group in the Philippines. In 1967, he was transferred to Bangkok with a mandate to develop a

new location for the Group in Thailand. In 1974, he was admitted as a Partner at SGV-Na Thalang, appointed Country Managing Partner in 1978, and assumed the Chairmanship in 1992. He retired from SGV-Na Thalang in 2001.

Besides his independent advisory assignments, he is also an Independent Director and Member of the Audit Committee of Indorama Ventures PCL, and serves as an Independent Director and the Chairman of the Audit Committees of Tata

Steel (Thailand) PCL and Akara Resources PCL. In addition, he has been appointed as a Member of the Executive Committee of the Harvard Club of Thailand.

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

PROFESSOR VICHARN PANICH, M.D.

Independent Director and Chairman of the Corporate Social Responsibility Committee

Prof. Vicharn holds an MD degree from the Faculty of Medicine, Siriraj Hospital and a Master's Degree in human genetics from the University of Michigan, U.S.A. He has held senior positions at Prince of Songkla 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.

He currently serves as Chairman of the Knowledge Management Institute Foundation. He has been appointed as Chairman of the Mahidol University Council, Vice Chairman of Arsomsilp Institute, and Member of the Councils of Prince of Songkla University and Chiang Mai University.

Prof. Vicharn has also served on the boards of many organizations and foundations, including as Chairman of the International Health Policy Program Foundation, Member of the Boards of the Health Intervention and Technology Assessment Program

Foundation, the Medical Division of the Ananda Mahidol Foundation, and the Prince Mahidol Award Foundation under the Royal Patronage.

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

MR. CHUMPOL NALAMLIENG

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

Mr. 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. Mr. Chumpol is widely recognized as a management expert with a strong and extensive background in business and

finance, both at the local and international levels. He was President of Siam Cement PCL during 1993-2005 and was Chairman of the Board of Directors of Singapore Telecommunications Ltd during 2004-2011.

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

As an Independent Director of Siam Commercial Bank and Chairman of the Nomination, Compensation and Corporate Governance Committee, Mr. Chumpol provides the Bank with an expert perspective on organizational development and corporate governance issues.

ASSOC. PROF. DR. KULPATRA SIRODOM

Independent Director and Member of the Audit Committee

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

Assoc. Prof. Dr. Kulpatra held the position of Dean of the Faculty of Commerce and Accountancy, Thammasat University, during April 2010-March 2013, and presently serves as a full-time member of the Faculty's Department of Finance. She also serves as a Committee Member

for a number of organizations and private companies, including as an Independent Director and Chairman 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 and Chairman of the Audit Committee and the Corporate Governance Committee of Thai Wacoal PCL, an Independent Director of Total Industrial Services Co., Ltd., an Advisor to the Federation of Accounting Professions, an Expert Member of Sripatum University Council, and a Member of Southeast Bangkok College Council. In addition, she has been appointed as a Member of the Risk Management Sub-Committee of the Government Pension Fund, an Expert Member on risk management of the Investment Risk Management

Sub-Committee of the Social Security Fund, an Expert Member of the Policy Committee on Public-Private Partnerships in State Undertaking, and an evaluator for Government Funds, the Comptroller General's Department.

As an Independent Director and a Member of the Audit Committee, Assoc. Prof. Dr. Kulpatra provides the Board with an expert perspective on financial and risk management matters.

BOARD OF DIRECTORS

MR. EKAMOL KIRIWAT

Independent Director
and Member of the Audit Committee

Mr. Ekamol holds a Bachelor's Degree (Magna Cum Laude) in economics from Dartmouth College, U.S.A., and a Master's Degree in finance from the Harvard Graduate School of Business Administration, U.S.A.

Mr. Ekamol is an expert in money and capital markets. During 1990-1995, he was an executive at the Bank of Thailand, serving in various capacities, including Deputy Governor, Assistant Governor and Director supervising the International Strategy Office and Financial Institution Application and Examination Department. Mr. Ekamol also served as Secretary General of the Securities and Exchange Commission. He

was a Member of Parliament during 2001-2004. From 2004 until today, Mr. Ekamol has held the position of Chairman of K.C. Property PCL.

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

MR. PRASAN CHUAPHANICH

Independent Director
and Member of the Audit Committee

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

Mr. Prasan has more than 35 years of experience in the accounting profession,

including working for the Jaiyos Auditing Firm (now Deloitte Touche Tohmatsu Jaiyos Audit Co., Ltd.) and Coopers & Lybrand (now PricewaterhouseCoopers Co., Ltd.), both in Thailand and the U.K. His last position at PricewaterhouseCoopers was as Executive Chairman.

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

Other Economic Matters, a member of the Advisory Committee on Corporate Governance and Policy of the Thai Institute of Directors Association, and a member of the IFRS Advisory Council. He also holds the position of Independent Director of Nam Heng Concrete (1992) Co., Ltd. and Thai Solar Energy PCL.

Mr. Prasan's wealth of experience and expertise in accounting, auditing and financial reporting adds considerably to the Board's credentials and capabilities.

DR. CHIRAYU ISARANGKUN NA AYUTHAYA

Director and Member of the Corporate
Social Responsibility Committee

Dr. Chirayu holds a degree in economics (Hons.) from the London School of Economics, U.K., and a PhD in economics from the Australian National University. Starting his career as an economist at the Department of Technical and Economic Cooperation, he went on to serve as Dean of the School of Development Economics at the National Institute of Development Administration (NIDA). During 1981-1986, he

was appointed to the Cabinet of the Royal Thai Government and served as Deputy Minister of Industry, Minister of Industry, and as a Minister attached to the Prime Minister's Office. Since 1987, Dr. Chirayu has managed the diverse holdings and investments of the Crown Property Bureau as Director General, and at the same time served in the prestigious position of Grand Chamberlain to the Royal Household.

Dr. Chirayu also serves as Director for several organizations in Thailand, including the Chaipattana Foundation, the Phra Dabos Foundation, the Siriraj

Foundation, Secretary General of the Sai Jai Thai Foundation and the Royal Project Foundation, Treasurer of the Foundation for the Promotion of Supplementary Occupations and Related Techniques of Her Majesty Queen Sirikit of Thailand, and Chairman of the National Institute of Development Administration Council (NIDA). He has also been appointed as Chairman of the boards of Siam Cement PCL and Deves Insurance PCL.

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

**MOM RAJAWONGSE
DISNADDA DISKUL**

Director and Member of the Corporate
Social Responsibility Committee

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

M.R. Disnadda is a Director and Secretary General of the Mae Fah Luang Foundation Under Royal Patronage, a position he has held since the Foundation was established in 1972 to carry out the development initiatives of the late H.R.H. the Princess Mother. Since 1988, he has also served as Chairman and Director General of the Doi Tung Development Project in Chiang Rai, a Royal Initiative of H.R.H. the Princess Mother. In recognition of his achievements, the Royal Thai Government requested him to share his experience at the Doi Tung Development Project with the Union of Myanmar, Afghanistan and Indonesia's Aceh Province.

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

As a Director and Member of the Corporate Social Responsibility Committee, M.R. Disnadda provides the Bank with unmatched experience in sustainable development issues.

KHUNYING JADA WATTANASIRITHAM

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

Khunying Jada holds Bachelor's and Master's Degrees in natural sciences and economics from the University of Cambridge, U.K., and a Master's Degree in economic development from Williams College, U.S.A. Khunying Jada commenced her career in banking at the Bank of Thailand before joining the Siam Commercial Bank in 1975. She was appointed the Bank's

President and CEO in 1999 and retired from the post in January 2007. Currently, she is a Member of the Board of Directors of the Bank and serves on the Bank's Corporate Social Responsibility Committee, and Nomination, Compensation and Corporate Governance Committee.

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

Khunying Jada also serves as Chairperson, SCB Life Assurance PCL; Chairperson, Samaggi Insurance PCL; Chairperson, Siam Paragon Development Co., Ltd.; Independent Director, Member of the Audit Committee, Member of the Compensation Committee and Chairperson of the Nomination and Corporate Governance Committee of Minor International PCL; and in senior positions at a number of academic and non-profit organizations.

MR. APISAK TANTIVORAWONG

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

Mr. Apisak holds a Bachelor's Degree in chemical engineering from Chulalongkorn University and a Master's Degree in business administration from the University of Tennessee, U.S.A.

Mr. Apisak possesses expertise and extensive experience in banking and the financial sector. He has held significant positions in several financial institutions and other organizations, such as Senior

Executive Vice President of The Industrial Finance Corporation of Thailand, President of Bangkok Commercial Asset Management Co., Ltd., President of Siam City Bank PCL, President of Krungthai Bank PCL, Chairman of ASEAN Bankers Association, and Chairman of The Thai Bankers' Association.

Currently, Mr. Apisak is a Vice Chairman of the Finance Committee of Charoen Pokphand Group Co., Ltd., and also serves on the boards of various companies, including an Independent Director and Chairman of the Risk Management Committee of Thai Oil PCL, an Independent Director of Synnex (Thailand) PCL and Indorama Ventures PCL, as Chairman of

the Board of Directors of Quality Houses PCL, and an Independent Director, Audit Committee Member and Chairman of the Risk Management Committee of Bangkok Glass PCL.

With his extensive experience in banking and financial businesses, Mr. Apisak provides the Board with a much valued perspective on the strategic and operational challenges facing the Bank.

BOARD OF DIRECTORS

MR. WEERAWONG CHITMITRAPAP

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

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

Mr. Weerawong is widely recognized in Thailand for his legal expertise and has extensive experience in corporate governance matters. He has been the

Chairman of Weerawong, Chinnavat & Peangpanor Ltd. (previously named "White & Case (Thailand) Ltd.") since 1996. Until 2014 Mr. Weerawong also held positions in a number of organizations, such as Independent Director and Member of the Audit Committee of GMM Grammy PCL, Golden Land Property and Development PCL, and Siam Food Products PCL, and as an Independent Director of Minor International PCL, Nok Airlines PCL and Fraser and Neave Limited (a company listed on the Stock Exchange of Singapore).

Apart from serving as the Bank's Independent Director, Mr. Weerawong

presently serves as Independent Director and Chairman of the Nomination, Compensation and Corporate Governance Committee of SCB Life Assurance PCL, as Independent Director and Member of the Audit Committee of Thai Airways PCL and Berli Jucker PCL, and as Independent Director of National Power Supply PCL and Frasers Centrepoint Limited (a company listed on the Stock Exchange of Singapore).

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

MR. KULIT SOMBATSIRI

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

Mr. Kulit holds a Bachelor of Art (Political Science) Degree from Ramkhamhaeng University, a Master's Degree in public administration (public finance) from San Diego State University, and a Master's Degree in business administration from the University of Southern California, U.S.A.

Mr. Kulit has extensive experience at the Ministry of Finance and held various key

positions at the Ministry, such as Inspector-General of the Ministry of Finance, Director of the Bureau of Monetary Management, the Treasury Department, and Director of the Public Procurement Management Office, the Comptroller General's Department. He also held positions in other organizations, including Director and Member of the Corporate Governance and Social Responsibility Committee of Electricity Generating PCL (EGCO), Director of the Electricity Generating Authority of Thailand (EGAT), and Director of Krungthai Asset Management PCL. Presently, Mr. Kulit serves as Director-General of the State Enterprise Policy Office, Ministry of Finance.

With his extensive experience and expertise on fiscal and monetary matters in the public sector, Mr. Kulit provides the Board with guidance on the impact of these policies and practices on the Bank's operations.

MRS. KANNIKAR CHALITAPORN

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

Mrs. Kannikar holds a Bachelor's Degree in business from the University of Colorado and she has attended the Advanced Management Program at Harvard Business School. Prior to joining the Bank, she worked with Unilever Thailand for 32 years. During her years at Unilever she played a critical role in dramatically improving its market share and profitability in Thailand through the application of modern marketing concepts.

Mrs. Kannikar joined the Bank's Board in 2002, and the senior management team in

2003. In her role as head of the Retail Banking Group, she brought a fresh, invigorating and consumer-focused perspective to the Bank's retail business, and is widely recognized as the architect behind the hugely successful transformation of the Bank's retail franchise.

Mrs. Kannikar was appointed President of the Bank in 2007. She has been the recipient of the prestigious "Financier of the Year 2007" award from Money & Banking magazine, "The Asian Banker Achievement Award for Women in the Financial Services Industry 2007" from The Asian Banker magazine, the "ASEAN Outstanding Women Entrepreneurs" award from the Vietnam Chamber of Commerce and Industry in 2008, the "Best CEO Award - SET 2009" from the Stock

Exchange of Thailand, the "Best CEO" award in 2009, and the "Best CEO in the Financial Sector" award from the Securities Analysts Association of Thailand in 2011. In the latest regional accolade, in 2012 she was named one of the most powerful and influential board-level executives in Southeast Asia by Alpha Southeast Asia magazine.

Under her leadership, the Bank has grown steadily and vigorously to become Thailand's largest financial institution in terms of market capitalization.

SENIOR EXECUTIVE OFFICERS

DR. VICHIT SURAPHONGCHAI
Chairman of the Executive Committee

MRS. KANNIKAR CHALITAPORN
President

For profile of Dr. Vichit Suraphongchai, please refer to page 14
and Mrs. Kannikar Chalitaporn please refer to page 18



MR. ARTHID NANTHAWITHAYA

Senior Executive Vice President, Group
Head, Wholesale Banking Group

Arthid Nanthawithaya holds a Bachelor's Degree in economics from Chulalongkorn University, an MBA in finance from The Sasin Graduate Institute of Business Administration, including participation in an Exchange Program at the Wharton School, University of Pennsylvania. He has over 20 years of experience in finance

and banking. Following the completion of several landmark transactions for the Bank's customers over the past few years, he is widely recognised for his acumen within the capital markets and for treasury related products.

Arthid commenced his career at Siam Commercial Bank's Treasury Department in 1994, moving on to Cargill Financial Services as a hedge fund manager in 1998. In 2000, he joined Standard Chartered Bank, where he contributed to the growth of its capital markets business culminating in a strong presence for the Bank in the regional capital markets. His last position at Standard Chartered Bank, based in Singapore, was as Managing Director and Regional Head of Capital Markets, Southeast Asia.

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

to form the Wholesale Banking Group. Arthid was appointed as the Head of this important new Group from its formation and over the past four years he has repositioned the Bank's wholesale franchise in this segment to the forefront of the market, together with exceptional growth of the investment banking and corporate finance services business at the Bank.

Arthid also serves as the Chairman of the board of SCB Securities Ltd., as a board director and Chairman of the Investment Committee of SCB Life Assurance PCL., and as a director of the board of CAT Telecom PCL. Previously, he had served as a director of the board of SHIN Corporation PCL., and Vina Siam Bank in Vietnam.

In November 2014, the Bank announced the appointment of Arthid as Chief Executive Officer and Deputy Chairman of the Executive Committee, following the retirement of Kannikar Chalitaporn on April 2, 2015. The appointment will take effect from April 3, 2015. In his new role, Arthid is expected to set the longer term strategic direction for the Bank and oversight all related functions.



MR. YOL PHOKASUB

Senior Executive Vice President, Group
Head, Retail and Business Banking Group

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

Yol commenced his career at Siam Cement Company in 1986 and later joined Unilever Thailand in 1989. Over the next 17 years his experience at Unilever spanned a number of roles in information technology, supply chain management, manufacturing, sales and marketing at both the national and regional level, providing him with a deep insight on consumer behaviour. His last position at Unilever was as Managing Director of Unifoods (Thailand) and as a management member of Unilever Asia Ice Cream and Foods. Also, he served as Vice President and a Board Member of Unilever Thailand.

In 2006, he joined the Dutch Mill Group, a leading supplier of dairy products in the region, as Chief Operating Officer. In this position he continued to build on his understanding of consumer markets and expanded the penetration of the company's products in Vietnam, Philippines, Malaysia and Indonesia.

In June 2007, Yol joined Siam Commercial Bank as the Senior Executive Vice President,

Retail Banking Group. In this role, he used his expertise in consumer markets to enhance the Bank's leadership in retail financial services. In October 2013, his responsibility was expanded to cover the Business Banking Group.

He serves as the chairman of the Board of SCB Asset Management Ltd. and as the Vice Chairman of the Board of SCB Life Assurance PCL. Since 2013, he has been on the Asian advisory board of MasterCard Inc.

Previously, he served as the Vice Chairman and Chairman of the Executive Committee of Vina Siam Bank in Vietnam. From 2012 to 2013, he served as an advisor to the board members of the Board of Investment of Thailand (BOI).

Yol has been designated as the next President of the Bank, following the retirement of Kannikar Chalitaporn on April 2, 2015. This appointment will take effect from April 3, 2015.

SENIOR EXECUTIVE OFFICERS



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 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.

Deepak 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 served as the International President of the Information Systems Audit and Control Association Inc. (1991-1993), and on the IT Committee of the International Federation of Accountants (1995-2001). He serves on the Advisory Board of Westminster Business School in London.



MR. YOKPORN TANTISAWETRAT

Senior Executive Vice President,
Chief Risk Officer

Yokporn Tantisawetrat has been with the Bank since 1977, after earning a Bachelor's Degree in economics from Chulalongkorn University. After that Yokporn earned a Master's Degree in economics from Thammasat University. His work experience covers the areas of economic research, credit and capital markets. 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. Yokporn was appointed Chief Financial Officer in 2007, and returned to the position of Chief Risk Officer in April 2008.

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



MR. SARUNTHORN CHUTIMA

Senior Executive Vice President,
Group Head, Special Business Group

Sarunthorn Chutima has 30 years of experience in corporate lending. He joined the Bank after graduating from Chulalongkorn University with a Bachelor's Degree in accounting and earning his MBA from Ohio University (U.S.A). He managed project finance and became Manager of Corporate Department 4, where he was responsible for corporate lending to the energy and petrochemical sectors prior to his appointment to ITV Co., Ltd. in 1996 as that company's Managing Director and the Bank's representative. After completing his mission to divest the Bank's controlling stake in ITV, he returned to the Bank to resume his work with large corporate clients. He was promoted as Executive Vice President, Corporate Division 1 in 2003.



MR. BANESH PRABHU

Senior Executive Vice President,
Group Head, Technology and Operations Group

Joining SCB in June 2013, Mr. Banesh Prabhu is a technology management and financial solutions veteran with over 30 years of experience with international financial firms and institutions. His expertise in technology and operations for financial institutions and software consultancies enhance and add value to the Bank's financial solutions for both domestic banking services and regional expansion. He held several senior global roles in operations and technology for 23 years in Citibank, where he was responsible for developing strategy and managing implementation of global delivery as well as servicing clients in international markets. Certified as a Chartered Accountant by the Institute of Chartered Accountants of India, he holds a Bachelor's Degree in general law and a Bachelor of Commerce Degree from the University of Bombay.



MS. WALLAYA KAEWRUNGRUANG

Senior Executive Vice President,
Group Head, General Counsel Group

Wallaya Kaewrungruang is a veteran in the field of financial law. With over 30 years of experience in banking and financial law, she has a deep understanding of commercial bank operations to further develop and add value to SCB's legal functions. Before joining SCB, Wallaya worked as a legal executive for firms in the banking and financial industry, including Krungthai Legal Services Co., Ltd., Bank of Asia PCL., Sukhumvit Asset Management Co., Ltd., and most recently as Senior Executive Vice President, Managing Director, Compliance and Legal Management Group for Krung Thai Bank PCL. She holds LL.B. and LL.M. degrees in Business Law from Chulalongkorn University, and an LL.M. in International Banking Law from Boston University. She is also a Barrister-at-Law at the Institute of Legal Education, Thai Bar Association.

EXECUTIVE OFFICERS*

FIRST EXECUTIVE VICE PRESIDENT

Mrs. Apiphan Charoenanusorn

Dr. Arak Sutivong

Ms. Araya Phuphanich

Mrs. Bussakorn Puttinan

Dr. Ellen Nora Ryan

Mr. Grish Attagrish

Ms. Jamaree Ketrakool

Mr. Kamalkant Agarwal

Mrs. Kanchana Vipon

Mrs. Kannika Ngamsopee

Mr. Kiradit Arromdee

Mr. Krieng Wongnongtaey

Mr. Narong Srichukrin

Ms. Phanporn Kongyingyong

Mrs. Pikun Srimahunt

Mrs. Pimolpa Suntichok

Mr. Pipat Assamongkol

Mr. Pongsit Chaichutpornasuk

Mr. Rungruang Sukkirdkijpi boon

Mr. Sarut Ruttanaporn

Dr. Sutapa Amornvivat

Mr. Suthipat Serirat

Mr. Vipon Vorasowharid

Ms. Vorada Thangsurbkul

Mr. Wasin Saiyawan

Mr. Worawat Suvagondha

EXECUTIVE VICE PRESIDENT

Dr. Amarit Laorakpong

Mr. Aphisak Kiewkarnkha

Mr. Artapong Porndhiti

Mr. Chanmanu Sumawong

Mr. Chatri Sotangkur**

M.L. Chiradej Chakrabandhu

Mr. Chiravuthi Bunyasiri

Mr. Erik Stephen Kragas

Mr. Kampol Jantavibool

Ms. Kluaymai Devahastin Na Ayuthaya

Mr. Korapat Boonsermsombat

Mr. Manop Sangiambut

Mr. Nopadol Mungonchai

Mr. Paiboon Tangkanokpairoj

Ms. Pakachat Taychaburapanone

Mr. Parnu Chotiprasidhi

Ms. Pipavin Sodprasert

Mr. Pornthep Panyarachun

Mr. Rungsan Ongsaranakom

Mr. Rungsi Vongkitbuncha

Ms. Salisa Hanpanich

Ms. Saranya Vajakul

Ms. Siripen Olankijcharoen

Mr. Sirote Vichayabhai

Mr. Somchai Sanyalaksiri

Mr. Somkiat Kuvichitsuwan

Ms. Soramon Inkatanuvatana

Mr. Tawatchai Cheevanon

Mr. Tearavath Trirutdilokkul

Mr. Teerapol Rattakul

Mr. Thana Kungbunpot

Dr. Woraphon Watunyuta

Mrs. Siribunchong Uthayophas
Company Secretary

* As of January 1, 2015

** Mr. Chatri Sotangkur resigned from
the Bank since February 25, 2015

ORGANIZATION STRUCTURE

GOVERNANCE STRUCTURE

BOARD OF DIRECTORS

Board Committees

EXECUTIVE COMMITTEE

(Chairperson: Dr. Vichit Suraphongchai)

AUDIT COMMITTEE

(Chairperson: Mr. Maris Samaram)

NOMINATION, COMPENSATION, AND CORPORATE GOVERNANCE COMMITTEE

(Chairperson: Mr. Chumpol NaLamlieng)

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

(Chairperson: Prof. Vicharn Panich)

Management Committees

MANAGEMENT COMMITTEE

(Chairperson: Mrs. Kannikar Chalitaporn)

PEOPLE DEVELOPMENT COMMITTEE

(Chairperson: Dr. Vichit Suraphongchai)

CHANGE PROGRAM STEERING COMMITTEE

(Chairperson: Mrs. Kannikar Chalitaporn)

RISK MANAGEMENT COMMITTEE

(Chairperson: Mrs. Kannikar Chalitaporn)

ASSETS AND LIABILITIES MANAGEMENT COMMITTEE

(Chairperson: Dr. Vichit Suraphongchai)

EQUITY INVESTMENT MANAGEMENT COMMITTEE

(Chairperson: Mrs. Kannikar Chalitaporn)

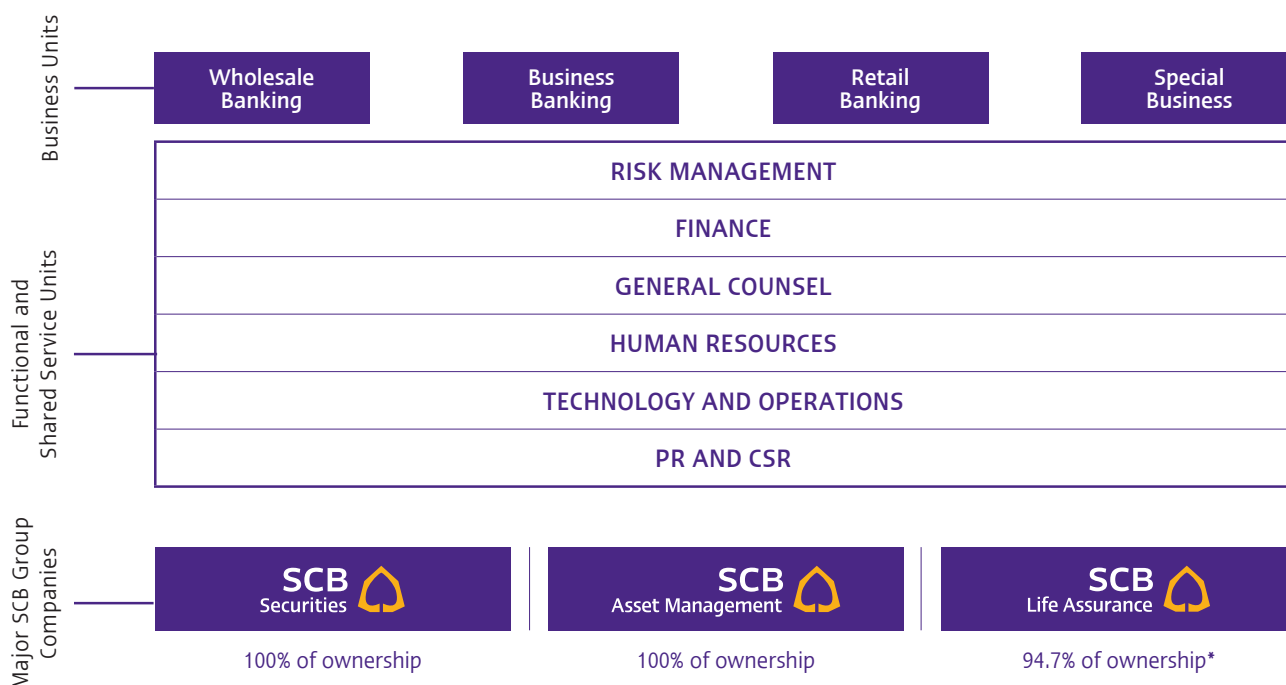
Management Structure

Management Structure

As of January 1, 2015

EXECUTIVE MANAGEMENT

Audit and Compliance
Change Program



* On February 18, 2015, the Bank held 99.03% shares in SCB Life Assurance after making a voluntary tender offer to minority shareholders.



A CORPORATION'S CHOICE

"THE UNDERSTANDING, TRUST AND FAIRNESS THAT SCB OFFERS TO CUSTOMERS ARE IMPRESSIVE. WITH SCB BEHIND US, WE FEEL CONFIDENT ABOUT GROWING OUR BUSINESS."

Somphote Ahunai
CEO, Energy Absolute PCL

Established as Suntech Palmoil Co. in 2006 and listed as a public company in 2008 under its current name, Energy Absolute has registered and paid-in capital of Baht 373 million.

The company specializes in alternative energy, producing bio-diesel fuel and generating electricity from renewable sources, both solar and wind.

"When a business is growing fast, it's crucial to find the right financial partner to ensure stability," said Mr. Somphote.

"In the past couple of years our business has expanded rapidly, and we wished to invest heavily in solar and wind power plants.

We therefore needed a smart financial approach to build a solid foundation for future growth. The investment for each power project is in the billions of Baht, so we needed to seek funds from a financial institution. SCB understood our core business and business strategy. As a result, they were able to fulfill our needs in an effective and responsive manner."

Energy Absolute appointed SCB as its financial advisor and arranger in the major fundraising exercise for its first 2 solar and 3 wind power stations, amounting to over Baht 26 billion. This was SCB's largest portfolio financing for renewable energy projects so far.

THAILAND'S ECONOMIC CONDITIONS IN 2014 AND OUTLOOK FOR 2015



SCB Economic Intelligence Center's annual conference on the Thai economy offers insights from top bankers, executives and EIC analysts.

The Thai economy slowed for the second year in a row in 2014. GDP grew at an even lower rate of 0.7%, down from 2.9% in 2013. Political unrest during the first half impeded economic activity, while exports slumped in 2014 due to the fragile state of global recovery and the drop in commodity prices.

Domestic demand was stagnant. Political instability in Thailand, commencing from a new round of unrest in late 2013, continued through to the first five months of 2014. This turmoil hindered the normal functioning of government and eroded public sentiment, resulting in a drop in domestic demand across the board until the military assumed power in May 2014. Confidence and domestic spending slowly rebounded as the new administration expeditiously dealt with a backlog of stalled economic tasks, including the implementation of an improved process for approving factory permits and the granting of incentives to many private investment projects.

Exports were sluggish throughout 2014. Outbound shipments dropped by 0.4% in value amid lingering weakness in global demand. An oversupply of natural rubber in world markets dragged down prices for this commodity, which is Thailand's most important farm export, shrinking rubber export revenue by 27%. Exports of cars slowed significantly as Indonesia benefited from its own vehicle production, thus reducing its imports from Thailand, and as Australian demand sagged. On the other hand, shipments of electronics and electrical appliances gained as a result of robust demand from the United States. Demand for a variety of Thai products stayed resilient among the CLMV countries - Cambodia, Laos, Myanmar and Vietnam.

SCB forecasts that the Thai economy will expand by 3.0-3.5% in 2015. Domestic demand will rebound as the government expedites budget disbursements and invests in major infrastructure projects, including mass transit systems, railroads and highways. Progress in advancing these long-needed public investments will improve business sentiment and thus lift private investment. Private consumption is poised to recover steadily as households resume spending on durable goods, especially passenger cars, and as cheaper energy increases consumers' discretionary income that will likely be spent on other goods and services. The high level of household debt and depressed farm income will, however, continue to weigh on spending among low-income Thais. Exports will see a mild expansion of 0.8% because global demand remains weak, with a lopsided world recovery coming mostly from the U.S., while other major economies struggle to grow.

Two external factors to monitor in 2015 are the expected rise in U.S. interest rates and further monetary easing in deflation-prone Japan and the euro zone. The U.S. Federal Reserve is expected to begin raising the fed funds rate by the end of 2015 because the American economy and job market appear to be back on track. In Japan and the euro zone, however, low energy prices will drive down inflation expectations and exacerbate deflationary pressures, nudging monetary authorities to continue with expansionary monetary policies, including asset purchase programs. The likely divergence in monetary policy across major economies may trigger volatility in capital flows or drag down exports from emerging economies. SCB expects that the Bank of Thailand's policy interest rate will remain at 2% throughout 2015 and that the Thai baht will weaken slightly to 33.5 baht per U.S. dollar toward the end of year.

INDUSTRY AND COMPETITION REVIEW

Despite a sharp economic slowdown in 2014 and the political turmoil in the first half of the year, Thailand's commercial banks achieved moderate growth in terms of assets, loans, deposits and net profits in 2014. By year-end, the number of Thai banks stood at 17, comprised of 14 commercial banks, 1 retail bank and 2 foreign bank subsidiaries. The number of foreign subsidiaries increased by one after the Bank of China changed its status from a foreign bank branch to a foreign subsidiary. In early 2014, one foreign bank branch, namely the Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU), began the process to integrate into the Bank of Ayudhya, its Thai subsidiary, although the process was not completed until January 2015.

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

as at December 31, 2014

(Unit: Baht billion)

| Financial statement (consolidated) | Thai commercial banking sector * | | Change % yoy | SCB 2014 | SCB market share % |
|--|----------------------------------|--------|-----------------|-------------|-----------------------|
| | 2014 | 2013 | | | |
| Assets | 14,635 | 13,955 | 4.9 | 2,700 | 18.4 |
| Gross loans | 10,036 | 9,624 | 4.3 | 1,777 | 17.7 |
| Deposits | 10,486 | 9,853 | 6.4 | 1,895 | 18.1 |
| Shareholders' equity | 1,451 | 1,293 | 12.2 | 285 | 19.7 |
| Net interest income | 419 | 385 | 8.9 | 81 | 19.3 |
| Non-interest income | 226 | 239 | -5.3 | 47 | 20.8 |
| Non-interest expenses | 289 | 267 | 8.3 | 48 | 16.7 |
| Operating profits | 357 | 357 | -0.1 | 80 | 22.4 |
| Loan loss provision | 89 | 94 | -5.4 | 13 | 14.9 |
| Corporate income tax | 51 | 52 | -1.6 | 13 | 25.9 |
| Net profit (attributable to shareholders of the Bank) | 207 | 200 | 3.5 | 53 | 25.8 |

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

In 2014, the Thai commercial banking sector's aggregate net profit increased by 3.5% to Baht 206.9 billion, from Baht 199.9 billion in the prior year. Most Thai banks reported higher net profits due to an increase in net interest income (8.9% yoy) and lower provisions (-5.4% yoy), while non-interest income declined by 5.3% yoy.

Net interest income (NII) remained the main source of the sector's income, and the proportion of NII to total income increased to 65% in 2014, from 62% the year previous. In absolute terms, NII increased by 8.9% to Baht 419.3 billion in 2014, from Baht 384.9 billion the year preceding, mainly as a result of the decline in interest expenses as well as modest loan growth of 4.3% yoy. In 2014, the sector's net interest margins (NIM) rose significantly by 19 bps to 3.22%, due to reduction in the cost of deposits, as most banks rebalanced their deposits structure amid the sluggish demand for loans.

Non-interest income dropped by 5.3% to Baht 226.4 billion in 2014, from Baht 239.0 billion the year before, mainly due to: (1) a plunge in gain on investments, mostly because of the drop-off effect as one medium-size bank booked a large gain from the sale of its life insurance subsidiary in 2013 together with the gain on the redemption of the Ministry of Finance's Vayupak Fund of 5 commercial banks also in 2013; and (2) lower dividend income due to the absence of dividend income from the Vayupak Fund to 5 commercial banks (which was redeemed in November 2013). The lower non-interest income was partly offset by higher net fee and service income. Non-interest income contribution decreased to 35% in 2014, from 38% of total income in the prior year.

Non-interest expenses increased by 8.3% to Baht 288.8 billion in 2014, from Baht 266.5 billion in the previous year, mainly due to higher personnel-related expenses and 'other expenses' from the one-time reversal of the Thai Asset Management Corporation (TAMC) related provisions by a few banks (booked under 'other expenses') in 2013. As the growth of operating expenses was higher than revenue growth, the sector's cost-to-income ratio rose to 44.7% in 2014, from 42.7% in the prior year.

As at December 31, 2014, the aggregate assets of the Thai commercial banking sector stood at Baht 14,635 billion, the equivalent of 120.5% of Thailand's 2014 GDP. Total assets, a key growth index for banking institutions, grew by Baht 680 billion, a 4.9% yoy increase, in line with loan growth of 4.3% yoy.

Gross loans rose by 4.3% yoy to Baht 10,036 billion. The growth in loans classified by business type for commercial banks registered in Thailand, including foreign bank branches, was as follows: Personal/consumer loans (27.1% of total loans) grew by 7.4% yoy, mainly from home loans (+12.3% yoy) from the continued demand in the residential property market, while hire-purchase loans dropped by 3.4% yoy following a contraction in demand for new automobiles after purchases had surged under the government's tax incentive scheme for first-time car buyers, which effectively ended in mid-2013. On the commercial side, manufacturing/production loans, which accounted for 17.5% of total loans, increased by 4.0% yoy, while loans for wholesale and retail businesses increased by 5.1% yoy. The central bank cut its policy rate by 25 bps to 2.00% during 2014, from 2.25% at the end of the prior year. The sector's minimum



Dr. Vichit Suraphongchai, chairman of SCB's Executive Committee, spoke about the banking industry's key role in helping develop the nation's economic growth potential, at Thailand Focus 2014, a three-day international conference for fund managers and institutional investors.

lending rates (MLRs) were maintained at 6.75%-8.72% at the end of 2014, the same as in the previous year.

Deposits in the Thai commercial banking sector rose by 6.4% yoy to Baht 10,486 billion. In 2014, competition for deposits was relatively moderate, as a result of the weak demand for loans following the disappointing economic growth. Three-month fixed deposit rates fell to 1.00%-2.50% at year-end, from 1.50%-3.00% at the end of 2013. The gross loan-to-deposit ratio of the Thai commercial banking sector dropped to 95.7% at the end of 2014, from 97.7% at the end of the preceding year, as loans grew at a pace slower than for deposits. Also, the combined loan-to-deposit and B/E ratio of the Thai commercial banking sector decreased to 95.1% at the end of 2014, from 96.5% at the end of the preceding year.

As at December 31, 2014, the Thai commercial banking sector's gross NPLs on a consolidated basis stood at Baht 287.9 billion, up from Baht 279.3 billion in 2013. In percentage terms, the NPL ratio decreased to 2.5%, from 2.6% the year before. The increase in absolute NPLs was from consumer loans (mainly housing and auto loans), as well as from loans to wholesale and retail trade. Furthermore, the NPL coverage ratio of the banking sector in 2014 remained at the same level as the prior year at 137%.

All Thai banks adopted Basel III from January 1, 2013. As at December 31, 2014, the Thai commercial banking sector's total capital adequacy on a bank-only basis stood at 16.3%, higher than the current minimum regulatory capital requirement under Basel III of a total capital ratio of not less than 8.5%.

Overall, the improvements in the Thai banking sector in 2014 were driven by (1) strong income growth driven by NII; (2) strong capital positions; and (3) relatively stable asset quality and coverage ratios.

Thai banks are likely to continue to strengthen their capital adequacy in order to meet future regulatory changes, which will arise from implementation of international accounting standards (IFRS and IAS) and additional components of the Basel III framework, and to prepare for competition on the launch of the ASEAN Economic Community (AEC) at the end of 2015.

In 2015 and beyond, Thai banks are likely to strengthen their income-generating capabilities but with an increasing emphasis on cost-control measures. Banks will face a relatively bleak outlook given the still tentative economic recoveries in both the domestic and global market. Standing at the forefront of the Thai banking sector, SCB is well prepared to face the economic challenges that lie ahead and is also well positioned for opportunities that may arise as and when the economy recovers.



AN SME'S CHOICE

"SCB UNDERSTANDS OUR PROBLEMS AND THE NATURE OF OUR BUSINESS. WE ONLY HAVE TO EXPLAIN OUR NEEDS AND THEY COME UP WITH THE RIGHT SOLUTION. THEY ARE OUR TRUSTED PARTNER."

Jarurat Jaruwatarawong
CEO, Siam Import Marketing Co., Ltd.

Siam Import Marketing, established in 2007, specializes in food-grade coated paper and packaging for the food processing industry. The company was spun-off from a family-owned company founded 30 years earlier. Jarurat decided that in order to operate independently and expand, Siam Import Marketing needed to find the right financial institution to serve as an ally.

"We approached several banks, and made it clear that we wanted to borrow without using a guarantor. After thorough consideration, we chose SCB because they approved our loan request, and their interest rates and other conditions were the best available. Further, their service was truly outstanding, both the paperwork and transaction processing."



Siam Commercial Bank launched a luxe new branch at Central Embassy shopping center epitomizing its 107 years as customers' trusted partner and a financial services innovator.

Business Overview

Background and Important Developments

Siam Commercial Bank was established by Royal Charter as Thailand's first indigenous bank on January 30, 1906. On February 19, 1993 the Bank was registered as a public company, and thereafter has been known as "Siam Commercial Bank Public Company Limited" (SCB). Since its founding through today, the Bank's major shareholder has been the Crown Property Bureau.

As a consequence of the Asian financial crisis in 1997, SCB undertook a major recapitalization in 1999 by joining the Ministry of Finance's Tier 1 Capital Support Scheme (the August 14, 1998 Measure), which resulted in the Ministry of Finance becoming, along with the Crown Property Group, one of the two largest shareholders of the Bank in May 1999. In 2003, the Ministry of Finance established the Vayupak Fund 1 and transferred a substantial part of its stake to the Fund on December 1, 2003. As of December 30, 2014, the Crown Property Bureau held 23.69% of SCB shares, while Vayupak Fund 1 held 23.12% and the Ministry of Finance held 0.09%.

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

In addition to its core deposit-and credit-related transactional services, the Bank provides a comprehensive range of products and services tailored to meet specific customer needs. Retail services

include home loans, personal credit, car hire purchase, credit cards, ATM cards, debit cards, currency exchange facilities, and overseas remittances as well as investment and bancassurance products. For corporate and business customers the Bank offers cash management-related services, lending products, international trade financing, treasury products, debt and capital market products, corporate advisory, investment banking and other related financial services. The services provided by the Bank's major subsidiaries and associates cover both corporate and retail clients and include securities trading, asset management and life insurance.

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

Units within the Bank responsible for supporting the Bank's operations and/or controlling its performance comprise seven function-oriented groups. These are the Risk Management Group, Finance Group, Human Resources Group, Technology & Operations Group, Group General Counsel, PR and CSR Division, and the Audit & Compliance Group. In addition, the Bank has a Change Program Management Office whose role is to drive and monitor the implementation of critical initiatives, many of which are transformational in nature.

| Percent of revenue for each business unit (Consolidated) | 2014 | 2013 | 2012 |
|--|------|------|------|
| Wholesale Banking Group* | 21% | 22% | 21% |
| Business Banking Group (SME)* | 15% | 16% | 15% |
| Retail Banking Group* | 57% | 55% | 56% |
| Others** | 7% | 7% | 8% |

* Results of major subsidiaries (including a non-life insurance company divested in 2014) have been allocated to the Wholesale Banking Group, Business Banking Group and Retail Banking Group, as appropriate.

** Including Group Treasury, Equity Investments and subsidiaries and affiliates whose revenue is not included in the business units.

2014 Performance

2014 marks the fifth consecutive year of record-high net profit for the Bank. SCB continues to perform well above its peer group, despite the sharp economic slowdown and the prolonged political impasse in the first half of the year in Thailand. SCB's strong results reflect the resilience of its operating platform and business model, the soundness of its business strategies and the effectiveness of its execution.

In 2014, the Bank registered a return-on-equity (ROE) of 20.1%, with a record-high net profit of Baht 53.3 billion, a 6.2% yoy increase of Baht 3.1 billion from the net profit of Baht 50.2 billion recorded in 2013. This growth in profit reflects the effectiveness of the Bank's strategy and its execution capability.

Total income, at Baht 128.1 billion, increased 3.7% from 2013. This rate of growth was somewhat lower than expected, which was the result of the subdued state of the economy throughout the year, particularly in terms of lackluster demand for new loans from qualified borrowers. Net interest income increased by 11.1% from the prior year primarily due to the significant reduction in the cost of deposits in line with the Bank's strategy. However, non-interest income declined mainly due to lower dividend income (two large one-time dividends were recorded in 2013) and lower net trading and foreign exchange income. Net fee income, on the other hand, registered moderate growth.

To maintain profitability despite the sluggish economy, the Bank adopted a strong focus on expense control and productivity improvements, resulting in a lower cost-to-income ratio of 37.5%, falling from 38.3% in 2013.

The Bank reported total assets of Baht 2.70 trillion, an increase of Baht 165 billion (or 6.5%) from the end of 2013.

Total loans grew by 2.4%, with stable underlying asset quality. The ratio of NPLs to total loans decreased to 2.11%, as a result of effective work-out strategies such as repayments, auctions and foreclosures, NPL sales and debt restructuring, as well as ongoing prevention efforts to stall new NPL formation. The provisions for loan losses decreased slightly from Baht 13.6 billion in 2013 to Baht 13.2 billion during the year – reducing the NPL coverage ratio from 150.8% to 138.1%.

The Bank maintained its leadership in a range of retail products and services, as well as its leading position in terms of the number of branches and ATMs throughout the country, in part as a result of continued expansion. At the end of 2014, the Bank had 1,197 branches, 9,537 ATMs, and 109 foreign exchange kiosks.

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

2014 Highlights

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

- High net profits at Baht 53.3 billion, a new record level for SCB and Thailand's financial services sector.
- High ROE at 20.1% and ROA at 2.0%, levels that rank the highest among all Thai banks.
- The highest market capitalization among financial institutions in Thailand (at Baht 619 billion on December 30, 2014).

Plans for 2015

The four strategies of the Bank can be summarized as follows:

- Transform the SME franchise by broadening its reach through leverage from the value chain of major corporate customers, deepening relationships with existing customers and focusing on the smaller end of the SME segment.
- Increase customer acquisition rate (including referrals from existing customers) within selected industries and segments.
- Accelerate the shift of the operating platform toward new and emerging digital platforms to enhance customer experience and attract new customers.
- Enhance people capabilities and acquire additional talent to support the above strategic direction.

Anchored on these elements, the business plan will ensure that the Bank achieves above-average profitability, return on equity (ROE), and return on assets (ROA), while maintaining strong and sustainable growth momentum.

The Bank places a strong emphasis on sustaining a high level of employee engagement and cultivating SCB as a great place to work. Concurrently, it will also maintain a world-class levels of customer engagement to ensure that shareholder value is further optimized and a distinct competitive edge maintained.

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

Key Performance Targets Announced for 2015

Despite a recovery in economic growth that is likely to be only modest, the Bank expects to deliver competitive results, reflecting the sustainability of its performance and resilience of its strategies.

- Return-on-equity (ROE) of 17-20% (compared to 20.1% in 2014).
- Return-on-assets (ROA) at 1.8-2.0% (compared to 2.0% in 2014).
- Loan growth between 5-7% (compared to 2.4% in 2014).
- Cost-to-income ratio of 38-40% (compared to 37.5% in 2014).
- NPL ratio at 2.1-2.3% (compared to 2.11% in 2014).



Landmark deals show SCB's strength in capital markets. Leading convenience store operator CP All appointed SCB as a joint underwriter for a Baht 40 billion unsubordinated secured debentures placement for retail and institutional clients.



Energy Absolute Pcl appointed SCB as financial advisor and arranger for its fundraising exercise to finance two solar power plants and three wind power plants worth Baht 26 billion. It was SCB's first portfolio financing for power generation using alternative energy sources and its largest such deal so far.

Despite challenging economic circumstances, lackluster loan growth and dramatic political changes, the Wholesale Banking Group (WBG) continued to deliver solid financial performance in 2014, registering a record-high net profit. Sustaining its strong track record for yet another year testifies to the success of WBG in forging its business strategy, backed by effective execution.

WBG continued to strengthen its leadership in investment banking, capital markets and financial markets by winning several landmark deals in 2014. The Group also grew its trade finance volume in key industry segments and improved its trade finance portfolio profitability, despite a substantial downturn in the international trade market.

On the cost side, WBG succeeded in mobilizing a large volume of low-cost deposits, which contributed to the reduction in the Bank's overall cost of deposits. Effective cost management further reinforced WBG's achievements in terms of profitability.

2014 Performance

- Recorded net profit growth of 39% yoy, with modest total income growth of 2% yoy.
- Grew corporate deposits by 30% yoy, while lowering cost thereof by 18bps.
- Expanded loan portfolio by Baht 29 billion, an increase of 5% yoy, while continuing to improve balance-sheet efficiency with better asset quality, maintaining NPLs at a lower level than the prior year despite weak economic conditions throughout the year.
- Improved expense control thus lowering cost-to-income ratio to 27.8%.



SCB acted as sole lead underwriter and sole book runner for a \$600 million synthetic bonds placement by PTT Exploration and Production Plc. The national petroleum and gas company also appointed the Bank as sole swap provider for currency- and interest rate-risk management.



SCB promotes business exchanges between Thailand and China. The Bank welcomed a visit by executives from more than 20 leading Chinese companies, including many in the tire-making and machinery industries from Shandong Province.

2014 Highlights

- Delivered record-high net profit.
- Achieved clear market leadership in capital market activities by winning several landmark deals (e.g., WHA's acquisition of Hemraj, PTTEP's synthetic USD bond), as well as sustaining the #1 rank in property funds for public offering (PFPO), infrastructure funds for public offering (IFPO) and corporate bond offerings.
- Achieved industry recognition in key wholesale products and services in 2014:
 - "Best Investment Bank" award from *Global Finance* and "Best Foreign Exchange Bank" award from *FinanceAsia*.
 - "Best Investment Bank" award from *Alpha SEA*.
 - "Syndicated Loan House of the Year" award from APLMA, Asia Pacific Loan Market Association.
 - "Top Underwriter," "Most Creative Issue" and "Deal of the Year" awards from the Thai Bond Market Association.
 - "Best Foreign Exchange Bank" and "Best Local Cash Management Bank" awards from *Asiamoney*.
 - "Best Cash Management Bank" and "Best Custodian Bank" awards from *The Asset*.
 - "Thailand Trade Finance Bank of the Year" from *Asian Banking and Finance*.
- Outperformed the market in import-export trade volume growth and deposit volume growth, despite the market slowdown in 2014.
- Enhanced balance-sheet efficiency through more proactive credit portfolio management.

Plans for 2015

Moving to 2015, WBG aims to increase its market leadership in financial advisory and capital markets businesses while continuing to strengthen its franchise in transaction banking. The Group plans to significantly broaden and diversify its client base by acquiring new customers in priority industries and segments.

As international barriers to trade and investment continue to recede, WBG plans to establish a stronger network of banking alliances and build a variety of regional banking capabilities to provide robust services to its customers as they increase their activities across national borders.

- Continue to deliver top-rank product capabilities and innovations in investment banking, capital markets and financial markets to enhance WBG's position as market leader in these areas.
- Strengthen transaction banking franchise through innovative, client-centric solutions, leading to larger and more diversified base in terms of recurring fee income.
- Significantly broaden and diversify client base using an effective new-client acquisition platform.
- Continue to improve credit portfolio quality and balance-sheet efficiency.
- Establish a strong alliance-banking network and build regional banking capabilities in key markets (e.g., Greater Mekong Sub-region, China, Japan).



SCB supports development of SMEs by publicizing successful case studies. The Bai Po Business Awards honors five outstanding firms each year, in cooperation with the Sasin Graduate Institute of Business Administration, Chulalongkorn University.

BBG caters to the nation's vibrant and economically crucial small and medium-size enterprises, which account for more than 99% of all Thai companies, employing some 10.5 million people. The Group expanded its asset base aggressively over recent years through to 2013, emerging as one of the top financial service providers in the SME segment. BBG growth, through to 2013, outpaced the aggregate market growth in this important market by consistently delivering products and services that stand out as both innovative and focused on customers' evolving needs as well as through support from the largest branch network in Thailand. In recognition of its achievements, both *Alpha Southeast Asia* magazine and *Asian Banking & Finance* magazine named SCB the best SME bank in Thailand in 2012, 2013 and 2014.

In 2014, however, with the slowing economy, the growth conditions were challenged, particularly for smaller businesses, and many SMEs adopted a cautious stance in terms of further expansion. Concurrently, BBG responded by fine-tuning its portfolio, strengthening underwriting standards and taking the opportunity to develop new products and improve service efficiency. The Group continued to support customers in their day-to-day operations and went a step further by launching measures and programs designed to help customers deal with the adverse conditions, thus strengthening customer relationships. This "status-quo plus" approach enabled BBG to maintain its profitability despite the small contraction in lending volumes. At the same time, it demonstrated its continuing commitment to serve as the 'bank of choice' for Thailand's SMEs with a robust menu of enhanced product offerings particularly covering bancassurance products, trade finance and cash management services.

Having kept business steady in 2014, BBG is well positioned to build its brand and resume expanding its market position in 2015 as the economy recovers and the new products it has developed reach the market. Also it will capitalize on cross-selling opportunities, deepening business with existing customers, and the acquisition of new customers.

2014 Performance

- Focused on servicing existing customers to maintain BBG's lending portfolio:** In the face of the heightened credit risk during the economic downturn over the year, the Bank decided to cautiously manage its lending portfolio by focusing on supporting existing customers rather than aggressively acquiring new customers. As a result, the SME lending portfolio remained relatively flat at Baht 335 billion in 2014.
- Improved net interest margin and effective control over operating cost:** In order to sustain bottom-line performance, given limited growth in lending, the Bank focused on improving net interest margin. As a result, the SME portfolio's NIM improved by almost 20 bps in 2014. In addition, the BBG exerted tight control on its operating expenses, leading to a 2% decrease in its operating expenses.

2014 Highlights

- Provided special support to SMEs that were under pressure as a result of the sharp economic slowdown:** Recognizing the vulnerability of certain smaller businesses as the economy shifted downwards, BBG launched special programs to support these SMEs with repayment schedule adjustments and temporary increases in working capital. These measures helped to alleviate the financial burden on creditworthy customers and increase their ability to survive the economic downturn.
- Strengthened the capabilities of Thai SMEs ahead of regional economic integration:** BBG built on the success of its two widely recognized capacity-building programs for SMEs: the SCB Young Entrepreneur Program (SCB YEP), for the new generation of business owners, and the SCB SME Intelligent Entrepreneur Program (SCB IEP), for business owners and executives. SCB enhanced these signature programs to ensure that Thailand's small businesses are well prepared for the challenges and opportunities that will arise from the launch of the ASEAN Economic Community at the end of 2015. For example, the BBG took YEP participants on three visits to Myanmar to both network and explore new opportunities. It also hosted a special SCB YEP workshop providing insights into ASEAN-wide development. Finally, BBG sponsored a series of seminars and networking events for SMEs on these and related topics.
- Strengthened SCB's SME brand:** By continuing to deliver superior products and services as well as assisting customers to strengthen their own capabilities, BBG earned confirmation from a leading market research agency that SCB had the second strongest brand in Thai SME banking.



The Bank hosts SME networking events to help members of the SCB Intelligent Entrepreneur Program make contacts and win new business.



A factory outlet fair lets small manufacturers sell direct to consumers conveniently, for a quick boost in liquidity. SCB has co-hosted ten of these popular events together with the Federation of Thai Industries.

Plans for 2015

- Focus on expanding customer franchise via acquisition programs designed to attract small-to-medium size SMEs and redesign end-to-end credit approval processes to better cater to the needs and circumstances of small SMEs
- Increase the professionalism and expertise of SCB employees in its retail branch network to enhance service coverage for SME customers.
- Enhance the wealth management capabilities in BBG to win personal finance business from existing SME customers – a high growth segment.
- Continue developing and delivering innovative solutions and service excellence so that SME customers are encouraged to choose SCB as their primary bank.
- Uplift capabilities of BBG personnel through cross-functional skill-building programs that foster a customer-centric mindset.
- Strengthen risk management to effectively support SME lending while maintaining overall asset quality at an acceptable level.

Retail Banking Group (RBG)



SCB leads in ATM banking with new offerings like the SCB Smart ATM, which remembers the customer's three most recent transfers so that account numbers do not need to be input again. The service is available in Chinese, Japanese, Myanmar and English as well as Thai.



As more and more Thais approach retirement these days, SCB offers financial products tailored to their needs, like a 12-month fixed deposit for savers aged 55-70 years.

As the Retail Banking Group (RBG) represents SCB's largest operation in terms of both revenue and profits, optimizing its performance is of key importance to the Bank's overall success. However, in view of the economic slow-down in 2014, RBG adopted a cautious stance toward expansion of consumer lending, with the aim to improve returns through disciplined portfolio growth and lowering of funding costs. Broadly, this strategy succeeded in enabling RBG to continue to both sustain its position as Thailand's consumer credit market leader and delivering, yet again, strong financial results. In addition, RBG's success in enhancing its wealth management platform and related offerings earned the Group extensive recognition from the industry, including the prestigious "Best Private Bank" award from *The Banker* magazine, for the second consecutive year.

The main constant, despite changed economic circumstances, was RBG's strong commitment to providing the highest level of customer service. Despite having the largest banking network in Thailand at the start of the year, the Bank continued to invest in network growth to ensure the highest possible physical footprint and customer convenience. In 2014, SCB opened 24 new branches and added 395 ATMs. At the same time, the Bank actively promoted the adoption of non-branch/non-cash payment options by enhancing its digital services in response to fast-evolving customer preferences, particularly in the use of mobile devices.

2014 Performance

- Adopted a prudent approach to lending but, nevertheless, held on to its leadership in retail credit lending:** Given the adverse economic conditions, RBG focused on growing segments of its lending portfolio that are more resilient in a downturn, namely mortgages. As a result, RBG's total gross loans expanded 2.8% yoy, primarily contributed by 9.3% growth in mortgage lending, the largest business in its portfolio of retail credit. Sustaining this growth momentum ensured that the Bank maintained its solid lead in retail lending.
- Reduced funding cost:** The Group's combined deposits and AUM (placed mainly through SCB Asset Management) grew by Baht 165 billion to Baht 2,687 billion (+6.5% yoy), primarily from growth in mutual funds. The change in mix toward asset management products reflects the increasing sophistication of retail customers as well as the higher appetite for risk/return. This approach facilitated RBG to manage down its cost of deposit (& bills of exchange) by 40 bps yoy, resulting in increasing the net interest income in this segment by 8% yoy in 2014.
- Maintained stable asset quality:** Through deploying pre-emptive measures and proactive NPL management, NPL ratio was contained at 2.27% in 2014, a slight decrease from 2.28% the year before, despite the sharp economic downturn.

2014 Highlights

- **Sustained leadership in retail lending:** Despite increased competition, RBG successfully maintained its #1 position in retail credit. Its mortgage business continued to grow in line with the industry, commanding a share of about 31% of the total mortgage market among commercial banks. In terms of auto hire-purchase loans, credit cards and personal loan products, the focus during the year was on maintaining asset quality, given the adverse economic conditions. Despite an increase in new NPLs in certain segments, the aggregate gross NPL levels were slightly lower at 2.27% in part, as a result of the risk-averse stance adopted by RBG since late 2013.
- **Earned marketplace recognition and industry honors for its wealth management proposition and asset management capabilities:** The Private Banking service for high-net-worth customers and SCB FIRST Privilege Banking for affluent customers continued to grow during the year. Both are exclusive services available only to customers meeting specific monetary thresholds, and have achieved a strong presence in the market. Both are supported by professional wealth management advisory products and services, winning recognition and awards from globally recognized media, including:
 - "Best Private Bank" in Thailand (third consecutive year) in the Euromoney Private Banking and Wealth Management Survey.
 - The "Best Private Bank" in Thailand award (second consecutive year) from *The Banker* magazine.
 - "The Best Affluent Program" Award 2014 from MasterCard.

In addition, SCB Asset Management, a wholly owned subsidiary of SCB, won the "Best Asset Management Company" award from the Stock Exchange of Thailand in 2014.

- **Further expanded distribution network:** As part of its continual efforts to improve customer convenience and service quality, the Bank enlarged its distribution network to a total of 1,197 branches, 9,537 ATMs and 109 foreign-exchange kiosks nationwide in 2014. The Bank expanded this market-leading footprint especially in locations with high transaction volumes, such as community malls and large shopping centers. In terms of service quality, SCB has continued to maintain its high level of customer satisfaction, as measured by the 'TRIM' index score of 89. This performance stands within the 90th percentile level.
- **Moved ahead in digital banking:** In response to the changing needs of today's retail customers, RBG has taken a proactive approach toward digital adoption by enhancing its recently introduced digital offerings, such as UP2ME (an app for payments via mobile device) and Tid-Tid, a mobile app that ensures fast-track service when visiting a branch, saving time for both customers and employees. Reflecting its efforts and the changes in the market, the number of customers actively using mobile applications grew by almost 43.5%. In recognition of SCB's leadership in digital innovation, *Retail Banker International* awarded the Bank with its "Excellence in Inventive P2P" award (for UP2ME) and "Highly Recommended in Mobile Banking" award, at the magazine's Asia Trailblazers Summit event.



Catering to the interests of its affluent membership among executives, professionals and business owners, SCB FIRST Privilege Banking offers exclusive benefits like a seminar on business in Myanmar.

Plans for 2015

In 2015 RBG plans for continuing improvements in funding costs, introduction of digital technologies and effective risk management. In addition, RBG plans major advances in terms of distribution and customer service, broadening and strengthening its offerings to meet additional needs in every retail segment.

- Leverage from a customer-centric approach to achieve a step-change enhancement in customer experience, with stronger capabilities and motivation to serve the total financial needs of each customer.
- Continue the drive to reduce funding cost.
- Enhance the distribution network to better cater to specific customer segments (i.e., "Wealth," "SME" and "Retail").
- Develop a new value proposition targeting the large and relatively untapped "Mass Affluent" segment.
- Continue to leverage digital technology to provide better products and services to customers and manage down long-term operational costs.
- Deploy dynamic risk management platforms and better early warning systems that highlight customers who may have difficulties in meeting repayment obligations.

Special Business Group (SBG)

The Special Business Group (SBG) is responsible for managing the Bank's portfolio of non-performing loans (NPLs) and non-performing assets (NPAs). Toward the end of 2008, the Special Business Group extended its responsibility to encompass the introduction and management of proactive, preventative approaches for handling potential non-performing loans. These approaches include identifying probable delinquent loans by using internal or external indicators and providing these customers with debt restructuring solutions to prevent default while at the same time assisting the customers to recover.

SBG's key achievement in 2014 was its success in continuing to aggressively work-out the NPL portfolio, which declined to 2.11% at year-end, despite weak economic conditions throughout the year. This performance reflects the success of SBG's efforts to strengthen its debt resolution methods. In particular, the Group made progress by centralizing and automating more processes, which further improved the results from debt collection activities compared to previous years.

2014 Performance

- **NPL reduction:** The Special Business Group has had a pivotal role in reducing the Bank's consolidated gross NPL ratio from 3.25% at the end of 2010 to 2.11% at the end of 2014. Various resolution methods were employed to reduce NPLs, including debt restructuring, transfers of assets and equity securities, modification of repayment terms & conditions, and combinations thereof.
- **NPA sales:** During the year, the Group successfully disposed of assets of approximately Baht 2.8 billion.
- **Prevention:** The Group commenced implementation of an "Early Warning Signs" system in 2008 to detect loans-at-risk that might turn non-performing and to pro-actively assist these customers in managing the financial difficulties that may arise. In 2012, the preventive method was upgraded to "Special Attention," which emphasized loans-at-risk and identified the pre-emptive measures that could be of use for these customers.

In 2014 SBG developed new measures specifically for industries that were facing the brunt of the slowing economy and identified actions the customers should take to minimize potential financial difficulties.

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

2014 Highlights

- NPLs declined to 2.11%, despite the sharp slowdown of the economy in 2014.
- Sales of NPAs of Baht 2.8 billion were achieved during the year.

Plans for 2015

For 2015, given the uncertain economic outlook with a number of downside risks, SBG intends to maintain a proactive stance, focusing special attention on NPL prevention practices. Also, it will emphasize strengthening its communications with all business units that originate loans so as to further improve performance by reducing NPLs.

- **NPL prevention:** SBG will implement a "Preventive Workout" approach that further extends the scope and depth of SBG services to handle loans-at-risk at an earlier stage, so as to prevent delinquency, in collaboration with the business units that originated these loans.
- **Expedite NPL reduction:** SBG will modify its organization to handle NPL customers by segment and execute resolution strategies developed to best fit each segment. Also, the Group will canvass investors interested in purchasing NPL portfolios to expedite NPL reduction and strive to keep the relapse of NPLs to a minimum.
- **NPA sales:** SBG plans to shorten NPA acquisition and divestment processes, and continue to accelerate the disposal of NPAs via the Bank's extensive branch network, brokers, NPA marketing events, and its website (BuyatSiam.com), to reach a broader range of prospective buyers.
- **Process & system improvement:** By extending the scope of the recently implemented system, SBG will further enhance its capabilities in NPL reduction through streamlining operation workflow and enabling real-time productivity monitoring.

SCB Securities Co., Ltd. (SCBS)

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

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

2014 Performance

- Even though consumer confidence and market turnover rose during the second half of 2014 after the prolonged political turmoil ended and the global economy rebounded, the market's average daily trading value for the year declined to Baht 42 billion, a 6% fall from the exceptional Baht 44 billion average achieved in 2013. Beyond the decrease in trading volume, brokerage fee levels were dragged down by intense competition after four new brokers entered the market, which reduced earnings across the entire industry.
- Despite the negative factors, SCBS gained higher market share, at 3.71%, up by 0.20% from 3.51% in 2013. The company's rank among brokers also rose to #11, up from #13 in the previous year. As per the company's business plan, non-brokerage businesses launched last year, namely private portfolio, derivative warrants (DW) and trading business, contributed to the stability of revenue and enhanced profits. Total income stood at Baht 1.5 billion in 2014, decreasing by 8% from the previous year, while net profit was Baht 595 million, down 15%. Nevertheless, SCBS continued to outperform the market with its 23% ROE and 56% cost-to-income ratio, which were much better results compared to the average for the industry.

2014 Highlights

- Reaffirmed its National Long-Term Rating at "AA- (tha)" from Fitch Ratings.
- Recognized as the "Best Broker in Thailand" award in the 25th Anniversary Poll of the Polls by *Asiamoney* Magazine.
- Awarded the "Best Securities Company - Retail Investors", a SET 2014 Award from The Stock Exchange of Thailand and *Money and Banking* Magazine.
- Achieved recognition again from the Investment Analysts Association of Thailand (IAA) for outstanding research analysts in three specializations: Best Analyst – Service Sector, Institutional Investors; Best Analyst – Industrial Sector, Retail Investors; and Best Analyst – Technology Sector, Retail Investors.
- Acted as the lead IPO underwriter for PCS Group Holding (PCSGH), Thai Solar Energy (TSE) and Eastern Polymer Group (EPG).
- Offered institutional investors a competitive and speedy Direct Market Access (DMA) service via a breakthrough new trading platform.
- Achieved over Baht 1 billion of private portfolio AUM just one year after the service was launched.
- Recognized as Thailand's first brokerage house to launch a stock analysis application for smart phone, called "SCBS Stock Advisor," featuring comprehensive functions that help investors conduct their own study and analysis of data for investment decisions anytime, anywhere.



SCB Securities was named the best brokerage for retail investors by the Stock Exchange of Thailand, an award for its outstanding research and client service.

Plans for 2015

- Continue to expand the retail client base through various channels, especially referrals from SCB, with a focus on the high net worth customer segment.
- Strengthen retail sales platform by upgrading the Express Trade Account service and online trading platform, increasing the number of marketing officers and branches, and improving service quality.
- Expand non-brokerage services by upgrading the existing products' performance and introducing new products and services to better meet client needs and increase profitability.
- Further improve research quality and coverage to better serve both retail and institutional clients.
- Focus on IT infrastructure improvement that will increase both productivity and efficiency to better service clients.
- Position to serve customers as their comprehensive wealth management service provider, in collaboration with the Bank.



Money & Banking magazine honored SCBAM with awards for best mutual funds in the categories of money market funds and retirement mutual funds.

SCB and other investment partners established SCB Asset Management Company Limited (SCBAM) in 1992 to provide a full range of asset management services, namely, mutual funds, provident funds and private funds. SCBAM, now wholly owned by SCB, has grown rapidly since its formation, in part as a result of its solid investment performance and in part from its distribution capability through more than 1,190 SCB branches, together with a large customer base.

SCBAM had its most successful year so far in 2014, marked by high growth and increased industry recognition. Total assets under management surpassed Baht 1 trillion for the first time, growing by 20.8% from the year before, and sustained the Company's #2 rank in the market. In private funds, SCBAM rose to the #1 position in terms of AUM. The Company maintained its #1 rank in property funds (type 1) and infrastructure funds, with a 30.1% share in the market. These and other good results helped the Company win nine industry awards, the most of any year in its history, including honors both at home and abroad.

The year ahead promises both increasing opportunities and higher competition. The need for high-performing asset management services is growing in line with the rapid aging of society in Thailand, in common with other countries around the world. At the same time, the launch of the ASEAN Economic Community will bring new competitors into the local marketplace. In 2015 and beyond, SCBAM will capitalize on its strong track record, capabilities and relationships to sustain both its high performance and growth, building greater awareness of its brand and enhance its competitive edge.

2014 Performance

- SCBAM's assets under management (including the resolving financial institution problem funds and country funds) grew by 20.8% to Baht 1 trillion, comprising mutual funds, provident funds and private funds. The company now has more than 771,600 unit holders.
- SCBAM had a 20.8% share of the total market in mutual funds, with assets under management of Baht 792 billion and #2 in terms of market share in Thailand.
- Provident funds' assets under management were at Baht 110 billion, growing by 30.6% with a market share of 13.2%, compared to Baht 84 billion and 11.3% market share the previous year.
- Private funds' assets under management reached the industry's #1 position, in terms of market share, at Baht 107 billion, growing by 30.9% with a market share of 22.3%, compared to Baht 82 billion and 19.0% market share the preceding year.
- SCBAM operates the largest portfolio of property funds (type 1) and infrastructure funds, accounting for 30.1% of the overall industry in this category, with assets under management of Baht 128 billion.

2014 Highlights

- Awarded "Asset Management Company of the Year in Thailand (Highly Recommended)" in The Asset Triple A Investor and Fund Management Awards 2014 by *The Asset* magazine (HK).
- Awarded "Asia Asset Management, Best of the Best Awards (Thailand): Most Innovative Product" by *Asia Asset Management* magazine (HK).
- Awarded "Asia Asset Management, Best of the Best Awards (Thailand): CEO of the Year" to Mrs. Jotika Savanananda (the outgoing CEO) by *Asia Asset Management* magazine (HK).
- Awarded "Asia Asset Management, Best of the Best Awards (Thailand): CIO of the Year" for Mr. Sornchai Suneta by *Asia Asset Management* magazine (HK).
- Awarded "SET Awards 2014: Best Asset Management Company Awards" by the Stock Exchange of Thailand (SET) and *Money & Banking* magazine.
- Awarded "Best Asset Management Company for Fixed Income Funds" by the Thai Bond Market Association.
- Awarded "Best Money Market Treasury" for SCB Treasury Money Plus Open End Fund Class I (SCBTMFPLUS-I) by *Money & Banking* magazine.
- Awarded "Best RMF Money Market" for SCB Short Term Fixed Income RMF (SCBRM1) by *Money & Banking* magazine.
- Awarded "SET Excellence Awards 2014: Best Property Fund & REITs House" by the Stock Exchange of Thailand (SET) and Morningstar Research (Thailand) Ltd.
- Fitch Ratings (Thailand) affirmed the National Asset Manager Rating (AMR) at "Highest Standards (tha)" for the 2nd consecutive year in recognition of SCBAM's strong domestic market position in Thailand.



Among other kudos in 2014, SCBAM won the coveted "Best Asset Management Company" award from the Stock Exchange of Thailand.

Plans for 2015

Highlights of SCBAM's plans for 2015 are to:

- Sharpen fund management practices in order to better sustain its above-average performance.
- Establish reciprocity with global partners to diversify asset allocation and investment products available to the market.
- Explore new investment opportunities under the ASEAN Economic Community (AEC) to serve both domestic and foreign investors.
- Maintain #1 position in the asset management industry in Thailand for property funds (type 1) & infrastructure funds and the private fund business.
- Enhance its brand reputation in market as a trusted asset manager with strong investment capabilities, high performing products and excellent service.
- Upgrade the internal systems to improve work efficiency and internal control.

SCB Life Assurance PCL (SCB Life)

SCB Life Assurance Public Company Limited (SCB Life) is a leading life insurance company listed on the Stock Exchange of Thailand. It is 99.03% owned by SCB, and the remaining 0.97% is owned by public investors. During 2014, the Bank made a voluntary tender offer to acquire the minority shareholding as part of a delisting initiative that was a response to the non-compliance with the minimum float requirement of the Stock Exchange of Thailand. The process of delisting was on-going at the reporting date.

SCB Life focuses mainly on the sale of traditional life insurance products that are popular in Thailand through multiple distribution channels, namely, SCB branches, SCB Life agency offices, and specialized sales channels such as malls, hyper-marts, tele-sales.

2014 Performance

2014 was another successful year for SCB Life despite keen competition amid the sharp economic slowdown. Net profit after tax grew 23%, largely from total revenue growth of 7%. Gross premium income grew 7% as a result of strong first-year premium growth of 72% and renewal premium income growth of 11%, but single premium income (primarily credit-related insurance) declined by 52% compared to the previous year as a result of the slow-down of credit lending activities. SCB Life ranked 6th out of 24 life insurance companies at the end of 2014, based on total premiums, with a 9.6% market share, down from 4th of 24 companies, and a 10.3% market share the year before. However, SCB Life ranked 4th out of 24 life insurance companies based on new business premium income (where new business premiums = 100% individual life plus 10% of single premiums) in 2014, with a 12.1% market share, up from 5th of 24 companies and a 9.1% market share in the previous year.

2014 Highlights

- Net profits rose 23% to Baht 5.8 billion.
- Total gross premiums increased 7% year-on-year to Baht 48.6 billion.
- Return on equity remained at a high level of 41%, compared to 42% in 2013.

Plans for 2015

SCB Life plans to continue to work closely with the Bank, its primary distribution partner, as it prepares to introduce a more comprehensive suite of innovative life insurance products that meet customers' evolving requirements. As SCB Life streamlined its non-bank distribution channels in late 2014, namely its agency and special markets team, it will seek to solidify the impact of these changes in 2015 and expects improved persistency and higher activity ratios from these channels. In addition, the major initiative to replace its core information systems should also be completed in 2015, and will lead to higher efficiency and improved customer service in the long term.



SCB Life Assurance and Siam Commercial Bank jointly launched an "Easy Saving with Daily Compensation" insurance program enabling clients of working age to pay in as little as Baht 1,000 a month, with compensation up to Baht 1 million.

The Company's focus in 2015 will be to:

- **Improve the suite of products:** Rising public knowledge of the benefits of insurance and of different types of insurance products has increased demand for additional and alternative offerings to meet the multiple lifestyle and life stage needs of customers.
- **Improve the sales from non-bancassurance channels:** The agency sales force is traditionally the main marketing channel for many life insurance companies, and SCB Life will continue to focus on improving the quality and size of this sales force. In late 2014, SCB Life fine-tuned its agency compensation scheme to sharpen the Company's as well as the agents' focus on key metrics such as persistency and quality of sales. In the long term, this should lift overall profitability of the agency business.
- **Improve product persistency:** SCB Life has established programs to increase policy persistency through a series of customer retention methods including better use of more advanced customer analytics.
- **Upgrade the core life insurance system:** The Company's project to improve its core insurance system is well underway and the first stage is expected to be completed in 2015. Upon completion, this system will allow the Company to shorten its "time-to-market" for new products, improve policy administration processes and reduce overall service cycle time.
- **Reinforce market leadership in bancassurance channel:** SCB Life will continue to work closely with SCB to remain a leader in the bancassurance channel by developing new and innovative products that match customers' growing sophistication, enhancing customer service capabilities and making effective use of technology.

Change Program

In 2001, SCB adopted a bold plan for transformational change, referred to within the Bank as the Change Program. This bank-wide agenda for deep-rooted and fundamental reform sought to radically 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 including: new business and operating models; radical business-process redesign initiatives; and implementation of major new information systems. The timely and successful completion of these change initiatives has been critically important to the Bank's growth and profitability in the past and will continue to be so in the future.

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

Oversight of the Change Program governance rests with the Board of Directors, which periodically reviews the Program's overall direction, its capacity to increase the Bank's growth and performance, and the outcomes from the major change initiatives.

2014 Performance

Change Program activities in 2014 were dominated by multiple system implementations as the Bank worked to future-proof many of its core systems and its scale and capabilities in multiple business areas.

- Completed multiple new system implementation initiatives including: debt collection management system for secured products (except auto loans); litigation document management system; credit card loyalty system; compliance system for the new U.S. tax regulations (FATCA); anti-money laundering filtering system; and loan origination system for mortgages.
- Completed significant upgrades to the Bank's systems including: a major upgrade to core banking system capabilities including performance enhancements; and UP2ME mobile application enrichment with robust new functions such as bill payment, mobile top-up, interbank transfer, e-Coupon and e-Wallet.
- Completed the preparatory phase for the internet top-level domain (TLD), a significant early move by the Bank to secure a unique internet address and corresponding brand identity. The Bank is not only the first but also the only organization in Thailand with its own TLD - '.scb'. This will allow the Bank to substantially enhance customer experience in the future as well as improve data security.

2014 Highlights

- 2014 marked the completion of the 13th year of SCB's transformational Change Program, which is now cited as one of the most effective transformations of its kind in the region.
- Enhanced capabilities as a catalyst for improving the Bank's business operations and market position in preparation for changes to the economic landscape that lie ahead.

Plans for 2015

As during 2014, IT and related initiatives will dominate the Change Program agenda, as the Bank seeks to achieve a substantial upgrade to its products, services and operations capabilities.

- Complete the major initiatives to enhance products and services capabilities, scalability and performance of the underlying platforms including: centralized governance, risk and compliance repository; new litigation workflow management system; new core insurance policy administration system; comprehensive new intelligent payments system; new risk analytics and reporting systems; new foreign exchange management system; new securities trading platform, and an intelligent interactive voice response system (IVR).
- Extend the existing systems capabilities including: an enhancement to ATM software and hardware to comply with the new EMV standard of MasterCard and Visa in order to improve security and reduce losses arising from fraud; addition of auto and unsecured products to the new loan origination platform to further leverage from this leading edge system; and add auto products to the new debt collection platform to improve efficiency.
- Complete a multi-pronged, multi-year initiative for a new wealth management operating model with enhanced capabilities to serve high-net-worth retail and SME customers.
- Extend existing SCB platforms to support the new business initiatives of the Cambodian Commercial Bank, a wholly owned subsidiary of the Bank.



The Perfect Balance for Success

BEST BANK IN THAILAND AWARDS FROM SIX PUBLICATIONS

- Euromoney (U.K.), 9th year
- Global Finance (U.S.A.), 9th consecutive year
- The Asset (Hong Kong), 7th consecutive year
- FinanceAsia (Hong Kong), 6th year
- Alpha Southeast Asia (Hong Kong)
- Asiamoney (Hong Kong), 7th year

SCB was placed first among Thai commercial banks in Forbes magazine's 'Global 2000' ranking of the world's top 2,000 corporation.

AWARDS FOR EXCELLENCE IN FINANCIAL PERFORMANCE AND MANAGEMENT

- 'Asia's Best CEO' and 'Asia's Best CFO' by Corporate Governance Asia (Hong Kong), 3rd consecutive year
- 'Asian Corporate Director of the Year' from Corporate Governance Asia (Hong Kong)
- 'Financial Management Excellence' from Thailand Management Association (2nd year)

AWARDS WON BY BUSINESS GROUPS

WHOLESALE BANKING GROUP

FROM THE ASSET (Hong Kong)

- Best Equity House - Thailand
- Best Bond House of the Year - Thailand (5th year)
- Best Domestic Custodian - Thailand (8th consecutive year)
- Best Cash Management Service Provider - Thailand (5th consecutive year)

FROM FINANCEASIA (Hong Kong)

- Best Investment Bank - Thailand
- Best Foreign Exchange Bank - Thailand (6th year)

FROM ASIAMONEY (Hong Kong)

- Best Local Cash Management Bank - Thailand (9th consecutive year)
- Best Overall Domestic Cash Management Services for S-M-L Corporates - Thailand (3rd year)
- Best Overall Cross-Border Cash Management Services for S-M-L Corporates - Thailand (3rd year)
- Best Domestic Provider of Foreign Exchange Services - Thailand (4th year)
- Best for Credit Research and Market Coverage in Thailand by Fixed Income Poll
- Country Deal of the Year in Thailand

FROM GLOBAL FINANCE (U.S.A.)

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

FROM INTERNATIONAL FINANCING REVIEW ASIA (Hong Kong)

- Thailand Bond House of the Year (3rd consecutive year)

FROM ALPHA SEA (Hong Kong)

- Best Investment Bank - Thailand
- Best High Yield Bond Deal of the Year - Thailand (2nd consecutive year)
- Best Bond Deal for Retail Investors - Thailand (2nd consecutive year)

FROM ASIA RISK

- House of the Year - Thailand (4th year)

FROM THAI BOND MARKET ASSOCIATION

- Deal of the Year (7th consecutive year)
- Top Underwriter (5th consecutive year)
- Most Creative Issue (4th consecutive year)

BUSINESS BANKING GROUP

- Best SME Bank - Thailand from Alpha SEA (3rd consecutive year)
- SME Bank of the Year - Thailand from Asian Banking & Finance (3rd consecutive year)

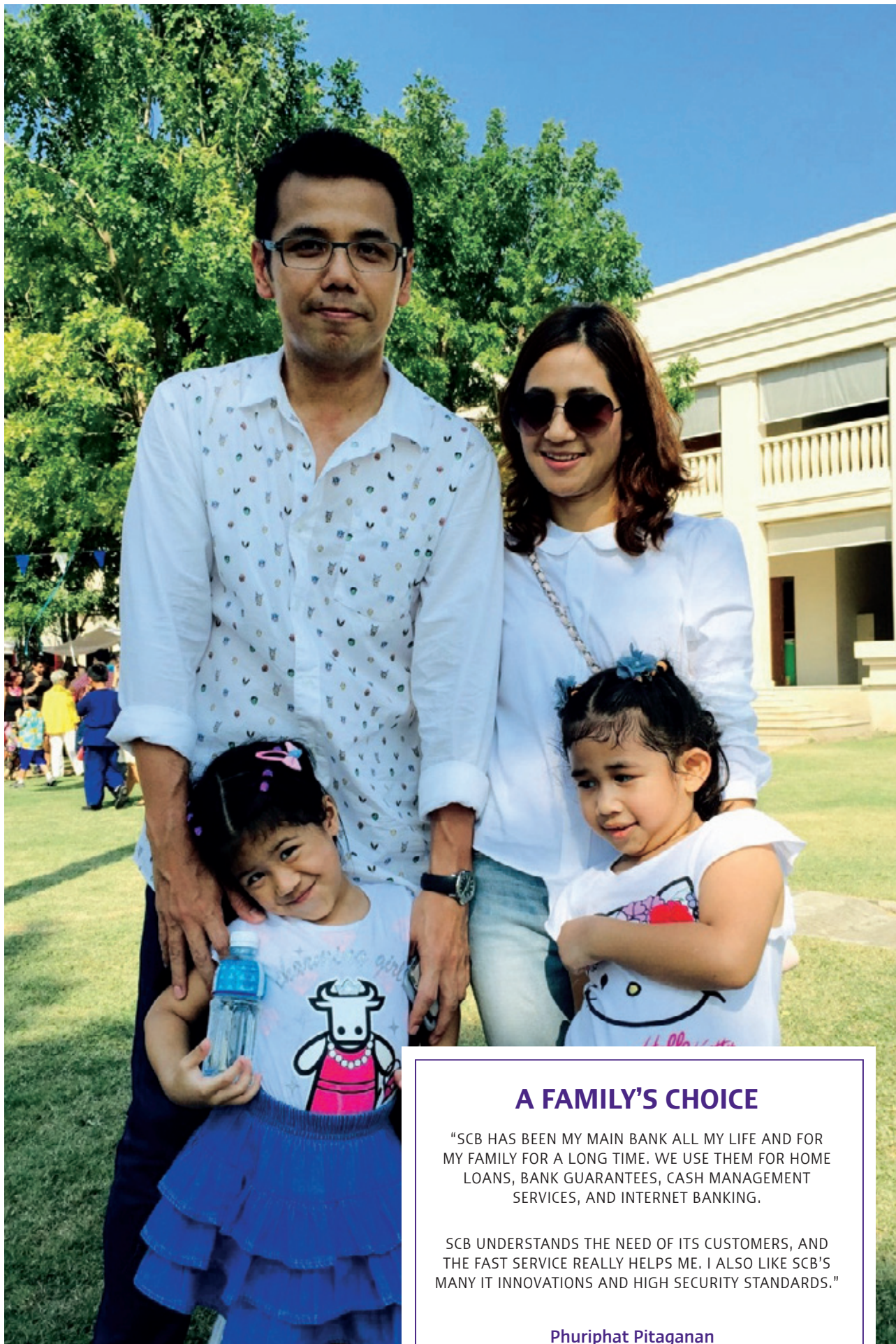
RETAIL BANKING GROUP

- Best Private Bank from Euromoney (3rd year)
- Best Private Wealth Management Bank from The Asset (3rd year)
- Best Private Bank from The Banker (2nd year)

OTHER AWARDS

- Honoring Outstanding Achievement in the Category of Human Resource Management Excellence and Product and Services Excellence from Thailand Management Association
- Thailand's Top Corporate Brand Values from Chulalongkorn University (5th consecutive year)
- CSR Recognition from Stock Exchange of Thailand
- Top Brand Engagement from Thailand Social Award
- Best Investor Relations (5th year) and Asian Company Secretary of the Year (2nd year) from Corporate Governance Asia

The Bank also won 28 other awards from leading domestic and international publications and institutions.



A FAMILY'S CHOICE

"SCB HAS BEEN MY MAIN BANK ALL MY LIFE AND FOR MY FAMILY FOR A LONG TIME. WE USE THEM FOR HOME LOANS, BANK GUARANTEES, CASH MANAGEMENT SERVICES, AND INTERNET BANKING.

SCB UNDERSTANDS THE NEED OF ITS CUSTOMERS, AND THE FAST SERVICE REALLY HELPS ME. I ALSO LIKE SCB'S MANY IT INNOVATIONS AND HIGH SECURITY STANDARDS."

Phuriphat Pitaganan
CEO, Cheesemobile Co.,Ltd.

Risk Management

Implicit after SCB's many consecutive years of increasing success is the mandate to sustain and build further upon this performance. This in turn requires a stance of ongoing prudence and circumspection, especially because the Bank's presence continues to grow in terms of assets, customers and staff. As its operations increase in complexity and size, and stakeholders raise their expectations, the Bank must take all these into account. SCB thus emphasizes vigilance in risk management as a key responsibility and top priority.

As a result, the Bank maintains a robust risk management framework, which centers on four major parts described below. This framework is supervised by a transparent and sturdy governance structure that has ten distinct components, also detailed below. For the purpose of effectiveness in risk management, the Bank has classified its key risks into 16 categories, each of which has corresponding risk management procedures, as discussed at the end of this section.

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

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

Risk Management System

SCB's risk management system has four major parts:

1. Risk identification

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

2. Risk measurement

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

- For **credit risk**, the measures include risk rating to gauge the probability of default, credit scoring such as application scores, and behavioral scores to assess the risk profiles of retail clients. For derivative products, the Bank relies upon the potential future exposure (PFE) methodology to measure credit risk exposure.
- For **market risk**, the measurements include both statistical tools, such as value at risk (VaR), and non-statistical methods, including risk-factor sensitivity analysis, position measures and stress testing for trading book exposures.
- For **interest rate risk in the banking book (IRRBB)**, the Bank measures the risk of interest rate fluctuations by measuring the impact to net interest income and economic value of equity (EVE) under assumptions of interest rate fluctuation in normal and stress situations.
- For **liquidity risk**, the measures vary from balance sheet structure, cashflow of assets and liabilities and also from off balance sheet items. The liquidity risk measurement framework includes liquidity ratio, maximum cumulative outflow (MCO) and also the recently introduced liquidity coverage ratio (LCR).

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

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

3. Risk monitoring and control

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

4. Risk reporting

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

Governance Structure

The risk management system is complemented by a risk management governance structure with 10 parts:

1. Policies

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

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

2. Authority

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

3. Committees with significant roles in risk management

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

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

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

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

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

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

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

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

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

4. Credit risk governance

The Bank has long emphasized the establishment of a sound system of checks and balances in its credit organization. The credit origination functions and the credit approval functions are clearly segregated to enhance internal control. The credit approval authority is determined in accordance with risk level or expected loss, which will depend on credit line, borrower risk rating, and severity class. For non-retail credit, the Bank assigns approval authority to both credit committees and individuals. For the approval of retail credit lending facilities,

the Bank manages and controls the assessment of retail credit lending using underwriting criteria which are approved by the Executive Committee or Retail Credit Committee. Additionally, the Bank assesses and measures retail credit portfolio risks through portfolio segmentation analysis by both product and customer segments.

5. Market risk governance

The Bank has determined market risk tolerance limits for its trading portfolios. Limits for each book are approved by the Executive Committee and the Board of Directors. The main market risks taken by the Bank are interest rate risk and foreign exchange risk. The Committee uses a number of risk monitoring and assessment tools to set limits on the trading risk exposures, including statistical measures, value at risk (VaR), risk sensitivity measures (basis point value), position measures, and stress testing. In addition, trading portfolio performance is monitored and controlled by using management action trigger (MAT).

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

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

7. Liquidity risk governance

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

8. Operational risk governance

The Bank has adopted three lines of defense as the first principle of the risk management framework in managing uncertainty and preventing risks. The first line of defense is the front-line business unit, which is responsible for ensuring that the risk control environment is properly established as part of day-to-day operations. The second line of defense is the oversight functions (e.g., operational risk management and compliance), which oversees business process and related risk. The Bank's third line of defense are the independent assurance providers (e.g., internal audit and other independent assurance providers), who provide independent review and objective assurance on the effectiveness of the internal control system.

Additionally, the operational risk management function presents an operational risk agenda at business-level committees and submits risk management information systems dashboards and key risk indicators to management across key functions on a regular basis.

9. Risk management for subsidiary companies

The Bank's subsidiaries are responsible for establishing risk and internal control policies and practices to ensure effective risk management at a level that is compatible with the Bank and consistent with the consolidated supervision policy of the Bank of Thailand. The Board of Directors has approved an overall Risk Management Policy for the SCB Financial Group mandating that, where appropriate, each of the Bank's subsidiaries shall: formulate a risk management policy; implement an appropriate organizational structure; set risk tolerance limits;

establish risk management methods; and prepare risk reports in accordance with the risk management guidelines of the Bank. Each subsidiary is required to implement this policy framework, the level and complexity of which depends on the nature of its business.

Furthermore, the Bank requires 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 different from those of ordinary business transactions. Any company that is wholly owned or substantially owned by the Bank may operate in the same way as the Bank's business units, and it can use the Bank's shared services/resources or provide services to the Bank at commercially reasonable terms and conditions that are acceptable to both sides.

10. Risk Management Group

The Risk Management Group reports to the president and is responsible for determining the framework for risk management and recommending risk management policies, as well as monitoring and reporting on major types of risk. The Risk Management 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 recorded another year of weak growth in 2014. Domestic demand was stagnant through the first half of the year, when political unrest hindered the functioning of government and eroded public sentiment. Exports deteriorated for the second year in a row amid lackluster global demand and a drop in commodity prices.

SCB forecasts that Thailand's GDP will expand by 3.0-3.5% in 2015. Domestic spending is on course to recover as the government expedites budget disbursements and invests in long-delayed infrastructure projects. The resulting boost in business sentiment will stimulate private investment. Cheaper energy due to global oversupply of oil will lower businesses' operating costs and give households more purchasing power. Yet exports will expand only marginally as a result of the fragility in world demand and structural changes in some key markets, such as for autos and electrical appliances, that will reduce demand for Thai-made products.

One uncertainty in the domestic economic outlook is how fast the government can finalize and disburse the infrastructure related investments, which are crucial to boosting economic activity in the short- and medium-term, and to enhancing the nation's competitiveness in the long-term. Household debt, which stands at over 80% of GDP and is concentrated among low-income households, poses a challenge to a recovery in consumption. Farm incomes, already eroded by the drop-off in commodity prices, may be further depressed in the event of drought and water shortages, which could reduce the off-season rice crop by as much as one-third. External risk lies in the divergence in monetary policies among the world's major economies, which may prompt a new round of volatility in capital flows. Central bank bond-buying programs in Japan and the euro zone will strengthen the baht against the yen and euro, weighing on Thai exports to these economies. The U.S. federal funds rate is expected to rise by the end of year, which should push up global borrowing costs. Thailand's policy

interest rate, however, is expected to remain unchanged until next year.

To manage the risk arising from economic fluctuations, the Bank regularly reviews its credit quality to ensure the adequacy of the 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 contraction. In accordance with regulatory guidelines, the Bank has also established an internal capital adequacy assessment process, or ICAAP, to help ensure capital adequacy by assessing the types and levels of risks facing the Bank. Stress testing is a key capital assessment techniques that the Bank employs under ICAAP to ensure that it can cope with economic downturns and will have adequate capital to absorb unexpected losses.

2. Concentration risk

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

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

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

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

3. Counterparty credit risk

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

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

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

4. Country risk

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

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

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

At the end of 2014, Bank-only NPLs stood at Baht 41,626 million, up in absolute terms from Baht 38,233 million in 2013, and were flat in terms of percent of total credit, to 2.1% in 2014. These NPLs can be classified into four categories: restructured debts 56.1%, debts pending completion of restructuring negotiations 21.3%, debts pending the outcome of legal proceedings 11.7%, and debts pending legal execution 10.9%.

The Bank manages its NPL risk by setting aside adequate loan loss provisions for expected losses. At the end of 2014, the Bank had total loan loss provisions of Baht 58,252 million, covering 139.9% of NPLs.

6. Off-balance-sheet risk

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

At the end of 2014, the Bank's obligations arising from aval and guarantees, liability under unmatured import bills, and letters of credit amounted to Baht 45,793 million (a 17.9% 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

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

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

8. Foreign exchange risk

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

As of December 31, 2014, the Bank's foreign currency position was as a net debtor of USD 325 million (USD equivalent), and VaR was Baht 25.54 million.

9. Interest rate risk

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

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

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

As of December 31, 2014, VaR of interest rate risk exposure in the trading book was Baht 93.77 million. For the banking book, a 1% increase of interest rates for a period of one year would increase net interest income by Baht 1,765 million, and will decrease economic value by Baht 2,331 million.

10. Liquidity risk

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

To manage the underlying liquidity risk, SCB maintains adequate liquidity at all times, to ensure that the Bank is in a position to meet all its obligations, to repay depositors and to fulfill commitments to lend without having to liquidate assets or raise funds at unfavorable terms. Further, the Bank also monitors and performs in-depth liquidity gap analysis for both normal and stress scenarios to ensure that the assets and liabilities structure is positioned well within the acceptable risk tolerance level.

The Bank has a policy to maintain its daily liquidity ratio at 20% or higher, measured as total liquid assets to total deposits and bills of exchange – well in excess of the regulatory minimum of 6%. At the end of December 2014, the Bank had liquid assets at 28.55% of total deposits and bills of exchange, thus assuring the Bank of ample liquidity under both normal situations and crisis scenarios.

11. Strategic risk

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

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

The Finance Group is currently the strategy process owner responsible for supporting the Board and senior management to formulate and review strategy as well as to recommend prompt action (if required). Also, the Finance Group is responsible for strategic risk assessment on a regular basis.

12. Operational risk

According to the Basel Committee of the Bank of International Settlements (Basel II), operational risk refers to "the risk of loss resulting from inadequate or failed internal processes,

people, and systems or from external events," including legal risk, and reputation impact arising from operational risk, but not including strategic risk. Risk factors can arise from both internal and external environments, such as changes to key personnel, organizational structure, processes, systems or products; force majeure; riot; etc.

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

Business and support units within the Bank are responsible for managing their operational risk by applying the methodologies and approaches that the Bank has implemented. The respective units perform risk and control self-assessments (RCSA); identify key risks; evaluate the effectiveness of controls; and establish action plans in order to reduce or prevent these risks and ensure that their operational risks are at an acceptable level and also appropriate for their business profiles. The RCSAs are revisited on a regular basis in order to identify new emerging risks or any deterioration in control conditions. The results are presented to business units committees and relevant senior committees for agreement and setting of action plans to mitigate or eliminate the risk where the exposure is deemed unacceptable.

To ensure that critical businesses and service to customers are not materially disrupted during a crisis or unexpected circumstances, the Bank continued to improve its crisis management and business continuity capabilities throughout 2014.

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

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

The Bank has established a Compliance and Operational Control division ("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 order to ensure that the Bank and its subsidiaries in the SCB Financial Group are in compliance with applicable statutory laws, rules and regulations as well as the Bank's internal policies and procedures.

14. Reputation risk

Reputation risk can arise from adverse public perception of the Bank. Given its nature, it is difficult to identify or assess this type of risk because it is influenced by changing political, economic and social conditions, including specific public expectations regarding the Bank.

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

The Board of Directors has established procedures for the Bank in dealing with businesses or issues that might have any significant potential to become subject to public criticism requiring, in the first instance, that if the Bank and its subsidiaries engage in any such business or issues, the management concerned must seek approval from the chairman of the Executive Committee or the president before initiating or participating in any such transaction. This referral is in order to determine the appropriateness of the Bank's involvement. The matter is then reported to the chairman of the Board, the chairman of the Audit Committee, and the

chairman of the Nomination, Compensation and Corporate Governance Committee. In the second stage, the Executive Committee has the authority to approve the transaction with the consent of the chairman of the Board, the chairman of the Audit Committee, and the chairman of the Nomination, Compensation and Corporate Governance Committee.

PR and CSR Division is responsible for coordinating with business and non-business units within the Bank to identify and monitor reputation risk factors including:

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

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

15. Capital adequacy risk

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

In line with the Basel III timeline, all Thai commercial banks, since January 1, 2013, are required to maintain a total capital adequacy ratio of not less than 8.5%; of which no less than 4.5% must be in the highest quality of capital for loss absorption, e.g., common equity Tier 1 (CET1) capital and no less than 6% in total Tier 1 capital. In addition, the BOT plans to adopt a new capital conservation buffer of up to 2.5% of CET1, which will be phased in at 0.625% p.a. starting from January 1, 2016 to January 1, 2019. Banks that cannot meet this minimum requirement may be subject to earnings-distribution restrictions, i.e., on dividend payouts, discretionary bonus payments, share buybacks, etc.

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

At December 31, 2014, under the Basel III framework, the Bank had total capital of Baht 294 billion, of which Baht 237 billion is classified as CET1/ Tier 1 capital (13.6% of risk-weighted assets) and Baht 58 billion (3.3% of risk-weighted assets) is classified as Tier 2 capital. For SCB Financial Group, the total capital stood at Baht 302 billion, of which Baht 244 billion is classified as CET1/ Tier 1 capital (13.7% of risk-weighted assets) and Baht 58 billion (3.3% of risk-weighted assets) is classified as Tier 2 capital.

Furthermore, if the Bank's 2H14 net profit were to be incorporated in determining capital adequacy, CET1/ Tier 1 capital would stand at 14.8% on a Bank-only basis and 14.9% on a consolidated basis.

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

The Bank monitors and assesses the adequacy of its internal control system and risk management procedures on an annual basis. The assessment covers five components: control environment, risk assessment, control activities, information and communications, and monitoring activities. The Bank has conducted the following activities to enhance the effectiveness of its internal control system and risk management practices.

Control Environment

The Bank requires all business units, including those under the umbrella of its financial group, to maintain a culture and environment that provides for a sound and effective internal control system together with a commitment to integrity and ethics. The Bank believes that a sound internal control system is critical to meeting its business objectives. Accordingly, the Bank has established an organizational structure with clear supervisory lines, scope of authority for management and staff, and proper segregation of duties under the oversight of the Board of Directors. The Board of Directors is independent from management and exercises oversight over the development and effectiveness of the internal control environment. In this context, the Bank provides extensive training to ensure that executives and staff possess the relevant knowledge and skills to support business operations. Also, the Bank has formulated an Anti-Corruption and Bribery Policy and, concurrently, updated its Code of Conduct with provisions for disciplinary action. Finally, the Bank has implemented a whistleblower policy in order to gather and address complaints and notifications that may indicate potential fraud or corruption. These efforts are to ensure that management and staff perform their functions with transparency, integrity, fairness and accountability, and that their performance is routinely reviewed.

Risk Assessment

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

The Bank continually develops and improves its risk management processes and risk assessment procedures, concurrently with establishing controls, monitoring the underlying risk levels and assessing the potential exposure to the Bank. Also, the Bank evaluates the adequacy of provisions and capital so as to cover significant risk factors, ensure compliance with the related regulatory requirements, and maintain adequate capacity to support future growth.

Control Activities

The Bank has written policies, regulations, operational procedures, manuals, and instructions, which are reviewed and updated on a regular basis. This includes general controls over the information systems covering data center operations including data networks, system development and testing, maintenance, procurement and security management. Further, the Bank places a strong emphasis on the segregation of duties, establishing a clear line of responsibility and authority and other types of controls that are appropriate for its business functions in all areas.

Information and Communications

The Bank and the SCB Group develop and implement systems that will provide complete, reliable and timely information to the Board of Directors, executives, and other stakeholders such as shareholders, investors and regulators. The Bank emphasizes the importance of information systems security, with continual enhancement to these systems and procedures to ensure that its security measures remain sound and appropriate.

The Bank provides internal communication channels for the Bank and the SCB Group to disseminate policies, regulations, procedures, manuals and other essential information to the appropriate employees. These communications keep all executives and relevant employees knowledgeable and informed and facilitate compliance with the policies, procedures and regulations in a proper and timely manner.

In addition, the Bank provides separate communication channels such as whistle-blower hotlines that serve as fail-safe mechanisms to enable anonymous or confidential communication both from internal and external parties.

Monitoring Activities

Under the Audit Committee's supervision, the Audit and Compliance Group is responsible for, among others, assessing and monitoring the Bank and the SCB Group's internal control systems, risk management policies and practices and regulatory compliance. In this context, the Bank places emphasis on compliance with its policies to combat money laundering and the financing of terrorism. The Bank reviews internal control, the reasonableness of transactions, and causes of any issues or risks found during audits and compliance reviews in order to take corrective action and improvement to operational procedures. Further, the Bank follows up on the results of such actions to ensure issues are resolved.

In January 2015, the Bank was made aware of a complaint filed with the Royal Thai Police that funds had been embezzled from a customer's accounts with the Bank which involved a former branch manager of the Bank. The Bank is investigating this incident and will address any internal control deficiencies that may be discovered.

The Audit Committee and Board of Directors believe that the Bank's internal control system is appropriate and adequate for its business operations. The Audit Committee and Board of Directors' opinion are in line with that of the Bank's external auditor.



The 2013 Annual General Meeting of Shareholders

The Board recognizes the critical importance of corporate governance (CG) in the Bank's pursuit of sustainable and profitable growth, creating long-term shareholder value, and securing the trust of all stakeholders, including shareholders, customers, employees and the community. As a result, the Board consistently adheres to good corporate governance principles and practices. These practices have contributed to the Bank's financial success over the past decade and won recognition from several organizations. With respect to the 2014 CG assessment results announced by the Thai Institute of Directors (IOD), the Bank was recognized as an organization with excellent corporate governance practices and for its continuous development of such practices over the past ten years, from 2005 to 2014. Also, the Thai Investors Association awarded the Bank a 'full' score of 100 points for the fifth consecutive year in its assessment of shareholders' meetings (from 2010-2014).

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

Corporate Governance Policy

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

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

- 3) The policy enumerates the rights and treatment of stakeholders (shareholders and other stakeholders) in terms of arrangement of shareholders' meetings, dividend payments, and transparency through disclosure of information.
- 4) The Policy restricts the use of confidential and non-public information by directors and employees and specifies rules governing connected transactions, conflict of interest, and conflict-of-interest reporting.

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

2014 Corporate Governance

The Bank's corporate governance practices in 2014 were as follows:

1. Rights of Shareholders

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

1.1 Shareholders' Meeting

In 2014, the Bank held its Annual General Meeting of Shareholders (AGM) No. 191 on 3 April 2014. The Bank conducted the proceedings in a manner to ensure that the shareholders were able to exercise their rights in accordance with law, relevant regulations and good governance practices.

- 1) The Bank ensures that shareholders receive clear and adequate information, have sufficient time to consider agenda items of the AGM, and are able to easily access the Notice of the AGM and its accompanying documents. To this end, the Bank posted the Notice of the AGM and proxy forms both in Thai and English on its website 31 days prior to the meeting date. Then, the Notice of the AGM, in both in Thai and English, together with the 2013 Annual Report (in CD-ROM format) was sent via post to shareholders 14 days in advance of the meeting date. The aforesaid Notice of the AGM contained information such as date, time and venue of the meeting, and details of each agenda item (including factual background, rationale, and opinions or recommendations of the Board) as well as accompanying documents, including details of meeting procedures, voting and proxy appointments. Furthermore, the Bank posted the Notice of the AGM on bulletin boards at its head office and all its branches. The Meeting Notice was also advertised for three consecutive days in newspapers at least three days prior to the date of the AGM. Shareholders were entitled to receive the printed 2013 Annual Report before the date of the meeting from the company secretary upon request.

- 2) To encourage participation of all shareholders (individuals, juristic persons and institutional investors) to attend the AGM and exercise their rights in an equitable manner, the Bank delivered the Notice of the AGM together with the Proxy Form B to the shareholders for the appointment of proxies to attend the meeting on their behalf in the event that the shareholders were unable to attend the AGM in person. Furthermore, institutional investors such as fund managers or custodians were invited to nominate their representatives to attend the meeting and, for their convenience, the Bank assigned officers to check the required documents in advance of the meeting.
- 3) To facilitate attendance by all shareholders and proxy holders, the AGM was held on a working day at the Bank's head office. On the meeting day, the registration counters were open two hours prior to the meeting time to facilitate procedural document checks and registration. The Bank's meeting registration service made use of a bar code system whereby different counters were set up for each shareholder by type, i.e., individuals, juristic persons, and fund managers or custodians. For efficiency and convenience, the Bank allocated to each shareholder or proxy holder the ballots bearing the same bar code as their registration bar code for voting on each agenda item. The meeting registration remained open to shareholders during the meeting, allowing shareholders to register and attend the meeting at any time and vote on any remaining agenda item.
- 4) During the meeting, the chairman of the Board presided as the chairman of the meeting and all 16 directors of the Bank attended the meeting together with the Bank's senior executives and the external auditors in order to clarify and respond to the questions or issues raised by shareholders or their proxies. Prior to proceeding in accordance with the meeting agenda, the company secretary informed the meeting of the voting procedure for each agenda item. Holders of the Bank's ordinary and preferred shares including the proxy holders who attended the meeting were entitled to cast their votes based on the one-share-one-vote rule. In order to increase the efficiency and speed of the voting process, only the ballots for disapproval and abstention votes were collected. Voting and ballot counting were conducted openly, and a bar code system and personal digital assistant (PDA) were employed in tabulating and reporting votes. SCG Legal Counsel Limited was assigned by the Bank to review and inspect the validity of the proxy appointments, adequacy of quorum, and tabulation and reporting of votes. As a result, the voting results for each agenda item were reported to the meeting in a timely, accurate and transparent manner.
- 5) Multimedia presentations were shown at the meeting including year 2013 performance highlights and a brief summary of the 2014 business strategies. The chairman of the meeting allowed shareholders the opportunity to ask questions and/or make recommendations on an equitable treatment basis and provided comprehensive responses to all questions or issues raised. The directors and management jointly replied to shareholders' questions and clarified issues. Minutes of the meeting and votes cast under each agenda item were recorded by the company secretary. Additionally, the meeting proceeded in accordance with the announced agenda, and the Bank did not switch, add, or revise any agenda items or modify previously issued information during the meeting.
- 6) Immediately following the meeting, the resolutions adopted were posted in both Thai and English on websites of the Stock Exchange of Thailand and the Bank. Such disclosure was made in compliance with applicable requirements prescribing that the AGM resolutions must be posted at least one hour in advance of trading hours of the Stock Exchange of Thailand. In addition, the minutes of the AGM in Thai and English were submitted to the Stock Exchange of Thailand and made available on the Bank's website within 14 days following the meeting to allow shareholders early access and for all other

stakeholders to note and study the Bank's AGM proceedings. The minutes were available for future reference, and each material matter proposed at the meeting was recorded in these minutes. These material matters included the name list of directors and senior executives who attended the meeting, the voting procedure, abstracts of the questions and issues raised and the answers or clarifications provided by the Board and senior executives, the resolutions reached, together with the number of approval, disapproval and abstention votes.

1.2 Dividend Payment

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

At the AGM No. 191, the meeting resolved to approve the dividend payment from the Bank's 2013 operating results to holders of the Bank's preferred and ordinary shares at the rate of Baht 5.25 per share, equivalent to a total of Baht 17,846 million or approximately 35.5% of the 2013 net profit according to the Bank's consolidated financial statements. The dividend payment for 2013 was paid as follows:

- 1) The Board in its meeting No. 9/2013 dated 27 August 2013 resolved to approve an interim dividend payment at the rate of Baht 1.50 per share to holders of the Bank's preferred and ordinary shares. The interim dividends were paid to holders of the Bank's preferred and ordinary shares on 20 September 2013 (24 days from the date of approval for the interim dividend payment by the Board); and
- 2) The final dividend was paid at the rate of Baht 3.75 per share to holders of the Bank's preferred and ordinary shares on 2 May 2014 (30 days from the date of approval for the dividend payment by the shareholders' meeting).

1.3 Communication among the Bank's Shareholders

The Bank does not seek to prevent communication among its shareholders. Shareholders may freely share information and request a copy of the name list of the Bank's shareholders from the Ministry of Commerce.

2. Equitable Treatment of Shareholders

As stipulated in the Bank's Corporate Governance Policy, all shareholders, i.e., major, minor, institutional and foreign shareholders, are entitled to common shareholder rights and to be treated on an equitable and fair basis. The principles of equitable treatment of shareholders to which the Bank has adhered are provided on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," "Corporate Governance Policy," and then "Rights and Treatment of Stakeholders."

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

The Bank's shareholders are invited to propose matters to be included as meeting agenda items, qualified candidates for directorship, and questions in advance of the shareholders' meeting based on the criteria announced on the Bank's website. Such proposals and questions are to be submitted to the company secretary via post or e-mail (at company_secretary@scb.co.th). The Nomination, Compensation and Corporate Governance Committee

will consider the shareholders' proposals prior to submission to the Board for further consideration. The decision on the proposal will be notified to the concerned shareholders for acknowledgment. Any proposals that are accepted will be included in the agenda at the next AGM.

The Bank invited shareholders to propose agenda items, candidates for directorship, and questions for the 2014 AGM three months prior to the end of the Bank's accounting period, i.e., between 1 October and 31 December 2013.

2.2 Proxy Appointments for Shareholders' Meeting

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

At the 2014 AGM, the Proxy Form B, which indicates specific details of a proxy appointment, were delivered to shareholders together with the Notice of the Annual General Meeting of Shareholders. Shareholders were provided with an additional option of appointing as their proxies one of two independent directors of the Bank who did not have any conflict of interest in the relevant agenda items of the AGM. In this regard, shareholders were supplied with complete biographical details of these independent directors. The shareholders were able to appoint either one of the two independent directors or any other person of their choosing as their proxy. In addition, shareholders were able to download Proxy Form A and Proxy Form C from the Bank's website for their use as and when applicable.

2.3 Ballots for Shareholders' Meeting

In the 2014 AGM, ballots were used for voting on every agenda item, but only the ballots of disapproval and abstention votes were collected. In order to ensure that the voting process was efficient, accurate, speedy and verifiable, a bar code system and PDA were employed in tabulating votes. Prior to proceeding in accordance with the meeting agenda, the company secretary informed the meeting of the voting and vote tabulation procedures. In addition, the ballots cast for each agenda item were retained for future examination.

2.4 Election of Director on an Individual Basis

At every AGM, one-third of the directors retire by rotation; and at the 2014 AGM five directors retired by rotation. The Bank arranged for shareholders to elect individual directors to replace the outgoing directors by casting their votes. Similar to voting on other agenda items, only disapproval and abstention ballots were tabulated. The AGM minutes show the voting results for each director appointed by the shareholders in 2014.

2.5 Determination of Directors' Remuneration

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

2.6 Internal Control

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

- 1) Internal Controls Over the Use of Inside Information by Directors and Employees: The Board has formulated comprehensive guidelines for the disclosure of information, the prevention of conflict of interest and the inappropriate or illegal use of non-public information, as summarized below:
 - Establishing a Code of Conduct for directors and employees, covering such matters as the use of non-public information and the requirement to maintain confidentiality of customer information. This Code of Conduct has been disseminated to directors, executives and staff, and strict compliance is expected.
 - Establishing regulations governing securities trading by directors, executives and employees that prohibit insider trading. These regulations also apply to related parties of directors, executives and employees.
 - Imposing non-trading periods on directors, executives and employees involved in the preparation of financial statements, prohibiting them from trading in the Bank's securities and securities which have SCB ordinary shares as an underlying asset (e.g., derivative warrant, futures, options) during the 14-day period preceding the announcement of quarterly, semi-annual and annual financial statements.
 - Requiring directors and persons with management authority (as defined in the Securities and Exchange Act, B.E. 2535 (A.D. 1992)) to disclose information on their shareholdings and trading in the Bank's securities and securities which have the Bank's ordinary shares as an underlying asset to the Bank and the Office of Securities and Exchange Commission within three working days. The company secretary is responsible for compiling reports on shareholding changes and including these reports as a regular agenda item at Board meetings.
 - Establishing regulations against the use of non-public information in order to prevent leakage of confidential and/or non-public information of the Bank and/or its customers as well as to prevent use of inside information by persons having access to such information for personal gain or benefit of others. In this regard, the Bank has assigned the Compliance and Operational Control Division to monitor securities trading of persons with access to non-public information to ensure compliance with relevant regulations.
- 2) Internal Control for Connected and Conflict-of-Interest Transactions: The Bank's policy and guidelines regarding the approval process and engagement in connected or conflict-of-interest transactions is as follows:
 - To strictly follow the regulations and notifications of the Stock Exchange of Thailand, the Securities and Exchange Commission and the Capital Market Supervisory Board governing connected transactions and conflict-of-interest transactions whereby directors and executives are prohibited from participating in the consideration and decision-making of any matter in which they might have

an interest. The company secretary makes note of their related interests in the minutes of the meeting.

- To set a pricing policy and conditions for related-party transactions to ensure that such pricing and conditions are in line with those of other similar transactions with unrelated third-parties (Arm's Length Principle).
- To require that the Board alone (excluding directors with a conflict of interest) is vested with the authority to consider and approve credit facilities, investment, contingent liabilities or credit-like transactions between the Bank and its major shareholders or businesses related to the Bank, directors, or persons with management authority or their related parties (as defined in the Financial Institutions Business Act, B.E. 2551 (A.D. 2008)).

Detailed information regarding transactions between the Bank and related parties during the year is provided in this Annual Report.

3) Conflict-of-Interest Report

The Bank requires directors and persons with management authority (as defined in the Financial Institutions Business Act, B.E. 2551 (A.D. 2008)) to report to the company secretary on a quarterly basis any conflict of interest arising for themselves and their related parties as well as changes to any existing reported items. The company secretary collects and submits such reports to the chairman of the Board and the chairman of the Audit Committee in compliance with the Securities and Exchange Act, B.E. 2535 (A.D. 1992). This information is further used by the Bank for monitoring transactions between the Bank and directors, persons with management authority, and/or their related parties in accordance with legal requirements.

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

3. Role of Stakeholders

3.1 Treatment of Stakeholders

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

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

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

Employees: Employees will always remain the Bank's most valuable asset, and the recruitment, retention and development of employees is central to the Bank's successful execution of its near-term and long-term business strategies and the achievement of its mission and vision. Employee interests are addressed through market-based compensation practices, skill and competency development programs, career advancement opportunities and a range of employee benefits, which are regularly reviewed to ensure appropriateness. Equally, the Bank actively supports diversity in the workforce and prohibits any discrimination based on gender, age, religious belief or disability. The Bank allows employees to exercise their right to join labour unions and encourages all employees to suggest ideas for improving or adjusting the Bank's policies, practices, products, procedures and services. As with customers, the Bank conducts regular employee engagement surveys and benchmarks the results against a global database. In 2014, the Bank's score was ranked in the top 10% of this global database.

Community (including business partners, competitors, creditors and suppliers): the Bank aspires to be a model corporate citizen in Thailand. To that end it: behaves in an ethical and transparent way with competitors and business partners; honors its obligations and covenants with creditors and suppliers; follows transparent procurement practices that will ensure that procurement is transparent and free from corruption and; does not participate in activities that might be detrimental to Thai society or the quality of life of its residents. Further, SCB recognizes and supports the Universal Declaration of Human Rights and ensures that its business activities, particularly lending, are conducted so that the tenets of this Declaration are observed.

In promoting the respect for intellectual property rights and deterring the infringement thereof, the Bank has incorporated policies and guidelines related to intellectual property in its Employee Code of Conduct. It is the responsibility of all employees to protect the Bank's intellectual property from unauthorized use and dissemination and to respect the rights of intellectual property owners where it uses proprietary products.

Moreover, to demonstrate SCB's willingness on the implementation of anti-corruption efforts, it participated in the "Declaration of Intent" as promoted by the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC). In addition, the Anti-Corruption and Bribery Policy of SCB has been approved by the Board and communicated and adopted enterprise-wide. The Bank has already completed the CAC membership certification process in Q4/2014 and anti-corruption and bribery guidelines have been disseminated to employees at all level across the organization, including relevant entities and stakeholders. The Bank will work in cooperation with all segments of Thai society to foster clean business practices and strengthen ethical behavior in all its business activities. The Bank's Anti-Money Laundering/Combating the Financing of Terrorism (AML/CFT) Learning Program is mandatory for all SCB employees.

Finally, the Bank has an active CSR program that encourages employee participation.

Environment: SCB abides by all applicable environmental laws and regulations and implements effective safety and environmental management measures to prevent negative impact on local communities. Further, SCB supports the conservation of natural resources and the environment through awareness-raising campaigns and programs to educate and engage staff, business partners, customers and other CSR networks in supportive programs and activities. The Bank has increased its internal energy-use efficiency by upgrading lighting and electronic systems, and reduced the use of paper in both internal and external processes. In 2014, SCB was the first financial institution participating in the pilot carbon-offsetting program to support the domestic voluntary carbon market. In this regard, the Center of Excellence on Environmental Strategy for GREEN Business (VGREEN) of Kasetsart University assisted SCB in the analysis of carbon emissions from its energy and resource consumption.

3.2 Contact Channels for Stakeholders

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

- Customers or third parties can communicate with the Bank through staff at branches or relationship managers or through the Call Center at 0-2777-7777, or by writing to a senior executive of the Bank. All communications are tracked and usually responded to within a short specified period.
- Employees are informed that the Bank has multiple channels to accept complaints and reports of employee misconduct. Employees can voice their opinions and report on any unfair treatment, fraudulent activity or suspicion of misconduct directly to their supervisors or through other channels, anonymously if preferred, as follows:
 - SCB's Whistleblower Policy provides a channel through which employees can report complaints, fraud or non-compliance with the Bank's regulations, rules and Code of Conduct as well as any unfair treatment they might have suffered. The aim is to ensure the Bank's adherence to its principles of transparency and corporate governance. To report complaints, fraud or non-compliance, any employee can submit an e-mail to whistleblower@scb.co.th or a letter to the president, Audit and Compliance Group head or Human Resource Group head. A summary report on such matters raised is submitted to the Audit Committee on a quarterly basis.
 - Through the Ethics Hot Line at 0-2544-2500 employees can avail of consultation and make complaints about unethical practices or misconduct.
 - The HR Call Center at 0-2544-4444 is a channel for employees to make inquiries related to employment and/or benefits or to share opinions.
 - "Purple People Talk" is a channel through which employees can voice their opinions, report issues or consult with the head of Human Resources Group via e-mail (purple_talk@scb.co.th) in order to nurture SCB as a great workplace.

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

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

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

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

- Board Secretariat and Shareholder Services – Company Secretary Board Secretariat and Shareholder Services The Siam Commercial Bank PCL, 9 Ratchadapisek Road, Jatujak, Bangkok 10900 Telephone: 0-2544-4221 Fax: 0-2937-7931 E-mail: company_secretary@scb.co.th

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

4. Disclosure and Transparency

4.1 Disclosure Policy and Practice

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

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

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

In addition, the Bank's Corporate Governance Policy requires directors and management to disclose their holdings of the Bank's shares. Changes in the holdings of the Bank's shares by directors and management in 2013 are shown in the "Report of Bank Ordinary Shareholding by Directors and Senior Management" in the Supplementary Information section of this Annual Report.

In 2014, disclosure activities undertaken by Investor Relations are summarized below:

| Form of activity | Frequency (times) |
|---|-------------------|
| One-on-one meetings/conference calls with investors and equity analysts | 103 |
| General meetings with equity analysts | 4 |
| Investor conferences | 8 |
| Global road shows | 2 |

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

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

4.2 Investor Relations

Investor Relations is a functional unit of the Bank and is responsible for the accuracy, adequacy and clarity of disclosure of the Bank's information to investors on a timely basis in accordance with the Bank's disclosure principles and applicable requirements and regulations. Other than planned activities such as meetings with investors and analysts, participation at investor events and arranging roadshows, Investor Relations is the primary point of contact for all shareholders, analysts, fund managers, bondholders and rating agencies. The president, CFO and other senior executives participate in investor relations activities.

The Investor Relations Code of Conduct will be published, in the near future, on www.scb.co.th under the sequence of menu headings "About SCB," "Corporate Governance," "Investor Relations," and then "Code of Conduct for Investor Relations."

4.3 Auditors

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

Details regarding the audit fees and other service fees paid by the Bank to the auditor as well as the auditor's report for 2014 are available in the sections titled "Audit Fees" and "Audit Report of Certified Public Accountant" of this Annual Report.

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

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

- The Board should have an appropriate number of members ranging from 5 to 12, depending upon the size, nature and complexity of the company's business – At present, the Board is comprised of 15 members. As the Bank's business has grown in size and complexity, the number is considered appropriate and essential for effective performance of the Bank.
- The majority of remuneration committee members should be independent directors, including its chairman, and the nomination committee should be comprised entirely of independent directors – The Nomination, Compensation and Corporate Governance Committee is a board committee of SCB, and there is no separate remuneration committee or nomination committee. The Nomination, Compensation and Corporate Governance Committee is comprised of 5 members, of which 3 are independent directors and 2 are non-executive directors, and is chaired by an independent director.
- All directors should attend at least 75% of all the board meetings held each year – Almost every director of the Bank attended more than 75% of the total of 13 board meetings held in 2014, and only one director was not able to meet the said attendance criterion due to prior engagements outside Thailand.



SCB fights corruption. The Bank has instituted an Anti-Corruption and Bribery Policy, and is a member of the Collective Action Coalition Against Corruption (CAC), Thailand's private-sector watchdog group.

5. Responsibilities of the Board

5.1 Board Composition

At the end of 2014, there were 15 directors, and the number of directors was commensurate with the expansion and increased complexity of the Bank's business. The Bank selects its Board members based on the criteria set forth by relevant regulators and with the aim of fostering diversity in terms of knowledge, experience and other key attributes.

The 15 directors consist of 3 women and 12 men with diversified professional backgrounds in finance, banking, business administration, marketing, law, auditing and accounting, corporate governance, social and community responsibility, and other experience that is considered beneficial and relevant to the Bank's business. Composition of the Board is as follows:

- The nine independent directors* (representing 60% of the total directors) are Mr. Anand Panyarachun, Mr. Maris Samaram, Mr. Chumpol NaLamlieng, Prof. Vicharn Panich M.D., Assoc. Prof. Dr. Kulpatra Sirodom, Mr. Ekamol Kiriwat, Mr. Prasan Chuaphanich, Khunying Jada Wattanasiritham and Mr. Weerawong Chittmittrapap.

- Two executive directors (representing 13% of the total directors) are Dr. Vichit Suraphongchai and Mrs. Kannikar Chalitaporn.
- Non-executive directors which comprise three directors representing the major shareholders, i.e., Dr. Chirayu Isarangkun Na Ayuthaya, M.R. Disnadda Diskul and Mr. Kulit Sombatsiri, and one other non-executive director, i.e., Mr. Apisak Tantivorawong.

In this context, three non-executive directors possess experience in the banking industry, namely Khunying Jada Wattanasiritham, Mr. Ekamol Kiriwat and Mr. Apisak Tantivorawong.

The names of the Bank's directors and their respective number of years as directors of the Bank are provided in Table 1.

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

Table 1: Board of Directors

| Name | Position | Date of appointment as director | Number of years in directorship ⁵⁾ |
|---|--|----------------------------------|--|
| 1. Mr. Anand Panyarachun | Chairman of the Board, Independent Director, and Member of the Corporate Social Responsibility Committee | 6 March 1984 2 October 1992 | 1 st round: 7 years (1984 - 1991) 2 nd round: 22 years 3 months (1992 - present) |
| 2. Dr. Vichit Suraphongchai | Director, Chairman of the Executive Committee, and Member of the Corporate Social Responsibility Committee | 10 December 1999 | 15 years 1 month |
| 3. Mr. Maris Samaram | Independent Director and Chairman of the Audit Committee | 25 February 2003 | 11 years 10 months |
| 4. Prof. Vicharn Panich M.D. | Independent Director and Chairman of the Corporate Social Responsibility Committee | 29 September 2006 | 8 years 3 months |
| 5. Mr. Chumpol NaLamlieng | Independent Director and Chairman of the Nomination, Compensation and Corporate Governance Committee | 30 March 1998 5 April 2007 | 1 st round: 1 year 8 months (1998 - 1999) 2 nd round: 7 years 9 months (2007 - present) |
| 6. Assoc. Prof. Dr. Kulpatra Sirodom | Independent Director and Member of the Audit Committee | 19 June 2009 | 5 years 6 months |
| 7. Mr. Ekamol Kiriwat | Independent Director and Member of the Audit Committee | 5 April 2011 | 3 years 9 months |
| 8. Mr. Prasan Chuaphanich | Independent Director and Member of the Audit Committee | 4 April 2013 | 1 year 9 months |
| 9. Dr. Chirayu Isarangkun Na Ayuthaya | Director and Member of the Corporate Social Responsibility Committee | 18 September 1987 | 27 years 3 months |
| 10. M.R. Disnadda Diskul | Director and Member of the Corporate Social Responsibility Committee | 22 November 1996 5 April 1999 | 1 st round: 2 years 2 months (1996 - 1999) 2 nd round: 15 years 9 months (1999 - present) |
| 11. Khunying Jada Wattanasiritham ¹⁾ | Independent Director, Member of the Corporate Social Responsibility Committee, and Member of the Nomination, Compensation and Corporate Governance Committee | 2 February 1999 | 15 years 11 months (Independent director: 5 years 2 months) |
| 12. Mr. Apisak Tantivorawong ²⁾ | Director and Member of the Nomination, Compensation and Corporate Governance Committee | 3 April 2014 | 9 months |
| 13. Mr. Weerawong Chittmittrapap ³⁾ | Independent Director and Member of the Nomination, Compensation and Corporate Governance Committee | 22 September 2014 | 3 months |
| 14. Mr. Kulit Sombatsiri ⁴⁾ | Director and Member of the Nomination, Compensation and Corporate Governance Committee | 22 September 2014 | 3 months |
| 15. Mrs. Kannikar Chalitaporn | Director, President, Member of the Executive Committee, and Member of the Corporate Social Responsibility Committee | 21 January 2002 | 12 years 11 months |

- Remark:
- 1) Khunying Jada Wattanasiritham qualified as an independent director from 19 October 2009.
 - 2) Mr. Apisak Tantivorawong was appointed as director, in replacement of Mr. Robert Ralph Parks, who retired by rotation, by the AGM No. 191 on 3 April 2014.
 - 3) Mr. Weerawong Chittmittrapap was appointed as director, in replacement of Mr. Bodin Asavanich who resigned from the directorship, by the resolution of the Board's Meeting No. 10/2014 dated 26 August 2014. The Board reviewed the qualifications of Mr. Weerawong as an independent director with regard to his business relationship with the Bank and the fees received from the Bank for his professional legal service in the preceding two years which exceeded the applicable threshold requirement. After due consideration of Mr. Weerawong's qualifications based on Section 89/7 of the Securities and Exchange Act B.E. 2535, the Board was confident in his professionalism and ability to perform his duties without adverse affect on his independent judgment.
 - 4) Mr. Kulit Sombatsiri was appointed as director, in replacement of Miss Supa Piyajitti who resigned from the directorship, by a resolution of the Board's Meeting No. 10/2014 dated 26 August 2014.
 - 5) Information as of 31 December 2014.

5.2 Directors' Term of Position

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

To enhance transparency and corporate governance, the Bank has adopted the principle that the tenure of an independent director shall not exceed nine years. As regards the tenure of directors as members of board committees, namely the Audit Committee, the Corporate Social Responsibility Committee and the Nomination, Compensation and Corporate Governance Committee, their tenure shall be concurrent with their directorships. In 2014, Mr. Maris Samaram, an independent director who has served on the Board for more than nine years, will retire at the 2015 AGM.

5.3 Segregation of Positions

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

Chairman of the Board - The chairman of the Board of Directors is an independent director and shall not serve as the chairman of the Executive Committee or the president of the Bank, or be involved in the Bank's routine management. This is in compliance with the principle of segregation of roles in policy formulation and oversight from those in operations management. The key roles of the chairman of the Board are: to ensure that Board meetings are conducted effectively and matters that are essential to the Bank's operations and/or performance are placed on the meeting agenda, particularly matters related to corporate strategy; to allocate sufficient time for management to present clear and timely information; to allow attending board members to voice their opinions and ask questions; and to ensure that board resolutions are clear and the meeting minutes are correct. The chairman of the Board also presides over the shareholders' meeting. Another key role of the chairman is to ensure that the Bank's governance practices such as the composition of the Board, directors' performance of duties, and succession planning for top executives is in compliance with adopted policies.

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

President - As provided by the Articles of Association, the president is an ex-officio member of the Executive Committee and has such powers and duties as may be assigned by the Board including the power to execute documents and/or contracts on behalf of the Bank. The powers and duties of the president in general are available on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," and then "Corporate Governance Policy."

5.4 Directorships of Other Companies

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

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

5.5 Roles and Responsibilities of the Board of Directors

The Board of Directors is committed to pursue the highest standards of ethical conduct and comply with related legal requirements. The Board's roles, duties and responsibilities shall be in accordance with those specified by law, the Bank's Memorandum and Articles of Association, and the resolutions of the shareholders. In addition, the Board's roles and responsibilities are stipulated in the Charter of the Board of Directors, which includes determining, approving and overseeing the implementation of policies, strategies, financial targets and business directions proposed by management, with the aim of maximizing long-term shareholder value taking account of the best interests of all relevant stakeholders. The Board is also responsible for establishing the structure and processes that ensure that there are appropriate systems and processes for risk management, audit and compliance, and internal control. Such systems and processes shall be regularly reviewed to ensure that they are appropriate and adequate for the Bank's business. (Details of the roles, responsibilities and authority of the Board are available on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," "Charter of the Board and Board Committee," and then "Charter of the Board of Directors.")

In addition to complying with the relevant laws and regulations as mentioned above, the Board is committed to abiding with the following principles as stated in the Directors Code of Conduct: a) maintaining honesty, fairness and integrity in discharging their responsibilities, b) conducting personal transactions, if any, only on an arms-length basis, c) maintaining the confidentiality of information, d) disclosing any conflict of interest, e) abiding with the law, and f) not accepting any inappropriate payments, gifts, entertainment or travel benefits from third parties. In addition, the Board, the Bank's executives and employees are committed to adhering to the principles under the Corporate Code of Conduct and the Employee Code of Conduct. (Details regarding the Corporate Code of Conduct, the Directors Code of Conduct, and the Employee Code of Conduct are available on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," and then "Code of Conduct.")

5.6 Committees

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

5.6.1 Board Committees

At present, the Bank has four board committees, namely the Executive Committee, the Audit Committee, the Nomination, Compensation and Corporate Governance Committee, and the Corporate Social Responsibility Committee. The roles and responsibilities of each board committee are clearly defined in its charter, which is available on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," and then "Charter of the Board and Board Committees." A summary of each committee's operations in 2014 is as follows:

- Executive Committee

The Executive Committee is appointed by the Board and comprises a number of directors and executives at the level of senior executive vice president. For members of the Executive Committee serving as the Bank's directors, their terms on the Executive Committee are concurrent with their directorships. Currently, the Executive Committee has nine members comprising two directors, namely Dr. Vichit Suraphongchai (chairman of the Executive Committee) and Mrs. Kannikar Chalitaporn, and seven executives of the Bank who hold the position of senior executive vice president.

The major functions and responsibilities of the Executive Committee are to manage and oversee the Bank's business in accordance with the Bank's strategies and policies and consistent with the Board-approved business direction, including the screening of matters prior to submission to the Board and approving requests within the scope of delegation assigned by the Board. The Executive Committee held 32 meetings in 2014.

- Audit Committee

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

Currently, the Audit Committee is comprised of four independent directors, namely Mr. Maris Samaram (chairman of the Audit Committee), Assoc. Prof. Dr. Kulpatra Sirodom, Mr. Ekamol Kiriwat and Mr. Prasan Chuaphanich. Their tenures on the Audit Committee are concurrent with their directorships. Every member of the Audit Committee possesses extensive knowledge and experience in the review of financial statements of banks. In 2014, the Audit Committee held 14 meetings, and details of its activities are within the Audit Committee Report provided as part of this Annual Report.

- Nomination, Compensation and Corporate Governance Committee

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

The Nomination, Compensation and Corporate Governance Committee is currently composed of five members, namely Mr. Chumpol NaLamlieng (chairman of the Nomination, Compensation and Corporate Governance Committee), Khunying Jada Wattanasiritham, Mr. Apisak Tantivorawong, Mr. Weerawong Chittmittrapap and Mr. Kulit Sombatsiri. Three of them (including the chairman) are independent directors, and the remaining two members are non-executive directors. Their tenures on the Nomination, Compensation and Corporate Governance Committee are concurrent with their directorships. In 2014, the Nomination, Compensation and Corporate Governance Committee had eight meetings, and details of its activities are shown in the Report of the Nomination, Compensation and Corporate Governance Committee under this Annual Report.

- Corporate Social Responsibility Committee

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

All seven members of the Corporate Social Responsibility Committee are directors, namely Prof. Vicharn Panich M.D. (chairman of the Corporate Social Responsibility Committee), Mr. Anand Panyarachun, Dr. Chirayu Isarangkun Na Ayuthaya, Dr. Vichit Suraphongchai, Khunying Jada Wattanasiritham, M.R. Disnadda Diskul and Mrs. Kannikar Chalitaporn. Their tenures on the Corporate Social Responsibility Committee are concurrent with their directorships. In 2014, the Corporate Social Responsibility Committee held nine meetings, and their dedication has led to the Bank's success in implementing CSR activities and projects in accordance with the framework and policy set by the Board, details of which are shown in the 2014 Sustainability Report.

5.6.2 Major Committees Relating to Management of the Bank

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

- **Management Committee**

In early 2011, the Bank restructured and renamed the Strategy and Review Committee as the Management Committee. In 2014, the Management Committee held 19 meetings in order to perform duties in accordance with its roles and responsibilities, which was mainly to discuss and exchange views on the Bank's business operations; resolve any resource-related constraints, monitor performance and to consider and/or approve new products, services and work processes.

- **People Development Committee**

The People Development Committee was set up in 2010 to formulate and review policies and strategies of the Bank's human resource management as well as to monitor and supervise implementation of, and compliance with, such policies and strategies. In 2014, the People Development Committee held five meetings.

- **Change Program Steering Committee**

The Change Program Steering Committee is in charge of approving and monitoring major change initiatives as part of the ongoing Change Program. In 2014, the Change Program Steering Committee held 19 meetings.

- **Risk Management Committee**

In 2002, the Board of Directors established the Risk Management Committee, which is responsible for the formulation of risk management policies and guidelines for the SCB Financial Group. The Risk Management Committee is also tasked with control and monitoring of risk, and supervising and assessing the performance of the SCB Financial Group in accordance with risk management policies and criteria as determined by the Bank and the Bank of Thailand. In 2014, the Risk Management Committee held 11 meetings.

- **Assets and Liabilities Management Committee**

The Assets and Liabilities Management Committee is the key decision-making body for the Bank's risk management approach relating to market risk, interest rate risk in the banking book, and liquidity risk. The Committee held 12 meetings in 2014 to establish the risk appetite for liquidity risk, interest rate risk, market risk and exchange rate risk, monitor positions and approve appropriate strategies, practices and measures.

- **Equity Investment Management Committee**

The Equity Investment Management Committee is in charge of formulating policies for the Bank's equity investment strategy and approving or making proposals for acquisition/disposal of investments to the Executive Committee or the Board, as prescribed by the delegated authority mandates, as well as keeping operational oversight of the Bank's equity investment portfolio. In 2014, the Equity Investment Management Committee held three meetings.

5.7 Board Meetings

Meetings of the Board of Directors and the Board committees are held in accordance with the rules and procedures specified in the Charter of the Board, the charters of the relevant Board committees, and the Corporate Governance Policy. The meeting schedules of the Board and its committees are planned in advance for the entire year. The chairman of the Board and the chairman of the Executive Committee determine agendas of the Board meetings. The president or directors can propose agenda items through the company secretary. In addition, the Board sets a policy that a meeting of non-executive directors shall be held on a semi-annual basis. As far as possible, the meeting-related documents are delivered to directors seven days in advance of each Board meeting in order that the directors will have sufficient time to study the documents. Directors can request additional information through the company secretary.

At each Board meeting, executives are invited to attend the meeting on agenda items concerning their areas of responsibility in order to provide relevant information to the directors. Such discussions and meetings between directors and executives are also beneficial for executive succession planning.

In 2014, there were 13 Board meetings (including two Board Retreats) and two non-executive directors' meetings. Details of directors' meeting attendance are as shown in Table 2.

Table 2: Details of Attendance Record in 2014

| Name | Board of Directors | Executive Committee | Audit Committee | Corporate Social Responsibility Committee | Nomination, Compensation and Corporate Governance Committee | Annual General Meeting of Shareholders No. 191 |
|--|--------------------|---------------------|-----------------|---|---|--|
| 1. Mr. Anand Panyarachun | 13/13 | - | - | 9/9 | - | 1/1 |
| 2. Dr. Vichit Suraphongchai | 13/13 | 31/32 | - | 6/9 | - | 1/1 |
| 3. Mr. Maris Samaram | 13/13 | - | 14/14 | - | - | 1/1 |
| 4. Prof. Vicharn Panich M.D. | 13/13 | - | - | 9/9 | - | 1/1 |
| 5. Mr. Chumpol NaLamlieng | 12/13 | - | - | - | 8/8 | 1/1 |
| 6. Assoc. Prof. Dr. Kulpatra Sirodom | 13/13 | - | 13/14 | - | - | 1/1 |
| 7. Mr. Ekamol Kiriwat | 13/13 | - | 14/14 | - | - | 1/1 |
| 8. Mr. Prasan Chuaphanich | 13/13 | - | 14/14 | - | - | 1/1 |
| 9. Dr. Chirayu Isarangkun Na Ayuthaya | 13/13 | - | - | 8/9 | - | 1/1 |
| 10. M.R. Disnadda Diskul | 12/13 | - | - | 8/9 | - | 1/1 |
| 11. Khunying Jada Wattanasiritham | 12/13 | - | - | 8/9 | 7/8 | 1/1 |
| 12. Miss Supa Piyajitti ³⁾ | 5/6 | - | - | - | 2/2 | 1/1 |
| 13. Mr. Robert Ralph Parks ¹⁾ | 2/4 | - | - | - | 2/2 | 1/1 |
| 14. Pol. Gen. Adul Sangsingkeo ⁵⁾ | 8/10 | - | - | - | 2/6 | 1/1 |
| 15. Mr. Apisak Tantivorawong ²⁾ | 7/9 | - | - | - | 5/6 | - |
| 16. Mr. Weerawong Chittmittrapap ⁶⁾ | 2/3 | - | - | - | 1/1 | - |
| 17. Mr. Kulit Sombatsiri ⁶⁾ | 3/3 | - | - | - | 1/1 | - |
| 18. Mrs. Kannikar Chalitaporn | 13/13 | 29/32 | - | 9/9 | - | 1/1 |
| 19. Mr. Bodin Asavanich ⁴⁾ | 7/7 | 7/13 | - | - | - | 1/1 |

Remark: 1) Mr. Robert Ralph Parks left office as a director on 3 April 2014.

2) Mr. Apisak Tantivorawong was appointed as a director, in replacement of Mr. Robert Ralph Parks who retired by rotation, by the AGM No. 191 on 3 April 2014, and he was appointed by the Board to serve as a member of the Nomination, Compensation and Corporate Governance Committee effective on 3 April 2014.

3) Miss Supa Piyajitti left office as a director on 20 May 2014.

4) Mr. Bodin Asavanich left office as a director on 1 June 2014.

5) Pol. Gen. Adul Sangsingkeo left office as a director on 29 August 2014.

6) Mr. Weerawong Chittmittrapap and Mr. Kulit Sombatsiri were appointed as directors, in replacement of Mr. Bodin Asavanich and Miss Supa Piyajitti respectively, by resolution of the Board's Meeting No. 10/2014 dated 26 August 2014, and they were appointed by the Board to serve as members of the Nomination, Compensation and Corporate Governance Committee effective on 17 October 2014.

5.8 Board and Senior Executive Assessment

5.8.1 Board Assessment

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

The Board assessment is conducted annually. Comments and recommendations obtained from the assessment are considered and used for enhancing the effectiveness of the Board's performance and the Bank's good corporate governance practices. Further, performance assessments provide the supporting information for the Board's opinions on re-election of directors retiring by rotation, which are presented to shareholders for consideration and approval.

Additionally, to ensure effective assessment of the Board, the Bank engages an external consultant with professional expertise and experience in corporate governance to determine assessment guidelines and topics and to facilitate a board assessment at least once every three years, starting from 2012. In 2014, the Bank adjusted the assessment format that was made by the external consulting firm in 2012 and that encompassed the four performance assessment components mentioned above. The forms were submitted to all directors for their assessment and opinions on the Board performance. The assessment results were then analyzed and proposed to the Board for consideration. Main assessment topics in the whole board assessment form included, for example, Board composition/structure, strategies and planning/managing company performance, monitoring and supervision, corporate governance, director and management development, and executive succession plan. Performance of Board committees was also evaluated in dimensions such as undertaking of duties and responsibilities as set forth in the relevant charters, meeting effectiveness, and communication of the results or meetings resolutions to directors. The Board chairman's performance was also assessed in aspects such as his conduct at Board meetings and shareholders' meetings. According to the results of 2014 Board performance assessment, the average score was at the 'good' level, i.e., the performance of the Board meets or exceeds expectation in most areas.

5.8.2 Senior Executive Assessment

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

5.9 Procedure for Nomination of Directors and Senior Executives

The Nomination, Compensation and Corporate Governance Committee is responsible for screening and proposing to the Board qualified candidates to serve as directors and members of Board committees based on the candidates' knowledge, capabilities, and the experience required for the director positions falling vacant, as well as, in the case of independent directors, their independence. With regard to the directors representing major shareholders, in principle the major shareholders are required to propose individuals to be elected as the Bank's directors who are considered appropriate to the needs of the Bank. The Board only has the duty to verify that the qualifications of such individuals nominated is not contrary to relevant laws. The Board proposes the nominated candidates to the shareholders for election at the AGM. Further, to conform to the Bank's policies governing directors' holding position in other companies, the Nomination, Compensation and Corporate Governance Committee refrains from considering candidates who hold positions in five or more listed companies. The Nomination, Compensation and Corporate Governance Committee considers candidates for directorship from directors' pool of the Thai Institute of Directors Association (IOD) and the Bank, as well as from the list of candidates proposed by shareholders and individual directors. After scrutiny of the candidates' qualifications to ensure compliance with laws and regulations, the Nomination, Compensation and Corporate Governance Committee will propose selected candidates to the Board for consideration. Following the Board's endorsement of the nominated candidates, the Bank will consult with and seek endorsement from the Bank of Thailand prior to proposing the candidates to the shareholders for approval.

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

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

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

5.10 Succession Planning

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

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

Details of the succession plan are set out in item 5.13.2 Executive and Employee Development and the Sustainability Report.

5.11 Director and Executive Remuneration

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

5.11.1 Director Remuneration

The current remuneration of directors was approved by shareholders at the 2014 AGM. The chairman of the Board receives a remuneration of Baht 1.8 million per year, and each member of the Board receives a remuneration of Baht 1.2 million per year. The rates are consistent with those adopted since 2000. In 2014, the Board of Directors, totaling 19 persons, received an aggregate remuneration of Baht 18.92 million.

At the said AGM, shareholders approved a bonus payment to directors at a rate of not more than 0.5 percent of the dividend, and authorized the Board to determine how the bonus should be distributed. As shareholders approved a dividend payment of Baht 17,846 million or Baht 5.25 per share for the Bank's 2013 operating results, the total directors' bonus for 2013 performance was Baht 60 million or 0.3% of the dividend.

In 2014, members of the Board committees, i.e., the Executive Committee, the Audit Committee, the Nomination, Compensation and Corporate Governance Committee and the Corporate Social Responsibility Committee, totalling 16 persons, received remuneration of Baht 7.8 million.

Remuneration of individual directors is shown in Table 3.

Current Remuneration of the Board Committees as Approved by Shareholders at the 2014 AGM

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

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

Table 3: Details of Remuneration of Individual Directors in 2014

Unit: Million Baht

| Name | Board of Directors | Executive Committee | Audit Committee | Corporate Social Responsibility Committee | Nomination, Compensation and Corporate Governance Committee | Directors' bonus for 2013 performance |
|--|--------------------|---------------------|-----------------|---|---|---------------------------------------|
| 1. Mr. Anand Panyarachun | 1.80 | - | - | 0.44 | - | 5.29 |
| 2. Dr. Vichit Suraphongchai | 1.20 | - | - | - | - | 3.53 |
| 3. Mr. Maris Samaram | 1.20 | - | 1.11 | - | - | 3.53 |
| 4. Prof. Vicharn Panich M.D. | 1.20 | - | - | 0.66 | - | 3.53 |
| 5. Mr. Chumpol NaLamlieng | 1.20 | - | - | - | 0.66 | 3.53 |
| 6. Assoc. Prof. Dr. Kulpatra Sirodorn | 1.20 | - | 0.73 | - | - | 3.53 |
| 7. Mr. Ekamol Kiriwat | 1.20 | - | 0.74 | - | - | 3.53 |
| 8. Mr. Prasan Chuaphanich | 1.20 | - | 0.74 | - | - | 2.63 |
| 9. Dr. Chirayu Isarangkun Na Ayuthaya | 1.20 | - | - | 0.43 | - | 3.53 |
| 10. M.R. Disnadda Diskul | 1.20 | - | - | 0.43 | - | 3.53 |
| 11. Khunying Jada Wattanasiritham ⁸⁾ | 1.20 | - | - | 0.43 | 0.43 | 3.53 |
| 12. Miss Supa Piyajitti ³⁾ | 0.46 | - | - | - | 0.16 | 3.53 |
| 13. Mr. Robert Ralph Parks ¹⁾ | 0.31 | - | - | - | 0.11 | 3.53 |
| 14. Pol. Gen. Adul Sangsingkeo ⁵⁾ | 1.20 | - | - | - | 0.26 | 2.63 |
| 15. Mr. Apisak Tantivorawong ²⁾ | 1.20 | - | - | - | 0.30 | 1.83 |
| 16. Mr. Weerawong Chittmittrapap ^{6) 8)} | 0.33 | - | - | - | 0.09 | - |
| 17. Mr. Kulit Sombatsiri ⁶⁾ | 0.33 | - | - | - | 0.09 | - |
| 18. Mrs. Kannikar Chalitaporn | 1.20 | - | - | - | - | 3.53 |
| 19. Mr. Bodin Asavanich ⁴⁾ | 0.50 | - | - | - | - | 3.53 |
| 20. Mr. Sumate Tanthuwani ⁷⁾ | - | - | - | - | - | 0.90 |
| 21. Prof. Dr. Thosaporn Sirisamphand ⁷⁾ | - | - | - | - | - | 0.90 |
| Total | 18.92 | - | 3.32 | 2.39 | 2.09 | 60.00 |

Remark: 1) Mr. Robert Ralph Parks left office as a director on 3 April 2014.
2) Mr. Apisak Tantivorawong served as an advisor to the Board starting from 26 June 2013 and left office as advisor on being appointed as a director at the AGM No. 191 on 3 April 2014. He was also appointed by the Board to serve as a member of the Nomination, Compensation and Corporate Governance Committee effective on 3 April 2014.
3) Mr. Supa Piyajitti left office as a director on 20 May 2014.
4) Mr. Bodin Asavanich left office as a director on 1 June 2014.
5) Pol. Gen. Adul Sangsingkeo left office as a director on 29 August 2014.
6) Mr. Weerawong Chittmittrapap and Mr. Kulit Sombatsiri were appointed as directors, in replacement of Mr. Bodin Asavanich and Miss Supa Piyajitti respectively, by resolution of the Board's Meeting No. 10/2014 dated 26 August 2014, and they were appointed by the Board to serve as members of the Nomination, Compensation and Corporate Governance Committee effective on 17 October 2014.
7) Mr. Sumate Tanthuwani and Prof. Dr. Thosaporn Sirisamphand left office as directors on 4 April 2013.
8) Khunying Jada Wattanasiritham and Mr. Weerawong Chittmittrapap received remuneration of Baht 1.03 million and Baht 0.88 million respectively for serving as independent directors of a subsidiary of the Bank in 2014.

5.11.2 Executive Remuneration

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

In accordance with the definition determined by the Office of Securities and Exchange Commission, the term "executives" refers to "the manager or the next four executives succeeding the manager, the persons holding equivalent position to the fourth executive and shall include the persons holding the position of manager or equivalent in the accounting or finance departments." In 2014, the number of Bank's executives using this definition covered 11 persons, and collectively they received remuneration in the form of monthly salary, bonus and allowances of Baht 424.63 million. On the other hand, the term "executives" according to the definition of the Bank of Thailand refers to executives at executive vice president level and above and the number of Bank's executives using this definition covers 74 persons, and in 2014 they received remuneration in the form of monthly salary, bonus and allowances of Baht 1,262.9 million.

5.11.3 Other Benefits for Directors and Executives

Directors and executives of the Bank are entitled to receive other welfare and benefits in accordance with the Bank's regulations. Directors are entitled to the medical benefits including an annual medical check-up, which are equivalent to those offered to the Bank's executives at the executive vice president positions or higher, and the chairman of the Board is additionally entitled to a company car benefit. In 2014, one non-executive director of the Bank was allowed medical expense reimbursement of Baht 19,588. The Bank's executives are entitled to welfare and other benefits similar to those offered to other employees such as medical, annual medical check-up, life and accident insurance, lower interest loans and provident fund contributions. In 2014, the Bank's provident fund contribution for nine executives as defined by the Office of Securities and Exchange Commission (i.e., senior executive vice president positions and higher including executives of the finance or accounting department) was Baht 9.94 million, while the provident fund contribution for 71 executives as defined by the Bank of Thailand (i.e., the executive vice president level and above) was Baht 36.9 million.

5.12 Director Orientation

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

5.13 Director, Executive and Employee Development

5.13.1 Director Development

The Bank attaches importance to the development of its directors and encourages directors to participate in such courses or activities as will serve to enhance their knowledge and performance as members of the Board of Directors and Board committees. These courses and activities are usually arranged by the Stock Exchange of Thailand, the Office of Securities and Exchange Commission, and the Thai Institute of Directors, such as Director Certification Program (DCP), Director Accreditation Program (DAP), Audit Committee Program (ACP), and Monitoring the Internal Audit Function (MIA). Detailed information with respect to the participation of the Bank's directors in the training programs organized by the Thai Institute of Directors Association (IOD) as recommended by the Securities and Exchange Commission (SEC) is shown in Table 4. Directors are also encouraged to attend overseas seminars and activities that promote corporate governance practices at the national level such as the 3rd National Director Conference 2014 arranged by IOD. In this regard, the Bank regularly keeps directors informed of relevant training courses in advance for their consideration.

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

Table 4: Participation of the Bank's Directors in Training Programs Organized by the Thai Institute of Directors Association (IOD) as recommended by the Securities and Exchange Commission (SEC)

| Training Courses | | | | | | | | | | | | | | | |
|------------------|--------------------------------------|--------------------------------------|------------------------------------|-------------------------------|--|---|--|--|--|--|---|---|--|-------------------------------------|--------------|
| SCB Director | Director Accreditation Program (DAP) | Director Certification Program (DCP) | Role of the Chairman Program (RCP) | Audit Committee Program (ACP) | Monitoring the Internal Audit Function (MIA) | Monitoring the System of Internal Control and Risk Management (MIR) | Improving the Quality of Financial Reporting (QFR) | Financial Statements for Directors (FSD) | Understanding the Fundamental of Financial Statement (UFS) | Anti-Corruption for Executive Program (ACEP) | Financial Institutions Governance Program (FGP) | Monitoring the Quality of Financial Reporting (MFR) | Successful Formulation & Execution of Strategy (SFE) | The Executive Director Course (EDC) | |
| | | | RCP - 1/2000 | ACP - 3/2014 | MIA - 3/2008 | MIR - 4/2008 | QFR - 2/2006 | | | | | | | | |
| | | DCP - 33/2003 | | | | | | | | | | | | | |
| | DAP - 62/2007 | DCP - 116/2009 | RCP - 22/2009 | | | | | FSD - 5/2009 | UFS - 10/2007 | ACEP - 9/2014 | | | | | |
| | | | RCP - 2/2001 | | | | | | | | | | | | |
| | | DCP - 0/2000 | | ACP - 29/2009 | | | | | | | | | | | |
| | | DCP - 68/2005 | | | | | | | | | FGP - 6/2013 | | | | |
| | | DCP - 119/2009 | | | | | | | | | | | | | |
| | | | RCP - 1/2000 | | | | | | | | | | | | |
| | | | RCP - 1/2000 | ACP - 25/2009 | MIA - 2/2008 | | | | | | | | MFR - 6/2008 | SFE - 14/2012 | |
| | | | | | | | | | | | | | | | |
| | | DCP - 18/2002 | | | | | | | | | | | | | |
| | | DCP - 0/2000 | | | | | | | | | | | | | EDC - 1/2012 |
| | | DCP - 124/2009 | | | | | | | FSD - FSG/2009 | | | | | | |
| | | | | ECP - 7/2002 | | | | | | | | | | | |

SCB Director

5.13.2 Executive and Employee Development

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

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

5.14 Oversight of Subsidiaries and Affiliates

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

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

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

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

5.15 Board Support Unit

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

5.15.1 Chief Audit and Compliance Officer

The Audit and Compliance Group has been established to monitor and manage the compliance of the Bank and companies in the SCB Financial Group with laws, regulatory requirements and the Bank's Compliance Policy. The Audit and Compliance Group also functions as an independent and neutral body that conducts audits, provides advice, recommends improvements to internal control and risk management systems, and enhances corporate governance practices. The Audit and Compliance Group is led by Mrs. Kannika Ngamsopee, first executive vice president and chief audit and compliance officer, who is responsible for ensuring that the aforesaid roles and responsibilities are effectively carried out. The chief audit and compliance officer reports operationally to the president, and functionally to the Audit Committee. The Audit Committee has the duty to review the suitability of the chief audit and compliance officer in terms of qualifications and performance, as well as to endorse the appointment, removal, transfer, or dismissal of the chief audit and compliance officer, including conducting the annual performance assessment.

5.15.2 Company Secretary

The Board of Directors has appointed Mrs. Siribunchong Uthayophas as company secretary to support the Board with respect to statutory and supervisory requirements, good corporate governance as well as other duties and responsibilities as specified in the Bank's Corporate Governance Policy. The company secretary reports functionally to the chairman of the Board of Directors and operationally to the senior executive vice president, Group General Counsel. Functions of the company secretary are available on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," and then "Company Secretary."

Educational background, work experience, and training records of the two persons mentioned above are provided in this Annual Report.

BANKING & SOCIETY

SCB is committed to supporting and participating in the sustainable development of Thai society, with a focus on three main areas: youth development and promotion of learning, establishment of volunteer networks, and development of quality of life and the environment.

The Bank undertakes its efforts both directly and through annual budget support for the Siam Commercial Foundation (SCBF) to continuously drive a variety of projects in youth development and learning promotion. These include establishment of youth development networks, so that young people can lead social progress. We work through budget support and collaboration with network partners that have clear and specific action plans. (Please refer to Sustainability Report for more detail)

REPORT OF THE NOMINATION, COMPENSATION AND CORPORATE GOVERNANCE COMMITTEE

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

In 2014, the Committee held eight meetings. Highlights of the Committee's undertakings during the year are as follows:

1. Deliberated on and recommended appropriate actions and guidelines to the Board to approve the Bank's revision of its corporate governance practices and principles, such as the Board's Charter and the Bank's Corporate Governance Policy, in order to be in line with internationally recognized best practices.
2. Arranged the performance assessment of the Board, the chairman of the Board, individual directors and the Board Committees by using the assessment forms revised in 2012 by an external consulting firm. In addition, the Committee reviewed the assessment questions and customized them to correspond to the actual roles and responsibilities of the Board.
3. Selected and nominated candidates for directorship from the directors' pool of the Thai Institute of Directors Association (IOD) and the Bank, as well as from the list of candidates proposed by shareholders and directors. In doing so, consideration was given to each candidate's qualifications together with the need to ensure diversity in terms of knowledge, competence, experience, gender, etc. The Committee gave precedence to the review of each nominee's qualifications to ensure appropriateness prior to proposing nominations to the Bank of Thailand for endorsement. Qualified candidates were then proposed to the Board and subsequently, on approval, to the shareholders for election and appointment.
4. Considered the level of compensation of the chairman of the Board and members of the Board and Board committees, based on the scope of duties and responsibilities, the Bank's operating results and the economic situation in general to ensure suitability and reasonableness, prior to proposing the level to the Board and shareholders for approval. The directors' bonus rate for 2014 was determined to remain at the same level as 2013, i.e., not exceeding 0.5% of the dividend payout.
5. Reviewed and provided recommendations regarding the Anti-Corruption and Bribery Policy of the Bank in collaboration with other Board Committees prior to proposal thereof to the Board for approval.
6. Proposed the leadership succession plan to the Board and the management for the positions of the chairman of the Executive Committee, the president and senior executives to ensure that the Bank has an appropriate process for planning, identifying and developing persons as successors to key positions which may become vacant following promotion, transfer, retirement or resignation. In 2015, Mrs. Kannikar Chalitaporn will complete her term as the president and the Nomination, Compensation and Corporate Governance Committee nominated two senior executives in her replacement. In this respect, Mr. Arthid Nanthawithaya, senior executive vice president, Wholesale Banking Group, has been designated as the chief executive officer (CEO) and the deputy chairman of the Executive Committee and Mr. Yol Phokasub, senior executive vice president, Retail Banking Group and Business Banking Group, has been designated as the president. Both appointments will take effect on April 3, 2015, following Mrs. Kannikar Chalitaporn's retirement on April 2, 2015.
7. Arranged for the performance assessment of the chairman of the Executive Committee, the president and senior executives against predetermined short-term and long-term targets and performance criteria, and deliberated on the remuneration framework and the compensation and benefit scheme for the aforesaid personnel as proposed by the management prior to submission thereof to the Board for approval. In doing so, consideration was given to the nature and scope of their assigned duties and responsibilities as well as performance, in addition to the general economic situation and the relevant industry benchmarks.
8. Nominated candidates for senior executive positions to fill vacancies resulting from newly created positions, unoccupied positions or organizational restructuring. Such nominations were proposed to the Board for approval and the Bank of Thailand for endorsement.
9. Provided recommendations to the management to support their consideration of matters related to nomination, compensation and corporate governance in order to ensure compliance with applicable regulatory and legal requirements, clear and transparent principles and guidelines, and good corporate governance principles.



Mr. Chumpol NaLamlieng

Chairman of the Nomination, Compensation
and Corporate Governance Committee

Audit Fees

The Bank and its subsidiaries external audit fees for 2014 were Baht 25.6 million (2013: Baht 24.7 million).

Non-Audit Fees

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

- Audits and examination as required by regulators such as special audits and examination of banking returns, information technology review covering electronic money transfer system, audit of the risk-based capital reports.
- Examination of foreign exchange booths.
- Tax services.
- Review of certain IT system upgrades.
- Review of the embedded value reporting (insurance company).
- Review of financial reports.

Non-audit fees to the external auditors were Baht 8.2 million in 2014 (2013: Baht 10.7 million), of which Baht 0.4 million was paid in 2014, and Baht 7.8 million is due and payable in 2015.

RELATED PARTY TRANSACTIONS

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

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

- Strict compliance with the notifications of Securities and Exchange Commission regulations and the Capital Market Supervisory Board regarding connected transactions and transactions that may involve a conflict of interest. In particular, directors or executives involved in a transaction that may lead to a conflict of interest are excluded from the consideration of such transaction. Further, the company secretary is required to record the relationship of the directors or executives with the issue under consideration in the minutes, if applicable.
- Pricing policy and conditions for transactions between the Bank and related entities are required to be on an arm's length basis and, broadly, on the same terms as those for transactions with unrelated third parties.
- The Board of Directors (excluding any director who has a conflict of interest) does not delegate the approval authority for loans, investments, obligations or lending-like transactions involving the Bank's major shareholders or businesses having interests related to the Bank, directors, and persons with management authority or their related persons (as defined by the Financial Institution Business Act B.E. 2551 (2008)).
- Oversight of the SCB Group's intra-group transactions ensures that each company's operations are in compliance with related regulations and to prevent any conflicts of interest arising from intra-group transactions.

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 conflicts of interest between SCB and other shareholders in businesses that are not wholly owned by SCB, an Intra-Group Transaction Policy has been approved and is annually reviewed by the SCB Board of Directors. This Policy serves as a guideline for the control of the risk arising from intra-group transactions. In particular, a materiality ratio for lending, investment, contingent liabilities and 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 formally, i.e., in writing, and with legal enforceability, and must not include special conditions that materially differ from similar business transactions with unrelated parties or, in the absence of any similar transactions, with market practices. Also, the Policy requires that all documentary evidence must be retained in accordance with customary business practices, and that approval authorization should be determined in a manner consistent with the risk level of each transaction.

Policies and Trends of Related-Party Transactions and Risk Management Policy

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

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

Information Disclosure

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

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

In 2014, the Bank had no connected transaction of a significant value that was required to be disclosed according to the requirements of the regulations of the Stock Exchange of Thailand.

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

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

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

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

The Board is of the view that the Bank's overall internal control system is adequate in the context of the nature and scale of the Bank's business, and that the financial statements of the Bank, including the consolidated financial statements of the Bank and its subsidiaries as of 31 December 2014, reflect the financial state of the Bank and its subsidiaries at the said date and its financial results for the year ending 31 December 2014.



(Mr. Anand Panyarachun)

Chairman of the Board



(Mrs. Kannikar Chalitaporn)

President

AUDIT COMMITTEE REPORT

The Audit Committee of Siam Commercial Bank PCL comprises four qualified independent members, who are as follows:

- | | | |
|--------------------------------------|-------------|---------------------------------|
| 1. Mr. Maris | Samaram | Chairman of the Audit Committee |
| 2. Assoc. Prof. Dr. Kulpatra Sirodom | | Member of the Audit Committee |
| 3. Mr. Ekamol | Kiriwat | Member of the Audit Committee |
| 4. Mr. Prasan | Chuaphanich | Member of the Audit Committee |

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

The Audit Committee performed its duties in accordance with the scope of responsibilities defined in the Audit Committee Charter approved by the Board of Directors. In 2014, the Audit Committee held 14 meetings with management and senior executives in charge of concerned units and internal auditors. Also, the Committee met with external auditors without management present. Summaries and recommendations from each Audit Committee meeting were presented to the Board of Directors to seek direction on issues as the Board saw fit.

Highlights were as follows:

- **Financial Statements**

The Audit Committee, jointly with the auditors and executives of the Finance Group, reviewed SCB's quarterly, half-year and annual financial statements, and the corresponding consolidated financial statements of SCB, to ensure that the preparation of the financial statements is accurate and complete in terms of material information and that they were prepared in accordance with Thai Financial Reporting Standards and related laws and regulations. Such review included consideration of the findings from audits, risks and risk management plans, internal controls related to the preparation of financial statements, and the adequacy of information disclosure in the financial statements. This is to ensure that the financial statements are accurate and complete and provide a clear view on the financial state-of-the-affairs of the Bank in 2014.

- **Internal Control and Audit**

The Audit Committee considered the results of internal control assessment by management, the Audit and Compliance Group, external auditors, the Bank of Thailand and other regulators overseeing the Bank and its subsidiaries. The aim of the Committee is to monitor corrective actions with respect to critical risk issues, and irregular incidents such as fraud and operational errors, to acknowledge the cause of these gaps or incidents, and to suggest guidelines or measures to prevent both recurrence and potential loss. The Audit Committee believed that the internal control was appropriate and adequate for the business operations of the Bank and its subsidiaries. This conclusion was in line with the external auditors' opinion.

In January 2015, the Bank was made aware of a complaint filed with the Royal Thai Police that funds had been embezzled from a customer's accounts with the Bank which involved a former branch manager of the Bank. The Bank is investigating this incident and will address any internal control deficiencies that may be discovered.

The Audit Committee considered the independence of internal audit, approved the Audit Division's audit plans, and provided recommendations for better and more effective operations. In 2014, the Audit Division has implemented technology to facilitate data analysis. Also, audit staff were encouraged to develop their knowledge and skills in order to undertake more effective and efficient reviews.

The Audit Committee was of the opinion that the first executive vice president and chief audit and compliance officer has appropriately and effectively supervised and monitored the operations of the Audit Division and the Compliance & Operational Control Division. An annual merit increase was considered based on her performance.

(See the profile of the first executive vice president and chief audit and compliance officer on page 225)

- **Regulatory Compliance**

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

In 2014, SCB reviewed and updated, on a regular basis, compliance policies, orders, regulations, and performance review plans, particularly to meet the laws, regulations and emerging international standards, including the Bank's own Anti-Corruption and Bribery Policy. An easy-to-understand communication is used to inform all employees on significant regulatory compliance issues as well as to improve the efficiency of the compliance related processes.

- **Risk Management**

The Audit Committee considered SCB and the SCB Group's risk management policy and held monthly meetings with senior executives of the Risk Management Group to acknowledge and monitor potential risk issues at home and abroad. This is to ensure that SCB and the SCB Group's risk management is effective, and that preventive guidelines and measures are in place to address potential risk situations and prevent them from impacting the Bank's operations.

- **External Auditor**

The Audit Committee considered the appointment of external auditors and proposed KPMG Phoomchai Audit Ltd. as the external auditor for SCB and its subsidiaries, based on the auditor's qualifications and independence in accordance with the Securities and Exchange Commission's requirements, as well as the quality of the audit in the past year. The Audit Committee considered the proposed audit fees, before proposing the auditor appointment and audit fees for the year 2014 for approval by the Board of Directors and by shareholders.

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

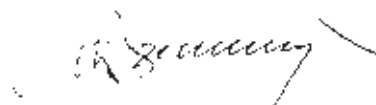
The Audit Committee is required to consider significant related-party transactions and those that might involve a conflict of interest in line with regulatory compliance norms, so that any such transactions can be proposed to the Board of Directors and/or shareholders. This is to ensure that such transactions are transparent and reasonable, and protect the interests of the Bank and its shareholders. In 2014 there were no significant related-party transactions or those that might involve conflicts of interest.

- **Others**

The Audit Committee Charter was reviewed and updated to be clearer and more comprehensive. In 2014, significant scope was added with respect to the review of plans and risk assessment on the implementation of the Anti-Corruption and Bribery Policy. Members of the Audit Committee undertook a self-assessment to enhance the efficiency of the Committee's performance.

The Audit Committee performed its duties as assigned by the Board of Directors. Its performance adhered to the principles of integrity, prudence, transparency, independence, and to serve for the ultimate benefit of the Bank.

The Audit Committee is of the opinion that the financial statements of SCB and its subsidiaries have been prepared accurately with adequate information disclosure, in accordance with Thai Financial Reporting Standards. The external auditor is independent and has performed all duties professionally. The SCB risk management system and internal controls are adequate and appropriate for its business operations. The Bank has strictly supervised and monitored its compliance with laws, regulations and rules related to business operations and monitored the prevailing environment and coped with potential risks that may arise. Given this performance, SCB is capable of sustaining its trustworthiness among its customers, shareholders, employees and community.



(Mr. Maris Samaram)

Chairman of the Audit Committee



AN INDIVIDUAL'S CHOICE

"I HAVE ALWAYS BEEN A LOYAL SCB CUSTOMER. WHY? BECAUSE I FEEL COMFORTABLE WITH THEM. THE STAFF ARE FRIENDLY, THE SERVICE IS FAST, AND THEY ALWAYS PROVIDE ME WITH THE INFORMATION I NEED. I THINK THIS DIFFERENTIATES SCB FROM THE OTHERS."

Thossapol Thiptinagorn
Scriptwriter for GTH movie studio

MANAGEMENT DISCUSSION AND ANALYSIS

For year ending December 31, 2014

IMPORTANT DISCLAIMER:

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

Siam Commercial Bank PCL reported (audited) consolidated **net profit** of Baht 53,335 million for 2014 - a 6.2% yoy increase of Baht 3,102 million from the Baht 50,233 million recorded in 2013. **The year-on-year** increase in net profit was mainly attributable to: substantially higher net interest income mainly from a significant decline in interest expenses as well as from loan growth and higher net fee income. This yoy increase was partly offset by lower dividend income (as two exceptional dividends were recorded in 1Q13 and 3Q13) and lower net trading and FX income.

Operating profit (excluding impairment loss and/or provisions on loans and debt securities, income tax and non-controlling interest) increased by 5.0% yoy to Baht 80,041 million from Baht 76,215 million in 2013 due to the substantial increase in net interest income as described above.

Total comprehensive income increased 15.0% yoy to Baht 56,942 million from Baht 49,517 million in 2013 mainly as a result of the higher net profit and gain on the revaluation of the available-for-sale investment portfolio for the period.

Following the higher net profit, earnings per share (EPS) rose 6.2% yoy to Baht 15.69 in 2014 from Baht 14.78 in 2013. However, return on average equity (ROAE) and return on average assets (ROAA) decreased from 21.8% and 2.1% in 2013 to 20.1% and 2.0%, respectively as the increase in average equity and average assets was proportionately higher than the increase in net profit.

Net Profit and Total Comprehensive Income

| | Unit: Baht million | | |
|--|--------------------|---------------|--------------|
| Net Profit and Total Comprehensive Income (Consolidated) | 2014 | 2013 | (% yoy) |
| Net interest income | 81,100 | 73,009 | 11.1% |
| Non-interest income ^{1/} | 47,030 | 50,523 | -6.9% |
| Non-interest expenses | 48,089 | 47,317 | 1.6% |
| Operating profit | 80,041 | 76,215 | 5.0% |
| Impairment loss on loans and debt securities | 13,214 | 13,641 | -3.1% |
| Income tax | 13,175 | 11,822 | 11.5% |
| Non-controlling interest | 317 | 519 | -38.9% |
| Net profit (attributable to shareholders of the Bank) | 53,335 | 50,233 | 6.2% |
| Other comprehensive income | 3,607 | (716) | NM |
| Total comprehensive income | 56,942 | 49,517 | 15.0% |
| EPS (Baht) | 15.69 | 14.78 | 6.2% |
| ROAE | 20.1% | 21.8% | |
| ROAA | 2.0% | 2.1% | |

NM denotes "not meaningful"

^{1/} Includes the gain on the disposal of the Bank's investment in its non-life subsidiary in 2Q14, a large exceptional dividend in both 1Q13 and 3Q13 on an equity investment in the Bank investment portfolio and a one-time gain on the redemption of the Vayupak Fund in 4Q13. Excluding these one-time items, the 2014 yoy% ratio would be -3.9% yoy (vs. -6.9%).

I. Income Statement for 2014 (Consolidated basis)

1. Net interest income

Net interest income rose 11.1% yoy to Baht 81,100 million in 2014 from Baht 73,009 million in 2013. The increase in interest income was mainly the result of the lower interest expenses on deposits consistent with the Bank's strategy to proactively reduce its cost of deposits relative to its peer group as well as the higher interest income from modest loan growth.

Unit: Baht million

| Net Interest Income and Yield (Consolidated) | 2014 | 2013 | (% yoy) |
|--|---------------|---------------|--------------|
| Interest income | 123,381 | 120,691 | 2.2% |
| - Loans | 95,357 | 91,753 | 3.9% |
| - Interbank and money markets | 4,380 | 5,028 | -12.9% |
| - Automobile and financial lease income | 10,489 | 10,668 | -1.7% |
| - Investments | 13,127 | 13,226 | -0.7% |
| - Other | 28 | 16 | 67.4% |
| Interest expenses | 42,281 | 47,682 | -11.3% |
| - Deposits | 29,171 | 33,943 | -14.1% |
| - Interbank and money markets | 1,605 | 1,839 | -12.8% |
| - Borrowings | 3,339 | 3,914 | -14.7% |
| - Contribution to the Deposit Protection Agency/FIDF | 8,165 | 7,980 | 2.3% |
| - Other | 1 | 6 | -78.6% |
| Net interest income | 81,100 | 73,009 | 11.1% |
| Net interest margin | 3.26% | 3.19% | 0.07% |
| Yield on earning assets | 4.95% | 5.27% | -0.32% |
| Yield on loans | 6.03% | 6.24% | -0.21% |
| Yield on interbank | 1.89% | 3.01% | -1.12% |
| Yield on investment | 2.61% | 2.75% | -0.14% |
| Cost of funds* | 2.02% | 2.45% | -0.43% |
| Cost of deposits** | 2.01% | 2.44% | -0.43% |
| Spread (yield on earning assets – cost of funds) | 2.93% | 2.82% | 0.11% |

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

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

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

Interest income in 2014 was reported at Baht 123,381 million, a 2.2% yoy increase of Baht 2,690 million from Baht 120,691 million in 2013. Major highlights were as follows:

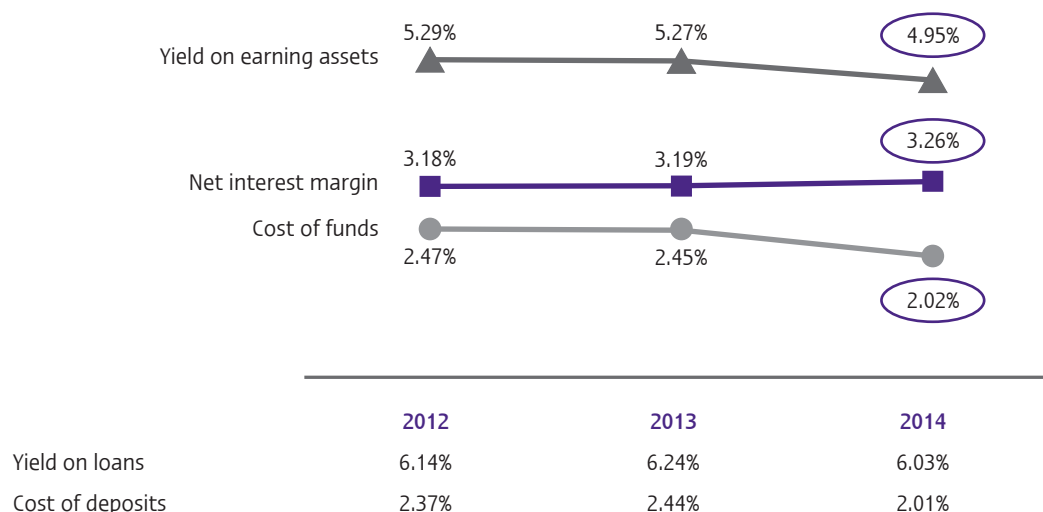
- **Interest income from loans** increased 3.9% yoy to Baht 95,357 million from loan growth of 2.4% yoy;
- **Automobile and financial lease** income fell 1.7% yoy to Baht 10,489 million following the 11.4% drop in the volume of automobile loans – in line with the contraction in demand for new automobiles and its disruptive impact on the used cars segment;
- **Interest income from interbank and money markets** decreased 12.9% yoy mainly due to the lower interbank rate in 2014 following the policy rate cuts in 2013 and 1Q14;
- **Interest income from investments** decreased slightly by 0.7% yoy to Baht 13,127 million, mainly from lower investment return following the policy rate cuts which was partly offset by an increase in the average investment volume.

At the same time, **interest expenses** decreased significantly by 11.3% yoy to Baht 42,281 million in 2014, mainly from the decline in deposit costs (-14.1% yoy) consistent with the Bank's strategy to proactively reduce cost of deposits relative to its peer group. Interest expenses from borrowing decreased 14.7% yoy mainly due to the decline in the volume of Bills of Exchange (B/E) and the early redemption of non-qualifying subordinated debt (under Basel III) of Baht 20 billion in May 2013 which was partly offset by the issuance of 5-year bonds under the Bank's Global Medium Term Notes (GMTN) program of USD 750 million in 2Q14. The cost of deposits fell as maturing high cost deposits (mostly acquired through higher return campaigns) were offered a significantly lower interest rate with an option to migrate to better yielding alternate investments offered by the Bank's asset management subsidiary. Broadly, these changes were in line with the interest rate trend in the market given both the accommodative monetary policy and lackluster loan demand across the sector.

| SCB Interest Rates | Jan 28, 14 | Mar 13, 14 | Mar 19, 14 | May 16, 14 | Jun 6, 14 | Jun 26, 14 | Aug 5, 14 | Sep 30, 14 | Dec 12, 14 |
|--------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Lending rate (%) | | | | | | | | | |
| MLR | 6.875 | 6.75 | 6.75 | 6.75 | 6.75 | 6.75 | 6.75 | 6.75 | 6.75 |
| MOR | 7.425 | 7.425 | 7.425 | 7.425 | 7.425 | 7.425 | 7.425 | 7.425 | 7.425 |
| MRR | 8.10 | 7.975 | 8.10 | 8.10 | 8.10 | 8.10 | 8.10 | 8.10 | 8.10 |
| Deposit rate* (%) | | | | | | | | | |
| Savings rate | 0.625 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 |
| 3-month deposits | 1.40-1.65 | 1.15-1.25 | 1.10-1.15 | 1.10-2.15 | 1.10-2.35 | 1.10-2.45 | 1.10-2.45 | 1.10-2.45 | 1.10-2.45 |
| 6-month deposits | 1.70-1.85 | 1.40-1.60 | 1.35-1.40 | 1.35-2.05 | 1.35-1.40 | 1.35-2.50 | 1.35-2.60 | 1.35-1.75 | 1.35-1.40 |
| 12-month deposits | 2.10-2.15 | 1.80-1.85 | 1.70 | 1.70 | 1.70 | 1.70 | 1.70-2.80 | 1.70 | 1.70 |
| | Jun 1, 11 | Jul 13, 11 | Aug 24, 11 | Nov 30, 11 | Jan 25, 12 | Oct 17, 12 | May 29, 13 | Nov 27, 13 | Mar 12, 14 |
| Policy rate (%) | 3.00 | 3.25 | 3.50 | 3.25 | 3.00 | 2.75 | 2.50 | 2.25 | 2.00 |

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

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



The net interest margin (NIM) for 2014 of 3.26% was 7 bps higher than the 3.19% recorded in 2013. This NIM was at the higher end of the Bank's full year revised target range of 3.1-3.3% for 2014. The improvement in NIM was a result of the lower cost of deposits in line with the Bank's strategy to proactively reduce cost of deposits.

2. Non-interest income

Non-interest income decreased 6.9% yoy to Baht 47,030 million in 2014, which was the result of lower dividend income (mainly from two exceptional dividends recorded in 1Q13 and 3Q13), lower net trading and FX income and lower net insurance premium. However, net fee income has continued to grow. Additional details of non-interest income yoy were as follows:

- **Net fee and insurance premium income** (net of claims) increased 2.3% yoy driven by higher net fee income (7.5% yoy) from bancassurance fees (non-life premiums were booked under net insurance premium prior to 2Q14 before the Bank sold its equity interest in this subsidiary), mutual fund fees and card-related fees. However, net insurance premium dropped 10.2% yoy due to the sale of the non-life subsidiary in 2Q14 and the significantly lower premium from credit life products following lackluster new loans growth;
- **Net trading and FX income** decreased 19.6% yoy, mainly due to the lower customer transaction flow and volatility in the financial markets and thus lower gains from large transactions compared to a year earlier;
- **Dividend income** decreased significantly by 68.7% yoy mainly as a result of a substantial and exceptional dividend from an investment in the Bank's equity portfolio in both 1Q13 and 3Q13 and the regular dividend income from the Vayupak Fund (which was redeemed in November 2013) recorded in 2013. Excluding the exceptional dividends, this income would have decreased by 13.9% yoy; and
- **Gain on investments** increased 12.6% yoy largely due to the substantial gain from sale of the Bank's equity holding in its non-life insurance subsidiary recorded in 2Q14 which was partly offset by a one-time gain on the redemption of the Vayupak Fund recorded in 4Q13.

Unit: Baht million

| Non-Interest Income (Consolidated) | 2014 | 2013 | (% yoy) |
|--|---------------|---------------|--------------|
| <i>Fee and service income</i> | 31,525 | 29,574 | 6.6% |
| <i>Less fee and service expenses</i> | 5,216 | 5,098 | 2.3% |
| Net fee and service income | 26,309 | 24,476 | 7.5% |
| <i>Net earned insurance premiums</i> | 49,188 | 49,061 | 0.3% |
| <i>Less net insurance claims</i> | 40,033 | 38,872 | 3.0% |
| Net insurance premiums | 9,155 | 10,189 | -10.2% |
| Net fee and insurance premium | 35,464 | 34,665 | 2.3% |
| Net trading and FX income | 7,304 | 9,079 | -19.6% |
| Share of profit of associates | (79) | (7) | NM |
| Dividend income ^{1/} | 1,182 | 3,782 | -68.7% |
| Other income | 596 | 727 | -18.0% |
| Non-interest income excluding gain on investments | 44,467 | 48,246 | -7.8% |
| Gain on investments ^{2/} | 2,563 | 2,277 | 12.6% |
| Total non-interest income^{3/} | 47,030 | 50,523 | -6.9% |

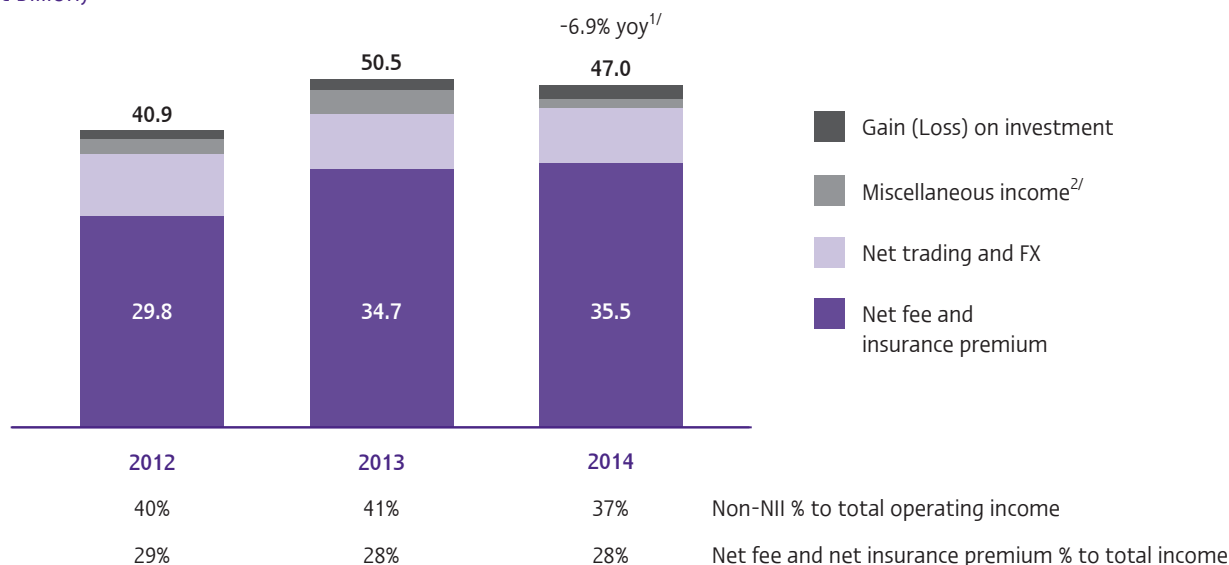
NM denotes "not meaningful"

^{1/} Includes exceptional dividend income booked in 1Q13 and 3Q13. Stripping out these dividends, the 2014 change would stand at -13.9% yoy (vs. -68.7%).

^{2/} Includes the gain on the disposal of the Bank's investment in its non-life subsidiary in 2Q14 and gain on the redemption of the Vayupak Fund in 4Q13. Stripping out these gains, the 2014 change would stand at -36.8% yoy (vs. 12.6%).

^{3/} Excluding the exceptional items in note 1 & 2 above, the change in non-interest income for 2014 would stand at -3.9% yoy (vs. -6.9%).

Non-Interest Income (Baht billion)

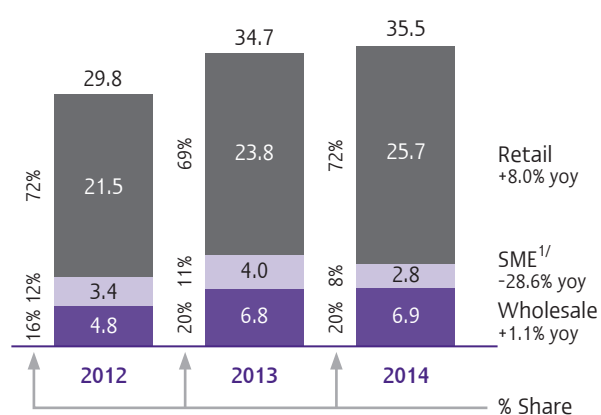


^{1/} Excluding the exceptional dividend and gain on the redemption of the Vayupak Fund in 2013 and investment gain from the sale of the Bank's non-life insurance stake in 2014, the 2014 yoy change would stand at -3.9%.

^{2/} Miscellaneous income includes income from the equity interest in affiliated companies, dividends, and other income. This includes two exceptional dividends booked in 1Q13 and 3Q13 aggregating Baht 2.4 billion.

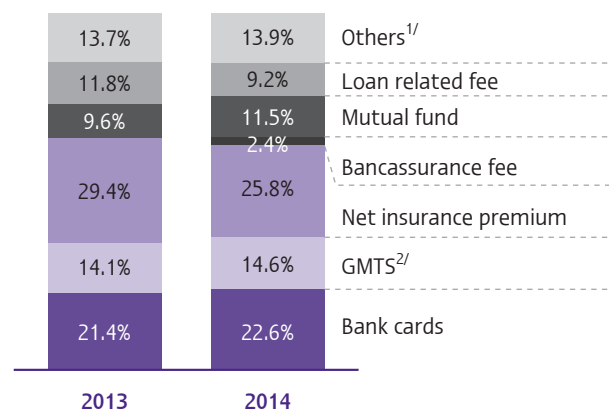
In 2014, **non-interest income** accounted for 37% of total income, while net fee and net insurance premium income made up 28% of total income. The retail segment contributed about 72% of total net fee and insurance premium income in 2014 up from 69% in 2013 while the net fee and insurance premium income from wholesale segment was relatively flat at 20% in 2014. The contribution from SME segment fell from 11% in 2013 to 8% in 2014 mainly due to the sharp drop in loan-related fees in this segment. The Bank maintains its strategy to increase the aggregate fee income contribution from both the wholesale and SME segments through a sharper focus on fee-based activities in these two business segments and, as a result, over the medium term, increase the proportion of fee-based income for the Bank as a whole.

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



^{1/} Mainly from the reduction of loan related fee given lackluster loan growth during the year.

Net Fee and Insurance Premium Breakdown (Percentage)



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

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

3. Non-interest expenses

Non-interest expenses increased slightly by 1.6% yoy to Baht 48,089 million in 2014 from Baht 47,317 million in 2013. The small increase in operating expenses was the direct result of the Bank's strategic thrust of containing the growth of discretionary expenditure through, among others, better resource deployment and process optimization. Additional details of non-interest expenses yoy were as follows:

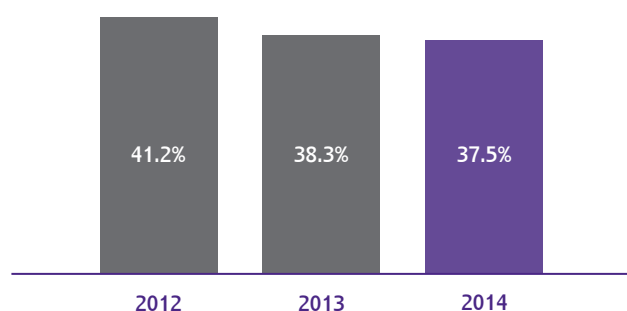
- **Staff costs** increased 2.6% yoy as a result of annual salary adjustments, these increases were offset by the strong drive to contain the growth of discretionary expenses in this category and the better deployment of staff;
- **Premises and equipment expenses** increased 2.2% yoy due to the continued investments in network expansion and on-going systems enhancement initiatives;
- **Taxes and duties** increased 5.3% yoy as the higher interest income from loans resulted in a corresponding increase in special business tax;
- **Other expenses:** This is explained as follows:
 - **Loss on sale of NPAs** increased by 42.2% yoy to Baht 1,712 million in 2014 from Baht 1,204 million in 2013. The higher loss was driven by both the higher number of cars repossessed and the higher loss per car;
 - **Other expenses** decreased 6.5% yoy mainly due to the Bank's strategy to contain the growth of operating expenses through more stringent control of discretionary expenses.

| Unit: Baht million | | | |
|---|--------------|--------------|---------|
| Non-Interest Expenses (Consolidated) | 2014 | 2013 | (% yoy) |
| Staff costs | 21,954 | 21,391 | 2.6% |
| Premises and equipment expenses | 9,766 | 9,555 | 2.2% |
| Tax and duties | 4,241 | 4,026 | 5.3% |
| Director remuneration | 94 | 98 | -4.1% |
| Other expenses | 12,034 | 12,247 | -1.7% |
| - Loss on sale of NPAs* | 1,712 | 1,204 | 42.1% |
| - Others | 10,322 | 11,043 | -6.5% |
| Total non-interest expenses** | 48,089 | 47,317 | 1.6% |
| Cost to income ratio | 37.5% | 38.3% | |

* Including loss on the sale of repossessed cars amounted to Baht 2,154 million in 2014 and Baht 1,589 million in 2013.

** Excluding loss on sale of NPAs, non-interest expenses growth in 2014 would be 0.6% yoy.

Cost-to-Income Ratio (Percentage)



In 2014, the cost-to-income ratio was 37.5%, an improvement from the 38.3% level in 2013. The yoy improvement of cost-to-income ratio was a result of the positive jaw: total income grew at 3.7% in 2014 compared with the 1.6% growth in operating expenses. Also, this ratio was better than the 2014 full year revised target of 38-40% announced in early 2014.

While the Bank's strategy in 2014 was to decelerate the growth rate of operating expenses through more stringent oversight of discretionary expenses, this reduction was not at the cost of its strategic outlays required for future business expansion. The Bank's capital expenditure continues to be effectively managed and reflects the ongoing investment in network expansion and the strategic systems enhancement initiatives required in the rapidly changing competitive landscape. The outlay on these investments is unlikely to have a significant impact on the cost-to-income ratio level in the near term.

4. Loan loss provisions

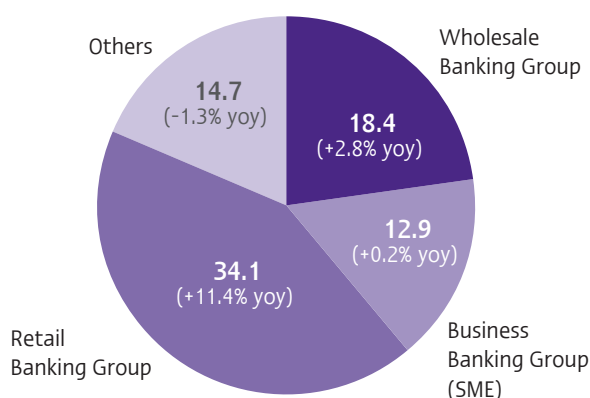
The Bank's provisioning guidance for 2014 was to set aside annualized loan loss provisions of approximately 80-85bps of total loans outstanding on a bank-only basis. These annualized credit costs incorporate a reasonable quantum of prudential provisions given the relatively bleak economic landscape for 2014 at the start of the year. However, toward the second-half of 2014, business and consumer sentiment started to improve and this recovery tempered the anticipated provisioning level. On a bank only basis, the Bank has set aside Baht 13,239 million of impairment loss provision for 2014. On a consolidated basis, the provision was Baht 13,214 million in 2014 or 75 bps of total loans, which was lower than provisions on a bank-only basis, mainly due to a clawback of provisions at the Bank's subsidiaries.

The Bank's total allowance for doubtful accounts at the end of December 2014 stood at Baht 59,014 million, a decrease from Baht 60,317 million at the end of December 2013. Total NPLs increased 6.9% yoy to Baht 42,743 million at the end of December 2014. The ratio of NPL-to-loans stood at 2.11% at the end of December 2014, down from 2.14% at the end of December 2013, while the coverage level for NPLs excluding any collateral consideration has decreased to 138.1% at the end of December 2014, from 150.8% at the end of December 2013.

5. Segments analysis

The Bank has four business segments: Wholesale Banking Group (WBG) which serves corporate and commercial customers; the Business Banking Group (BBG) which serves SME customers; the Retail Banking Group (RBG) which serves individuals and small business; and the Special Business Group (SBG) which is responsible for all NPL resolution. In addition, the Bank has four major subsidiaries: SCB Securities Co., Ltd.; SCB Asset Management Co., Ltd.; The Siam Commercial Samaggi Insurance PCL^{1/}; and SCB Life Assurance PCL. The results of the four subsidiaries together with the income from the Banks' investments, interbank and money market are presented under the "Others." Although the fee income earned by subsidiaries is reflected under "Others," this income is allocated back to the appropriate business segment (WBG, BBG or RBG) and disclosed earlier under the Non-interest income section.

2014 Operating profit by segments (Baht billion)



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

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

In 2014, 43% of the Bank's operating profit was contributed by Retail Banking Group followed by Wholesale Banking Group (23%), Business Banking Group (16%) and "Others" (18%). Key explanations are as follows:

- Operating profit from Retail Banking Group increased by 11.4% yoy to Baht 34.1 billion as a result of higher interest income from the significant decline in interest expenses coupled with loan growth (2.8% yoy), especially housing loans of 9.3% yoy, as well as higher fee from the card-related business.
- Operating profit from Wholesale Banking Group stood at Baht 18.4 billion, an increase of 2.8% yoy mainly from higher interest income from the significant decline in interest expenses coupled with loan growth of 4.6% yoy which was partly offset by lower net trading and FX income from large corporates.
- Operating profit from Business Banking Group was relatively flat yoy at Baht 12.9 billion despite the higher interest income from the significant reduction of interest expenses as this increase was offset by the decline in loan growth (-2.4% yoy) and lower fee income from the sharply lower level of loan-related fees given stagnant loan growth during the period.
- Operating profit from "Others" decreased 1.3% to Baht 14.7 billion due to the lower dividend income (as two exceptional dividends were recorded in 2013) and a large one-time gain on the redemption of the Vayupak Fund was recorded in 4Q13. This reduction was partly offset by the substantial gain from sale of the Bank's equity holding in its non-life insurance subsidiary in 2Q14 as well as the higher interest income from investments held by the Bank's subsidiary (SCB Life Assurance).

^{1/} Note: On April 28, 2014, the Siam Commercial Bank PCL. sold all of its shareholding of 135,660,824 shares in the Siam Commercial Samaggi Insurance PCL. "SCSMG", representing 60.86% of the total number of SCSMG's issued shares, at Baht 27.60 per share, with a total value of Baht 3,744 million in accordance with the resolution of the Annual General Meeting of Shareholders No. 191 dated April 3, 2014. As a result, the financial results of SCSMG are no longer consolidated with effect from 2Q14.

II. Balance Sheet as of December 31, 2014 (Consolidated basis)

As of December 31, 2014, the Bank's total assets stood at Baht 2,700 billion, an increase of Baht 166 billion (+6.5%) yoy from Baht 2,534 billion at the end of December 2013. This increase was mainly the outcome of business growth over this period. Details of the consolidated balance sheet are provided below:

1. Loans

As at December 31, 2014, total outstanding loans stood at Baht 1,777 billion, an increase of Baht 42 billion (+2.4% yoy) from Baht 1,735 billion at the end of December 2013. On a yoy basis, loan growth was mainly from the housing loan and wholesale segments.

The loan growth of 2.4% yoy in 2014 was below the Bank's revised full year target of 5-7% due to the lackluster loan demand on a sector-wide basis, mirroring the sharply lower economic growth over the year. Given an improving economic outlook for 2015, the Bank's target loan growth is set at 5-7% for 2015, broadly in line with the expected industry loan growth.

1.1 Loans by segment

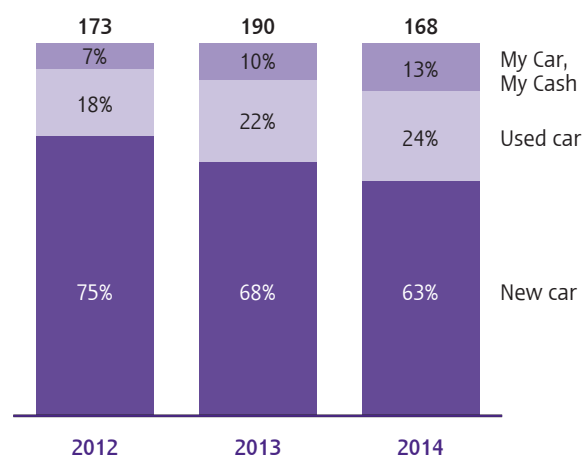
Unit: Baht million

| Loans by Segment (Consolidated) | Dec 31, 14 | Dec 31, 13 | (% yoy) |
|---------------------------------|------------------|------------------|-------------|
| Wholesale * | 658,185 | 629,525 | 4.6% |
| SME* | 340,547 | 348,908 | -2.4% |
| Retail | 778,403 | 756,848 | 2.8% |
| - Housing loans** | 530,354 | 485,097 | 9.3% |
| - Automobile | 168,175 | 189,794 | -11.4% |
| - Other loans | 79,874 | 81,957 | -2.5% |
| Total loans | 1,777,135 | 1,735,281 | 2.4% |

* Some of the SME customers have increased their annual sales turnover beyond the SME category, thus their loans were reclassified as Wholesale loans. The comparative figures for Dec 31, 2013 have been restated accordingly.

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

Auto Loans Mix (Baht billion)



Details of the loan growth by customer segment was as follows:

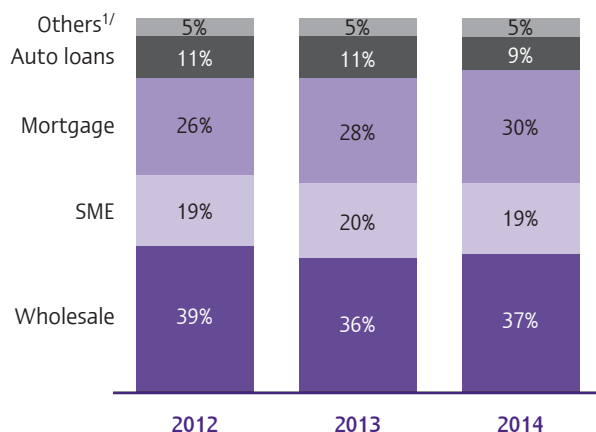
- **Wholesale** loans increased by 4.6% yoy. Most of yoy loan growth was booked in the last quarter of the year (further skewed toward the end of the quarter) as a result of seasonal loan demand;
- **SME** loans decreased 2.4% yoy. The yoy decline was a result of the sharp slowdown in GDP growth, the negative business sentiment for much of the year, as well as the more stringent underwriting criteria adopted for selected segments of SME customers given the adverse economic climate in 2014;
- **Retail** loans grew 2.8% yoy:
 - **Housing loans** grew by 9.3% yoy. The yoy growth was driven by SCB's strong presence in the housing loan market and the increasingly effective customer segmentation approach adopted by the Bank.
 - **Automobile loans** fell 11.4% yoy as the sale of new cars in Thailand dropped sharply after the incentive scheme for first-time new car buyers ended in 4Q12 and the remaining deliveries of new cars under the scheme were completed by 2Q13. This already negative situation was aggravated by the cooling of consumer sentiment during the period of political turmoil from November 2013 through to end May 2014. The negative yoy growth in auto loans was in line with the general drop in the market for new car sales and the more stringent underwriting criteria in use by the Bank in certain segments of used car market.

The Bank has, however, focused on growing automobile loans by increasing the portion of the "My Car, My Cash" loan segment which has a higher yield than new cars and is less risky than the used car segment. ("My Car, My Cash" is a personal loan product, structured as a hire-purchase contract, using the borrower's automobile as the underlying collateral).

- **Other loans** (largely personal and credit card loans) decreased 2.5% yoy. The yoy decrease was mainly due to the same depressed economic environment referred to above.

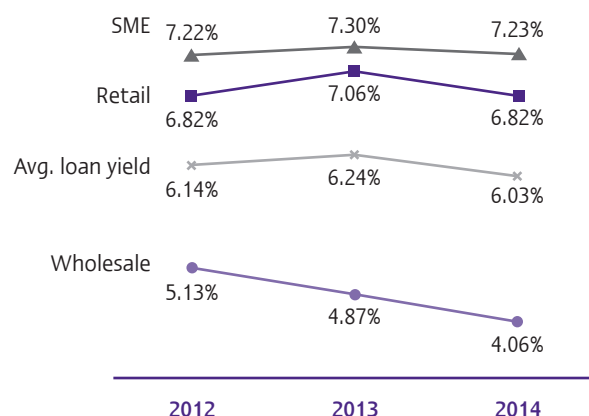
As a result of the stronger growth in the wholesale segment, the proportion of wholesale loans increased to 37% in 2014 compared with 36% in 2013, while the proportion in retail remained stable at 44%. In 2014, the average loan yield fell to 6.03%, from 6.24% in 2013, partly due to three rounds of policy interest rate cut (in May 2013, November 2013, and March 2014) and partly due to the Bank's strategy to shift away from higher yield / higher risk products. Also, the average loan yield was pressured by the booking of large-sized loans toward the end of 4Q14, thus distorting the average loan yield downward (particularly, in the wholesale segment).

Loan Breakdown (Percentage)



^{1/} Others includes mainly credit cards and unsecured consumer loans

Yield on Loans by Segment (Percentage)



Yield on Selected Retail Products (%)

| | 2012 | 2013 | 2014 |
|------------|-------|-------|-------|
| Mortgage | 6.04% | 6.19% | 5.95% |
| Auto Loans | 5.65% | 5.94% | 5.95% |

1.2 Loans by sector/product

Unit: Baht million

| Loans by Sector (Consolidated) | Dec 31, 14 | Dec 31, 13 | (% yoy) |
|--------------------------------|------------------|------------------|-------------|
| Agricultural and mining | 18,284 | 20,137 | -9.2% |
| Manufacturing and commercial | 621,314 | 604,367 | 2.8% |
| Real estate and construction | 125,249 | 126,027 | -0.6% |
| Utilities and services | 221,131 | 220,654 | 0.2% |
| Housing loans* | 463,059 | 425,065 | 8.9% |
| Other loans | 328,098 | 339,031 | -3.2% |
| Total loans | 1,777,135 | 1,735,281 | 2.4% |

* Classified by sector/product (excludes retail loans where customers use their home as collateral. These loans are classified under "Other loans" in accordance with regulatory guidelines). Elsewhere in this report, all housing loans are aggregated under mortgage loans and the balance of these loans at the end of December 31, 2014, and December 31, 2013, was Baht 530 billion, and Baht 485 billion, respectively.

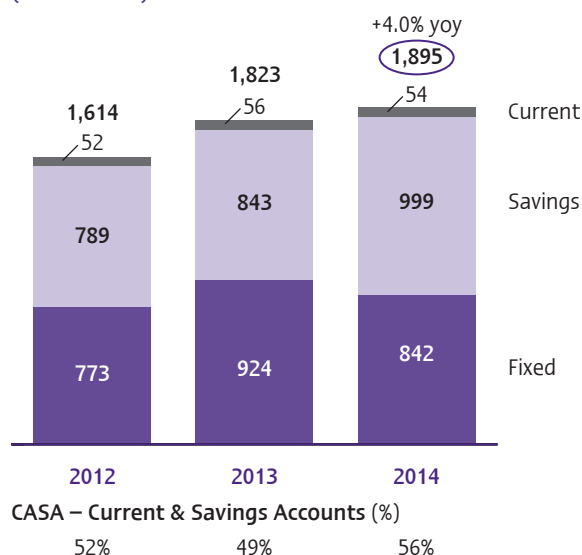
On a sectorial/product basis, loans to the manufacturing and commercial sectors continued to account for the largest portion of the loan portfolio followed by housing loans. In terms of absolute growth from end-4Q13, the housing loans sector grew by Baht 38 billion (+8.9%) and manufacturing and commercial sectors grew by Baht 17 billion (+2.8%). However, the 'other loans' sector declined Baht 11 billion (3.2%) largely from the sharp decrease in auto loans.

2. Deposits

Unit: Baht million

| Deposits (Consolidated) | Dec 31, 14 | Dec 31, 13 | (% yoy) |
|---------------------------------|------------------|------------------|-------------|
| Demand | 53,853 | 55,627 | -3.2% |
| Savings | 999,410 | 842,959 | 18.6% |
| Fixed | 842,080 | 924,325 | -8.9% |
| - Less than 6 months | 139,313 | 204,192 | -31.8% |
| - 6 months to 1 year | 269,061 | 293,528 | -8.3% |
| - Over 1 year | 433,706 | 426,605 | 1.7% |
| Total deposits | 1,895,343 | 1,822,911 | 4.0% |
| Bills of exchange (B/E) | - | 5,222 | -100.0% |
| Total deposits + B/E | 1,895,343 | 1,828,133 | 3.7% |
| Gross loans to deposits ratio | 93.8% | 95.2% | |
| Gross loans to deposits and B/E | 93.8% | 94.9% | |

Deposits (Baht billion)



As at December 31, 2014, total **deposits** stood at Baht 1,895 billion, up 4.0% yoy from Baht 1,823 billion at the end of December 2013. The yoy growth in deposits was the result of multiple deposit campaigns and the shift of maturing bills of exchange (B/E) to deposit products. As at December 31, 2014, deposits including B/E grew 3.7% yoy to Baht 1,895 billion.

Bills of exchange (B/E), akin to uninsured deposits, were offered by the Bank through to end-2011 to attract a growing volume of both corporate and high net worth customers' short-term deposits. Following the new regulatory requirements effective from January 2012, banks were required to pay FIDF fees on B/E and, essentially, this new levy negated the value proposition of B/E. As a result, the Bank sharply curtailed the growth and/or renewal of B/E, resulting in a zero balance by 3Q14. Many of the maturing B/E have been channeled to the Bank's fixed term deposit products upon maturity and/or its asset management products.

As a result of the Bank's strategy to reduce its cost of deposits relative to its market competitors by increasing the proportion of lower-cost deposits, savings deposits increased significantly by 18.6% yoy, which offset the contraction in fixed deposits by 8.9%. Consequently, the proportion of low cost deposit (CASA) rose to 56% in 2014 from 49% in 2013.

As deposit growth yoy was higher than loan growth yoy, the loan-to-deposit ratio on a consolidated basis decreased to 93.8% as at December 31, 2014, from 95.2% in 2013. The 'loan-to-deposit and B/E' ratio of 93.8% also decreased from 94.9% at end of December 2013, which is slightly below the Bank's target loan-to-deposit (including B/E) ratio range of 94-96%.

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

The regulations of Bank of Thailand on liquid assets, with which the Bank is in compliance, require commercial banks to maintain liquid assets equal to at least 6% of total deposits. The Bank currently maintains a daily liquidity ratio of 20% or higher – measured as total liquid assets (at a bank-only level) to total deposits and B/E. If the ratio falls below 20%, immediate corrective action is considered. As at December 31, 2014, the liquidity ratio, on a bank-only basis, stood at 28.55% and thus the Bank feels assured that it has adequate liquidity to face unexpected shocks and challenges. The Bank's stock of non-cash liquid assets, at a bank-only level, consists almost entirely of Thai government bonds.

3. Investments

At the end of December 2014, the Bank's total net investments on a consolidated basis were relatively flat yoy at Baht 503 billion. Of this amount, 89% were investments in government and state-enterprise securities. The holding of government securities was the result of the Bank's aim to maintain, at a bank-only level, a liquidity ratio (liquid assets/deposits+B/E) of not less than 20%. Other than the Bank's investments, SCB Life Assurance Company held investments of Baht 153 billion, as at December 31, 2014, an increase of 26.4% yoy. A majority of these investments are also in Thai government bonds and are generally acquired to match, to the extent possible, the maturity profile of its insurance product-related liabilities.

At a bank-only level, the total net investments stood at Baht 362 billion, a decrease of 8.5% yoy. These investments are mainly in Thai government bonds and held primarily to provide the Bank with adequate liquidity.

Unit: Baht million

| Investment (Consolidated) | Dec 31, 14 | Dec 31, 13 | (% yoy) |
|--|----------------|----------------|--------------|
| Net investment | 502,111 | 504,188 | -0.4% |
| - Trading securities | 27,673 | 46,215 | -40.1% |
| - Available-for-sale securities | 341,695 | 344,727 | -0.9% |
| - Held-to-maturity securities | 132,467 | 112,959 | 17.3% |
| - General investments | 276 | 287 | -3.8% |
| Net investment in associated companies | 697 | 685 | 1.8% |
| Total net investments | 502,808 | 504,873 | -0.4% |

Unit: Baht million

| Investment (Bank only) | Dec 31, 14 | Dec 31, 13 | (% yoy) |
|---|----------------|----------------|--------------|
| Net investment | 340,090 | 368,168 | -7.6% |
| - Trading securities | 27,274 | 45,988 | -40.7% |
| - Available-for-sale securities | 297,472 | 304,233 | -2.2% |
| - Held-to-maturity securities | 15,075 | 17,669 | -14.7% |
| - General investments | 269 | 278 | -3.2% |
| Net investment in subsidiaries and associated companies | 22,129 | 27,884 | -20.6% |
| Total net investments | 362,219 | 396,052 | -8.5% |

4. Debt securities in issue and borrowings

Debt securities in issue and borrowings increased by 19.9% yoy to Baht 114 billion at the end of December 2014. This was largely from the issuance of Global Medium Term Notes (GMTN) of USD 750 million in 2Q14, which was partly offset by the decline in the volume of Bills of Exchange (B/E). Although B/E were not rolled over, many of the holders of these instruments were successfully persuaded to migrate to deposit or asset management products offered by the Bank.

Unit: Baht million

| Debt Securities in Issue and Borrowings (Consolidated) | Dec 31, 14 | Dec 31, 13 | (% yoy) |
|--|----------------|---------------|--------------|
| Short-term debt securities in issue and borrowings | 110 | 5,269 | -97.9% |
| Long-term debt securities in issue and borrowings | 113,807 | 89,743 | 26.8% |
| Total debt securities in issue and borrowings | 113,917 | 95,012 | 19.9% |

5. Net goodwill and other intangible assets

Net goodwill and other intangible assets remain relatively unchanged yoy at Baht 11 billion at end December 2014.

6. Shareholders' equity

As at December 31, 2014, shareholders' equity stood at Baht 285 billion, a 15.9% yoy increase of Baht 39 billion from Baht 246 billion at the end of December 2013, mainly from appropriations of net profit over the year. The net profit appropriated to the retained earnings was reduced by the dividend payment of Baht 12.7 billion (Baht 3.75 per share) in accordance with the resolution of the Annual General Meeting of Shareholders in April 2014 and an interim dividend payment of Baht 5.1 billion (Baht 1.50 per share) in accordance with the resolution of the Board of Directors meeting in August 2014.

The book value per share as at December 31, 2014 was Baht 83.94 (3,399 million ordinary and preferred shares at the end of December 2014), up 15.9% from Baht 72.45 at the end of December 2013.

III. Off Balance Sheet: Contingent Liabilities

As at December 31, 2014, the Bank and its subsidiaries had combined contingencies of Baht 363 billion, up by Baht 9 billion (2.5% yoy) from Baht 354 billion at the end of December 2013. The yoy increase in contingencies was mainly from letters of credit and other guarantees as indicated in the table below.

Unit: Baht million

| Contingent Liabilities (Consolidated) | Dec 31, 14 | Dec 31, 13 | (% yoy) |
|--|----------------|----------------|-------------|
| Aval to bills | 3,434 | 4,297 | -20.1% |
| Guarantees of loans | 220 | 214 | 2.9% |
| Liability under unmatured import bills | 6,792 | 7,434 | -8.6% |
| Letters of credit | 35,346 | 26,898 | 31.4% |
| Other contingencies | | | |
| Receivables/payables from investments | 10,070 | 11,400 | -11.7% |
| Other guarantees | 178,776 | 173,787 | 2.9% |
| Amount of unused bank overdraft | 127,028 | 129,813 | -2.1% |
| Others | 899 | 39 | 2,205.1% |
| Total contingent liabilities | 362,565 | 353,882 | 2.5% |

IV. Statutory Capital

The Bank has adopted Basel III on a consolidated basis since January 1, 2013. The impact from adopting Basel III was positive to the Bank's Common Equity Tier 1 (CET1) as under the new regulations the Bank was exempted from capital deductions for qualifying 'investment outside scope' of up to 10% of CET1 (in Basel II there was no such exemption). Furthermore, certain elements within Other Comprehensive Income (OCI) such as revaluation gains on selected investments and properties have been reclassified from Tier 2 under Basel II to CET1 and will be deemed as regulatory capital in accordance with Basel III regulations. (The current minimum regulatory capital requirement under Basel III requires a CET1 ratio of not less than 4.5%, total Tier 1 ratio of not less than 6%, and total capital ratio of not less than 8.5%).

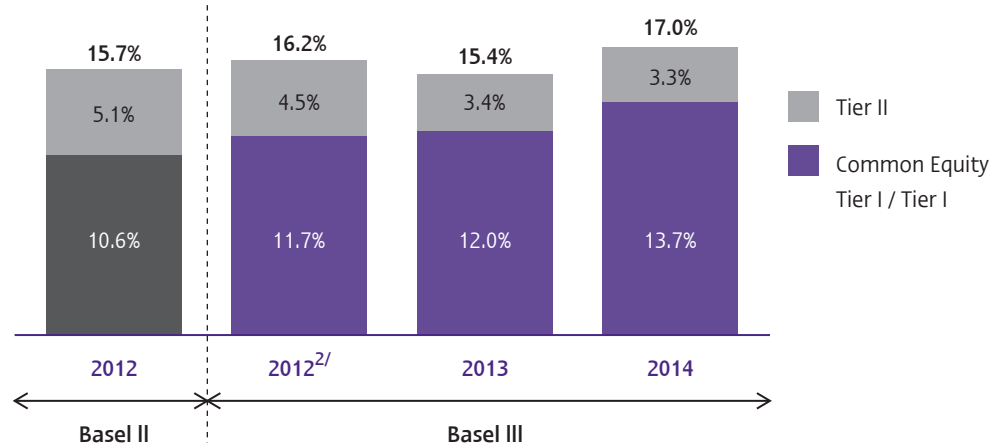
On a consolidated basis under Basel III, total capital funds (Tier 1 and Tier 2) at end-4Q14 stood at 17% of total risk-weighted assets, comprising CET1 capital of 13.7% and Tier-2 capital of 3.3%. On a bank-only basis, total capital funds stood at 16.9% of total risk-weighted assets, of which CET1 was 13.6% and Tier-2 capital was 3.3%. Appropriation of net profit for 2H14 is not included in this computation as per the BOT regulations. If the 2H14 profit were to be included, the total capital ratio and CET1 capital ratio under Basel III on a consolidated basis would be 18.2% and 14.9% respectively and for the Bank-only would be 18.1% and 14.8% respectively. (The Bank's Tier 1 capital comprises, substantially, of tangible equity only).

The Bank believes this strong capital position, together with its sound loan loss reserve coverage are sufficient to withstand the impact of potential shocks which may arise if Thai economic growth is hampered by unexpected events. This solid capital position also provides the Bank with flexibility to grow its business in a timely manner as and when more growth opportunities arise in the future. The Bank expects to maintain its aggregate capital adequacy ratio well in excess of the regulatory minimum throughout 2015.

| Statutory Capital (Consolidated) | | Dec 31, 14 (Basel III) | Dec 31, 13 (Basel III) |
|----------------------------------|-------------|---------------------------|---------------------------|
| Common Equity Tier-1 / Tier1* | Bt, million | 243,919 | 208,719 |
| | % of RWA | 13.7% | 12.0% |
| Tier-2 capital | Bt, million | 57,835 | 59,135 |
| | % of RWA | 3.3% | 3.4% |
| Total capital | Bt, million | 301,754 | 267,854 |
| | % of RWA | 17.0% | 15.4% |
| Risk-weighted assets | Bt, million | 1,776,687 | 1,738,165 |
| Statutory Capital (Bank Only) | | Dec 31, 14 (Basel III) | Dec 31, 13 (Basel III) |
| Common Equity Tier-1 / Tier1* | Bt, million | 236,613 | 203,369 |
| | % of RWA | 13.6% | 11.9% |
| Tier-2 capital | Bt, million | 57,835 | 58,955 |
| | % of RWA | 3.3% | 3.4% |
| Total capital | Bt, million | 294,448 | 262,324 |
| | % of RWA | 16.9% | 15.3% |
| Risk-weighted assets | Bt, million | 1,742,345 | 1,717,592 |

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

Capital Adequacy Ratio (Consolidated)^{1/}



Bank-only

| | | | | |
|-------------|-------|-------|-------|-------|
| CAR | 16.5% | 16.1% | 15.3% | 16.9% |
| CET1/Tier I | 10.9% | 11.5% | 11.9% | 13.6% |

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

^{2/} The 2012 CAR ratio under Basel III is provided for comparison purpose only as the Bank was using Basel II in 2012.

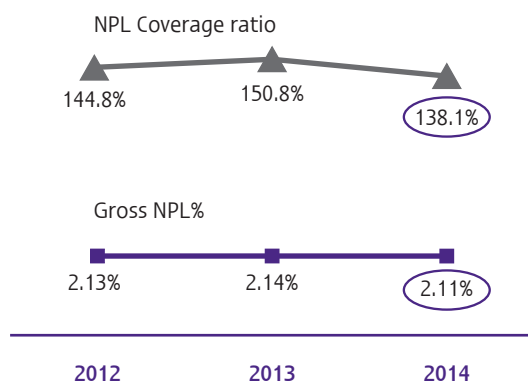
V. Non Performing Assets

Gross NPLs on a consolidated basis decreased to 2.11% of total loans (Baht 42.7 billion) at the end of December 2014, compared to 2.14% of total loans (Baht 40.0 billion) at the end of December 2013. The SME segment faced the most stress yoy, while the NPL level in 2014 was lower yoy in the wholesale segment. Net NPLs rose to 1.09% (Baht 21.8 billion) at the end of December 2014 from 1.06% (Baht 19.5 billion) at the end of December 2013.

| Non-Performing Loans and Allowance (Consolidated) | | Dec 31, 14 | Dec 31, 13 |
|---|------------------|------------|------------|
| Non-performing loans (gross NPLs) | % of total loans | 2.11% | 2.14% |
| | Bt, million | 42,743 | 39,992 |
| Allowance for doubtful accounts* | Bt, million | 59,014 | 59,942 |
| Allowance for revaluation of debt restructuring | Bt, million | - | 374 |
| Total allowance for doubtful accounts and revaluation of debt restructuring | Bt, million | 59,014 | 60,317 |
| Total allowance to NPLs | | 138.1% | 150.8% |

* Excluding interbank

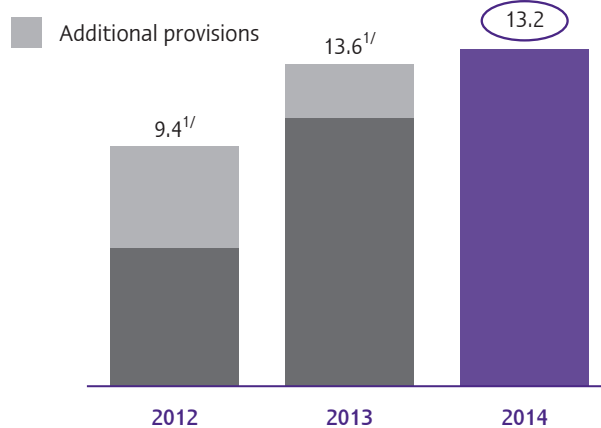
Gross NPL Ratio & NPL Coverage Ratio (Percentage)



NPLs by Segment and by Product

| | 2012 | 2013 | 2014 |
|------------|------|------|------|
| Wholesale | 2.0% | 1.6% | 1.4% |
| SME | 4.0% | 3.7% | 4.6% |
| Retail | 1.9% | 2.3% | 2.3% |
| Mortgage | 2.0% | 2.4% | 2.4% |
| Auto loans | 2.1% | 2.4% | 2.2% |

Provisions (Consolidated, Baht billion)



^{1/} Includes additional provisions of Baht 4.0 billion in 2012 and Baht 3.1 billion in 2013, on a bank basis.

| | | | |
|---------------------------|-----------|-----------|-----------|
| Credit Costs (bps) | 66 | 83 | 75 |
|---------------------------|-----------|-----------|-----------|

Allowance for doubtful accounts as of December 31, 2014 stood at Baht 59.0 billion, a decrease of Baht 1.3 billion from Baht 60.3 billion at the end of 2013. The coverage ratio (total allowance to non-performing loans) of 138.1% was a decline from 150.8% from end of 2013 but the coverage still remains adequate and well in excess of regulatory requirements.

Gross NPLs on a bank-only basis were flat at 2.06%; Baht 41.6 billion at the end of December 2014 from Baht 38.2 billion at the end of 2013. Net NPLs rose to 1.07% (Baht 21.4 billion) at the end of December 2014 from 1.04% (Baht 19.0 billion) at the end of 2013.

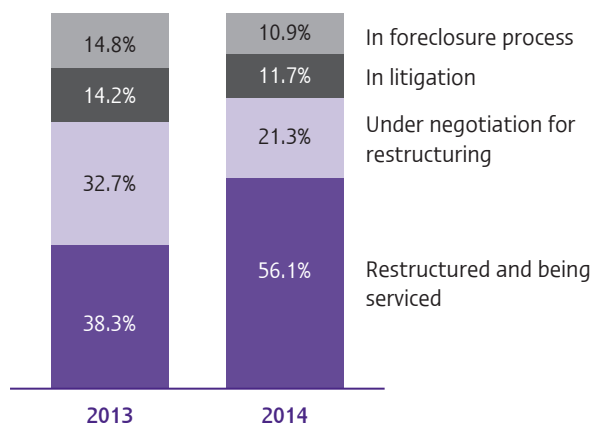
Special mention loans stood at Baht 62.8 billion at the end of December 2014, an increase of Baht 29.2 billion from the end of December 2013. The substantial yoy increase was due to: the significant liquidity issues encountered by one large corporate customer in the manufacturing sector (classified as special mention in 3Q14); and the qualitative classification as a special mention loan of a related large corporate customer, in the same sector, in 4Q14; although this latter borrower was still current in meeting its debt obligations. For both two customers the Bank remains hopeful that the solvency concerns that these two borrowers face may be resolved despite the adverse economic conditions that this industry has encountered. To a much lesser extent, the increase in special mentions reflects the impact of the significant downturn in GDP growth over the period.

| Classified Loans and Allowance for Doubtful Accounts (Consolidated) | Dec 31, 14 | | Dec 31, 13 | |
|--|---------------------------|--------------------------------|---------------------------|--------------------------------|
| | Loan and accrued interest | Allowance for classified loans | Loan and accrued interest | Allowance for classified loans |
| Normal | 1,675,361 | 17,102 | 1,665,762 | 16,311 |
| Special mention | 62,790 | 2,858 | 33,588 | 1,833 |
| Substandard | 16,709 | 7,623 | 12,035 | 5,872 |
| Doubtful | 8,265 | 3,074 | 7,204 | 2,232 |
| Doubtful loss | 17,824 | 10,432 | 20,824 | 12,686 |
| Total | 1,780,949 | 41,089 | 1,739,413 | 38,934 |
| Allowance established in excess of BOT regulations | | 17,925 | | 21,008 |
| Total allowance | | 59,014 | | 59,942 |

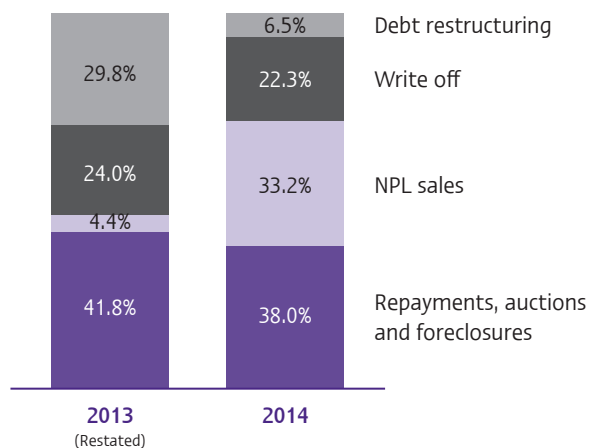
As shown in the chart below, at the end of December 2014, NPLs that were restructured and being serviced accounted for the largest proportion of the total NPLs, followed by NPLs under negotiation for restructuring, NPLs currently in litigation, and NPLs in the foreclosure process. In 2014, the Bank reduced its NPLs mainly through repayments, auctions and foreclosures, NPL sales (the Bank sold Baht 14.6 billion of NPL in 2014), write-offs, followed by debt restructuring.

In 4Q14, new NPL formation increased qoq and yoy to 0.48% from 0.39% in 3Q14 and 0.40% in 4Q13. The increase in new NPL formation in 4Q14 was a fallout from the continued deterioration in the economic environment and the consequent impact on the borrower's ability to repay, particularly in the SME segment. Further, the more pronounced increase in new NPLs in the SME segment was attributed to the qualitative classification of selected SME customers as well as the lower denominator, as loan growth for the SME segment turned negative in 2014.

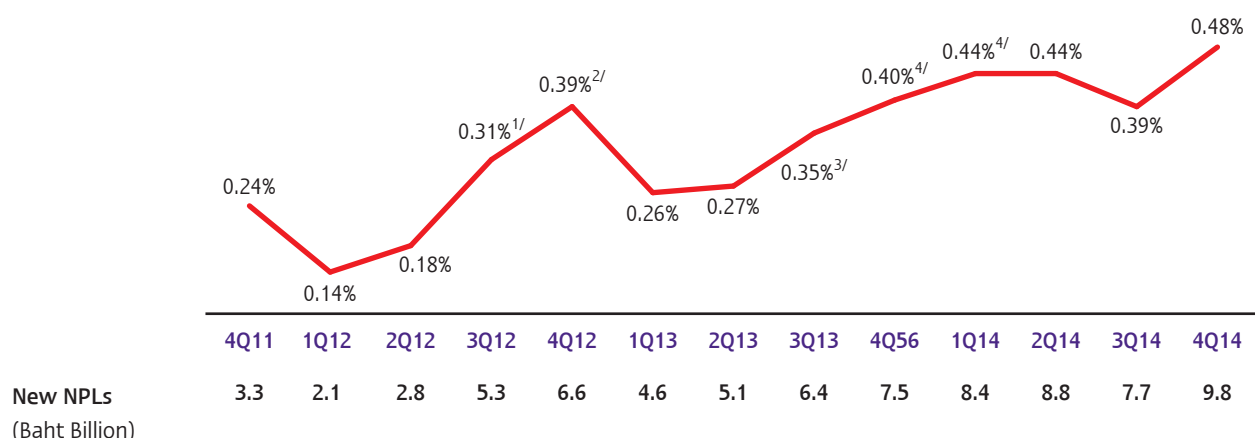
NPL Breakdown by Status (Bank only)



NPL Reduction Methodology



New NPL Formation



^{1/} The increase is attributed to the qualitative reclassification of a few commercial accounts.

^{2/} The increase is attributed to the qualitative reclassification of certain housing loan and auto loan customers.

^{3/} The increase is from a few wholesale banking and SME accounts as a result of customer-specific issues.

^{4/} The increase arises mainly because of the increase in the Bank's booking of higher yield/higher risk products (SME and home equity loans) and the impact of the deteriorating economic climate.

New NPLs by Segment and by Product

| | 1Q13 | 2Q13 | 3Q13 | 4Q13 | 1Q14 | 2Q14 | 3Q14 | 4Q14 |
|---------------------------|-------|-------|-------|-------|-------|-------|-------|-------|
| Total loans ^{1/} | 0.26% | 0.27% | 0.35% | 0.40% | 0.44% | 0.44% | 0.39% | 0.48% |
| Wholesale | 0.01% | 0.00% | 0.18% | 0.01% | 0.00% | 0.10% | 0.01% | 0.14% |
| SME | 0.30% | 0.38% | 0.41% | 0.63% | 0.83% | 0.82% | 0.72% | 1.21% |
| Mortgage | 0.30% | 0.33% | 0.33% | 0.42% | 0.45% | 0.49% | 0.48% | 0.39% |
| Auto loans ^{1/} | 0.73% | 0.59% | 0.46% | 0.43% | 0.70% | 0.63% | 0.57% | 0.55% |

^{1/} The new NPLs for auto loans in the table above do not include new NPLs where the auto was repossessed before the end of the month in which the customers turned NPL. The loss on sale of repossessed autos is then booked as an expense, as noted under the non-interest expenses section.

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, 2014, the Bank and its financial subsidiaries had outstanding restructured loans amounting to Baht 50.0 billion both in the consolidated and Bank-only financial statements, a Baht 12.9 billion increase from Baht 37.1 billion at the end of 2013. Some of these restructured loans are NPLs and are already included in the NPL level, as noted in the table below.

| | | Unit: Baht million | |
|--|-------------|--------------------|------------|
| Restructured Loans (Consolidated) | | Dec 31, 14 | Dec 31, 13 |
| Loans to restructured debtors | Bt, million | 49,969 | 37,105 |
| - Restructured loans which are classified as NPL | Bt, million | 12,226 | 9,947 |
| - Restructured loans which are not classified as NPL | Bt, million | 37,743 | 27,158 |

The Bank's properties for sale (also referred to as non performing assets) as at December 2014 stood at Baht 9.7 billion, an increase of Baht 0.1 billion (0.7% yoy) from Baht 9.6 billion level at the end of December 2013.

VI. Others

Sources and Uses of Funds

As at December 31, 2014, deposits accounted for 70.2% of SCB's funding base. Other major sources of funds were: 10.6% from shareholders' equity; 5.6% from liabilities under insurance contracts recorded by the Bank's insurance subsidiaries (SCB Life Assurance PCL); 5.2% from interbank borrowings; and 4.2% from the issuance of debt instruments (excluding B/E). The funds were applied as follows on December 31, 2014: 65.8% was used for loans; 18.6% was applied to net investments in securities; 10.8% was lent in the interbank and money markets; and 1.6% was held in cash.

Foreign currency loans and liabilities

As at December 31, 2014, about 7.2% (USD 3,897 million)^{1/} of SCB's consolidated loans and 7.6% (USD 4,631 million)^{1/} of SCB's consolidated deposits & borrowings were in a currency other than Baht. Also, the Bank has invested around 1.9% (USD 286 million)^{1/} of its consolidated investments in foreign currency instruments.

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

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

^{1/} Based on THB/USD exchange rate of 32.96 as at December 30, 2014

Post balance sheet event

In January 2015, the Bank was made aware of a complaint filed with the Royal Thai Police by the King Mongkut Institute of Technology Ladkrabang (KMITL) stating, among others, that funds had been embezzled from its bank accounts with the Bank amounting to about Baht 1.56 billion. The Royal Thai Police has initiated criminal proceedings against the perpetrators of this fraud, who include a former branch manager of the Bank. The extent of the loss suffered by KMITL will be finally determined by the law enforcement authorities. The loss suffered by KMITL will eventually be reduced by the recoveries made in the legal process.

The Bank is investigating this incident. It has, as yet, not determined the full extent of the embezzlement which involved the Bank's former employee.

No provision has been made in the 2014 financial statements of the Bank given the inherent uncertainty surrounding the amount of the loss suffered by KMITL and the magnitude of the loss for which the Bank may eventually be responsible to KMITL. Also, the Bank's insurers have been notified.

Credit Ratings

The Bank's credit ratings by Moody's Investors Service, Standard & Poor's and Fitch Ratings as of December 31, 2014 are shown below.

| Credit Ratings of Siam Commercial Bank PCL | | December 31, 2014 |
|--|--|-------------------|
| Moody's Investors Service | | |
| Outlook | | Stable |
| Bank Deposits – Foreign Currency (Long Term/Short Term) | | Baa1/P-2 |
| Bank Deposits – Domestic Currency (Long Term/Short Term) | | A3/P-2 |
| Bank Financial Strength Rating (BFSR) | | C- |
| Senior Unsecured MTN | | (P) A3 |
| Other Short Term | | (P) P-2 |
| Standard & Poor's | | |
| Counterparty Credit Rating | | BBB+/A-2 |
| ASEAN Regional Scale Rating | | axA+/axA-1 |
| Outlook | | Stable |
| Senior Unsecured | | BBB+ |
| Fitch Ratings | | |
| Foreign Currency | | |
| Long Term Issuer Default Rating | | BBB+ |
| Short Term Issuer Default Rating | | F2 |
| Outlook | | Stable |
| Senior Unsecured | | BBB+ |
| Viability Rating | | bbb+ |
| National | | |
| Long Term Rating | | AA (tha) |
| Short Term Rating | | F1+ (tha) |
| Outlook | | Stable |
| Unsecured Subordinated Debenture | | AA- (tha) |

PILLAR III DISCLOSURE

(June 2014)

Introduction

With effect from January 1, 2013, Siam Commercial Bank PCL. (SCB) and its Financial Group adopted Basel III - the latest global regulatory framework for assessing bank capital adequacy and liquidity. This move further strengthens the Bank's measurement of, and practices for capital and liquidity management. The scope of the Bank's implementation of Basel III is in accordance with the guidelines propagated by the Basel Committee on Banking Supervision (BCBS) and as adopted by the Bank of Thailand (BOT).

The Bank and its Financial Group have adopted the Standardized Approach for measuring credit risk, market risk and operational risk in order to compute its regulatory capital requirement. The Pillar III disclosure is provided based on both a 'Bank-Only' and 'Consolidated' basis. The BOT requires the Pillar III disclosure to be reported on June 30 and December 31 and to be made available to market participants within four months of this date. The Bank releases the report under the Investor Relations section of the

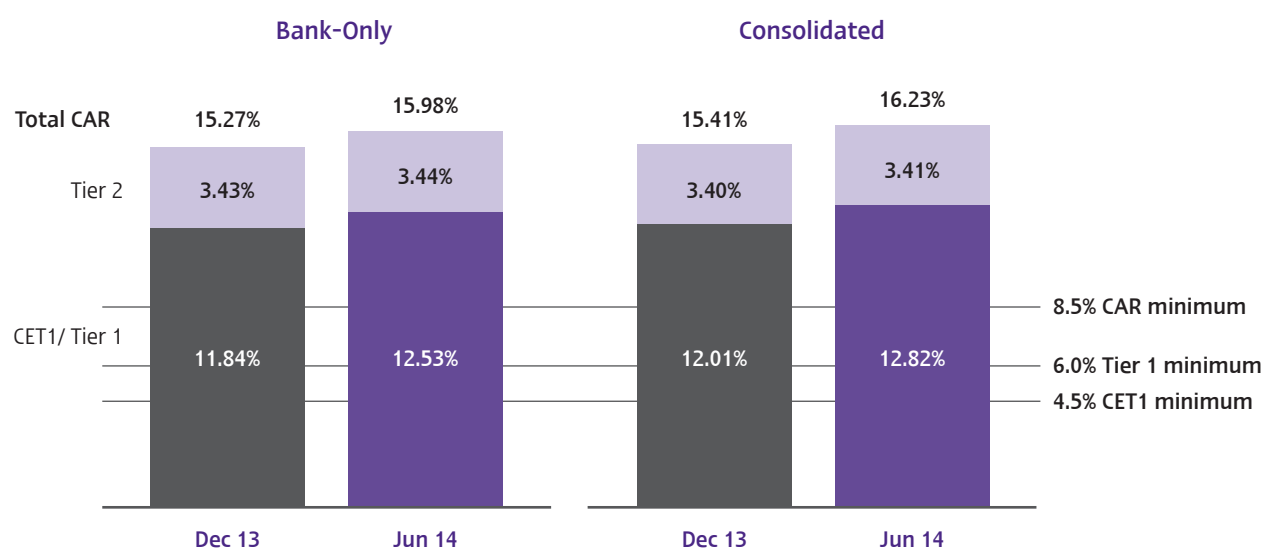
Bank's website at <http://www.scb.co.th/en/about-scb/investor-relations/financial-information/pillar> and, in addition, by filing at the Stock Exchange of Thailand on the date of disclosure. The half-yearly disclosure, as at June 30, 2014, discloses quantitative information on the Bank's capital structure, its adequacy, and the composition of risk-weighted assets. Further, to make the sources of regulatory capital more transparent, the reconciliation of capital disclosed within the published financial statements and capital under the regulatory scope of consolidation together with the regulatory capital position during the transitional period are also presented.

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

Capital Adequacy Ratio Remains Well Above the Regulatory Minimum

SCB's capital adequacy ratio and CET1 ratio are robust and well beyond BOT's minimum requirements for both Bank-only and Consolidated basis.

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



* In accordance with the BOT regulations, the ratios at June 2014 do not include retained earnings for 1H14, if these earnings were to be included, the capital at June 2014 would be 13.90%, 3.44%, 17.34% for CET1/ Tier 1, Tier 2, and CAR respectively on a Bank-Only basis and 14.17%, 3.41%, 17.58% on a Consolidated basis.

Capital Structure and Adequacy

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

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

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

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

Note: - Minimum regulatory requirement is 6% of total risk-weighted assets.

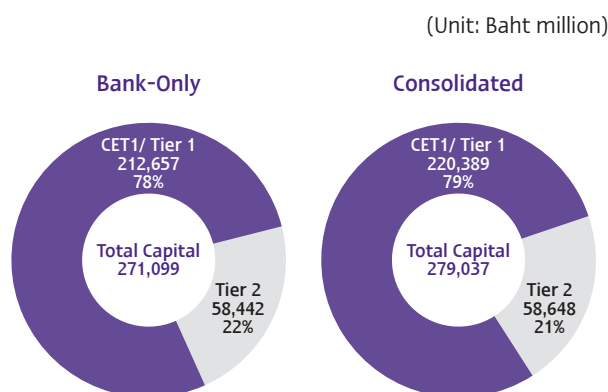
- **Tier 2 capital** consists of less-permanent capital, which includes:
 - Long-term subordinated liabilities
 - General provisions (eligibility limited to 1.25% of credit risk-weighted assets)

Note: - Minimum regulatory requirement of total risk-weighted capital ratio is 8.5%.

Continued Strong Capital Base

The major component of SCB's Consolidated capital is Common Equity Tier 1 (CET1) which accounts for approximately 79% of total capital. CET1 capital is considered the highest quality of capital and has grown significantly and continuously in recent years on the strength of the Bank's retained earnings. This capital level underscores the soundness of the Bank's capital position and provides it with the ability to absorb losses in event of an economic downturn or other adverse circumstances.

Figure 2: Component of Regulatory Capital as at June 30, 2014



Capital requirements have ebbed as loan growth stalled in 1H14

At the end of June 2014, SCB and its Consolidated minimum capital requirements amounted to Baht 144,214 million and Baht 146,129 million respectively, which is slightly lower than end 2013 by 1.2% and 1.1% respectively as a result of sluggish loan demand in the first half of 2014. Credit risk remains the primary risk for SCB at 87.0% and 86.8% on a Bank-Only and Consolidated basis.

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

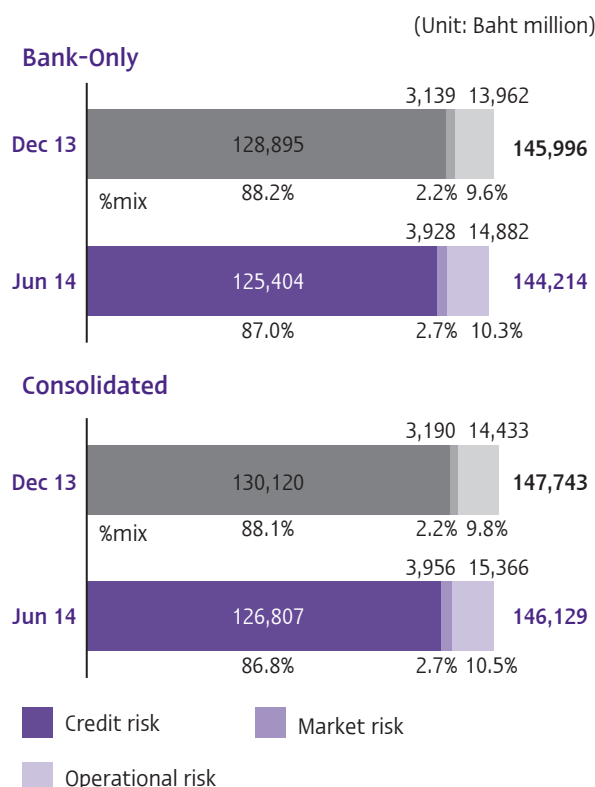


TABLE 1: COMPREHENSIVE REGULATORY CAPITAL AND CAPITAL ADEQUACY

(Unit: Baht million)

| Capital Adequacy and RWA | Bank-Only | | Consolidated | |
|---|------------------|------------------|------------------|------------------|
| | Jun 30, 14 | Dec 31, 13 | Jun 30, 14 | Dec 31, 13 |
| Tier 1 capital | 212,657 | 203,369 | 220,389 | 208,719 |
| Common Equity Tier 1 | 212,657 | 203,369 | 220,389 | 208,719 |
| Paid-up capital - Common shares | 33,992 | 33,992 | 33,992 | 33,992 |
| Surplus (deficit) net worth | 11,124 | 11,124 | 11,124 | 11,124 |
| Legal reserve | 7,000 | 7,000 | 7,000 | 7,000 |
| Net profit after appropriation | 149,826 | 140,802 | 157,987 | 146,282 |
| Other comprehensive income | 16,751 | 16,213 | 17,893 | 16,083 |
| Deductions from CET1 on Owner's equity | (6,036) | (5,762) | (7,607) | (5,762) |
| Additional Tier 1 | - | - | - | - |
| Tier 2 capital | 58,442 | 58,955 | 58,648 | 59,135 |
| Allowance for classified assets of "normal" category and excess allowance | 18,442 | 18,955 | 18,648 | 19,135 |
| Subordinated debt | 40,000 | 40,000 | 40,000 | 40,000 |
| Total regulatory capital | 271,099 | 262,324 | 279,037 | 267,854 |
| Risk-weighted-assets | | | | |
| Credit risk | 1,475,341 | 1,516,415 | 1,491,850 | 1,530,820 |
| Market risk | 46,209 | 36,920 | 46,537 | 37,541 |
| Operational risk | 175,083 | 164,256 | 180,779 | 169,804 |
| Total Risk-weighted-assets | 1,696,633 | 1,717,592 | 1,719,167 | 1,738,165 |
| Total Risk-weighted capital ratio (%) | 15.98% | 15.27% | 16.23% | 15.41% |
| CET1/ Tier 1 Risk-weighted capital ratio (%) | 12.53% | 11.84% | 12.82% | 12.01% |
| Minimum Regulatory Capital Adequacy Ratio (%) | 8.50% | 8.50% | 8.50% | 8.50% |
| Minimum Tier 1 Risk-Weighted Capital Ratio (%) | 6.00% | 6.00% | 6.00% | 6.00% |
| Minimum CET1 Risk-Weighted Capital Ratio (%) | 4.50% | 4.50% | 4.50% | 4.50% |

Note: In accordance with the BOT guidelines, the ratios at June 30, 2014 do not include net profit after dividend for 1H14. If included, the capital would be 13.90%, 3.44%, 17.34% for CET1/ Tier 1, Tier 2 and CAR respectively on a Bank-Only basis and 14.17%, 3.41%, 17.58% on a Consolidated basis.

TABLE 2: CAPITAL REQUIREMENTS BY RISK TYPE

(Unit: Baht million)

| Risk type | Bank-Only | | Consolidated | |
|--|----------------|----------------|----------------|----------------|
| | Jun 30, 14 | Dec 31, 13 | Jun 30, 14 | Dec 31, 13 |
| Credit risk – Standardized Approach | | | | |
| Performing | | | | |
| Governments, central banks, MDBs ^{1/} and PSEs ^{2/} treated as sovereign | 93 | 22 | 398 | 418 |
| Banks and PSEs ^{2/} treated as bank | 1,895 | 2,007 | 1,919 | 2,018 |
| Corporates ^{3/} and PSEs ^{2/} treated as corporates | 70,872 | 73,154 | 70,967 | 73,267 |
| Retail | 29,467 | 30,405 | 29,494 | 30,430 |
| Retail mortgage loans | 12,878 | 12,811 | 12,878 | 12,811 |
| Other assets ^{4/} | 8,449 | 8,970 | 9,367 | 9,607 |
| Non-performing | 1,749 | 1,526 | 1,785 | 1,569 |
| First-to-default credit derivatives and securitisation | - | - | - | - |
| Total minimum capital requirements for credit risk | 125,404 | 128,895 | 126,807 | 130,120 |
| Market risk – Standardized Approach | | | | |
| Interest rate risk | 2,728 | 2,303 | 2,729 | 2,303 |
| Equity position risk | 75 | 129 | 97 | 175 |
| Foreign exchange risk | 1,125 | 707 | 1,130 | 712 |
| Commodity risk | - | - | - | - |
| Total minimum capital requirements for market risk | 3,928 | 3,139 | 3,956 | 3,190 |
| Operational risk – Standardized Approach | | | | |
| Total minimum capital requirements for operational risk | 14,882 | 13,962 | 15,366 | 14,433 |
| Total minimum capital requirements | 144,214 | 145,996 | 146,129 | 147,743 |

Note:

^{1/} Multilateral development banks^{2/} Public sector entities^{3/} Including claims on individuals and their related parties when aggregate limits exceed conditions of claims on retail.^{4/} Other assets under Basel III include investment outside scope of consolidation which carries a 250% risk-weight.

Note: For disclosure on main features of regulatory capital instruments; reconciliation of capital from financial statement under regulatory scope of consolidation; and capital position during a transition period, please refer to the full Pillar III Disclosure Report as of June 30, 2014.

COMPARATIVE KEY FINANCIAL STATISTICS

Financial Status (Consolidated Basis)

As of December 31,

Unit: Billion Baht

| | 2014 | 2013 | 2012 ^{1/} | 2011 | 2010 |
|--|----------------|----------------|--------------------|----------------|----------------|
| Total assets | 2,699.7 | 2,534.2 | 2,270.1 | 1,848.4 | 1,443.3 |
| - Loans | 1,777.1 | 1,735.3 | 1,547.5 | 1,292.7 | 1,058.6 |
| - Less allowance for doubtful accounts | -59.0 | -60.3 | -52.0 | -46.0 | -41.6 |
| - Net loans | 1,718.1 | 1,675.0 | 1,495.5 | 1,246.7 | 1,017.0 |
| - Investment-net | 502.8 | 504.9 | 458.9 | 322.4 | 149.9 |
| - Properties foreclosed | 9.7 | 9.6 | 9.5 | 11.8 | 12.7 |
| Total liabilities | 2,413.4 | 2,286.2 | 2,054.7 | 1,661.2 | 1,288.2 |
| - Deposits | 1,895.3 | 1,822.9 | 1,614.1 | 1,184.4 | 1,092.1 |
| - Borrowings | 113.9 | 95.0 | 132.6 | 255.8 | 62.6 |
| Total shareholders' equity | 286.3 | 248.0 | 215.3 | 187.2 | 155.1 |

Financial Results (Consolidated Basis)

For the year ended December 31,

Unit: Billion Baht

| | 2014 | 2013 | 2012 ^{1/} | 2011 | 2010 |
|--|--------------|--------------|--------------------|--------------------------|-------------|
| Interest income | 123.4 | 120.7 | 103.4 | 77.9 | 52.7 |
| Less interest expenses | 42.3 | 47.7 | 41.3 | 27.4 | 12.9 |
| Net interest income | 81.1 | 73.0 | 62.1 | 50.5 | 39.8 |
| Non-interest income | 47.0 | 50.5 | 40.9 | 40.5 | 29.4 |
| Total income | 128.1 | 123.5 | 103.0 | 91.0 | 69.1 |
| Less non-interest expense | 48.1 | 47.3 | 42.4 | 36.9 | 30.5 |
| Income (loss) before impairment loss of loans and debt securities | 80.0 | 76.2 | 60.6 | 54.2 | 38.6 |
| Less impairment loss of loans and debt securities | 13.2 | 13.6 | 9.4 | 6.6 | 4.7 |
| Income tax and non-controlling interest | 13.5 | 12.3 | 12.0 | 11.2 | 9.7 |
| Net profit (loss) (attributable to shareholders of the Bank) | 53.3 | 50.2 | 39.2 | 36.3^{2/} | 24.2 |

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

^{2/} Net profit includes Baht 5.1 billion one-time gain on SCB Life. Excluding such gain, net profit would be Baht 31.2 million.

Key Financial Ratios (Consolidated Basis)

Unit: Percent

| | 2014 | 2013 | 2012 ^{1/} | 2011 | 2010 |
|---|-------|-------|--------------------|--------------------|-------|
| Profitability ratio | | | | | |
| Return on assets (ROA) | 2.0 | 2.1 | 1.9 | 2.2 | 1.8 |
| Return on equity (ROE) | 20.1 | 21.8 | 19.7 | 21.3 | 16.4 |
| Net interest margin (NIM) | 3.3 | 3.2 | 3.2 | 3.3 | 3.1 |
| Non interest income to total income | 36.7 | 40.9 | 39.7 | 41.2 ^{2/} | 42.5 |
| Efficiency ratio | | | | | |
| Cost income ratio | 37.5 | 38.3 | 41.2 | 40.5 | 44.2 |
| Cost to assets | 1.8 | 2.0 | 2.1 | 2.2 | 2.2 |
| Financial ratio | | | | | |
| Equity to assets | 10.6 | 9.7 | 9.4 | 10.1 | 10.7 |
| Loans to deposits | 93.8 | 95.2 | 95.9 | 109.1 | 96.9 |
| Capital adequacy ratio | | | | | |
| Total capital to risk assets ^{3/} | 16.9 | 15.3 | 16.5 | 14.5 | 15.5 |
| Tier 1 capital to risk assets ^{3/} | 13.6 | 11.9 | 10.9 | 11.2 | 11.6 |
| Tier 2 capital to risk assets ^{3/} | 3.3 | 3.4 | 5.6 | 3.4 | 3.9 |
| Asset quality ratio | | | | | |
| Non-performing loans to total loans | 2.11 | 2.14 | 2.13 | 2.61 | 3.25 |
| Total allowance to non-performing loans | 138.1 | 150.8 | 144.8 | 127.1 | 107.5 |
| Total allowance to total loans | 3.3 | 3.5 | 3.4 | 3.6 | 3.9 |
| Accrued interest to total loans | 0.2 | 0.2 | 0.2 | 0.2 | 0.2 |

Share Information^{4/}

| | 2014 | 2013 | 2012 ^{1/} | 2011 | 2010 |
|---|-------|-------|--------------------|-------|-------|
| Earnings per share - EPS (Baht) | 15.69 | 14.78 | 11.54 | 10.67 | 7.12 |
| Book value per share (Baht) | 83.94 | 72.45 | 62.89 | 54.68 | 45.40 |
| Dividend per share ^{5/} (Baht) | 6.00 | 5.25 | 4.50 | 3.50 | 3.00 |
| Market capitalization (Billion Baht) | 618.6 | 487.8 | 616.9 | 396.0 | 351.8 |
| Number of shares (Million) | 3,399 | 3,399 | 3,399 | 3,399 | 3,399 |

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

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

^{3/} Bank only

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

^{5/} Dividend per share in 2014 as proposed to the Annual General Meeting of Shareholders in April 2015. (Interim dividend Baht 1.5 per share)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of The Siam Commercial Bank Public Company Limited

I have audited the accompanying consolidated and the Bank's financial statements of The Siam Commercial Bank Public Company Limited and its subsidiaries (the "Group"), and of The Siam Commercial Bank Public Company Limited (the "Bank"), respectively, which comprise the consolidated and the Bank's statements of financial position as at 31 December 2014, the consolidated and the Bank's statements of comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated and the Bank's Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated and the Bank's financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated and the Bank's financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated and the Bank's financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and the Bank's financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the consolidated and the Bank's financial statements present fairly, in all material respects, the financial position of the Group and the Bank, respectively, as at 31 December 2014 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.



(Winid Silamongkol)
Certified Public Accountant
Registration No. 3378

KPMG Phoomchai Audit Ltd.
Bangkok
24 February 2015

FINANCIAL STATEMENT AND NOTES

STATEMENT OF FINANCIAL POSITION

The Siam Commercial Bank Public Company Limited and its Subsidiaries

| | | Consolidated | | The Bank | |
|--|------|--------------------|---------------|---------------|---------------|
| | | 31 December | | 31 December | |
| Assets | Note | 2014 | 2013 | 2014 | 2013 |
| | | (in thousand Baht) | | | |
| Cash | | 42,131,800 | 35,755,178 | 41,922,318 | 35,583,930 |
| Interbank and money market items, net | 7 | 291,614,750 | 171,521,721 | 276,806,702 | 154,891,396 |
| Claims on security | 3.11 | 6,059,162 | 3,088,940 | 6,059,162 | 3,088,940 |
| Derivative assets | 8 | 43,629,965 | 46,227,997 | 43,759,401 | 46,314,959 |
| Investments, net | 9 | 502,111,054 | 504,187,762 | 340,090,493 | 368,168,331 |
| Investments in subsidiaries and associates, net | 10 | 696,829 | 684,835 | 22,128,612 | 27,884,349 |
| Loans to customers and accrued interest receivables, net | 11 | | | | |
| Loans to customers | | 1,797,561,397 | 1,758,963,941 | 1,790,005,534 | 1,751,633,622 |
| Accrued interest receivables | | 3,814,239 | 4,132,477 | 3,543,663 | 3,926,947 |
| Total loans to customers and accrued interest receivables | | 1,801,375,636 | 1,763,096,418 | 1,793,549,197 | 1,755,560,569 |
| Less deferred revenue | | (20,426,639) | (23,683,011) | (20,426,639) | (23,637,529) |
| Less allowance for doubtful accounts | 11.9 | (59,014,088) | (59,942,281) | (58,251,730) | (58,603,900) |
| Less revaluation allowance for debt restructuring | 12 | - | (374,330) | - | (374,330) |
| Total loans to customers and accrued interest receivables, net | | 1,721,934,909 | 1,679,096,796 | 1,714,870,828 | 1,672,944,810 |
| Customers' liabilities under acceptances | | 47,747 | 119,241 | 47,747 | 119,241 |
| Properties for sale, net | 14 | 9,720,839 | 9,649,522 | 9,711,206 | 9,635,528 |
| Premises and equipment, net | 15 | 33,775,729 | 35,374,687 | 32,608,529 | 33,674,416 |
| Goodwill and other intangible assets, net | 16 | 11,406,133 | 11,453,899 | 2,131,434 | 1,415,127 |
| Reinsurance receivables and assets | | - | 919,670 | - | - |
| Assets pending transfer | 17 | 4,104,157 | 4,708,520 | 4,104,158 | 4,708,520 |
| Deferred tax assets | 41 | 67,694 | 561,564 | 11,207 | 11,336 |
| Other assets, net | 18 | 32,402,317 | 30,855,462 | 28,557,938 | 25,167,003 |
| Total assets | | 2,699,703,085 | 2,534,205,794 | 2,522,809,735 | 2,383,607,886 |

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

STATEMENT OF FINANCIAL POSITION

The Siam Commercial Bank Public Company Limited and its Subsidiaries

| Liabilities and equity | Note | Consolidated | | The Bank | |
|---------------------------------------|------|---------------|---------------|---------------|---------------|
| | | 31 December | | 31 December | |
| | | 2014 | 2013 | 2014 | 2013 |
| (in thousand Baht) | | | | | |
| Liabilities | | | | | |
| Deposits | 19 | 1,895,343,384 | 1,822,910,994 | 1,890,388,475 | 1,820,728,311 |
| Interbank and money market items | 20 | 140,285,606 | 119,126,611 | 146,014,407 | 123,991,527 |
| Liabilities payable on demand | | 7,400,145 | 8,406,273 | 7,399,327 | 8,367,373 |
| Liabilities to deliver security | 3.11 | 6,063,117 | 3,088,940 | 6,059,162 | 3,088,940 |
| Derivative liabilities | 8 | 42,413,034 | 46,826,492 | 42,486,703 | 46,822,966 |
| Debt issued and borrowings | 21 | 113,916,834 | 95,011,869 | 114,485,513 | 94,965,876 |
| Bank's liabilities under acceptances | | 47,747 | 119,241 | 47,747 | 119,241 |
| Provisions | 22 | 7,210,567 | 6,704,276 | 6,881,247 | 6,361,771 |
| Liabilities under insurance contracts | 23 | 151,757,056 | 129,203,893 | - | - |
| Liabilities pending transfer | 24 | 14,267,471 | 13,094,312 | 14,027,322 | 12,974,727 |
| Deferred tax liabilities | 41 | 3,562,997 | 3,058,719 | 2,941,078 | 2,916,313 |
| Other liabilities | 25 | 31,137,083 | 38,614,099 | 25,796,218 | 30,109,010 |
| Total liabilities | | 2,413,405,041 | 2,286,165,719 | 2,256,527,199 | 2,150,446,055 |

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

STATEMENT OF FINANCIAL POSITION

The Siam Commercial Bank Public Company Limited and its Subsidiaries

| Liabilities and equity | Note | Consolidated | | The Bank | |
|---|------|----------------------|----------------------|----------------------|----------------------|
| | | 31 December | | 31 December | |
| | | 2014 | 2013 | 2014 | 2013 |
| <i>(in thousand Baht)</i> | | | | | |
| Equity | | | | | |
| Share capital | | | | | |
| Authorised share capital | | | | | |
| 3,584,237,376 preference shares of Baht 10 each | | 35,842,374 | 35,845,084 | 35,842,374 | 35,845,084 |
| 3,415,762,624 ordinary shares of Baht 10 each | | 34,157,626 | 34,154,916 | 34,157,626 | 34,154,916 |
| Issued and paid-up share capital | | | | | |
| 4,880,212 preference shares of Baht 10 each | | 48,802 | 51,817 | 48,802 | 51,817 |
| 3,394,311,986 ordinary shares of Baht 10 each | | 33,943,120 | 33,940,105 | 33,943,120 | 33,940,105 |
| Premium on share capital | | | | | |
| Premium on preference shares | | 19,084 | 20,263 | 19,084 | 20,263 |
| Premium on ordinary shares | | 11,105,107 | 11,103,928 | 11,105,107 | 11,103,928 |
| Other reserves | 26 | 21,914,917 | 18,586,678 | 19,461,413 | 18,472,303 |
| Retained earnings | | | | | |
| Appropriated | | | | | |
| Legal reserve | 26 | 7,000,000 | 7,000,000 | 7,000,000 | 7,000,000 |
| Unappropriated | | 211,301,429 | 175,569,326 | 194,705,010 | 162,573,415 |
| Total shareholders' equity | | 285,332,459 | 246,272,117 | 266,282,536 | 233,161,831 |
| Non-controlling interests | | 965,585 | 1,767,958 | - | - |
| Total equity | | 286,298,044 | 248,040,075 | 266,282,536 | 233,161,831 |
| Total liabilities and equity | | 2,699,703,085 | 2,534,205,794 | 2,522,809,735 | 2,383,607,886 |



(Mrs. Kannikar Chalitaporn)
President



(Dr. Vichit Suraphongchai)
Chairman of the Executive Committee

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

STATEMENT OF COMPREHENSIVE INCOME

The Siam Commercial Bank Public Company Limited and its Subsidiaries

| | | Consolidated | | The Bank | |
|--|------|--------------------|-------------|--------------------|-------------|
| | | For the year ended | | For the year ended | |
| | | 31 December | | 31 December | |
| | Note | 2014 | 2013 | 2014 | 2013 |
| | | (in thousand Baht) | | | |
| Interest income | 35 | 123,381,101 | 120,691,136 | 116,949,638 | 115,134,980 |
| Interest expense | 36 | 42,281,297 | 47,682,348 | 42,359,301 | 47,743,068 |
| Net interest income | | 81,099,804 | 73,008,788 | 74,590,337 | 67,391,912 |
| Fees and service income | 37 | 31,524,645 | 29,574,330 | 35,216,039 | 34,546,482 |
| Fees and service expense | 37 | 5,215,834 | 5,098,273 | 4,646,435 | 4,623,774 |
| Net fees and service income | 37 | 26,308,811 | 24,476,057 | 30,569,604 | 29,922,708 |
| Net trading income | 38 | 7,303,791 | 9,079,223 | 7,316,173 | 8,762,625 |
| Net gain on investments | 39 | 2,563,133 | 2,276,601 | 1,908,935 | 1,398,657 |
| Share of loss of associate | | (78,950) | (7,169) | - | - |
| Dividend income | | 1,182,555 | 3,781,790 | 5,493,311 | 8,049,628 |
| Net earned insurance premiums | | 49,187,862 | 49,061,214 | - | - |
| Other operating income | | 595,669 | 726,649 | 85,002 | 254,565 |
| Total operating income | | 168,162,675 | 162,403,153 | 119,963,362 | 115,780,095 |
| Net insurance claims | | 40,032,843 | 38,871,499 | - | - |
| Net operating income | | 128,129,832 | 123,531,654 | 119,963,362 | 115,780,095 |
| Other operating expenses | | | | | |
| Staff costs | | 21,954,351 | 21,391,116 | 19,198,084 | 18,551,303 |
| Directors' remuneration | | 93,421 | 97,387 | 86,724 | 89,570 |
| Premises and equipment expenses | | 9,766,012 | 9,554,902 | 8,963,860 | 8,702,255 |
| Taxes and duties | | 4,240,704 | 4,026,165 | 4,055,682 | 3,869,234 |
| Others | | 12,034,114 | 12,247,290 | 13,574,991 | 13,199,990 |
| Total operating expenses | | 48,088,602 | 47,316,860 | 45,879,341 | 44,412,352 |
| Impairment loss on loans and debt securities | 40 | 13,214,064 | 13,641,290 | 13,238,851 | 13,747,548 |
| Profit before tax | | 66,827,166 | 62,573,504 | 60,845,170 | 57,620,195 |
| Income tax expense | 41 | 13,175,226 | 11,821,413 | 11,091,389 | 9,922,741 |
| Net profit | | 53,651,940 | 50,752,091 | 49,753,781 | 47,697,454 |

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

STATEMENT OF COMPREHENSIVE INCOME

The Siam Commercial Bank Public Company Limited and its Subsidiaries

| | | Consolidated | | The Bank | |
|---|------|--------------------|-------------|--------------------|------------|
| | | For the year ended | | For the year ended | |
| | | 31 December | | 31 December | |
| | Note | 2014 | 2013 | 2014 | 2013 |
| | | (in thousand Baht) | | | |
| Other comprehensive income | | | | | |
| Change in revaluation surplus | | (28,982) | 350,713 | (28,982) | - |
| Gain (loss) on remeasuring available-for-sale investments | | 4,654,400 | (1,464,863) | 1,516,921 | 521,881 |
| Foreign currency translation differences | | 3,993 | 116,726 | - | - |
| Share of other comprehensive income (loss) of associates | | 2,075 | (33,096) | - | - |
| Income tax on other comprehensive income | 41 | (896,703) | 196,988 | (275,256) | (104,376) |
| Total other comprehensive income, net of income tax | | 3,734,783 | (833,532) | 1,212,683 | 417,505 |
| Total comprehensive income | | 57,386,723 | 49,918,559 | 50,966,464 | 48,114,959 |
| Net profit attributable to | | | | | |
| Shareholders of the parent company | | 53,334,623 | 50,232,787 | 49,753,781 | 47,697,454 |
| Non-controlling interests | | 317,317 | 519,304 | - | - |
| Total comprehensive income attributable to | | | | | |
| Shareholders of the parent company | | 56,942,458 | 49,516,750 | 50,966,464 | 48,114,959 |
| Non-controlling interests | | 444,265 | 401,809 | - | - |
| Earnings per share of the parent company | | | | | |
| Basic earnings per share (in Baht) | 42 | 15.69 | 14.78 | 14.64 | 14.03 |



(Mrs. Kannikar Chalitaporn)
President



(Dr. Vichit Suraphongchai)
Chairman of the Executive Committee

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

STATEMENT OF CHANGES IN EQUITY

The Siam Commercial Bank Public Company Limited and its Subsidiaries

| | Note | Consolidated | | | | | | | | | | | | | |
|--|------|----------------------------------|-----------------|--------------------------|-----------------|-------------------------------|--|-----------|----------------------|---------------|-----------------------|----------------------------|-------------|---------------------------|-----------------|
| | | Issued and paid-up share capital | | Premium on share capital | | Other reserves | | | | | | Total shareholders' equity | | Non-controlling interests | Total |
| | | | | | | Change in revaluation surplus | Gain on remeasuring available-for-sale investments | Others | Total other reserves | Legal reserve | Unappropriated equity | | | | |
| | | Preference shares | Ordinary shares | Preference shares | Ordinary shares | | | | | | | Retained earnings | Total | | |
| | | | | | | | | | | | | | | Preference shares | Ordinary shares |
| | | (in thousand Baht) | | | | | | | | | | | | | |
| Year ended 31 December 2014 | | | | | | | | | | | | | | | |
| Balance at 1 January 2014 | | 51,817 | 33,940,105 | 20,263 | 11,103,928 | 12,802,243 | 6,116,916 | (332,481) | 18,586,678 | 7,000,000 | 175,569,326 | 246,272,117 | 1,767,958 | 248,040,075 | |
| Dividend paid | 27 | - | - | - | - | - | - | - | - | - | (17,845,759) | (17,845,759) | (133,439) | (17,979,198) | |
| Conversion of preference shares to ordinary shares | | (3,015) | 3,015 | (1,179) | 1,179 | - | - | - | - | - | - | - | - | - | |
| Disposal of non-controlling interest without a change in control | | - | - | - | - | - | - | - | - | - | 12 | 12 | (1,804) | (1,792) | |
| Disposal of controlling interest with a change in control | | - | - | - | - | (50,852) | 2,254 | (10,565) | (59,163) | - | 22,794 | (36,369) | (1,103,699) | (1,140,068) | |
| Gain from decrease in capital of subsidiary | | - | - | - | - | - | - | - | - | - | - | - | (7,696) | (7,696) | |
| Profit for the year | | - | - | - | - | - | - | - | - | - | 53,334,623 | 53,334,623 | 317,317 | 53,651,940 | |
| Other comprehensive income | | - | - | - | - | (23,185) | 3,624,952 | 6,068 | 3,607,835 | - | - | 3,607,835 | 126,948 | 3,734,783 | |
| Total comprehensive income for the year | | - | - | - | - | (23,185) | 3,624,952 | 6,068 | 3,607,835 | - | 53,334,623 | 56,942,458 | 444,265 | 57,386,723 | |
| Transfer to retained earnings | | - | - | - | - | (220,433) | - | - | (220,433) | - | 220,433 | - | - | - | |
| Balance at 31 December 2014 | | 48,802 | 33,943,120 | 19,084 | 11,105,107 | 12,507,773 | 9,744,122 | (336,978) | 21,914,917 | 7,000,000 | 211,301,429 | 285,332,459 | 965,585 | 286,298,044 | |

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

STATEMENT OF CHANGES IN EQUITY

The Siam Commercial Bank Public Company Limited and its Subsidiaries

| | Note | Consolidated | | | | | | | | | | | | |
|---|------|----------------------------------|-----------------|--------------------------|-----------------|-------------------------------|---|----------------------|-------------------|----------------------------|---------------------------|--------------|-----------|--------------|
| | | Other reserves | | | | | | | | | | | | |
| | | Issued and paid-up share capital | | Premium on share capital | | Change in revaluation surplus | Gain (loss) on remeasuring available-for-sale investments | Total other reserves | Retained earnings | Total shareholders' equity | Non-controlling interests | Total | | |
| | | Preference shares | Ordinary shares | Preference shares | Ordinary shares | | | | Legal reserve | Unappropriated | | | | |
| | | | | | | | | | | | | | | |
| <i>(in thousand Baht)</i> | | | | | | | | | | | | | | |
| Year ended 31 December 2013 | | | | | | | | | | | | | | |
| Balance at 1 January 2013 | | 54,558 | 33,937,364 | 21,335 | 11,102,856 | 12,879,606 | 7,137,804 | (378,070) | 19,639,340 | 7,000,000 | 142,033,737 | 213,789,190 | 1,553,300 | 215,342,490 |
| Dividend paid | 27 | - | - | - | - | - | - | - | - | - | (16,995,961) | (16,995,961) | (164,398) | (17,160,359) |
| Conversion of preference shares to ordinary shares | | (2,741) | 2,741 | (1,072) | 1,072 | - | - | - | - | - | - | - | - | - |
| Deficit from the change in the ownership interest in subsidiaries | | - | - | - | - | - | - | (38,041) | (38,041) | - | - | (38,041) | (22,574) | (60,615) |
| Profit for the year | | - | - | - | - | - | - | - | - | - | 50,232,787 | 50,232,787 | 519,304 | 50,752,091 |
| Other comprehensive income | | - | - | - | - | 225,450 | (1,020,888) | 83,630 | (711,808) | - | (4,229) | (716,037) | (117,495) | (833,532) |
| Total comprehensive income for the year | | - | - | - | - | 225,450 | (1,020,888) | 83,630 | (711,808) | - | 50,228,558 | 49,516,750 | 401,809 | 49,918,559 |
| Transfer to retained earnings | | - | - | - | - | (302,813) | - | - | (302,813) | - | 302,992 | 179 | (179) | - |
| Balance at 31 December 2013 | | 51,817 | 33,940,105 | 20,263 | 11,103,928 | 12,802,243 | 6,116,916 | (332,481) | 18,586,678 | 7,000,000 | 175,569,326 | 246,272,117 | 1,767,958 | 248,040,075 |

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

STATEMENT OF CHANGES IN EQUITY

The Siam Commercial Bank Public Company Limited and its Subsidiaries

| | Note | The Bank | | | | | | | | | |
|--|------|----------------------------------|-----------------|-------------------|-----------------|-------------------------------|--|----------------------|-------------------|----------------|--------------|
| | | Issued and paid-up share capital | | | | | Premium on share capital | | Other reserves | | |
| | | Preference shares | Ordinary shares | Preference shares | Ordinary shares | Change in revaluation surplus | Gain on remeasuring available-for-sale investments | Total other reserves | Retained earnings | | |
| | | | | | | | | | Legal reserve | Unappropriated | |
| | | | | | | | | | | | Total |
| (in thousand Baht) | | | | | | | | | | | |
| Year ended 31 December 2014 | | | | | | | | | | | |
| Balance at 1 January 2014 | | | | | | | | | | | |
| | | 51,817 | 33,940,105 | 20,263 | 11,103,928 | 12,246,265 | 6,226,038 | 18,472,303 | 7,000,000 | 162,573,415 | 233,161,831 |
| Dividend paid | 27 | - | - | - | - | - | - | - | - | (17,845,759) | (17,845,759) |
| Conversion of preference shares to ordinary shares | | (3,015) | 3,015 | (1,179) | 1,179 | - | - | - | - | - | - |
| Profit for the year | | - | - | - | - | - | - | - | - | 49,753,781 | 49,753,781 |
| Other comprehensive income | | - | - | - | - | (23,185) | 1,235,868 | 1,212,683 | - | - | 1,212,683 |
| Total comprehensive income for the year | | - | - | - | - | (23,185) | 1,235,868 | 1,212,683 | - | 49,753,781 | 50,966,464 |
| Transfer to retained earnings | | - | - | - | - | (223,573) | - | (223,573) | - | 223,573 | - |
| Balance at 31 December 2014 | | 48,802 | 33,943,120 | 19,084 | 11,105,107 | 11,999,507 | 7,461,906 | 19,461,413 | 7,000,000 | 194,705,010 | 266,282,536 |

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

STATEMENT OF CHANGES IN EQUITY

The Siam Commercial Bank Public Company Limited and its Subsidiaries

| | Note | The Bank | | | | | | | | | |
|--|------|----------------------------------|-----------------|-------------------|-----------------|--------------------------|-------------------------------|--|----------------------|-------------------|----------------|
| | | Issued and paid-up share capital | | | | | Other reserves | | | | |
| | | Preference shares | | Ordinary shares | | Premium on share capital | Change in revaluation surplus | Gain on remeasuring available-for-sale investments | Total other reserves | Retained earnings | |
| | | Preference shares | Ordinary shares | Preference shares | Ordinary shares | | | | | Legal reserve | Unappropriated |
| | | | | | | | | | | | |
| <i>(in thousand Baht)</i> | | | | | | | | | | | |
| Year ended 31 December 2013 | | | | | | | | | | | |
| Balance at 1 January 2013 | | | | | | | | | | | |
| | | 54,558 | 33,937,364 | 21,335 | 11,102,856 | 12,469,393 | 5,808,533 | 18,277,926 | 7,000,000 | 131,648,794 | 202,042,833 |
| | | | | | | | | | | | |
| Dividend paid | 27 | - | - | - | - | - | - | - | - | (16,995,961) | (16,995,961) |
| Conversion of preference shares to ordinary shares | | | | | | | | | | | |
| | | (2,741) | 2,741 | (1,072) | 1,072 | - | - | - | - | - | - |
| | | | | | | | | | | | |
| Profit for the year | | - | - | - | - | - | - | - | - | 47,697,454 | 47,697,454 |
| Other comprehensive income | | - | - | - | - | - | 417,505 | 417,505 | - | - | 417,505 |
| Total comprehensive income for the year | | - | - | - | - | - | 417,505 | 417,505 | - | 47,697,454 | 48,114,959 |
| | | | | | | | | | | | |
| Transfer to retained earnings | | - | - | - | - | (223,128) | - | (223,128) | - | 223,128 | - |
| | | | | | | | | | | | |
| Balance at 31 December 2013 | | 51,817 | 33,940,105 | 20,263 | 11,103,928 | 12,246,265 | 6,226,038 | 18,472,303 | 7,000,000 | 162,573,415 | 233,161,831 |

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

STATEMENT OF CASH FLOWS

The Siam Commercial Bank Public Company Limited and its Subsidiaries

| | Consolidated | | The Bank | |
|---|--------------------|---------------|--------------------|---------------|
| | For the year ended | | For the year ended | |
| | 31 December | | 31 December | |
| | 2014 | 2013 | 2014 | 2013 |
| | (in thousand Baht) | | | |
| Cash flows from operating activities | | | | |
| Profit before tax | 66,827,166 | 62,573,504 | 60,845,170 | 57,620,195 |
| <i>Adjustments for</i> | | | | |
| Depreciation and amortisation | 2,786,909 | 2,261,555 | 2,593,170 | 2,602,029 |
| Impairment loss on loans and debt securities | 14,799,454 | 14,744,534 | 14,818,145 | 14,791,575 |
| Loss on impairment of assets | - | 19,308 | - | - |
| (Reversal) loss on impairment of properties for sale | (213,289) | 563,794 | (213,289) | 564,203 |
| Gain on sales of premises and equipment | (25,426) | (8,377) | (16,590) | (6,103) |
| Net trading income | (7,303,791) | (9,079,223) | (7,316,173) | (8,762,625) |
| Net gain on investments | (2,563,133) | (2,276,601) | (1,908,935) | (1,398,657) |
| Share of loss of associates | 78,950 | 7,169 | - | - |
| | 74,386,840 | 68,805,663 | 68,801,498 | 65,410,617 |
| Net interest income | (81,099,804) | (73,008,788) | (74,590,337) | (67,391,912) |
| Dividend income | (1,182,555) | (3,781,790) | (5,493,311) | (8,049,628) |
| Proceeds from interest | 123,126,122 | 119,042,376 | 116,674,379 | 113,425,861 |
| Interest paid | (46,362,822) | (44,195,655) | (46,443,362) | (44,248,373) |
| Proceeds from dividend | 1,185,693 | 3,778,116 | 5,493,627 | 8,049,313 |
| Income tax paid | (13,107,624) | (10,945,828) | (11,343,262) | (8,713,660) |
| Income from operations before changes in operating assets and liabilities | 56,945,850 | 59,694,094 | 53,099,232 | 58,482,218 |
| <i>(Increase) decrease in operating assets</i> | | | | |
| Interbank and money market items | (120,039,576) | (7,981,506) | (121,776,340) | (4,466,401) |
| Claims on securities | (2,970,222) | (3,088,940) | (2,970,222) | (3,088,940) |
| Derivative assets | 9,222,461 | (5,883,868) | 9,318,342 | (6,140,132) |
| Investment in securities for trading | 19,784,581 | (25,377,958) | 19,830,325 | (25,257,597) |
| Loans to customers | (68,158,773) | (204,719,201) | (67,330,415) | (203,399,450) |
| Properties for sale | 10,225,890 | 8,920,007 | 10,221,530 | 8,418,808 |
| Reinsurance receivables and assets | 919,670 | 2,850,349 | - | - |
| Other assets | (2,949,131) | (6,675,114) | (2,801,952) | (7,264,601) |
| <i>Increase (decrease) in operating liabilities</i> | | | | |
| Deposits | 72,432,390 | 208,851,795 | 69,660,164 | 206,139,693 |
| Interbank and money market items | 21,158,995 | 12,063,404 | 22,022,880 | 12,084,225 |
| Liabilities payable on demand | (1,006,128) | (1,196,608) | (968,046) | (1,195,306) |
| Liabilities to deliver security | 2,974,177 | 3,088,940 | 2,970,222 | 3,088,940 |
| Derivative liabilities | (4,413,458) | 21,853,813 | (4,336,263) | 21,843,225 |
| Short-term debt issued and borrowings | (12,880,639) | (40,787,697) | (5,265,966) | (40,744,318) |
| Other liabilities | 21,086,445 | 20,090,350 | 1,198,099 | (2,045,986) |
| Net cash from (used in) operating activities | 2,332,532 | 41,701,860 | (17,128,410) | 16,454,378 |

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

STATEMENT OF CASH FLOWS

The Siam Commercial Bank Public Company Limited and its Subsidiaries

| | Consolidated | | The Bank | |
|--|--------------------|---------------------|--------------------|---------------------|
| | For the year ended | | For the year ended | |
| | 31 December | | 31 December | |
| | 2014 | 2013 | 2014 | 2013 |
| | (in thousand Baht) | | | |
| Cash flows from investing activities | | | | |
| Purchases of available-for-sale securities | (355,646,130) | (393,826,567) | (335,417,562) | (375,075,415) |
| Proceeds from sales of available-for-sale securities | 348,531,279 | 393,954,898 | 344,751,568 | 377,152,044 |
| Purchases of held-to-maturity securities | (51,418,050) | (96,066,018) | (942,000) | (1,146,832) |
| Proceeds from redemption of held-to-maturity securities | 47,002,356 | 77,099,680 | 3,526,579 | 5,686,003 |
| Purchases of general securities | - | (1,688) | (1,463) | (1,688) |
| Proceeds from sales of general securities | 55,909 | 567,935 | 55,909 | 567,935 |
| Purchases of investments in subsidiaries and/or associates | (88,868) | (60,659) | (365,590) | (60,659) |
| Proceeds from sales of investments in subsidiaries and/or associates | 3,744,239 | - | 3,744,239 | - |
| Proceeds from decrease in capital of subsidiary | - | - | 2,979,420 | - |
| Purchases of premises and equipment | (1,282,154) | (1,588,656) | (1,233,927) | (2,065,815) |
| Proceeds from sales of premises and equipment | 195,972 | 263,190 | 179,582 | 259,665 |
| Purchases of intangible assets | (472,758) | (567,617) | (361,698) | (408,164) |
| Net cash (used in) from investing activities | (9,378,205) | (20,225,502) | 16,915,057 | 4,907,074 |
| Cash flows from financing activities | | | | |
| Proceeds from long-term debt issued and borrowings | 31,397,500 | - | 24,397,500 | - |
| Dividend paid to equity holders of the Bank | (17,845,759) | (16,995,961) | (17,845,759) | (16,995,961) |
| Dividend paid to non-controlling interests | (133,439) | (164,398) | - | - |
| Net cash from (used in) financing activities | 13,418,302 | (17,160,359) | 6,551,741 | (16,995,961) |
| Foreign currency translation differences | 3,993 | 116,726 | - | - |
| Net increase in cash | 6,376,622 | 4,432,725 | 6,338,388 | 4,365,491 |
| Cash at 1 January | 35,755,178 | 31,322,453 | 35,583,930 | 31,218,439 |
| Cash at 31 December | 42,131,800 | 35,755,178 | 41,922,318 | 35,583,930 |
| Supplementary disclosures of cash flow information | | | | |
| Significant non-cash items were as follows: | | | | |
| Change in revaluation surplus * | (23,185) | 225,450 | (23,185) | - |
| Gain (loss) on remeasuring available-for-sale investments * | 3,624,952 | (1,020,888) | 1,235,868 | 417,505 |
| Foreign currency translation differences | 3,993 | 116,726 | - | - |
| Share of other comprehensive income (loss) of associates | 2,075 | (33,096) | - | - |
| Properties for sale from loan payment | 10,083,919 | 9,677,427 | 10,083,919 | 9,180,968 |

* Net of deferred tax

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

NOTES TO THE FINANCIAL STATEMENTS

The Siam Commercial Bank Public Company Limited and its Subsidiaries

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from and are consistent with the Thai language statutory financial statements, and both the English and Thai language financial statements were approved and authorised for issue by the Board of Directors on 24 February 2015.

1. General information

The Siam Commercial Bank Public Company Limited, "the Bank", is incorporated in Thailand and has its registered office at 9 Rutchadapisek Road, Jatujak, Bangkok.

The Bank was established by Royal Charter on 30 January 1906 and was listed on the Stock Exchange of Thailand on 6 February 1976.

The principal business of the Bank is the provision of financial products and services through its branch network in Thailand and other countries as well as its subsidiary in Cambodia and associate in Vietnam. The Bank also has a sizeable investment in its life insurance subsidiary. Details of the Bank's subsidiaries as at 31 December 2014 and 2013 are given in notes 10 and 30.

2. Basis of preparation of the financial statements

(a) Statement of compliance

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

The FAP has issued the following new and revised TFRS relevant to the Bank and its subsidiaries' operations and effective for annual accounting periods beginning on or after 1 January 2014:

| TFRS | Topic |
|-----------------------|--|
| TAS 1 (revised 2012) | Presentation of financial statements |
| TAS 7 (revised 2012) | Statement of Cash Flows |
| TAS 12 (revised 2012) | Income Taxes |
| TAS 17 (revised 2012) | Leases |
| TAS 18 (revised 2012) | Revenue |
| TAS 19 (revised 2012) | Employee Benefits |
| TAS 21 (revised 2012) | The Effects of Changes in Foreign Exchange Rates |
| TAS 24 (revised 2012) | Related Party Disclosures |
| TAS 28 (revised 2012) | Investments in Associates |
| TAS 34 (revised 2012) | Interim Financial Reporting |
| TAS 36 (revised 2012) | Impairment of Assets |
| TAS 38 (revised 2012) | Intangible Assets |
| TFRS 5 (revised 2012) | Non-current Assets held for Sale and Discontinued Operations |
| TFRS 8 (revised 2012) | Operating Segments |
| TFRIC 4 | Determining whether an Arrangement contains a Lease |
| TFRIC 10 | Interim Financial Reporting and Impairment |
| TFRIC 13 | Customer Loyalty Programmes |
| TSIC 15 | Operating Leases-Incentives |
| TSIC 27 | Evaluating the Substance of Transactions Involving the Legal Form of a Lease |

The initial application of these new and revised TFRS has resulted in changes in certain of the Bank and its subsidiaries' accounting policies. These changes have no material effect on the financial statements.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2015 and have not been adopted in the preparation of these financial statements. Those new and revised TFRS that are relevant to the Bank and its subsidiaries' operations are disclosed in note 44.

(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;
- land and premises are measured at fair value.

(c) Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Bank and its subsidiaries' functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest million unless otherwise stated.

(d) 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 3.20 | Current and deferred taxation |
| Note 3.26 | Life insurance policy reserves |
| Note 5 | Fair value of financial instruments |
| Note 8 | Derivatives |
| Note 9 | Investments, net |
| Note 10 | Investments in subsidiaries and associate, net |
| Note 11.9 | Allowance for doubtful accounts |

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Basis of consolidation

The consolidated financial statements relate to the Bank and its subsidiaries (together referred to as "the Bank and its subsidiaries") and the Bank and its subsidiaries' interests in associates.

Business combinations

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

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

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

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

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

The Bank measures any non-controlling interests 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. Control exists when the Bank has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. 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 of associates, 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 zero 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 associates.

Transactions eliminated on consolidation

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

The consolidated financial statements include the accounts of the Head Office, all domestic and overseas branches and the Bank's subsidiaries where more than 50% of the shares are owned by the Bank. All inter-company transactions and balances within this Group have been eliminated.

The consolidated financial statements for the years ended 31 December 2014 and 2013 do not consolidate certain companies which are in the process of being dissolved and companies in which the Bank and/or a subsidiary have more than 50% of paid-up capital as a result of debt restructuring and the Bank and/or the subsidiary intend to hold these investments only for a temporary period. The investment in the latter group of companies is classified as "general investments".

3.2 Cash

Cash includes cash in hand and cash on collection.

3.3 Investments

The Bank classifies its investments in securities as trading securities, available-for-sale securities, held-to-maturity securities, general investments and investment in subsidiaries and associates. The Bank presents these investments in the statement of financial position as either investments or investments in subsidiaries and associates.

Trading securities are those investments that management acquires with the intention of holding for a short period of time in order to take advantage of anticipated changes in the underlying market values. Trading securities are stated at fair value. Changes in fair value are recognised in profit or loss as net trading income. Interest income on trading securities is recognised using the accrual basis of accounting.

Debt securities and marketable equity securities that are not classified as trading securities, held-to-maturity securities, and investment in subsidiaries and associates are classified as available-for-sale securities and are stated at fair value, with the valuation surplus or deficit on investments presented as a component of total equity until realised upon disposition or sale of the underlying securities. Debt securities that the Bank has the positive intent and ability to hold to maturity are classified as held-to-maturity securities. Held-to-maturity investments are stated at amortised cost, less impairment losses, if any. Impairment losses and foreign exchange differences are recognised in profit or loss. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in profit or loss. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in profit or loss.

Equity securities which are not marketable and are not subsidiaries and associate are classified as general investments and are stated at the historical cost, less impairment losses, if any.

Investments in subsidiaries and associates in the Bank's financial statements are accounted for by the cost method less impairment losses, if any.

Investments in associates in the consolidated financial statements are accounted for by the equity method.

Investments in subsidiaries and associates acquired from troubled debt restructuring for which the Bank has received permission from the Bank of Thailand to hold the shares, and which are included in general investments and available-for-sale securities, are not required to be either accounted for by the equity method or to be consolidated.

Valuation allowances are established and recognised in profit or loss, when impairment in the value of investments has occurred.

Disposal of investments

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Bank and its subsidiaries dispose of part of a holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

3.4 Loans

Overdrafts are stated at the principal amounts including interest. Certain overdrafts for which special notice has been served on the borrower and other loans are stated at the principal amount. Unearned discounts received in advance are presented as a deduction from the loans.

Hire purchase and financial lease receivables are stated at the outstanding balance, net of unearned interest income. Unearned interest income is stated net of commissions and direct expenses incurred at the initiation of the contracts.

3.5 Allowance for doubtful accounts

The allowance for doubtful accounts represents estimation of probable losses that may have occurred from loans and other lending business at the reporting date. The amount is in compliance with the minimum allowance for doubtful accounts required based on the BoT's guidelines. The guidelines require banks to categorise their loan portfolios into six categories. Each loan category is subject to different levels of provisioning based on percentages established by the BoT. The guidelines established the maximum collateral valuation limits for the purpose of calculating the allowance for doubtful accounts and also require that additional provisions for loans classified as doubtful loss be made in cases where the Bank had not undertaken debt restructuring or filed lawsuits against the debtors.

In addition, the BoT requires banks and finance companies to perform qualitative reviews of their loans as an ongoing process. The Bank and its subsidiaries, which are financial institutions, are required to periodically report the result of their compliance with these guidelines to the BoT.

For corporate loans, the Bank considers a borrower's ability to repay the obligation on an individual case basis based on recent payment history and the estimated collateral value, if the expected source of repayment is from the liquidation of collateral. For SME and consumer loans, the Bank uses credit portfolio statistics to do the statistical analysis (Migration Analysis) for estimation of the deterioration in the portfolio and related allowance for loans under the doubtful category. For finance lease receivables, since 1 September 2012, the Bank has used the Collective Approach method which considers the historical loss experience of each loan cohort.

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 period are recognised as bad debt and doubtful accounts expense in profit or loss. Bad debts recovery is presented net of bad debt and doubtful accounts expense in profit or loss.

Bad debt written off is recorded as a decrease in the allowance for doubtful accounts. Write offs are only made for loans which the Bank pursues the collection but has no prospect of further receipts. These procedures comply with BoT's notification and guidelines.

3.6 Troubled debt restructuring

Troubled debt restructuring can involve any one of the following: modification of repayment terms, a reduction in the debt amount, asset disposition for debt settlement, asset transfer, and debt to equity swap.

As for modification of repayment terms, the Bank complies the Bank of Thailand's regulations, whereby the Bank is required to use the collateral method to calculate loss and/or the current value of expected future cash flow. Fair value is calculated based on the market interest rate on the troubled debt restructuring date. Losses from troubled debt restructuring are recognised in profit or loss on the date of restructuring.

A reduction in the debt amount, asset disposition for debt settlement, asset transfer, and debt to equity swap may result in a loss from lower principal and accrued interest receivables. The Bank recognises this directly in profit or loss.

For asset transfer and debt to equity swap, the Bank recognises the asset or transferred equity interests at fair value, less estimated selling expenses. However, the amount must not exceed the pending principal plus interest that the creditor is legally entitled to. Resultant gains or losses are recognised in profit or loss on the transfer date. This is in accordance with TAS 104 *Accounting for Troubled Debt Restructuring*.

Subsequent to the troubled debt restructuring, the Bank recalculates the fair value of restructured debt based on the aforementioned discount rates as of the date of the financial statements and makes an adjustment to the valuation of the restructured debt, if the fair value has changed, in accordance with the BoT's criteria. The adjustment in the valuation of restructured debt shall not cause the book value of restructured debt to exceed its investment value.

3.7 Properties for sale

Properties for sale consist of immovable and movable properties which are carried at the lower of the carrying amount of the loan or fair value of the property as at the reporting date. Should the carrying value of a property for sale become impaired, an allowance for impairment will be recorded in accordance with TAS 36 (revised 2012) *Impairment of Assets*.

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

3.8 Premises and equipment

Recognition and measurement

Owned assets

Land is stated at the appraised value according to the market price method. Premises are stated at the appraised value according to the replacement cost method at the date of revaluation net of subsequent accumulated depreciation and impairment losses, if any.

Equipment and building improvement are stated at cost less accumulated depreciation.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

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

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

Gains and losses on disposal of an item of premises and equipment are determined by comparing the proceeds from disposal with the carrying amount of premises and equipment, and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

Revalued assets

Revaluations are performed by independent professional appraisers with sufficient regularity according to guidelines prescribed by The BoT to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value on revaluation is recognised in other comprehensive income and presented in other reserves in equity unless it offsets a previous decrease in value recognised in profit or loss in respect of the same asset. A decrease in value is recognised in profit or loss to the extent it exceeds an increase previously recognised in other comprehensive income in respect of the same asset. The revaluation surplus is utilised by reference to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost and transferred directly to retained earnings. Upon disposal of a revalued asset, any remaining related revaluation surplus is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

Subsequent costs

The cost of replacing a part of an item of premises and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its subsidiaries, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of premises and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of assets. The estimated useful lives are as follows:

| | |
|---|-------------|
| Premises | 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 period-end and adjusted if appropriate.

3.9 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 3.1. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in note 3.10. Negative goodwill is recognised immediately in profit or loss.

Other intangible assets

Other intangible assets which are software license that are acquired by the Bank and its subsidiaries and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Leasehold rights are stated as prepaid expenses.

Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

| | |
|-------------------|------------|
| Software licenses | 5-10 years |
| Leasehold rights | 1-30 years |

Amortisation methods, useful lives and residual values are reviewed at each financial period-end and adjusted if appropriate.

3.10 Impairment

The carrying amounts of the Bank and its subsidiaries assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities and receivables carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate. Receivables with a short duration are not discounted.

The recoverable amount of available-for-sale financial asset is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimate future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets 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.

3.11 Claims on security and liabilities to deliver security

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

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

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

3.12 Employee benefits

The Bank operates a number of employee 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 the 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 arrangements:

Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which the Bank pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

The defined contribution plans comprise provident funds established by the Bank and its subsidiaries for their employees. Membership to the funds is on voluntary basis. Contributions are made monthly by the employees at rates ranging from 2% to 10% of their basic salaries and by the Bank and its subsidiaries at rates ranging from 2% to 10% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by licensed Fund Managers.

Defined benefit plans

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Bank's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Bank's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed by a qualified actuary using the projected unit credit method. The Bank and its subsidiaries recognise all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in staff costs in profit or loss.

Other long-term employee benefits

The Bank and its subsidiaries' net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that the eligible employees have earned in return for their service in the current and prior periods before retirement; that benefit is discounted to determine its present value.

In the statement of financial position, the obligations represent the present value of the other long-term employee benefits. The obligations are calculated on the same basis as the defined benefit plan.

3.13 Provisions

A provision is recognised if, as a result of a past event, the Bank and its subsidiaries have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

3.14 Initial recognition

The Bank and its subsidiaries initially recognise the purchase and sale of investments on the settlement date. All other financial assets and liabilities, including loans to customers, deposits and debt issued and borrowings are initially recognised on the trade date at which the Bank and its subsidiaries become a party to the contractual provisions of the instrument.

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Preference shares

Preference shares are classified as equity if they are non-redeemable, or redeemable only at the Bank's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon approval by the Bank's shareholders.

3.15 Interest income and interest expense

The Bank recognises interest and discounts on loans as income on an accrual basis, except for interest on loans which are outstanding over 3 months at the date of the statement of financial position and interest from receivables under troubled debt restructuring agreements where the borrowers' ability to pay is uncertain. Such interest is recognised when received. The Bank reverses all accrued interest income for items which are no longer on an accrual basis. Interest on interbank and money market items and investments is recognised on an accrual basis.

Interest expense is recognised in profit or loss on an accrual basis.

Interest income on restructured loans of the Bank and its subsidiaries are recognised on the same accrual basis as used for loans mentioned above, except for loans that are subject to monitoring for compliance with restructuring conditions, where the Bank and its subsidiaries recognise interest income on a cash basis until the borrowers have been able to comply with the restructuring conditions for a period of no less than three months or three installments, whichever is longer.

Interest or discounts, which are already included in the face value of notes receivable or loans, are deferred and taken up as income evenly over the term of the notes or loans.

3.16 Income from finance lease contracts

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

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

3.17 Dividend income

The Bank recognises dividend income in profit or loss on an accrual basis on the date which the Bank earns the rights to receive the dividend.

3.18 Net trading income

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

3.19 Contributions to the Deposit Protection Agency

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

3.20 Income tax

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

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

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

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

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

In determining the amount of current and deferred tax, the Bank and its subsidiaries takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Bank and its subsidiaries believe that their accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Bank and its subsidiaries to change its judgment regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.21 Earnings per share

The Bank and its subsidiaries present basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit attributable to ordinary shareholders of the Bank and its subsidiaries 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.

3.22 Segment reporting

Segment results that are reported to the Executive Committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3.23 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income:

- available-for-sale equity investments (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss).

Foreign operations

The asset and liabilities of foreign operations are translated to Thai Baht at the foreign exchange rates ruling at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on transaction are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity until disposal of the investment.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.

3.24 Derivatives

Recognition of derivatives is as follows:

- 1 Derivatives for trading are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.
- 2 Derivatives for hedging, Gains or losses resulting from the changes in fair values of contracts are recognised in accordance with the standard accounting treatment for income or expenses on hedged items as follows:
 - 1 Where hedged items are measured at fair value, hedging instruments are measured at fair value consistently.
 - 2 Where hedged items are measured on an accrual basis, hedging instruments are measured on an accrual basis consistently.

3.25 Sales of bills of exchange

Sales, with recourse clause, of bills of exchange that carry no acceptances or aval of the financial institutions are recorded as liabilities under the caption of "Liabilities under commercial papers sold". The amount of loans recorded upon the purchase of the bills are credited when the bills are due and collected.

3.26 Significant accounting policies of the life insurance subsidiary

3.26.1 Recognition of revenues

Premium income is recognised as revenue when premium is received and on the effective date of the insurance policies for the first year premium. For 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.

3.26.2 Life insurance policy reserves

Life insurance policy reserves represent the accumulated total liability for the life insurance policies in force on the reporting date. Such reserves are established to meet the estimated future obligations of all the life insurance policies in force using generally accepted actuarial principles and methods.

The assumptions used in the calculation include mortality rate, discount interest rate and other terms that are established at the time the contract is issued.

Unearned premium reserves

Unearned premium reserves for group insurance and short-term riders are calculated on a pro-rata basis i.e. incorporating the outstanding duration of each policy.

3.26.3 Unpaid policy benefits

Unpaid policy benefits are recorded for the estimated cost of all claims notified but not settled at the reporting date, using the information available at the time. Unpaid policy benefits are also made for the cost of claims incurred but not reported as at the reporting date based on the subsidiary's experience and historical data. Differences between the provision for outstanding claims at the reporting date and subsequent revisions and settlements are included in the statement of comprehensive income in later years.

4 Financial risk management

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Bank and its subsidiaries' risk management framework. The Board has established at the Bank and, to the extent required, at its subsidiaries an Asset and Liability Committee (ALCO), Executive Committee, Audit Committee, Risk Management Committees, which are collectively responsible for developing, implementing and monitoring the Bank and its subsidiaries risk management policies in specified areas and reporting regularly to the Board of Directors on their activities.

The Bank and its subsidiaries' risk management policies are established to identify and analyse the risks faced by the Bank and its subsidiaries, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank and its subsidiaries, through implementing and monitoring appropriate policies, procedures and measures, aim to establish an effective and efficient internal control environment, in which all employees understand their roles and obligations.

The Bank's Audit Committee is responsible for monitoring compliance with the Bank and its subsidiaries' risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank and its subsidiaries. The Bank's Audit Committee is assisted in these functions by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Bank's Audit Committee.

4.1 Credit risk

Credit risk refers to risk arising from the failure of either debtors to repay principal and interest as agreed, or of counterparties to comply with conditions or contracts. Credit risk covers all types of financial products: transactions on-financial reporting such as loans, overdrafts, bills of exchange, and other types of debts; and those off-financial reporting such as derivatives trading and letters of guarantee.

The Bank has established a credit function organisational structure based on a system of checks and balances. Business units are clearly separated from credit approval units. Credit approval authority at each level is assigned to match potential risk or loss levels. Credit risk management policies for critical credit risk have been developed and approved by the Board of Directors. For example:

- Credit policy guide
- Collateral and NPA appraisal policy
- Classification, Provision and Bad Debt Write-Off Policy and Practice
- Policy on credit risk model governance
- Policy on credit rating for non-retail credit debtors
- Counterparty risk management policy
- Country risk management policy

Since credit risk varies by type of credit, different risk measurement methods are applied, ranging from basic statistical tools to more advanced ones, to appropriately reflect the credit risk of each type of product/transaction.

The Bank has credit risk reporting on a regular basis. The Bank and its subsidiaries credit risk report, including loan growth, debt quality, credit concentration, and investment diversification, is presented to the Risk Management Committee on a monthly basis.

4.2 Interest rate risk

Interest rate risk arises from the change in interest rates which will affect the net interest earnings in the current reporting period and in the future and/or economic value. Interest rate risk arises from the structure and characteristics of the Bank's assets, liabilities, equity and off-financial reporting items.

The Bank uses various derivative transactions to manage its own asset and liability positions in order to manage interest rate exposure. The use of derivative transactions is in accordance with the policies and guidelines from the Board of Directors and is under the review and control of the Assets and Liabilities Committee (ALCO).

As at 31 December 2014 and 2013, significant financial assets and liabilities can be repriced as follows:

| | Consolidated | | | | | | | |
|---------------------------------------|-------------------------|----------------------------|------------------------------------|----------------|----------------------------|----------------------------|----------------------------|-----------|
| | 2014 | | | | | | | |
| | Reprice on demand | Reprice within 3 months | Reprice within 3 - 12 months | 1 - 5 years | Reprice over 5 years | Non Performing Loans | Non interest bearing | Total |
| | (in million Baht) | | | | | | | |
| | | | | | | | | |
| Financial assets | | | | | | | | |
| Cash | - | - | - | - | - | - | 42,132 | 42,132 |
| Interbank and money market items * | 5,169 | 247,097 | 11,414 | 3,802 | 1,208 | - | 23,160 | 291,850 |
| Investments, net | - | 66,042 | 139,186 | 138,452 | 131,346 | - | 27,085 | 502,111 |
| Loans to customers ** | 1,015,417 | 317,417 | 169,697 | 227,284 | 4,577 | 42,743 | - | 1,777,135 |
| Accrued interest receivables | - | - | - | - | - | - | 3,814 | 3,814 |
| Total financial assets | 1,020,586 | 630,556 | 320,297 | 369,538 | 137,131 | 42,743 | 96,191 | 2,617,042 |
| Financial liabilities | | | | | | | | |
| Deposits | 1,008,618 | 291,357 | 429,708 | 112,053 | - | - | 53,607 | 1,895,343 |
| Interbank and money market items | 11,271 | 83,567 | 5,015 | 28,161 | 1,350 | - | 10,922 | 140,286 |
| Debt issued and borrowings | - | 105 | 5 | 73,789 | 40,018 | - | - | 113,917 |
| Other liabilities | - | - | - | - | - | - | 7,786 | 7,786 |
| Total financial liabilities | 1,019,889 | 375,029 | 434,728 | 214,003 | 41,368 | - | 72,315 | 2,157,332 |
| Difference | 697 | 255,527 | (114,431) | 155,535 | 95,763 | 42,743 | 23,876 | 459,710 |

* Before deducting allowance for doubtful accounts amounting to Baht 235 million

** Net of deferred revenue

| | Consolidated | | | | | | | |
|---------------------------------------|-------------------------|------------------------------------|----------------------------------|----------------------------|----------------------------|----------------------------|--------|-----------|
| | 2013 | | | | | | | |
| | Reprice on demand | 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 | - | - | - | - | - | - | 35,755 | 35,755 |
| Interbank and money market items * | 7,630 | 123,501 | 6,514 | 6,474 | 3,020 | - | 24,735 | 171,874 |
| Investments, net | - | 109,181 | 159,946 | 94,762 | 115,803 | - | 24,496 | 504,188 |
| Loans to customers ** | 954,453 | 328,147 | 166,240 | 243,447 | 2,633 | 39,992 | 369 | 1,735,281 |
| Accrued interest receivables | - | - | - | - | - | - | 4,132 | 4,132 |
| Total financial assets | 962,083 | 560,829 | 332,700 | 344,683 | 121,456 | 39,992 | 89,487 | 2,451,230 |
| Financial liabilities | | | | | | | | |
| Deposits | 752,883 | 411,348 | 554,812 | 48,274 | - | - | 55,594 | 1,822,911 |
| Interbank and money market items | 7,542 | 61,566 | 3,995 | 34,186 | - | - | 11,838 | 119,127 |
| Debt issued and borrowings | - | 46 | 5,223 | 49,705 | 40,038 | - | - | 95,012 |
| Other liabilities | - | - | - | - | - | - | 11,666 | 11,666 |
| Total financial liabilities | 760,425 | 472,960 | 564,030 | 132,165 | 40,038 | - | 79,098 | 2,048,716 |
| Difference | 201,658 | 87,869 | (231,330) | 212,518 | 81,418 | 39,992 | 10,389 | 402,514 |

* Before deducting allowance for doubtful accounts amounting to Baht 352 million

** Net of deferred revenue

| The Bank | | | | | | | | |
|--|-------------------------|---------------------------------------|-------------------------------------|----------------------------|----------------------------|----------------------------|---------------|------------------|
| 2014 | | | | | | | | |
| | Reprice on demand | 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 | - | - | - | - | - | - | 41,922 | 41,922 |
| Interbank and money market items * | 2,788 | 245,007 | 7,574 | - | - | - | 21,673 | 277,042 |
| Investments, net | - | 55,884 | 138,280 | 119,609 | 10,776 | - | 15,541 | 340,090 |
| Loans to customers ** | 1,010,167 | 317,417 | 169,697 | 226,095 | 4,577 | 41,626 | - | 1,769,579 |
| Accrued interest receivables | - | - | - | - | - | - | 3,544 | 3,544 |
| Total financial assets | 1,012,955 | 618,308 | 315,551 | 345,704 | 15,353 | 41,626 | 82,680 | 2,432,177 |
| Financial liabilities | | | | | | | | |
| Deposits | 1,004,668 | 291,041 | 429,705 | 112,053 | - | - | 52,921 | 1,890,388 |
| Interbank and money market items | 16,930 | 83,567 | 5,015 | 28,160 | 1,350 | - | 10,992 | 146,014 |
| Debt issued and borrowings | - | 1 | 5 | 74,462 | 40,018 | - | - | 114,486 |
| Other liabilities | - | - | - | - | - | - | 7,786 | 7,786 |
| Total financial liabilities | 1,021,598 | 374,609 | 434,725 | 214,675 | 41,368 | - | 71,699 | 2,158,674 |
| Difference | (8,643) | 243,699 | (119,174) | 131,029 | (26,015) | 41,626 | 10,981 | 273,503 |

* Before deducting allowance for doubtful accounts amounting to Baht 235 million

** Net of deferred revenue

| The Bank | | | | | | | | |
|--|-------------------------|-------------------------------|------------------------------------|----------------|----------------------------|----------------------------|----------------------------|------------------|
| 2013 | | | | | | | | |
| | Reprice on demand | Reprice within 3 months | Reprice within 3 - 12 months | 1 - 5 years | Reprice over 5 years | Non Performing Loans | Non interest bearing | Total |
| <i>(in million Baht)</i> | | | | | | | | |
| Financial assets | | | | | | | | |
| Cash | - | - | - | - | - | - | 35,584 | 35,584 |
| Interbank and money market items * | 6,745 | 120,474 | - | 5,000 | - | - | 23,024 | 155,243 |
| Investments, net | - | 97,687 | 158,039 | 82,368 | 16,269 | - | 13,805 | 368,168 |
| Loans to customers ** | 950,603 | 328,113 | 166,229 | 242,185 | 2,633 | 38,233 | - | 1,727,996 |
| Accrued interest receivables | - | - | - | - | - | - | 3,927 | 3,927 |
| Total financial assets | 957,348 | 546,274 | 324,268 | 329,553 | 18,902 | 38,233 | 76,340 | 2,290,918 |
| Financial liabilities | | | | | | | | |
| Deposits | 752,945 | 411,019 | 554,809 | 48,275 | - | - | 53,680 | 1,820,728 |
| Interbank and money market items | 11,555 | 61,566 | 3,995 | 34,186 | - | - | 12,690 | 123,992 |
| Debt issued and borrowings | - | - | 5,223 | 49,705 | 40,038 | - | - | 94,966 |
| Other liabilities | - | - | - | - | - | - | 11,674 | 11,674 |
| Total financial liabilities | 764,500 | 472,585 | 564,027 | 132,166 | 40,038 | - | 78,044 | 2,051,360 |
| Difference | 192,848 | 73,689 | (239,759) | 197,387 | (21,136) | 38,233 | (1,704) | 239,558 |

* Before deducting allowance for doubtful accounts amounting to Baht 352 million

** Net of deferred revenue

As at 31 December 2014 and 2013, interest earning and interest bearing financial instruments were as follows:

| | Consolidated | | | | | |
|--|-------------------|----------|--------------------------|-------------------|----------|--------------------------|
| | 2014 | | | 2013 | | |
| | Average | Interest | Average interest rate | Average | Interest | Average interest rate |
| | (in million Baht) | | (%) | (in million Baht) | | (%) |
| Interbank and money market items, net (Assets) | 231,568 | 4,380 | 1.9 | 167,138 | 5,028 | 3.0 |
| Investments, net | 503,149 | 13,127 | 2.6 | 481,242 | 13,226 | 2.7 |
| Loans to customers * | 1,756,208 | 105,846 | 6.0 | 1,641,383 | 102,421 | 6.2 |
| Deposits | 1,859,127 | 37,334 | 2.0 | 1,718,485 | 41,927 | 2.4 |
| Interbank and money market items (Liabilities) | 129,706 | 1,605 | 1.2 | 113,095 | 1,839 | 1.6 |
| Debt issued and borrowings | 104,464 | 3,341 | 3.2 | 113,794 | 3,910 | 3.4 |
| | | | | | | |
| | The Bank | | | | | |
| | 2014 | | | 2013 | | |
| | Average | Interest | Average interest rate | Average | Interest | Average interest rate |
| | (in million Baht) | | (%) | (in million Baht) | | (%) |
| Interbank and money market items, net (Assets) | 215,849 | 3,967 | 1.8 | 152,216 | 4,358 | 2.9 |
| Investments, net | 354,129 | 7,443 | 2.1 | 357,384 | 8,656 | 2.4 |
| Loans to customers * | 1,748,787 | 105,512 | 6.0 | 1,634,319 | 102,105 | 6.2 |
| Deposits | 1,855,558 | 37,418 | 2.0 | 1,717,658 | 41,997 | 2.4 |
| Interbank and money market items (Liabilities) | 135,003 | 1,615 | 1.2 | 117,949 | 1,858 | 1.6 |
| Debt issued and borrowings | 104,726 | 3,325 | 3.2 | 113,727 | 3,881 | 3.4 |

* Net of deferred revenue

4.3 Foreign exchange risk

Foreign exchange risk is the risk that occurs from changes in exchange rate which may affect the value of the financial instruments or may cause volatility in the Bank's earnings or fluctuations in value of the financial assets and liabilities.

It is the Bank's policy to manage foreign exchange risk by setting risk limits on foreign exchange risk exposures. These limits are net open position limits, open position by currency, management action triggers, and value at risk which are monitored on a daily basis and in compliance with the Bank of Thailand's regulations on foreign exchange.

As at 31 December 2014 and 2013, the Bank has financial assets and liabilities denominated in the various currencies as follows:

| | Consolidated | | | | | |
|--|-------------------|----------------|----------------|------------|----------------|------------------|
| | 2014 | | | | | |
| | THB | USD | EURO | YEN | Others | Total |
| | (in million Baht) | | | | | |
| Financial assets | | | | | | |
| Cash | 40,993 | 598 | 193 | 82 | 266 | 42,132 |
| Interbank and money market items * | 255,631 | 32,248 | 394 | 336 | 3,241 | 291,850 |
| Investments, net | 492,682 | 8,893 | 3 | - | 533 | 502,111 |
| Loans to customers ** | 1,648,685 | 124,102 | 2,670 | 270 | 1,408 | 1,777,135 |
| Accrued interest receivables | 3,269 | 534 | 7 | - | 4 | 3,814 |
| Total financial assets | 2,441,260 | 166,375 | 3,267 | 688 | 5,452 | 2,617,042 |
| Financial liabilities | | | | | | |
| Deposits | 1,816,309 | 76,525 | 1,135 | 428 | 946 | 1,895,343 |
| Interbank and money market items | 126,240 | 13,876 | 169 | 1 | - | 140,286 |
| Debt issued and borrowings | 40,292 | 73,625 | - | - | - | 113,917 |
| Other liabilities | 7,122 | 663 | - | - | 1 | 7,786 |
| Total financial liabilities | 1,989,963 | 164,689 | 1,304 | 429 | 947 | 2,157,332 |
| On-financial reporting items, net | 451,297 | 1,686 | 1,963 | 259 | 4,505 | 459,710 |
| Off-financial reporting items - contingencies (currency swap contracts) | - | (2,656) | (1,294) | 484 | (3,192) | (6,658) |

* Before deducting allowance for doubtful accounts amounting to Baht 235 million

** Net of deferred revenue

| | Consolidated | | | | | |
|--|--------------------------|-----------------|----------------|--------------|----------------|------------------|
| | 2013 | | | | | |
| | THB | USD | EURO | YEN | Others | Total |
| | <i>(in million Baht)</i> | | | | | |
| Financial assets | | | | | | |
| Cash | 33,959 | 974 | 316 | 118 | 388 | 35,755 |
| Interbank and money market items * | 150,532 | 19,115 | 464 | 409 | 1,354 | 171,874 |
| Investments, net | 503,440 | 319 | 3 | - | 426 | 504,188 |
| Loans to customers ** | 1,599,384 | 131,172 | 2,995 | 279 | 1,451 | 1,735,281 |
| Accrued interest receivables | 3,706 | 411 | 11 | - | 4 | 4,132 |
| Total financial assets | 2,291,021 | 151,991 | 3,789 | 806 | 3,623 | 2,451,230 |
| Financial liabilities | | | | | | |
| Deposits | 1,783,428 | 37,879 | 962 | 172 | 470 | 1,822,911 |
| Interbank and money market items | 102,630 | 16,295 | 199 | 2 | 1 | 119,127 |
| Debt issued and borrowings | 45,500 | 49,512 | - | - | - | 95,012 |
| Other liabilities | 11,220 | 445 | - | - | 1 | 11,666 |
| Total financial liabilities | 1,942,778 | 104,131 | 1,161 | 174 | 472 | 2,048,716 |
| On-financial reporting items, net | 348,243 | 47,860 | 2,628 | 632 | 3,151 | 402,514 |
| Off-financial reporting items - contingencies (currency swap contracts) | - | (55,086) | (3,323) | (766) | (1,412) | (60,587) |

* Before deducting allowance for doubtful accounts amounting to Baht 352 million

** Net of deferred revenue

| | The Bank | | | | | |
|--|--------------------------|----------------|----------------|------------|----------------|------------------|
| | 2014 | | | | | |
| | THB | USD | EURO | YEN | Others | Total |
| | <i>(in million Baht)</i> | | | | | |
| Financial assets | | | | | | |
| Cash | 40,919 | 464 | 193 | 82 | 264 | 41,922 |
| Interbank and money market items * | 246,249 | 26,827 | 394 | 336 | 3,236 | 277,042 |
| Investments, net | 339,553 | 1 | 3 | - | 533 | 340,090 |
| Loans to customers ** | 1,642,713 | 122,518 | 2,670 | 270 | 1,408 | 1,769,579 |
| Accrued interest receivables | 3,003 | 530 | 7 | - | 4 | 3,544 |
| Total financial assets | 2,272,437 | 150,340 | 3,267 | 688 | 5,445 | 2,432,177 |
| Financial liabilities | | | | | | |
| Deposits | 1,816,921 | 71,209 | 1,135 | 428 | 695 | 1,890,388 |
| Interbank and money market items | 131,948 | 13,896 | 169 | 1 | - | 146,014 |
| Debt issued and borrowings | 40,188 | 74,298 | - | - | - | 114,486 |
| Other liabilities | 7,123 | 662 | - | - | 1 | 7,786 |
| Total financial liabilities | 1,996,180 | 160,065 | 1,304 | 429 | 696 | 2,158,674 |
| On-financial reporting items, net | 276,257 | (9,725) | 1,963 | 259 | 4,749 | 273,503 |
| Off-financial reporting items - contingencies (currency swap contracts) | - | (3,092) | (1,294) | 484 | (3,192) | (7,094) |

* Before deducting allowance for doubtful accounts amounting to Baht 235 million

** Net of deferred revenue

| | The Bank | | | | | |
|--|--------------------------|-----------------|----------------|--------------|----------------|------------------|
| | 2013 | | | | | |
| | THB | USD | EURO | YEN | Others | Total |
| | <i>(in million Baht)</i> | | | | | |
| Financial assets | | | | | | |
| Cash | 33,853 | 911 | 316 | 118 | 386 | 35,584 |
| Interbank and money market items * | 139,050 | 13,971 | 464 | 409 | 1,349 | 155,243 |
| Investments, net | 367,420 | 319 | 3 | - | 426 | 368,168 |
| Loans to customers ** | 1,593,729 | 129,542 | 2,995 | 279 | 1,451 | 1,727,996 |
| Accrued interest receivables | 3,505 | 407 | 11 | - | 4 | 3,927 |
| Total financial assets | 2,137,557 | 145,150 | 3,789 | 806 | 3,616 | 2,290,918 |
| Financial liabilities | | | | | | |
| Deposits | 1,787,121 | 32,008 | 962 | 172 | 465 | 1,820,728 |
| Interbank and money market items | 107,444 | 16,346 | 199 | 2 | 1 | 123,992 |
| Debt issued and borrowings | 45,454 | 49,512 | - | - | - | 94,966 |
| Other liabilities | 11,229 | 444 | - | - | 1 | 11,674 |
| Total financial liabilities | 1,951,248 | 98,310 | 1,161 | 174 | 467 | 2,051,360 |
| On-financial reporting items, net | 186,309 | 46,840 | 2,628 | 632 | 3,149 | 239,558 |
| Off-financial reporting items - contingencies (currency swap contracts) | - | (52,631) | (3,323) | (766) | (1,412) | (58,132) |

* Before deducting allowance for doubtful accounts amounting to Baht 352 million

** Net of deferred revenue

4.4 Equity risk

Equity risk is the risk arising from changes in the price of equities or common stock that may cause volatility in the Bank's earning or fluctuations in the value of the Bank's financial assets. The Bank and its subsidiaries have policies to manage the risk by maintaining long-term equity investments and investing in growth potential equities and/or those intended to support the business. The Bank has established the Policy that only companies within the Financial Group that are engaged in the financial business with specific supervisory bodies and those permitted to engage in portfolio management can 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. (Further details of equity investments are provided under notes 9 and 10.)

4.5 Liquidity risk

Liquidity risk is the risk that the Bank may not be able to meet its obligations as they fall due, because of an inability to realise assets or to cover funding requirements at an appropriate price, thus resulting in losses to the Bank.

The Bank has set a standardised 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 set the risk management policy, organisation structure, risk limits, risk measurement and liquidity risk monitoring practices and procedures.

The Bank has implemented a system to monitor liquidity management on a daily basis in both Baht and foreign currencies by applying a number of risk management tools, such as net daily liquidity position report in both the remaining time to maturity and with behavioral adjustments, individual foreign currency position report. In addition, the Bank also determines relevant risk limits to be adopted to measure, monitor and control liquidity risk to remain at an acceptable level, which is further reported to the senior management of the Bank on a daily basis.

As at 31 December 2014, the liquidity ratio (liquid assets to total deposits) stood at 28.5% on a bank-only basis (2013: 24.2%).

As at 31 December 2014 and 2013, financial assets and liabilities were classified according to their contractual maturity as follows:

| | Consolidated | | | | | | Total |
|------------------------------------|--------------------|--------------------------|-------------------------------|-----------------------------|-----------------------|-------------|-----------|
| | 2014 | | | | | | |
| | Maturity on demand | Maturity within 3 months | Maturity within 3 - 12 months | Maturity within 1 - 5 years | Maturity over 5 years | No maturity | |
| | (in million Baht) | | | | | | |
| | | | | | | | |
| Financial assets | | | | | | | |
| Cash | - | - | - | - | - | 42,132 | 42,132 |
| Interbank and money market items * | 19,681 | 250,307 | 6,649 | 13,991 | 1,222 | - | 291,850 |
| Investments, net | - | 66,142 | 139,186 | 138,452 | 131,346 | 26,985 | 502,111 |
| Loans to customers** | 210,713 | 276,897 | 189,362 | 587,368 | 512,795 | - | 1,777,135 |
| Accrued interest receivables | 255 | 3,559 | - | - | - | - | 3,814 |
| Total financial assets | 230,649 | 596,905 | 335,197 | 739,811 | 645,363 | 69,117 | 2,617,042 |
| Financial liabilities | | | | | | | |
| Deposits | 1,053,263 | 289,946 | 433,281 | 118,853 | - | - | 1,895,343 |
| Interbank and money market items | 22,194 | 73,677 | 5,015 | 38,050 | 1,350 | - | 140,286 |
| Debt issued and borrowings | - | 105 | 5 | 73,789 | 40,018 | - | 113,917 |
| Other liabilities | - | 1,316 | 6,018 | 452 | - | - | 7,786 |
| Total financial liabilities | 1,075,457 | 365,044 | 444,319 | 231,144 | 41,368 | - | 2,157,332 |
| Net liquidity gap | (844,808) | 231,861 | (109,122) | 508,667 | 603,995 | 69,117 | 459,710 |

* Before deducting allowance for doubtful accounts amounting to Baht 235 million

** Including non-performing loans

| | Consolidated | | | | | | Total |
|------------------------------------|--------------|-----------------|-----------|----------|---------|----------|-----------|
| | 2013 | | | | | | |
| | Maturity | Maturity within | | Maturity | | No | |
| | on | 3 - 12 | 1 - 5 | over | No | | |
| | demand | 3 months | months | years | 5 years | maturity | |
| (in million Baht) | | | | | | | |
| | | | | | | | |
| Financial assets | | | | | | | |
| Cash | - | - | - | - | - | 35,755 | 35,755 |
| Interbank and money market items * | 26,108 | 129,110 | 6,540 | 6,677 | 3,439 | - | 171,874 |
| Investments, net | - | 109,872 | 158,945 | 95,049 | 115,834 | 24,488 | 504,188 |
| Loans to customers** | 180,815 | 295,085 | 199,009 | 581,719 | 478,653 | - | 1,735,281 |
| Accrued interest receivables | - | 4,132 | - | - | - | - | 4,132 |
| Total financial assets | 206,923 | 538,199 | 364,494 | 683,445 | 597,926 | 60,243 | 2,451,230 |
| Financial liabilities | | | | | | | |
| Deposits | 799,079 | 410,375 | 558,241 | 55,216 | - | - | 1,822,911 |
| Interbank and money market items | 19,380 | 51,722 | 3,995 | 44,030 | - | - | 119,127 |
| Debt issued and borrowings | - | 46 | 5,223 | 49,705 | 40,038 | - | 95,012 |
| Other liabilities | - | 2,573 | 8,749 | 344 | - | - | 11,666 |
| Total financial liabilities | 818,459 | 464,716 | 576,208 | 149,295 | 40,038 | - | 2,048,716 |
| Net liquidity gap | (611,536) | 73,483 | (211,714) | 534,150 | 557,888 | 60,243 | 402,514 |

* Before deducting allowance for doubtful accounts amounting to Baht 352 million

** Including non-performing loans

| The Bank | | | | | | | |
|---------------------------------------|--------------------------|-----------------------------|-------------------------------------|-----------------------------------|-----------------------------|----------------|------------------|
| 2014 | | | | | | | |
| | Maturity on demand | Maturity within 3 months | Maturity within 3 - 12 months | Maturity within 1 - 5 years | Maturity over 5 years | No maturity | Total |
| (in million Baht) | | | | | | | |
| Financial assets | | | | | | | |
| Cash | - | - | - | - | - | 41,922 | 41,922 |
| Interbank and money market items * | 16,424 | 248,145 | 2,473 | 10,000 | - | - | 277,042 |
| Investments, net | - | 55,884 | 138,280 | 119,609 | 10,776 | 15,541 | 340,090 |
| Loans to customers** | 205,405 | 276,897 | 189,281 | 585,201 | 512,795 | - | 1,769,579 |
| Accrued interest receivables | - | 3,544 | - | - | - | - | 3,544 |
| Total financial assets | 221,829 | 584,470 | 330,034 | 714,810 | 523,571 | 57,463 | 2,432,177 |
| Financial liabilities | | | | | | | |
| Deposits | 1,048,627 | 289,630 | 433,278 | 118,853 | - | - | 1,890,388 |
| Interbank and money market items | 27,922 | 73,677 | 5,015 | 38,050 | 1,350 | - | 146,014 |
| Debt issued and borrowings | - | 1 | 5 | 74,462 | 40,018 | - | 114,486 |
| Other liabilities | - | 1,316 | 6,018 | 452 | - | - | 7,786 |
| Total financial liabilities | 1,076,549 | 364,624 | 444,316 | 231,817 | 41,368 | - | 2,158,674 |
| Net liquidity gap | (854,720) | 219,846 | (114,282) | 482,993 | 482,203 | 57,463 | 273,503 |

* Before deducting allowance for doubtful accounts amounting to Baht 235 million

** Including non-performing loans

| The Bank | | | | | | | |
|---------------------------------------|--------------------------|--------------------------------|--|--------------------------------------|-----------------------------|----------------|------------------|
| 2013 | | | | | | | |
| | Maturity on demand | Maturity within 3 months | Maturity within 3 - 12 months | Maturity within 1 - 5 years | Maturity over 5 years | No maturity | Total |
| (in million Baht) | | | | | | | |
| Financial assets | | | | | | | |
| Cash | - | - | - | - | - | 35,584 | 35,584 |
| Interbank and money market items * | 24,218 | 126,025 | - | 5,000 | - | - | 155,243 |
| Investments, net | - | 97,687 | 157,722 | 82,685 | 16,269 | 13,805 | 368,168 |
| Loans to customers** | 176,194 | 294,966 | 197,979 | 580,204 | 478,653 | - | 1,727,996 |
| Accrued interest receivables | - | 3,927 | - | - | - | - | 3,927 |
| Total financial assets | 200,412 | 522,605 | 355,701 | 667,889 | 494,922 | 49,389 | 2,290,918 |
| Financial liabilities | | | | | | | |
| Deposits | 797,229 | 410,046 | 558,237 | 55,216 | - | - | 1,820,728 |
| Interbank and money market items | 24,245 | 51,722 | 3,995 | 44,030 | - | - | 123,992 |
| Debt issued and borrowings | - | - | 5,223 | 49,705 | 40,038 | - | 94,966 |
| Other liabilities | - | 2,572 | 8,757 | 345 | - | - | 11,674 |
| Total financial liabilities | 821,474 | 464,340 | 576,212 | 149,296 | 40,038 | - | 2,051,360 |
| Net liquidity gap | (621,062) | 58,265 | (220,511) | 518,593 | 454,884 | 49,389 | 239,558 |

* Before deducting allowance for doubtful accounts amounting to Baht 352 million

** Including non-performing loans

Loans to deposits ratio

As at 31 December 2014 and 2013, the loans to deposits ratios in the consolidated financial statements were as follows:

| | 2014 | 2013 |
|---|------|------|
| | (%) | |
| Gross loans to deposits ratio (Consolidated financial statements) | 93.8 | 95.2 |
| Gross loans to deposits and B/E ratio (Consolidated financial statements) | 93.8 | 94.9 |

5 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 2014 and 2013, a summary of book value and fair value of financial instruments were as follows:

| | Consolidated | | | |
|--|-------------------|------------------|------------------|------------------|
| | 2014 | | 2013 | |
| | Book value | Fair value | Book value | Fair value |
| | (in million Baht) | | | |
| Financial assets | | | | |
| Cash | 42,132 | 42,132 | 35,755 | 35,755 |
| Interbank and money market items, net | 291,615 | 291,615 | 171,522 | 171,522 |
| Derivative assets | 43,630 | 43,630 | 46,228 | 46,228 |
| Investments, net | 502,111 | 514,842 | 504,188 | 508,063 |
| Loans to customers and accrued interest receivables, net | 1,721,935 | 1,723,125 | 1,679,097 | 1,683,423 |
| Total financial assets | 2,601,423 | 2,615,344 | 2,436,790 | 2,444,991 |
| Financial liabilities | | | | |
| Deposits | 1,895,343 | 1,895,531 | 1,822,911 | 1,823,765 |
| Interbank and money market items | 140,286 | 140,315 | 119,127 | 119,111 |
| Liabilities payable on demand | 7,400 | 7,400 | 8,406 | 8,406 |
| Derivative liabilities | 42,413 | 42,413 | 46,826 | 46,826 |
| Debt issued and borrowings | 113,917 | 113,917 | 95,012 | 95,012 |
| Total financial liabilities | 2,199,359 | 2,199,576 | 2,092,282 | 2,093,120 |
| | | | | |
| | The Bank | | | |
| | 2014 | | 2013 | |
| | Book value | Fair value | Book value | Fair value |
| | (in million Baht) | | | |
| Financial assets | | | | |
| Cash | 41,922 | 41,922 | 35,584 | 35,584 |
| Interbank and money market items, net | 276,807 | 276,807 | 154,891 | 154,891 |
| Derivative assets | 43,759 | 43,759 | 46,315 | 46,315 |
| Investments, net | 340,090 | 342,891 | 368,168 | 370,218 |
| Loans to customers and accrued interest receivables, net | 1,714,871 | 1,716,055 | 1,672,945 | 1,677,270 |
| Total financial assets | 2,417,449 | 2,421,434 | 2,277,903 | 2,284,278 |
| Financial liabilities | | | | |
| Deposits | 1,890,388 | 1,890,576 | 1,820,728 | 1,821,582 |
| Interbank and money market items | 146,014 | 146,043 | 123,992 | 123,976 |
| Liabilities payable on demand | 7,399 | 7,399 | 8,367 | 8,367 |
| Derivative liabilities | 42,487 | 42,487 | 46,823 | 46,823 |
| Debt issued and borrowings | 114,486 | 114,486 | 94,966 | 94,966 |
| Total financial liabilities | 2,200,774 | 2,200,991 | 2,094,876 | 2,095,714 |

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 prices in active markets. Fair values of derivatives in an illiquid market are obtained using an average price (quoted from several reliable sources), valuation technique and a benchmark price of instruments which have similar characteristics, as appropriate. |
| Investments: | <p>The following methodologies are used to determine the fair value of securities held by the Bank.</p> <ul style="list-style-type: none"> - The fair value of 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 period 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 foreign stock exchanges is estimated by using the bid prices at such exchanges as of the last business day of the period. The fair value of non-listed foreign debt and equity securities is determined based on values quoted by reliable international financial institutions. |
| Loans to customers and accrued interest receivables: | <ul style="list-style-type: none"> - For variable-rate loans that are repriced frequently and have no significant change in credit risk, fair values are based on carrying values. - Fair values of other loans are estimated using discounted cash flow analyses, using market interest rates or the fair value of collateral. - The carrying amount of accrued interest receivables approximates fair value. |
| Deposits and interbank and money market items (Liabilities): | <ul style="list-style-type: none"> - The fair values disclosed for deposits which are payable on demand by the depositor, are equal to the carrying values of such deposits. - Fair values for fixed-deposits are estimated using a discounted cash flow calculation that applies interest rates currently being offered on similar deposits. - The carrying amount of interbank and money market items approximates their fair value. |
| Liabilities payable on demand: | The carrying amount of liabilities payable on demand approximates fair value. |
| Debt issued and borrowings: | <ul style="list-style-type: none"> - The carrying amounts of short-term borrowings maturing within 90 days approximate their fair values. - Fair values of other borrowings are estimated using discounted cash flow analyses based on the Bank's current borrowing rates for similar types of borrowing arrangements. |

6 Maintenance of capital fund

The Bank and its subsidiaries, which are financial institutions, are subject to various capital and regulatory requirements of the Bank of Thailand. Under these capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank and its subsidiaries must satisfy specific capital guidelines that involve, among others, quantitative measures of the Bank's and its subsidiaries' assets, liabilities and certain off-financial reporting items as calculated in accordance with regulatory practices. The Bank's and its subsidiaries' capital amounts and classifications are also subject to qualitative judgments by the Bank of Thailand as to components, risk weightings, and other factors. These capital and regulatory requirements are subject to change, as considered necessary by the Bank of Thailand.

The Bank maintains its capital fund in accordance with the Financial Institution Business Act B.E. 2008 by maintaining its capital fund as a proportion of risk weighted assets in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand. As announced by the BoT in its circulars dated 8 November 2012 and 17 December 2012, the Bank is required to calculate its Capital Fund in accordance with Basel III. As at 31 December 2014 and 2013, the Consolidated Supervision group and the Bank's total capital funds can be categorised as follows:

| | | Basel III | |
|---|-----------------|--------------------------|------------------|
| | | Consolidated Supervision | |
| | | 2014 | 2013 |
| | | (in million Baht) | |
| | | | |
| Tier 1 capital | | | |
| Common Equity Tier 1 (CET1) | | | |
| Issued and paid-up share capital | | 33,992 | 33,992 |
| Premium on share capital | | 11,124 | 11,124 |
| Legal reserve | | 7,000 | 7,000 |
| Net gain after appropriations | | 181,143 | 146,282 |
| Other comprehensive income | | 18,014 | 16,083 |
| Capital deduction items on CET1 | | (7,354) | (5,762) |
| Total Tier 1 capital | | 243,919 | 208,719 |
| Tier 2 capital | | | |
| Subordinated debt | | 40,000 | 40,000 |
| Allowance for classified assets of "normal" category and excess allowance | | 17,835 | 19,135 |
| Total Tier 2 capital | | 57,835 | 59,135 |
| Total capital funds | | 301,754 | 267,854 |
| | | | |
| Total risk weighted assets | | 1,776,687 | 1,738,165 |
| | | | |
| Total capital / Total risk weighted assets | (minimum 8.50%) | 17.0% | 15.4% |
| Total Tier 1 capital / Total risk weighted assets | (minimum 6.00%) | 13.7% | 12.0% |
| Total Tier 1 common equity / Total risk weighted assets | (minimum 4.50%) | 13.7% | 12.0% |
| Total Tier 2 capital / Total risk weighted assets | | 3.3% | 3.4% |

| | | Basel III | |
|---|-----------------|-------------------|-----------|
| | | The Bank | |
| | | 2014 | 2013 |
| | | (in million Baht) | |
| | | | |
| Tier 1 capital | | | |
| Common Equity Tier 1 (CET1) | | | |
| Issued and paid-up share capital | | 33,992 | 33,992 |
| Premium on share capital | | 11,124 | 11,124 |
| Legal reserve | | 7,000 | 7,000 |
| Net gain after appropriations | | 172,983 | 140,802 |
| Other comprehensive income | | 17,349 | 16,213 |
| Capital deduction items on CET1 | | (5,835) | (5,762) |
| Total Tier 1 capital | | 236,613 | 203,369 |
| Tier 2 capital | | | |
| Subordinated debt | | 40,000 | 40,000 |
| Allowance for classified assets of "normal" category and excess allowance | | 17,835 | 18,955 |
| Total Tier 2 capital | | 57,835 | 58,955 |
| Total capital funds | | 294,448 | 262,324 |
| Total risk weighted assets | | 1,742,345 | 1,717,592 |
| | | | |
| Total capital / Total risk weighted assets | (minimum 8.50%) | 16.9% | 15.3% |
| Total Tier 1 capital / Total risk weighted assets | (minimum 6.00%) | 13.6% | 11.9% |
| Total Tier 1 common equity / Total risk weighted assets | (minimum 4.50%) | 13.6% | 11.9% |
| Total Tier 2 capital / Total risk weighted assets | | 3.3% | 3.4% |

Disclosures of capital maintenance information under the Notification of the Bank of Thailand number Sor Nor Sor 6/2553 dated 18 June 2010, Consolidated Supervision, the Notification of the Bank of Thailand number Sor Nor Sor 13/2555 dated 8 November 2012, Capital Components for Locally - Registered Commercial Banks, the Notification of the Bank of Thailand number Sor Nor Sor 19/2555 dated 17 December 2012, Consolidated Supervision (#2), the Notification of the Bank of Thailand number Sor Nor Sor 4/2556 dated 2 May 2013, the Public Disclosures of Capital Maintenance for Commercial Banks and the Notification of the Bank of Thailand number Sor Nor Sor 5/2556 dated 2 May 2013, the Public Disclosures of Capital Maintenance for Financial Group, were as follows:

| | |
|------------------------|--|
| Location of disclosure | The Bank's website under Investor Relations section at http://www.scb.co.th/en/about-scb/investor-relations/financial-information/pillar |
| Date of disclosure | Within 4 months after the period end as indicated in the notification. |
| Information as of | 31 December 2014 |

Capital management

The Bank and its subsidiaries policies are to maintain a strong capital base so as to provide a cushion against future uncertainties, engender market confidence in the Bank's robustness and to support business growth. Further, the impact of the level of capital on shareholders' returns is also considered together with the need to maintain a balance between the higher returns that might be possible with higher gearing and the advantages and security afforded by a sound capital position.

The Bank and its subsidiaries have complied with BoT imposed capital requirements throughout the year and, as noted in the table above, its capital level is well in excess of the minimum requirements.

7 Interbank and money market items, net (Assets)

As at 31 December 2014 and 2013, interbank and money market items, net (Assets) were as follows:

| | Consolidated | | | | | |
|--|--------------------------|----------------|----------------|---------------|----------------|----------------|
| | Demand | 2014 Time | Total | Demand | 2013 Time | Total |
| | <i>(in million Baht)</i> | | | | | |
| Domestic items: | | | | | | |
| Bank of Thailand and Financial Institutions Development Fund | 8,851 | 209,600 | 218,451 | 11,989 | 87,700 | 99,689 |
| Commercial banks | 1,809 | 14,232 | 16,041 | 1,652 | 21,347 | 22,999 |
| Specialised financial institutions* | - | 10,000 | 10,000 | - | 5,400 | 5,400 |
| Other financial institutions** | 1,344 | 4,215 | 5,559 | 2,066 | 13,924 | 15,990 |
| Total | 12,004 | 238,047 | 250,051 | 15,707 | 128,371 | 144,078 |
| Add accrued interest receivables | 1 | 156 | 157 | - | 138 | 138 |
| Less allowance for doubtful accounts | - | (141) | (141) | - | (276) | (276) |
| Total domestic items | 12,005 | 238,062 | 250,067 | 15,707 | 128,233 | 143,940 |
| Foreign items: | | | | | | |
| US Dollar | 4,835 | 26,051 | 30,886 | 6,562 | 11,606 | 18,168 |
| Japanese YEN | 336 | - | 336 | 409 | - | 409 |
| Euro | 394 | - | 394 | 464 | - | 464 |
| Other currencies | 2,111 | 7,908 | 10,019 | 2,966 | 4,971 | 7,937 |
| Total | 7,676 | 33,959 | 41,635 | 10,401 | 16,577 | 26,978 |
| Add accrued interest receivables | - | 7 | 7 | - | 680 | 680 |
| Less allowance for doubtful accounts | - | (94) | (94) | - | (76) | (76) |
| Total foreign items | 7,676 | 33,872 | 41,548 | 10,401 | 17,181 | 27,582 |
| Total domestic and foreign items | 19,681 | 271,934 | 291,615 | 26,108 | 145,414 | 171,522 |

* Specialised financial institutions mean financial institutions which operate under specific development mandates such as the Small and Medium Enterprise Development Bank of Thailand, Bank for Agriculture and Agricultural Co-operatives, Export-Import Bank of Thailand, Government Savings Banks, Government Housings Bank, Islamic Bank of Thailand and Secondary Mortgage Corporation but excluding the Small Business Credit Guarantee Corporation

** Other financial institutions mean financial institutions which have a license to offer interest on loans under the Finance Institution Act and, excluding those itemised separately above, such as Finance companies, Securities companies, Credit foncier companies, Life insurance companies, Cooperatives, the Federation of Savings and Credit Cooperatives of Thailand Limited and the Credit Union League of Thailand Limited

| | The Bank | | | | | |
|--|--------------------------|----------------|----------------|---------------|----------------|----------------|
| | 2014 | | | 2013 | | |
| | Demand | Time | Total | Demand | Time | Total |
| | <i>(in million Baht)</i> | | | | | |
| Domestic items: | | | | | | |
| Bank of Thailand and Financial Institutions Development Fund | 8,851 | 209,600 | 218,451 | 11,989 | 87,700 | 99,689 |
| Commercial banks | 1,118 | 11,233 | 12,351 | 1,652 | 21,347 | 22,999 |
| Specialised financial institutions* | - | 10,000 | 10,000 | - | 5,000 | 5,000 |
| Other financial institutions** | 1,344 | 4,215 | 5,559 | 1,689 | 8,739 | 10,428 |
| Total | 11,313 | 235,048 | 246,361 | 15,330 | 122,786 | 138,116 |
| Add accrued interest receivables | - | 137 | 137 | - | 120 | 120 |
| Less allowance for doubtful accounts | - | (141) | (141) | - | (276) | (276) |
| Total domestic items | 11,313 | 235,044 | 246,357 | 15,330 | 122,630 | 137,960 |
| Foreign items: | | | | | | |
| US Dollar | 2,274 | 23,188 | 25,462 | 5,053 | 7,966 | 13,019 |
| Japanese YEN | 336 | - | 336 | 409 | - | 409 |
| Euro | 394 | - | 394 | 464 | - | 464 |
| Other currencies | 2,107 | 2,238 | 4,345 | 2,962 | 152 | 3,114 |
| Total | 5,111 | 25,426 | 30,537 | 8,888 | 8,118 | 17,006 |
| Add accrued interest receivables | - | 7 | 7 | - | 1 | 1 |
| Less allowance for doubtful accounts | - | (94) | (94) | - | (76) | (76) |
| Total foreign items | 5,111 | 25,339 | 30,450 | 8,888 | 8,043 | 16,931 |
| Total domestic and foreign items | 16,424 | 260,383 | 276,807 | 24,218 | 130,673 | 154,891 |

* Specialised financial institutions mean financial institutions which operate under specific development mandates such as the Small and Medium Enterprise Development Bank of Thailand, Bank for Agriculture and Agricultural Co-operatives, Export-Import Bank of Thailand, Government Savings Banks, Government Housings Bank, Islamic Bank of Thailand and Secondary Mortgage Corporation but excluding the Small Business Credit Guarantee Corporation

** Other financial institutions mean financial institutions which have a license to offer interest on loans under the Finance Institution Act and, excluding those itemised separately above, such as Finance companies, Securities companies, Credit foncier companies, Life insurance companies, Cooperatives, the Federation of Savings and Credit Cooperatives of Thailand Limited and the Credit Union League of Thailand Limited

8 Derivatives

Financial derivatives are financial instruments whose characteristics are derived from fair value of underlying assets, or from interest and exchange rates or indices. The following derivatives are used by the Bank:

- 1 Forward exchange contracts which are agreements to buy or sell fixed amounts of currency at agreed rates of exchange on a specified future date.
- 2 Currency and interest rate swaps which are agreements to exchange, and on termination of the swap, re-exchange principal amounts denominated in different currencies and may also involve the exchange of related interest payments.
- 3 Interest rate swaps which are agreements that involve the exchange of interest obligations for a specified period without exchanging the underlying or notional principal.
- 4 Equity derivatives which are agreements that determined values based on level of the underlying equity's price or price of equity group or Equity Index.
- 5 Credit derivatives which are agreements to buy or sell guarantees of credit risk related to the ability to repay underlying assets.
- 6 Commodity derivatives which are a purchase or a sale of an underlying product or the exchange of cash flow calculated from a reference volume of product multiplied by the agreed price within a period of time and conditions as agreed in the contract.

The Bank has implemented policies to manage the foreign exchange risk and interest rate risk arising from the volatility of foreign exchange rates and interest rates by using derivatives for serving the client's needs as well as the Bank's assets and liabilities management needs. The Bank controls the counterparty risks by setting-up the credit limits, and controls the market risk by setting-up limits for management action triggers, net open position, basis point value, value at risk and management stress triggers.

The total notional amount of the derivatives at the year end does not represent the risk exposure arising from derivative transactions. The risks arising from derivatives will depend on the changes in the price of each derivative type before maturity of the contract.

As at 31 December 2014 and 2013, the notional amounts of derivatives were as follows:

| | Consolidated | | | |
|------------------------------|-----------------|-------------|-----------|-----------|
| | 2014 | | | |
| | Notional amount | | | |
| | Less than | Within | More than | Total |
| | 1 year | 1 - 5 years | 5 years | |
| (in million Baht) | | | | |
| Forward exchange contracts | 811,075 | 22,035 | 17,739 | 850,849 |
| Currency swap contracts | 87,427 | 271,805 | 180,684 | 539,916 |
| Interest rate swap contracts | 359,015 | 1,068,787 | 283,818 | 1,711,620 |
| Equity derivatives | 208 | - | 470 | 678 |

| Consolidated | | | | |
|------------------------------|--------------------------|-----------------------|----------------------|-----------|
| 2013 | | | | |
| Notional amount | | | | |
| | Less than 1 year | Within 1 - 5 years | More than 5 years | Total |
| | <i>(in million Baht)</i> | | | |
| Forward exchange contracts | 1,043,276 | 24,738 | 21,547 | 1,089,561 |
| Currency swap contracts | 97,723 | 282,386 | 116,637 | 496,746 |
| Interest rate swap contracts | 461,053 | 969,970 | 206,147 | 1,637,170 |
| Equity derivatives | 122 | - | 470 | 592 |
| Commodity derivatives | 3,494 | - | - | 3,494 |

| The Bank | | | | |
|------------------------------|--------------------------|-----------------------|----------------------|-----------|
| 2014 | | | | |
| Notional amount | | | | |
| | Less than 1 year | Within 1 - 5 years | More than 5 years | Total |
| | <i>(in million Baht)</i> | | | |
| Forward exchange contracts | 811,185 | 22,035 | 17,739 | 850,959 |
| Currency swap contracts | 87,335 | 273,782 | 185,883 | 547,000 |
| Interest rate swap contracts | 359,015 | 1,068,787 | 283,818 | 1,711,620 |
| Equity derivatives | - | - | 470 | 470 |

| The Bank | | | | |
|------------------------------|--------------------------|-----------------------|----------------------|-----------|
| 2013 | | | | |
| Notional amount | | | | |
| | Less than 1 year | Within 1 - 5 years | More than 5 years | Total |
| | <i>(in million Baht)</i> | | | |
| Forward exchange contracts | 1,043,276 | 24,738 | 21,547 | 1,089,561 |
| Currency swap contracts | 97,967 | 282,686 | 118,547 | 499,200 |
| Interest rate swap contracts | 461,053 | 969,970 | 206,147 | 1,637,170 |
| Equity derivatives | - | - | 470 | 470 |
| Commodity derivatives | 3,494 | - | - | 3,494 |

As at 31 December 2014 and 2013, carrying amount and notional amount classified by type of risk were as follows:

| Type of risk | Consolidated | | | | | |
|------------------------|-------------------|-------------|--------------------|-----------------|-------------|--------------------|
| | 2014 | | | 2013 | | |
| | Carrying amount | | Notional amount | Carrying amount | | Notional amount |
| | Assets | Liabilities | | Assets | Liabilities | |
| | (in million Baht) | | | | | |
| Foreign exchange rates | 24,003 | 25,253 | 1,390,765 | 33,731 | 36,410 | 1,586,307 |
| Interest rate | 19,600 | 17,140 | 1,711,620 | 12,288 | 10,197 | 1,637,170 |
| Equity derivatives | 27 | 20 | 678 | 82 | 95 | 592 |
| Commodity derivatives | - | - | - | 127 | 124 | 3,494 |
| Total | 43,630 | 42,413 | 3,103,063 | 46,228 | 46,826 | 3,227,563 |

| | The Bank | | | | | |
|------------------------|-------------------|-------------|-----------------|-----------------|-------------|-----------------|
| | 2014 | | | 2013 | | |
| Type of risk | Carrying amount | | Notional amount | Carrying amount | | Notional amount |
| | Assets | Liabilities | | Assets | Liabilities | |
| | (in million Baht) | | | | | |
| Foreign exchange rates | 24,134 | 25,347 | 1,397,959 | 33,819 | 36,421 | 1,588,761 |
| Interest rate | 19,600 | 17,140 | 1,711,620 | 12,288 | 10,197 | 1,637,170 |
| Equity derivatives | 25 | - | 470 | 81 | 81 | 470 |
| Commodity derivatives | - | - | - | 127 | 124 | 3,494 |
| Total | 43,759 | 42,487 | 3,110,049 | 46,315 | 46,823 | 3,229,895 |

The carrying amount of derivative assets and liabilities comprises trading book derivatives measured at fair value and banking book derivatives measured on an accrual basis in accordance with the accounting policy disclosed in note 3.24.

As at 31 December 2014 and 2013, the proportions, determined based on the notional amount of derivatives contracts divided by type of counterparty were as follows:

| Counterparty | Consolidated | | The Bank | |
|------------------------|--------------|-------|----------|-------|
| | 2014 | 2013 | 2014 | 2013 |
| | <i>(%)</i> | | | |
| Financial institutions | 76.08 | 75.60 | 75.88 | 75.52 |
| Affiliated companies | - | - | 0.26 | 0.11 |
| Third parties | 23.92 | 24.40 | 23.86 | 24.37 |

9 Investments, net

9.1 Classification of investments in securities

As at 31 December 2014 and 2013, the investments in securities of the Bank and its subsidiaries were classified as follows:

| | Consolidated | | The Bank | |
|--|--------------------|--------------------|--------------------|--------------------|
| | 2014 Fair value | 2013 Fair value | 2014 Fair value | 2013 Fair value |
| <i>(in million Baht)</i> | | | | |
| Trading securities | | | | |
| Government and state enterprise securities | 25,981 | 45,118 | 25,970 | 45,110 |
| Corporate debt securities | 453 | 561 | 453 | 561 |
| Foreign debt securities | 851 | - | 851 | - |
| Domestic equity securities | 388 | 536 | - | 317 |
| Total | 27,673 | 46,215 | 27,274 | 45,988 |
| | | | | |
| | Consolidated | | The Bank | |
| | 2014 Fair value | 2013 Fair value | 2014 Fair value | 2013 Fair value |
| <i>(in million Baht)</i> | | | | |
| Available-for-sale securities | | | | |
| Government and state enterprise securities | 290,414 | 300,262 | 281,937 | 290,823 |
| Corporate debt securities | 17,130 | 19,639 | - | - |
| Foreign debt securities | 7,821 | 935 | 244 | 181 |
| Domestic equity securities | 23,321 | 18,110 | 12,282 | 10,672 |
| Foreign equity securities | 2,981 | 2,520 | 2,981 | 2,520 |
| Other securities | 28 | 3,261 | 28 | 37 |
| Total | 341,695 | 344,727 | 297,472 | 304,233 |

| | Consolidated | | The Bank | |
|--|-------------------|----------------|----------------|----------------|
| | 2014 | 2013 | 2014 | 2013 |
| | Cost / | Cost / | Cost / | Cost / |
| | Amortised | Amortised | Amortised | Amortised |
| | cost | cost | cost | cost |
| | (in million Baht) | | | |
| Held-to-maturity securities | | | | |
| Government and state enterprise securities | 131,297 | 108,698 | 14,898 | 17,213 |
| Corporate debt securities | 36 | 2,062 | 676 | 683 |
| Foreign debt securities | 258 | 739 | 258 | 530 |
| Other securities | 1,800 | 2,400 | - | - |
| Total | 133,391 | 113,899 | 15,832 | 18,426 |
| Less allowance for impairment | (924) | (940) | (757) | (757) |
| Total | 132,467 | 112,959 | 15,075 | 17,669 |
| | | | | |
| | | | | |
| | Consolidated | | The Bank | |
| | 2014 | 2013 | 2014 | 2013 |
| | Cost | Cost | Cost | Cost |
| | (in million Baht) | | | |
| General investments | | | | |
| Domestic non-marketable equity securities | 447 | 545 | 440 | 448 |
| Foreign non-marketable equity securities | 16 | 17 | 16 | 17 |
| Total | 463 | 562 | 456 | 465 |
| Less allowance for impairment | (187) | (275) | (187) | (187) |
| Total | 276 | 287 | 269 | 278 |
| | | | | |
| Total investments, net | 502,111 | 504,188 | 340,090 | 368,168 |

9.2 Unrealised gains (losses) on available-for-sale securities and held-to-maturity securities

As at 31 December 2014 and 2013, unrealised gains (losses) on available-for-sale securities and held-to-maturity securities were as follows:

| Type of securities | Consolidated | | | | | | | |
|-------------------------------|-------------------|---------------------|----------------------|----------------|-------------------|---------------------|----------------------|----------------|
| | 2014 | | | | 2013 | | | |
| | 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 | 330,694* | 11,851 | (850) | 341,695 | 338,030* | 7,568 | (871) | 344,727 |
| Held-to-maturity securities | 133,391 | 11,819 | (12) | 145,198 | 113,899 | 4,181 | (1,246) | 116,834 |
| Total | 464,085 | 23,670 | (862) | 486,893 | 451,929 | 11,749 | (2,117) | 461,561 |

| Type of securities | The Bank | | | | | | | |
|-------------------------------|-------------------|---------------------|----------------------|----------------|-------------------|---------------------|----------------------|----------------|
| | 2014 | | | | 2013 | | | |
| | 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 | 289,091* | 8,720 | (339) | 297,472 | 297,367* | 7,124 | (258) | 304,233 |
| Held-to-maturity securities | 15,832 | 2,044 | - | 17,876 | 18,426 | 1,294 | (1) | 19,719 |
| Total | 304,923 | 10,764 | (339) | 315,348 | 315,793 | 8,418 | (259) | 323,952 |

* Net of allowance for impairment

9.3 Investments in companies with holding of 10% and upwards

As at 31 December 2014 and 2013, investments in mutual funds and financial services companies as well as other companies, other than subsidiaries and associate, of which the Bank and its subsidiaries hold 10% or more other of the fund or the paid-up capital in each company, classified by industry, were as follows:

| | Number of companies | Consolidated | | The Bank | |
|-------------------------------------|------------------------|-------------------|------|----------|------|
| | | 2014 | 2013 | 2014 | 2013 |
| | | (in million Baht) | | | |
| Mutual funds and financial services | 2 - 3 | 28 | 38 | 28 | 37 |
| Others | 6 - 11 | 75 | 78 | 75 | 76 |
| | | 103 | 116 | 103 | 113 |

9.4 Investments in companies with problems in their financial positions

As at 31 December 2014, the Bank and its subsidiaries held investments in a number of securities issued by companies with problems in their financial positions and operating results. The Bank and its subsidiaries have made a provision for diminution in the value of securities equal to the amount by which the aggregate cost exceeds the aggregate market value. The aggregate carrying value is Baht 95 million (2013: Baht 98 million).

10 Investments in subsidiaries and associates, net

As at 31 December 2014 and 2013, the Bank and its subsidiaries had an investment in associates, net of any impairment provisions, as follows:

| | Type of business | Type of share | Direct and indirect shareholding | | Consolidated Investment value | | | |
|--------------------------------------|------------------|---------------|----------------------------------|------|-------------------------------|------|---------------|------|
| | | | | | Cost method | | Equity method | |
| | | | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| | | | (%) | | (in million Baht) | | | |
| | | | | | | | | |
| Associates | | | | | | | | |
| Finance | | | | | | | | |
| VinaSiam Bank | Banking | Ordinary | 33.0 | 33.0 | 697 | 697 | 612 | 685 |
| Service | | | | | | | | |
| SUPERNAP (Thailand) Company Limited | Data center | Ordinary | 24.5 | - | 89 | - | 85 | - |
| Total investments in associates, net | | | | | 786 | 697 | 697 | 685 |

As at 31 December 2014 and 2013, the Bank had investments in subsidiaries and associates, net of impairment provisions, as follows:

| | | | The Bank | | | |
|--|--|----------|---------------------|---------------|------------------|-------------------|
| | | | Direct shareholding | | Investment value | |
| | | | 2014 | 2013 | Cost method | 2013 |
| | | | (%) | | 2014 | (in million Baht) |
| | | | Type of business | Type of share | | |
| Subsidiaries | | | | | | |
| Finance & Insurance | | | | | | |
| Cambodian Commercial Bank Ltd. | Banking | Ordinary | 100.0 | 100.0 | 964 | 634 |
| Rutchayothin Assets Management Co., Ltd. | Asset management | Ordinary | 100.0 | 100.0 | 25 | 25 |
| SCB Securities Co., Ltd. | Securities | Ordinary | 100.0 | 100.0 | 2,107 | 2,107 |
| SCB Asset Management Co., Ltd. | Asset management | Ordinary | 100.0 | 100.0 | 222 | 222 |
| The Siam Commercial Samaggi Insurance PCL* | Insurance | Ordinary | - | 60.9 | - | 967 |
| Siam Commercial Leasing PCL ** | Leasing, hire-purchase, factoring and collection | Ordinary | 99.4 | 99.4 | 9,976 | 10,779 |
| SCB Life Assurance PCL | Life insurance | Ordinary | 94.7 | 94.7 | 9,033 | 9,033 |
| Services | | | | | | |
| SCB Training Centre Co., Ltd. | Training center | Ordinary | 100.0 | 100.0 | 390 | 390 |
| Siam Phitiwat Company Limited | Appraisal services | Ordinary | 100.0 | 100.0 | 10 | 10 |
| SCB Plus Co., Ltd. | Collection company | Ordinary | 100.0 | 100.0 | 1 | 1 |
| Other | | | | | | |
| Sor. Or. Kor. Public Company Limited*** | Commercial | Ordinary | 99.7 | 99.7 | 785 | 3,765 |
| Indirect subsidiary | | | | | | |
| Mahisorn Co., Ltd.**** | Property management | Ordinary | - | - | - | - |
| Associates | | | | | | |
| Finance | | | | | | |
| VinaSiam Bank | Banking | Ordinary | 33.0 | 33.0 | 697 | 697 |
| Service | | | | | | |
| SUPERNAP (Thailand) Company Limited | Data center | Ordinary | 10.0 | - | 36 | - |
| Total | | | | | 24,246 | 28,630 |
| Less allowance for impairment | | | | | (2,117) | (746) |
| Total investments in subsidiaries and associates, net | | | | | 22,129 | 27,884 |

* In April 2014, the Bank sold its 60.9% interest in The Siam Commercial Samaggi Insurance PCL. The Company's name was changed to Samaggi Insurance PCL in July 2014.

** The Company will be liquidated in 2015.

*** The entire business has been transferred to the Bank on 1 October 2012, discontinued on 27 November 2012 and being dissolved.

**** Subsidiary of SCB Plus

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

The summarised financial information of the associates was as follows:

| | 2014 (Unaudited) | | | 2013 (Audited) | | |
|---------|--------------------------|----------------------|--------------|-------------------|----------------------|--------------|
| | Total assets | Total liabilities | Equity | Total assets | Total liabilities | Equity |
| | <i>(in million Baht)</i> | | | | | |
| Finance | 4,078 | 2,224 | 1,854 | 5,617 | 3,542 | 2,075 |
| Other | 351 | 4 | 347 | - | - | - |
| | <u>4,429</u> | <u>2,228</u> | <u>2,201</u> | <u>5,617</u> | <u>3,542</u> | <u>2,075</u> |

| | For the years ended 31 December | | | | | |
|---------|---------------------------------|------------|--------------|-------------------|------------|-------------|
| | 2014 (Unaudited) | | | 2013 (Audited) | | |
| | Revenue | Expenses | Net loss | Revenue | Expenses | Net loss |
| | <i>(in million Baht)</i> | | | | | |
| Finance | 135 | 367 | (232) | 203 | 227 | (24) |
| Other | - | 16 | (16) | - | - | - |
| | <u>135</u> | <u>383</u> | <u>(248)</u> | <u>203</u> | <u>227</u> | <u>(24)</u> |

As at 31 December 2014 and 2013, the Bank and a subsidiary have equity securities in companies received as a result of troubled debt restructuring, which represent more than 20% of the paid-up capital of each company. The Bank did not record these securities as investments in subsidiaries and associates. These investments were Siam Media and Communication Co., Ltd., WTA (Thailand) Co., Ltd. and S.G. Star Properties Limited. Their financial statements have reported balances which have no material impact on the Bank's financial statements.

11 Loans to customers and accrued interest receivables, net

11.1 Classified by product as at 31 December 2014 and 2013

| | Consolidated | | The Bank | |
|--|--------------------------|------------------|------------------|------------------|
| | 2014 | 2013 | 2014 | 2013 |
| | <i>(in million Baht)</i> | | | |
| Overdrafts | 117,313 | 110,356 | 116,919 | 109,988 |
| Loans | 1,158,725 | 1,104,948 | 1,152,643 | 1,100,042 |
| Bills | 286,184 | 284,139 | 286,184 | 284,139 |
| Finance leases | 188,418 | 213,104 | 188,418 | 212,728 |
| Others | 46,922 | 46,417 | 45,842 | 44,737 |
| Less deferred revenue | (20,427) | (23,683) | (20,427) | (23,638) |
| Total loans to customers, net | 1,777,135 | 1,735,281 | 1,769,579 | 1,727,996 |
| Add accrued interest receivables | 3,814 | 4,132 | 3,544 | 3,927 |
| Total loans to customers and accrued interest receivables, net | 1,780,949 | 1,739,413 | 1,773,123 | 1,731,923 |
| Less allowance for doubtful accounts | | | | |
| - allowance established per BoT regulations | | | | |
| - Individual approach | (35,669) | (34,120) | (34,912) | (32,977) |
| - Collective approach | (5,420) | (4,814) | (5,420) | (4,622) |
| - allowance established in excess of BoT regulations | (17,925) | (21,008) | (17,920) | (21,005) |
| Less revaluation of allowance for debt restructuring | - | (374) | - | (374) |
| Total | 1,721,935 | 1,679,097 | 1,714,871 | 1,672,945 |

11.2 Classified by currency and residential status of customers as at 31 December 2014 and 2013

| | Consolidated | | | | | |
|------------------|--------------------------|---------|------------------|-----------|---------|------------------|
| | 2014 | | | 2013 | | |
| | Domestic | Foreign | Total | Domestic | Foreign | Total |
| | <i>(in million Baht)</i> | | | | | |
| Baht | 1,648,637 | 48 | 1,648,685 | 1,599,384 | - | 1,599,384 |
| US Dollar | 84,277 | 39,825 | 124,102 | 99,615 | 31,557 | 131,172 |
| Other currencies | 4,348 | - | 4,348 | 4,725 | - | 4,725 |
| Total | | | 1,777,135 | | | 1,735,281 |

| | The Bank | | | | | |
|------------------|--------------------------|---------|------------------|-----------|---------|------------------|
| | 2014 | | | 2013 | | |
| | Domestic | Foreign | Total | Domestic | Foreign | Total |
| | <i>(in million Baht)</i> | | | | | |
| Baht | 1,642,665 | 48 | 1,642,713 | 1,593,729 | - | 1,593,729 |
| US Dollar | 84,277 | 38,241 | 122,518 | 99,615 | 29,927 | 129,542 |
| Other currencies | 4,348 | - | 4,348 | 4,725 | - | 4,725 |
| Total | | | 1,769,579 | | | 1,727,996 |

11.3 Classified by business type and quality of loan classification as at 31 December 2014 and 2013

| Consolidated | | | | | | | | | | | | |
|------------------------------|-----------|-------------------|----------|----------|--------|-----------|-----------|---------|----------|----------|--------|-----------|
| | 2014 | | | | | | 2013 | | | | | |
| | Normal | Special | Sub- | Doubtful | Loss | Total * | Normal | Special | Sub- | Doubtful | Loss | Total * |
| | | Mention | Standard | | | | | Mention | Standard | | | |
| | | (in million Baht) | | | | | | | | | | |
| Agriculture and mining | 17,775 | 242 | 216 | 29 | 22 | 18,284 | 19,688 | 311 | 44 | 61 | 33 | 20,137 |
| Manufacturing and Commercial | 570,126 | 33,308 | 5,221 | 2,527 | 10,132 | 621,314 | 577,005 | 10,048 | 4,004 | 2,135 | 11,175 | 604,367 |
| Real estate and Construction | 120,804 | 1,260 | 650 | 447 | 2,088 | 125,249 | 122,686 | 618 | 221 | 85 | 2,417 | 126,027 |
| Utilities and services | 215,559 | 1,868 | 1,950 | 448 | 1,306 | 221,131 | 216,358 | 1,147 | 882 | 915 | 1,352 | 220,654 |
| Housing loans | 442,250 | 11,054 | 4,526 | 3,145 | 2,084 | 463,059 | 407,494 | 8,362 | 3,381 | 2,497 | 3,331 | 425,065 |
| Others | 305,532 | 14,614 | 4,098 | 1,669 | 2,185 | 328,098 | 318,694 | 12,878 | 3,459 | 1,511 | 2,489 | 339,031 |
| Total * | 1,672,046 | 62,346 | 16,661 | 8,265 | 17,817 | 1,777,135 | 1,661,925 | 33,364 | 11,991 | 7,204 | 20,797 | 1,735,281 |
| | | | | | | | | | | | | |
| The Bank | | | | | | | | | | | | |
| | 2014 | | | | | | 2013 | | | | | |
| | Normal | Special | Sub- | Doubtful | Loss | Total * | Normal | Special | Sub- | Doubtful | Loss | Total * |
| | | Mention | Standard | | | | | Mention | Standard | | | |
| | | (in million Baht) | | | | | | | | | | |
| Agriculture and mining | 17,647 | 242 | 216 | 29 | 22 | 18,156 | 19,587 | 311 | 44 | 61 | 33 | 20,036 |
| Manufacturing and Commercial | 569,209 | 33,308 | 5,221 | 2,527 | 10,132 | 620,397 | 576,019 | 10,048 | 4,004 | 2,135 | 11,175 | 603,381 |
| Real estate and Construction | 120,800 | 1,260 | 650 | 447 | 1,029 | 124,186 | 122,682 | 618 | 221 | 85 | 1,349 | 124,955 |
| Utilities and services | 215,031 | 1,868 | 1,950 | 448 | 1,306 | 220,603 | 215,824 | 1,147 | 882 | 915 | 1,352 | 220,120 |
| Housing loans | 442,243 | 11,054 | 4,526 | 3,145 | 2,084 | 463,052 | 407,489 | 8,362 | 3,381 | 2,497 | 3,331 | 425,060 |
| Others | 300,677 | 14,614 | 4,098 | 1,669 | 2,127 | 323,185 | 314,807 | 12,869 | 3,457 | 1,510 | 1,801 | 334,444 |
| Total * | 1,665,607 | 62,346 | 16,661 | 8,265 | 16,700 | 1,769,579 | 1,656,408 | 33,355 | 11,989 | 7,203 | 19,041 | 1,727,996 |

* Net of deferred revenue, excludes accrued interest receivables

11.4 Finance leases

As at 31 December 2014 and 2013, the Bank and its subsidiaries had finance leases as follows:

| Consolidated | | | | | | | | |
|---|-------------------|-----------|--------|----------|------------|-----------|--------|----------|
| | 2014 | | | | 2013 | | | |
| | Amount due | | | | Amount due | | | |
| | Less than | | Over 5 | | Less than | | Over 5 | |
| | 1 year | 1-5 years | years | Total | 1 year | 1-5 years | years | Total |
| | (in million Baht) | | | | | | | |
| Total of gross investments in the lease | 60,208 | 125,810 | 2,400 | 188,418 | 62,187 | 147,607 | 3,310 | 213,104 |
| Less deferred revenue | | | | (20,326) | | | | (23,499) |
| Present value of the lease payments | | | | 168,092 | | | | 189,605 |
| Allowance for doubtful accounts | | | | (5,420) | | | | (4,814) |
| Finance leases, net | | | | 162,672 | | | | 184,791 |
| | | | | | | | | |
| The Bank | | | | | | | | |
| | 2014 | | | | 2013 | | | |
| | Amount due | | | | Amount due | | | |
| | Less than | | Over 5 | | Less than | | Over 5 | |
| | 1 year | 1-5 years | years | Total | 1 year | 1-5 years | years | Total |
| | (in million Baht) | | | | | | | |
| Total of gross investments in the lease | 60,208 | 125,810 | 2,400 | 188,418 | 61,811 | 147,607 | 3,310 | 212,728 |
| Less deferred revenue | | | | (20,326) | | | | (23,455) |
| Present value of the lease payments | | | | 168,092 | | | | 189,273 |
| Allowance for doubtful accounts | | | | (5,420) | | | | (4,622) |
| Finance leases, net | | | | 162,672 | | | | 184,651 |

11.5 Loans to listed companies identified for delisting

| Consolidated and The Bank | | | | | | | | |
|---|--------------|------------|-----------|-------------------|--------------|------------|-----------|-------|
| 2014 | | | | | 2013 | | | |
| Loans and | | | | | Loans and | | | |
| accrued | | | | | accrued | | | |
| No. of | interest | | Amount of | No. of | interest | | Amount of | |
| companies | receivables* | Collateral | provision | companies | receivables* | Collateral | provision | |
| (in million Baht) | | | | (in million Baht) | | | | |
| Listed companies identified for delisting | 3 | 3,005 | 1,952 | 788 | 3 | 3,175 | 1,964 | 1,024 |

* Including loans to financial institutions but excluding other expenses

11.6 Non-Performing Loans

As at 31 December 2014 and 2013, the Bank used the guidelines specified in the BoT's notification dated 3 August 2008 in determining Non-Performing Loans which consist of loans classified as sub-standard, doubtful, doubtful loss and loss under the BoT's guideline. The amounts were as follows:

| | Consolidated | | The Bank | |
|---|--------------|--------|----------|--------|
| | 2014 | 2013 | 2014 | 2013 |
| (in million Baht) | | | | |
| Non-Performing Loans (net of allowance for doubtful accounts) | 21,791 | 19,497 | 21,413 | 19,033 |
| % of Non-Performing Loans to total loans (net) | 1.1 | 1.1 | 1.1 | 1.0 |
| Non-Performing Loans (gross) | 42,743 | 39,992 | 41,626 | 38,233 |
| % of Non-Performing Loans to total loans | 2.1 | 2.1 | 2.1 | 2.1 |

As at 31 December 2014, Rutchayothin Assets Management Co., Ltd. which is a subsidiary of the Bank, had Non-Performing Loans of Baht 488 million (2013: Baht 489 million). However, the Non-Performing Loans based on principal of loan purchased from the group as at 31 December 2014 was Baht 1,059 million (2013: Baht 1,068 million).

11.7 Non-accrual loans

Non-accrual loans, gross, (including loans to financial institutions) as at 31 December 2014 and 2013 were as follows:

| | Consolidated | | The Bank | |
|---|--------------|--------|----------|--------|
| | 2014 | 2013 | 2014 | 2013 |
| (in million Baht) | | | | |
| Loans where recognition of income has been suspended | 70,719 | 56,315 | 69,596 | 54,556 |
| % of loans where recognition of income has been suspended | 3.5 | 3.0 | 3.5 | 2.9 |

11.8 Classified assets

The Bank and its subsidiaries had classified assets as at 31 December 2014 and 2013 as follows:

| Consolidated | | | | | | |
|-----------------|--|---|--------------|------------------------|--------------|------------------|
| 2014 | | | | | | |
| | Loans and accrued interest receivables* | Loans to financial institutions and accrued interest receivables | Investments | Properties for sale | Other assets | Total |
| | <i>(in million Baht)</i> | | | | | |
| Normal | 1,675,361 | 252,620 | - | - | 11 | 1,927,992 |
| Special Mention | 62,790 | - | - | - | 1 | 62,791 |
| Sub-Standard | 16,709 | - | - | - | 3 | 16,712 |
| Doubtful | 8,265 | - | - | - | 4 | 8,269 |
| Doubtful Loss | 17,824 | - | 2,397 | 494 | 1,134 | 21,849 |
| | 1,780,949 | 252,620 | 2,397 | 494 | 1,153 | 2,037,613 |

| Consolidated | | | | | | |
|-----------------|--|---|--------------|------------------------|--------------|------------------|
| 2013 | | | | | | |
| | 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 | 1,665,762 | 133,926 | - | - | 32 | 1,799,720 |
| Special Mention | 33,588 | - | - | - | 1 | 33,589 |
| Sub-Standard | 12,035 | - | - | - | 1 | 12,036 |
| Doubtful | 7,204 | - | - | - | 2 | 7,206 |
| Doubtful Loss | 20,824 | - | 2,567 | 1,329 | 1,181 | 25,901 |
| | 1,739,413 | 133,926 | 2,567 | 1,329 | 1,217 | 1,878,452 |

* Net of deferred revenue

| The Bank | | | | | | |
|-----------------|--|---|--------------|------------------------|--------------|------------------|
| 2014 | | | | | | |
| | Loans and accrued interest receivables* | Loans to financial institutions and accrued interest receivables | Investments | Properties for sale | Other assets | Total |
| | <i>(in million Baht)</i> | | | | | |
| Normal | 1,668,659 | 246,951 | - | - | 11 | 1,915,621 |
| Special Mention | 62,790 | - | - | - | 1 | 62,791 |
| Sub-Standard | 16,709 | - | - | - | 3 | 16,712 |
| Doubtful | 8,265 | - | - | - | 4 | 8,269 |
| Doubtful Loss | 16,700 | - | 3,778 | 488 | 1,134 | 22,100 |
| | 1,773,123 | 246,951 | 3,778 | 488 | 1,153 | 2,025,493 |

| The Bank | | | | | | |
|-----------------|--|---|--------------|------------------------|--------------|------------------|
| 2013 | | | | | | |
| | 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 | 1,660,067 | 128,431 | - | - | 32 | 1,788,530 |
| Special Mention | 33,579 | - | - | - | 1 | 33,580 |
| Sub-Standard | 12,033 | - | - | - | 1 | 12,034 |
| Doubtful | 7,203 | - | - | - | 2 | 7,205 |
| Doubtful Loss | 19,041 | - | 2,369 | 1,319 | 651 | 23,380 |
| | 1,731,923 | 128,431 | 2,369 | 1,319 | 687 | 1,864,729 |

* Net of deferred revenue

11.9 Allowance for doubtful accounts

11.9.1 Loans classified by quality as at 31 December 2014 and 2013 (inclusive of accrued interest receivables)

| Consolidated | | | | | | | |
|---|--|---|---|--------|--|---|--------|
| 2014 | | | | | | | |
| | Individual approach (All loans except for finance leases) | | | | Collective approach (Finance leases) | | |
| | Net amount used to set | | | | Net amount used to set | | |
| Loans and accrued interest receivables | the allowance for doubtful accounts | % used for setting the allowance | Allowance for doubtful accounts*** | | the allowance for doubtful accounts | Allowance for doubtful accounts*** | Total |
| | (in million Baht) | | | | (in million Baht) | | |
| | | | | | | | |
| Minimum allowance of BoT regulations | | | | | | | |
| - Normal | 1,675,361 | 1,490,991* | 1 | 14,862 | 154,538 | 2,240 | 17,102 |
| - Special Mention | 62,790 | 52,337* | 2 | 1,047 | 9,895 | 1,811 | 2,858 |
| - Sub - Standard | 16,709 | 7,199** | 100 | 7,199 | 1,151 | 424 | 7,623 |
| - Doubtful | 8,265 | 2,812** | 100 | 2,812 | 719 | 262 | 3,074 |
| - Doubtful Loss | 17,824 | 9,749** | 100 | 9,749 | 1,789 | 683 | 10,432 |
| Total | 1,780,949 | 1,563,088 | | 35,669 | 168,092 | 5,420 | 41,089 |
| | | | | | | | |
| Allowance established in excess of BoT regulations | | | | | | | 17,925 |
| Total | | | | | | | 59,014 |

* Net of cash and near cash collateral

** Net of PV cashflow from loan receivables or selling collateral

*** Excluding revaluation allowance for troubled debt restructuring

| Consolidated | | | | | | | |
|--|---|--|---|---|--|---|---------------|
| 2013 | | | | | | | |
| | Individual approach (All loans except for finance leases) | | | | Collective approach (Finance leases) | | Total |
| | Net amount used to set | | | Allowance for doubtful accounts*** | Net amount used to set | | |
| | Loans and accrued interest receivables <i>(in million Baht)</i> | the allowance for doubtful accounts | % used for setting the allowance | | the allowance for doubtful accounts | Allowance for doubtful accounts*** | |
| | | | | | | | |
| | | | | | | | |
| Minimum allowance of BoT regulations | | | | | | | |
| - Normal | 1,665,762 | 1,449,830* | 1 | 14,460 | 176,155 | 1,851 | 16,311 |
| - Special Mention | 33,588 | 24,179* | 2 | 484 | 9,045 | 1,349 | 1,833 |
| - Sub - Standard | 12,035 | 5,394** | 100 | 5,394 | 1,397 | 478 | 5,872 |
| - Doubtful | 7,204 | 1,906** | 100 | 1,906 | 948 | 326 | 2,232 |
| - Doubtful Loss | 20,824 | 11,876** | 100 | 11,876 | 2,060 | 810 | 12,686 |
| Total | <u>1,739,413</u> | <u>1,493,185</u> | | <u>34,120</u> | <u>189,605</u> | <u>4,814</u> | <u>38,934</u> |
| Allowance established in excess of BoT regulations | | | | | | | 21,008 |
| Total | | | | | | | <u>59,942</u> |

* Net of cash and near cash collateral

** Net of PV cashflow from loan receivables or selling collateral

*** Excluding revaluation allowance for troubled debt restructuring

| The Bank | | | | | | | |
|---|---|--|---|---|--|---|---------------|
| 2014 | | | | | | | |
| | Individual approach (All loans except for finance leases) | | | | Collective approach (Finance leases) | | Total |
| | Net amount used to set | | | Allowance for doubtful accounts*** | Net amount used to set | | |
| | Loans and accrued interest receivables <i>(in million Baht)</i> | the allowance for doubtful accounts | % used for setting the allowance | | the allowance for doubtful accounts | Allowance for doubtful accounts*** | |
| | | | | | | | |
| | | | | | | | |
| Minimum allowance of BoT regulations | | | | | | | |
| - Normal | 1,668,659 | 1,484,553* | 1 | 14,846 | 154,538 | 2,240 | 17,086 |
| - Special Mention | 62,790 | 52,337* | 2 | 1,047 | 9,895 | 1,811 | 2,858 |
| - Sub - Standard | 16,709 | 7,199** | 100 | 7,199 | 1,151 | 424 | 7,623 |
| - Doubtful | 8,265 | 2,812** | 100 | 2,812 | 719 | 262 | 3,074 |
| - Doubtful Loss | 16,700 | 9,008** | 100 | 9,008 | 1,789 | 683 | 9,691 |
| Total | <u>1,773,123</u> | <u>1,555,909</u> | | <u>34,912</u> | <u>168,092</u> | <u>5,420</u> | <u>40,332</u> |
| Allowance established in excess of BoT regulations | | | | | | | 17,920 |
| Total | | | | | | | <u>58,252</u> |

* Net of cash and near cash collateral

** Net of PV cashflow from loan receivables or selling collateral

*** Excluding revaluation allowance for troubled debt restructuring

| The Bank | | | | | | | |
|--|---|--|---|---|--|---|---------------|
| 2013 | | | | | | | |
| | Individual approach (All loans except for finance leases) | | | | Collective approach (Finance leases) | | Total |
| | Net amount used to set | | | Allowance for doubtful accounts*** | Net amount used to set | | |
| | Loans and accrued interest receivables <i>(in million Baht)</i> | the allowance for doubtful accounts | % used for setting the allowance | | the allowance for doubtful accounts | Allowance for doubtful accounts*** | |
| | | | | | | | |
| | | | | | | | |
| Minimum allowance of BoT regulations | | | | | | | |
| - Normal | 1,660,067 | 1,444,355* | 1 | 14,444 | 176,113 | 1,851 | 16,295 |
| - Special Mention | 33,579 | 24,179* | 2 | 484 | 9,037 | 1,349 | 1,833 |
| - Sub - Standard | 12,033 | 5,394** | 100 | 5,394 | 1,395 | 477 | 5,871 |
| - Doubtful | 7,203 | 1,906** | 100 | 1,906 | 947 | 325 | 2,231 |
| - Doubtful Loss | 19,041 | 10,749** | 100 | 10,749 | 1,781 | 620 | 11,369 |
| Total | <u>1,731,923</u> | <u>1,486,583</u> | | <u>32,977</u> | <u>189,273</u> | <u>4,622</u> | <u>37,599</u> |
| Allowance established in excess of BoT regulations | | | | | | | 21,005 |
| Total | | | | | | | <u>58,604</u> |

* Net of cash and near cash collateral

** Net of PV cashflow from loan receivables or selling collateral

*** Excluding revaluation allowance for troubled debt restructuring

Based on management's assessment of the ultimate collectability of the Bank's consolidated loan portfolio, the Bank and its subsidiaries believe that the allowance for doubtful accounts established was adequate as at 31 December 2014 and 2013 and in compliance with the BoT's guidelines. The aggregate allowance is based on both quantitative criteria noted above and management judgment of qualitative criteria.

11.9.2 Changes to the allowance for doubtful accounts

As at 31 December 2014 and 2013, the changes to the allowance for doubtful accounts were as follows:

| Consolidated | | | | | | | |
|-----------------------------------|---------------|--------------------|-------------------|--------------|------------------|--|---------------|
| 2014 | | | | | | | |
| | Normal | Special Mention | Sub - Standard | Doubtful | Doubtful Loss | Allowance established in excess of BoT regulations | Total |
| <i>(in million Baht)</i> | | | | | | | |
| As at 1 January 2014 | 16,311 | 1,833 | 5,872 | 2,232 | 12,686 | 21,008 | 59,942 |
| Bad debt and doubtful accounts | 791 | 1,025 | 1,751 | 842 | 13,980 | (3,496) | 14,893 |
| Bad debts written off | - | - | - | - | (15,843) | - | (15,843) |
| Others | - | - | - | - | (391) | 413 | 22 |
| As at 31 December 2014 | 17,102 | 2,858 | 7,623 | 3,074 | 10,432 | 17,925 | 59,014 |

| Consolidated | | | | | | | |
|-----------------------------------|---------------|--------------------|-------------------|--------------|------------------|--|---------------|
| 2013 | | | | | | | |
| | Normal | Special Mention | Sub - Standard | Doubtful | Doubtful Loss | Allowance established in excess of BoT regulations | Total |
| <i>(in million Baht)</i> | | | | | | | |
| As at 1 January 2013 | 14,284 | 1,211 | 4,099 | 1,541 | 13,359 | 17,016 | 51,510 |
| Bad debt and doubtful accounts | 2,026 | 622 | 1,773 | 691 | 6,651 | 3,832 | 15,595 |
| Bad debts written off | - | - | - | - | (7,123) | - | (7,123) |
| Others | 1 | - | - | - | (201) | 160 | (40) |
| As at 31 December 2013 | 16,311 | 1,833 | 5,872 | 2,232 | 12,686 | 21,008 | 59,942 |

| The Bank | | | | | | | |
|--------------------------------|---------------|--------------------|-------------------|--------------|------------------|--|---------------|
| 2014 | | | | | | | |
| | | | | | | Allowance established in excess of BoT regulations | Total |
| | Normal | Special Mention | Sub - Standard | Doubtful | Doubtful Loss | | |
| <i>(in million Baht)</i> | | | | | | | |
| As at 1 January 2014 | 16,295 | 1,833 | 5,871 | 2,231 | 11,369 | 21,005 | 58,604 |
| Bad debt and doubtful accounts | 791 | 1,025 | 1,752 | 843 | 13,996 | (3,498) | 14,909 |
| Bad debts written off | - | - | - | - | (15,674) | - | (15,674) |
| Others | - | - | - | - | - | 413 | 413 |
| As at 31 December 2014 | 17,086 | 2,858 | 7,623 | 3,074 | 9,691 | 17,920 | 58,252 |

| The Bank | | | | | | | |
|--------------------------------|---------------|--------------------|-------------------|--------------|------------------|--|---------------|
| 2013 | | | | | | | |
| | | | | | | Allowance established in excess of BoT regulations | Total |
| | Normal | Special Mention | Sub - Standard | Doubtful | Doubtful Loss | | |
| <i>(in million Baht)</i> | | | | | | | |
| As at 1 January 2013 | 14,274 | 1,211 | 4,088 | 1,533 | 11,659 | 16,975 | 49,740 |
| Bad debt and doubtful accounts | 2,021 | 622 | 1,783 | 698 | 6,650 | 3,870 | 15,644 |
| Bad debts written off | - | - | - | - | (6,940) | - | (6,940) |
| Others | - | - | - | - | - | 160 | 160 |
| As at 31 December 2013 | 16,295 | 1,833 | 5,871 | 2,231 | 11,369 | 21,005 | 58,604 |

12 Troubled debt restructuring

The financial statements for the years ended 31 December 2014 and 2013, include the result of various types of troubled debt restructuring as follows:

| Types of debt restructuring | Consolidated and The Bank | | | | | | | |
|-------------------------------------|---------------------------|--------------|---------------------------|---------------|--------------------------|---------------|--------------------------|------------|
| | No. of | | Outstanding debts | | | | Transferred assets | |
| | accounts | | Before debt restructuring | | After debt restructuring | | Types | Fair value |
| | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 | 2014 | 2013 |
| | | | <i>(in million Baht)</i> | | | | <i>(in million Baht)</i> | |
| Transfers of assets | 3 | 2 | 21 | 22 | 21 | 22 | Immovable properties | 15 19 |
| Debt restructuring in various forms | 1,725 | 1,044 | 10,631 | 10,017 | 10,596 | 10,012 | Immovable properties | - - |
| Changes of repayment conditions | 15,466 | 6,628 | 22,726 | 9,571 | 22,697 | 9,518 | | |
| Total | 17,194 | 7,674 | 33,378 | 19,610 | 33,314 | 19,552 | | |

As at 31 December 2014 and 2013, troubled debt restructuring compared with total loans including loans to financial institutions were as follows:

| | Consolidated | | | |
|---|-----------------|--------------------------|-----------------|--------------------------|
| | 2014 | | 2013 | |
| | No. of accounts | Outstanding debts | No. of accounts | Outstanding debts |
| | | <i>(in million Baht)</i> | | <i>(in million Baht)</i> |
| Troubled debt restructuring during the year | 17,194 | 33,378 | 7,674 | 19,610 |
| Total loans including loans to financial institutions | 1,036,940 | 2,033,569 | 994,548 | 1,873,340 |

| | The Bank | | | |
|---|-----------------|--------------------------|-----------------|--------------------------|
| | 2014 | | 2013 | |
| | No. of accounts | Outstanding debts | No. of accounts | Outstanding debts |
| | | <i>(in million Baht)</i> | | <i>(in million Baht)</i> |
| Troubled debt restructuring during the year | 17,194 | 33,378 | 7,674 | 19,610 |
| Total loans including loans to financial institutions | 950,753 | 2,020,074 | 923,223 | 1,860,354 |

The average term of troubled debt restructuring as of 31 December 2014 is 13.0 years (2013: 12.3 years).

As at 31 December 2014 and 2013, the Bank and its subsidiaries had outstanding balances relating to restructured loans as follows:

| | Consolidated and The Bank | |
|--|---------------------------|---------------|
| | 2014 | 2013 |
| | <i>(in million Baht)</i> | |
| Restructured loans which are classified as NPL | 12,226 | 9,947 |
| Restructured loans which are not classified as NPL | 37,743 | 27,158 |
| Total | 49,969 | 37,105 |

Supplementary information relating to restructuring debtors for the years ended 31 December 2014 and 2013 were as follows:

| | Consolidated and The Bank | |
|--|---------------------------|-------|
| | 2014 | 2013 |
| | <i>(in million Baht)</i> | |
| Interest income recognised in statement of comprehensive income | 2,253 | 2,368 |
| Loss on debt restructuring recognised in statement of comprehensive income | 29 | 13 |
| Cash collection | 10,321 | 8,959 |

Revaluation allowance for debt restructuring

As at 31 December 2014 and 2013, the changes to the revaluation allowance for debt restructuring were as follows:

| | Consolidated and The Bank | |
|--------------------------|---------------------------|------------|
| | 2014 | 2013 |
| | <i>(in million Baht)</i> | |
| Beginning balance | 374 | 446 |
| Decrease during the year | (374) | (72) |
| Ending balance | - | 374 |

13 Disclosure of the statement of cash flows of the asset management company

In accordance with the BoT's letter number Sor Nor Sor (01) Wor 3258/2543 dated 27 November 2000, relating to the regulations of the asset management company ("AMC"), the Bank is required to disclose the statements of cash flows of the AMC in the notes to the financial statements. The statements of cash flows of Rutchayothin Assets Management Co., Ltd. were as follows:

Rutchayothin Assets Management Co., Ltd. Statement of cash flows

| | For the years ended 31 December | |
|--|------------------------------------|-------------------|
| | 2014 (Unaudited) | 2013 (Audited) |
| | <i>(in million Baht)</i> | |
| Cash flows from operating activities | | |
| (Loss) profit before tax | (2) | 44 |
| Adjustment for | | |
| Reversal of impairment loss on loans and debt securities | (12) | (5) |
| Gain on investment | (4) | - |
| Gain on sales of properties for sale | - | (2) |
| | <u>(18)</u> | <u>37</u> |
| Interest paid | 17 | 22 |
| (Loss) income from operations before changes in operating assets and liabilities | <u>(1)</u> | <u>59</u> |
| <i>Decrease in operating assets</i> | | |
| Intercompany and money market items | 7 | 44 |
| Investments | 9 | 9 |
| Properties for sale | 1 | 3 |
| <i>Increase (decrease) in operating liabilities</i> | | |
| Debt issued and short-term borrowing | (24) | (117) |
| Accrued expense | (3) | 2 |
| Net cash used in operating activities | <u>(11)</u> | <u>-</u> |
| Cash flows from investing activities | | |
| Proceeds from sales of available-for-sale securities | 11 | - |
| Net cash from investing activities | <u>11</u> | <u>-</u> |
| Net increase in cash | - | - |
| Cash at 1 January | - | - |
| Cash at 31 December | <u>-</u> | <u>-</u> |

14 Properties for sale, net

As at 31 December 2014 and 2013, the changes to the properties for sale, net were as follows:

| | Consolidated | | | Ending balance |
|---------------------------------------|--------------------------|-------------------|-------------------------|-------------------|
| | Beginning balance | 2014 Additions | Disposals/ Decreases | |
| | <i>(in million Baht)</i> | | | |
| Foreclosed assets | | | | |
| Immovable assets | 9,561 | 2,474 | (2,311) | 9,724 |
| Movable assets | 1,119 | 7,131 | (7,556) | 694 |
| Total | 10,680 | 9,605 | (9,867) | 10,418 |
| Others | 298 | 611 | (611) | 298 |
| Total properties for sale | 10,978 | 10,216 | (10,478) | 10,716 |
| Less allowance for impairment | (1,328) | (40) | 373 | (995) |
| Total properties for sale, net | 9,650 | 10,176 | (10,105) | 9,721 |

| | Consolidated | | | Ending balance |
|---------------------------------------|--------------------------|-------------------|-------------------------|-------------------|
| | Beginning balance | 2013 Additions | Disposals/ Decreases | |
| | <i>(in million Baht)</i> | | | |
| Foreclosed assets | | | | |
| Immovable assets | 9,997 | 2,360 | (2,796) | 9,561 |
| Movable assets | 355 | 5,959 | (5,195) | 1,119 |
| Total | 10,352 | 8,319 | (7,991) | 10,680 |
| Others | 132 | 895 | (729) | 298 |
| Total properties for sale | 10,484 | 9,214 | (8,720) | 10,978 |
| Less allowance for impairment | (1,028) | (568) | 268 | (1,328) |
| Total properties for sale, net | 9,456 | 8,646 | (8,452) | 9,650 |

| | The Bank | | | |
|---------------------------------------|--------------------------|---------------|-------------------------|-------------------|
| | 2014 | | | |
| | Beginning balance | Additions | Disposals/ Decreases | Ending balance |
| | <i>(in million Baht)</i> | | | |
| Foreclosed assets | | | | |
| Immovable assets | 9,545 | 2,474 | (2,309) | 9,710 |
| Movable assets | 1,111 | 7,131 | (7,549) | 693 |
| Total | 10,656 | 9,605 | (9,858) | 10,403 |
| Others | 299 | 611 | (611) | 299 |
| Total properties for sale | 10,955 | 10,216 | (10,469) | 10,702 |
| Less allowance for impairment | (1,319) | (40) | 368 | (991) |
| Total properties for sale, net | 9,636 | 10,176 | (10,101) | 9,711 |

| | The Bank | | | |
|---------------------------------------|--------------------------|--------------|-------------------------|-------------------|
| | 2013 | | | |
| | Beginning balance | Additions | Disposals/ Decreases | Ending balance |
| | <i>(in million Baht)</i> | | | |
| Foreclosed assets | | | | |
| Immovable assets | 9,980 | 2,360 | (2,795) | 9,545 |
| Movable assets | 343 | 5,931 | (5,163) | 1,111 |
| Total | 10,323 | 8,291 | (7,958) | 10,656 |
| Others | 133 | 895 | (729) | 299 |
| Total properties for sale | 10,456 | 9,186 | (8,687) | 10,955 |
| Less allowance for impairment | (1,018) | (568) | 267 | (1,319) |
| Total properties for sale, net | 9,438 | 8,618 | (8,420) | 9,636 |

Losses on sales of properties for sale recognised in the consolidated statement of comprehensive income for the years ended 31 December 2014 and 2013 are Baht 1,836 million and Baht 411 million respectively, and for the Bank's statement of comprehensive income are Baht 1,925 million and Baht 637 million, respectively.

Immovable assets for sale classified by external and internal appraisers as at 31 December 2014 and 2013 were as follows:

| | Consolidated | | The Bank | |
|----------------------------------|--------------------------|--------------|--------------|--------------|
| | 2014 | 2013 | 2014 | 2013 |
| | <i>(in million Baht)</i> | | | |
| Foreclosed assets | | | | |
| Immovable assets | | | | |
| Appraised by external appraisers | - | 7 | - | - |
| Appraised by internal appraisers | 9,724 | 9,554 | 9,710 | 9,545 |
| Total | 9,724 | 9,561 | 9,710 | 9,545 |

15 Premises and equipment, net

As at 31 December 2014 and 2013, the changes to the premises and equipment, net were as follows:

| Consolidated | | | | | | | | | | | | |
|--------------|-------------------|------------------------|--|--------------------------|-------------------|--------------|-----------|--|----------------|--------------------------|-------------|--|
| 2014 | | | | | | | | | | | | |
| | Cost | | | Accumulated depreciation | | | | | | | | |
| | | | Transfer out from disposal of subsidiary | Ending balance | Beginning balance | Depreciation | Disposals | Transfer out from disposal of subsidiary | Ending balance | Allowance for impairment | Net balance | |
| | Beginning balance | Additions/ Transfer in | Disposals/ Transfer out | Ending balance | Beginning balance | Depreciation | Disposals | Transfer out from disposal of subsidiary | Ending balance | Allowance for impairment | Net balance | |
| | (in million Baht) | | | | | | | | | | | |
| Land | | | | | | | | | | | | |
| Cost | 6,239 | - | (5) | 5,855 | - | - | - | - | - | (352) | 5,503 | |
| Appraisal * | 8,113 | - | (26) | 8,050 | - | - | - | - | - | - | 8,050 | |
| Premises | | | | | | | | | | | | |
| Cost | 14,854 | 159 | (231) | 14,610 | (7,182) | (384) | 178 | 232 | (7,156) | (155) | 7,299 | |
| Appraisal * | 8,872 | - | (3) | 8,790 | (949) | (285) | 5 | 22 | (1,207) | - | 7,583 | |
| Equipment | 21,573 | 1,056 | (921) | 21,431 | (16,016) | (1,553) | 814 | 227 | (16,528) | - | 4,903 | |
| Others | 378 | 1,195 | (1,135) | 438 | - | - | - | - | - | - | 438 | |
| Total | 60,029 | 2,410 | (2,321) | 59,174 | (24,147) | (2,222) | 997 | 481 | (24,891) | (507) | 33,776 | |

* Appraisal values are based on valuations completed in 2010 for the Bank and 2013 for its subsidiaries

Depreciation presented in the consolidated profit or loss for the years ended 31 December 2014 and 2013 amounted to Baht 2,222 million and Baht 2,246 million, respectively.

| Consolidated | | | | | | | | | | |
|-------------------|-------------------|-------------|--------------|----------------|--------------------------|-----------|--------|----------------|--------------------------|-------------|
| 2013 | | | | | | | | | | |
| | Beginning balance | Cost | | Ending balance | Accumulated depreciation | | | Ending balance | Allowance for impairment | Net balance |
| | | Additions/ | Disposals/ | | Depreciation | Disposals | Others | | | |
| | | Transfer in | Transfer out | | | | | | | |
| (in million Baht) | | | | | | | | | | |
| Land | | | | | | | | | | |
| Cost | 6,239 | - | (3) | 6,239 | - | - | - | - | (352) | 5,887 |
| Appraisal * | 7,856 | 257 | - | 8,113 | - | - | - | - | - | 8,113 |
| Premises | | | | | | | | | | |
| Cost | 14,799 | 199 | (156) | 14,854 | (6,908) | (411) | 145 | (8) | (7,182) | (155) |
| Appraisal * | 8,847 | 25 | - | 8,872 | (655) | (294) | - | - | (949) | - |
| Equipment | 20,506 | 1,952 | (887) | 21,573 | (15,119) | (1,541) | 646 | (2) | (16,016) | - |
| Others | 334 | 1,770 | (1,726) | 378 | - | - | - | - | - | 378 |
| Total | 58,581 | 4,203 | (2,772) | 60,029 | (22,682) | (2,246) | 791 | (10) | (24,147) | (507) |
| | | | | | | | | | | 35,375 |

* Appraisal values are based on valuations completed in 2010 for the Bank and 2013 for its subsidiaries

The gross amount of the Bank and its subsidiaries' fully depreciated premises and equipment that were still in use as at 31 December 2014 amounted to Baht 15,962 million (2013: Baht 15,705 million).

| The Bank | | | | | | | | | | |
|-------------------|-------------------|-------------|--------------|----------------|-------------------|--------------------------|-----------|----------------|--------------------------|-------------|
| 2014 | | | | | | | | | | |
| | Beginning balance | Cost | | Ending balance | Beginning balance | Accumulated depreciation | | Ending balance | Allowance for impairment | Net balance |
| | | Additions/ | Disposals/ | | | Depreciation | Disposals | | | |
| | | Transfer in | Transfer out | | | | | | | |
| (in million Baht) | | | | | | | | | | |
| Land | | | | | | | | | | |
| Cost | 5,670 | - | (5) | 5,665 | - | - | - | - | (351) | 5,314 |
| Appraisal * | 7,504 | - | (26) | 7,478 | - | - | - | - | - | 7,478 |
| Premises | | | | | | | | | | |
| Cost | 14,204 | 157 | (215) | 14,146 | (6,605) | (374) | 162 | (6,817) | (137) | 7,192 |
| Appraisal * | 8,714 | - | (3) | 8,711 | (911) | (278) | - | (1,189) | - | 7,522 |
| Equipment | 20,110 | 1,013 | (733) | 20,390 | (14,902) | (1,455) | 627 | (15,730) | - | 4,660 |
| Others | 378 | 1,186 | (1,121) | 443 | - | - | - | - | - | 443 |
| Total | 56,580 | 2,356 | (2,103) | 56,833 | (22,418) | (2,107) | 789 | (23,736) | (488) | 32,609 |

* Appraisal values are based on valuations completed in 2010

Depreciation presented in the Bank's profit or loss for the years ended 31 December 2014 and 2013 amounted to Baht 2,107 million and Baht 2,093 million, respectively.

| The Bank 2013 | | | | | | | | | | | |
|------------------|----------------------|---------------------------|----------------------------|-------------------|--------------------------|--------------|-----------|-------------------|--------------------------------|----------------|--------|
| | Beginning balance | Cost | | Ending balance | Accumulated depreciation | | | Ending balance | Allowance for impairment | Net balance | |
| | | Additions/ Transfer in | Disposals/ Transfer out | | Others | Depreciation | Disposals | | | | Others |
| | | (in million Baht) | | | | | | | | | |
| Land | | | | | | | | | | | |
| Cost | 5,673 | - | (3) | 5,670 | - | - | - | - | (351) | 5,319 | |
| Appraisal * | 7,504 | - | - | 7,504 | - | - | - | - | - | 7,504 | |
| Premises | | | | | | | | | | | |
| Cost | 14,160 | 196 | (156) | 14,204 | (6,348) | (400) | 145 | (2) | (6,605) | 7,462 | |
| Appraisal * | 8,714 | - | - | 8,714 | (632) | (279) | - | - | (911) | 7,803 | |
| Equipment | 19,076 | 1,823 | (791) | 20,110 | (14,038) | (1,414) | 551 | (1) | (14,902) | 5,208 | |
| Others | 334 | 1,770 | (1,726) | 378 | - | - | - | - | - | 378 | |
| Total | 55,461 | 3,789 | (2,676) | 56,580 | (21,018) | (2,093) | 696 | (3) | (22,418) | 33,674 | |

* Appraisal values are based on valuations completed in 2010

The gross amount of the Bank's fully depreciated premises and equipment that were still in use as at 31 December 2014 amounted to Baht 15,243 million (2013: Baht 14,483 million).

16 Goodwill and other intangible assets, net

As at 31 December 2014 and 2013, the changes to the goodwill and other intangible assets, net were as follows:

| | Consolidated | | | | | | |
|-------------------|---------------------|---------------------------|----------------------------|------------------------------------|----------------|-------------------|------------------------------------|
| | 2014 | | | | | | |
| | Cost | | | Accumulated amortisation | | | |
| | Beginning balance | Additions/ Transfer in | Disposals/ Transfer out | Transfer out from subsidiary | Ending balance | Beginning balance | Amortisations |
| | | | | | | | Disposals |
| | | | | | | | Transfer out from subsidiary |
| | | | | | | | balance |
| | | | | | | | Net balance |
| Goodwill | 9,669 | 804 | - | (804) | 9,669 | - | - |
| Software licenses | 5,499 | 486 | (23) | (38) | 5,924 | (3,745) | 17 |
| Others | 35 | - | - | - | 35 | (4) | (1) |
| Total | 15,203 | 1,290 | (23) | (842) | 15,628 | (3,749) | (513) |
| | | | | | | | 17 |
| | | | | | | | 23 |
| | | | | | | | (4,217) |
| | | | | | | | (5) |
| | | | | | | | 30 |
| | | | | | | | (4,222) |
| | | | | | | | 11,406 |

Amortisation presented in the consolidated profit or loss for the years ended 31 December 2014 and 2013 amounted to Baht 513 million and Baht 531 million, respectively.

| | Consolidated | | | | | |
|-------------------|--------------------------|---------------------------|--------------------------|-------------------|---------------|----------------|
| | 2013 | | | | | |
| | Cost | | Accumulated amortisation | | | |
| | Beginning balance | Additions/ Transfer in | Ending balance | Beginning balance | Amortisations | Ending balance |
| | <i>(in million Baht)</i> | | | | | |
| Goodwill | 9,669 | - | 9,669 | - | - | 9,669 |
| Software licenses | 4,935 | 564 | 5,499 | (3,215) | (530) | (3,745) |
| Others | 34 | 1 | 35 | (3) | (1) | (4) |
| Total | 14,638 | 565 | 15,203 | (3,218) | (531) | (3,749) |
| | | | | | | 11,454 |

The gross amount of the Bank and its subsidiaries' fully amortised intangible assets that were still in use as at 31 December 2014 amounted to Baht 2,248 million (2013: Baht 1,838 million).

| The Bank 2014 | | | | | | |
|-------------------|----------------------|-----------------------------------|-------------------|--------------------------|---|-------------------|
| | Beginning balance | Cost Additions/ Transfer in | Ending balance | Beginning balance | Accumulated amortisation Amortisations | Ending balance |
| | | | | | | Net balance |
| | | | | <i>(in million Baht)</i> | | |
| Goodwill | - | 804 | 804 | - | - | 804 |
| Software licenses | 4,783 | 361 | 5,144 | (3,368) | (449) | (3,817) |
| Total | 4,783 | 1,165 | 5,948 | (3,368) | (449) | (3,817) |
| | | | | | | 2,131 |

Amortisation presented in the Bank's profit or loss for the years ended 31 December 2014 and 2013 amounted to Baht 449 million and Baht 473 million, respectively.

| The Bank 2013 | | | | | | |
|-------------------|----------------------|-----------------------------------|-------------------|--------------------------|---|-------------------|
| | Beginning balance | Cost Additions/ Transfer in | Ending balance | Beginning balance | Accumulated amortisation Amortisations | Ending balance |
| | | | | | | Net balance |
| | | | | <i>(in million Baht)</i> | | |
| Software licenses | 4,374 | 409 | 4,783 | (2,895) | (473) | (3,368) |
| Total | 4,374 | 409 | 4,783 | (2,895) | (473) | (3,368) |
| | | | | | | 1,415 |

The gross amount of the Bank's fully amortised intangible assets that were still in use as at 31 December 2014 amounted to Baht 2,140 million (2013: Baht 1,731 million).

17 Assets pending transfer

As at 31 December 2014 and 2013, assets pending transfer were as follows:

| | Consolidated and The Bank | |
|-----------------------------------|---------------------------|--------------|
| | 2014 | 2013 |
| | <i>(in million Baht)</i> | |
| Sundry receivables | 2,228 | 838 |
| Pending for E-Banking receivables | 831 | 2,853 |
| Prepayment of option premium | 695 | 843 |
| Others | 350 | 175 |
| Total | 4,104 | 4,709 |

18 Other assets, net

As at 31 December 2014 and 2013, other assets, net were as follows:

| | Consolidated | | The Bank | |
|---|--------------------------|---------------|---------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | <i>(in million Baht)</i> | | | |
| Collateral per Credit Support Annex | 13,062 | 16,500 | 13,062 | 16,500 |
| Accrued interest on investment and interest rate product | 2,845 | 2,604 | 1,615 | 1,510 |
| Receivable from sales of NPL | 2,443 | 286 | 2,443 | 286 |
| Securities business receivables and receivables from clearing house | 1,962 | 3,277 | - | - |
| Net inter-account balance | 1,655 | 1,751 | 1,655 | 1,753 |
| Accrued service income | 1,007 | 416 | 2,280 | 1,421 |
| Receivables from disposal of properties for sale | 759 | 865 | 759 | 865 |
| Others | 8,669 | 5,156 | 6,744 | 2,832 |
| Total | 32,402 | 30,855 | 28,558 | 25,167 |

19 Deposits

19.1 Classified by product as at 31 December 2014 and 2013:

| | Consolidated | | The Bank | |
|---------------------------------|--------------------------|------------------|------------------|------------------|
| | 2014 | 2013 | 2014 | 2013 |
| | <i>(in million Baht)</i> | | | |
| Demand | 53,853 | 55,627 | 52,921 | 53,713 |
| Savings | 999,410 | 842,959 | 995,706 | 843,023 |
| Fixed | | | | |
| - Less than 6 months | 139,313 | 204,192 | 139,003 | 203,862 |
| - 6 months and less than 1 year | 269,061 | 293,528 | 269,052 | 293,525 |
| - Over 1 year | 433,706 | 426,605 | 433,706 | 426,605 |
| Total | 1,895,343 | 1,822,911 | 1,890,388 | 1,820,728 |

19.2 Classified by currency and residence of customer as at 31 December 2014 and 2013:

| | Consolidated | | | | | |
|------------------|-------------------|---------------|------------------|------------------|---------------|------------------|
| | 2014 | | | 2013 | | |
| | Domestic | Foreign | Total | Domestic | Foreign | Total |
| | (in million Baht) | | | | | |
| Baht | 1,815,897 | 412 | 1,816,309 | 1,783,050 | 378 | 1,783,428 |
| US Dollar | 67,078 | 9,447 | 76,525 | 24,134 | 13,745 | 37,879 |
| Other currencies | 1,603 | 906 | 2,509 | 629 | 975 | 1,604 |
| Total | 1,884,578 | 10,765 | 1,895,343 | 1,807,813 | 15,098 | 1,822,911 |

| | The Bank | | | | | |
|------------------|-------------------|--------------|------------------|------------------|--------------|------------------|
| | 2014 | | | 2013 | | |
| | Domestic | Foreign | Total | Domestic | Foreign | Total |
| | (in million Baht) | | | | | |
| Baht | 1,816,542 | 379 | 1,816,921 | 1,786,782 | 339 | 1,787,121 |
| US Dollar | 67,078 | 4,131 | 71,209 | 24,134 | 7,874 | 32,008 |
| Other currencies | 1,603 | 655 | 2,258 | 629 | 970 | 1,599 |
| Total | 1,885,223 | 5,165 | 1,890,388 | 1,811,545 | 9,183 | 1,820,728 |

20 Interbank and money market items (Liabilities)

As at 31 December 2014 and 2013, interbank and money market items (Liabilities) were as follows:

| | Consolidated | | | | | |
|--|--------------------------|----------------|----------------|---------------|---------------|----------------|
| | Demand | 2014 Time | Total | Demand | 2013 Time | Total |
| | <i>(in million Baht)</i> | | | | | |
| Domestic items: | | | | | | |
| Bank of Thailand and Financial Institutions Development Fund | - | 26,702 | 26,702 | 3 | 31,109 | 31,112 |
| Commercial banks | 1,871 | 48,000 | 49,871 | 889 | 35,870 | 36,759 |
| Specialised financial institutions* | 1,574 | 24,613 | 26,187 | 169 | 15,772 | 15,941 |
| Other financial institutions** | 13,857 | 7,405 | 21,262 | 11,469 | 4,691 | 16,160 |
| Total domestic items | 17,302 | 106,720 | 124,022 | 12,530 | 87,442 | 99,972 |
| Foreign items: | | | | | | |
| US Dollar | 2,507 | 11,372 | 13,879 | 3,990 | 12,305 | 16,295 |
| Japanese Yen | 1 | - | 1 | 2 | - | 2 |
| Euro | 169 | - | 169 | 199 | - | 199 |
| Other currencies | 2,215 | - | 2,215 | 2,659 | - | 2,659 |
| Total foreign items | 4,892 | 11,372 | 16,264 | 6,850 | 12,305 | 19,155 |
| Total domestic and foreign items | 22,194 | 118,092 | 140,286 | 19,380 | 99,747 | 119,127 |

* Specialised financial institutions mean financial institutions which operate under specific development mandates such as the Small and Medium Enterprise Development Bank of Thailand, Bank for Agriculture and Agricultural Co-operatives, Export-Import Bank of Thailand, Government Savings Banks, Government Housings Bank, Islamic Bank of Thailand and Secondary Mortgage Corporation but excluding the Small Business Credit Guarantee Corporation

** Other financial institutions mean financial institutions which have a license to offer interest on loans under the Finance Institution Act and, excluding those itemised separately above, such as Finance companies, Securities companies, Credit foncier companies, Life insurance companies, Cooperatives, the Federation of Savings and Credit Cooperatives of Thailand Limited and the Credit Union League of Thailand Limited

| | The Bank | | | | | |
|--|--------------------------|----------------|----------------|---------------|---------------|----------------|
| | 2014 | | | 2013 | | |
| | Demand | Time | Total | Demand | Time | Total |
| | <i>(in million Baht)</i> | | | | | |
| Domestic items: | | | | | | |
| Bank of Thailand and Financial Institutions Development Fund | - | 26,702 | 26,702 | - | 31,109 | 31,109 |
| Commercial banks | 1,849 | 48,000 | 49,849 | 890 | 35,870 | 36,760 |
| Specialised financial institutions* | 1,574 | 24,613 | 26,187 | 169 | 15,772 | 15,941 |
| Other financial institutions** | 19,587 | 7,405 | 26,992 | 16,285 | 4,691 | 20,976 |
| Total domestic items | 23,010 | 106,720 | 129,730 | 17,344 | 87,442 | 104,786 |
| Foreign items: | | | | | | |
| US Dollar | 2,524 | 11,372 | 13,896 | 4,041 | 12,305 | 16,346 |
| Japanese Yen | 1 | - | 1 | 2 | - | 2 |
| Euro | 169 | - | 169 | 199 | - | 199 |
| Other currencies | 2,218 | - | 2,218 | 2,659 | - | 2,659 |
| Total foreign items | 4,912 | 11,372 | 16,284 | 6,901 | 12,305 | 19,206 |
| Total domestic and foreign items | 27,922 | 118,092 | 146,014 | 24,245 | 99,747 | 123,992 |

* Specialised financial institutions mean financial institutions which operate under specific development mandates such as the Small and Medium Enterprise Development Bank of Thailand, Bank for Agriculture and Agricultural Co-operatives, Export-Import Bank of Thailand, Government Savings Banks, Government Housings Bank, Islamic Bank of Thailand and Secondary Mortgage Corporation but excluding the Small Business Credit Guarantee Corporation

** Other financial institutions mean financial institutions which have a license to offer interest on loans under the Finance Institution Act and, excluding those itemised separately above, such as Finance companies, Securities companies, Credit foncier companies, Life insurance companies, Cooperatives, the Federation of Savings and Credit Cooperatives of Thailand Limited and the Credit Union League of Thailand Limited

21 Debt issued and borrowings

As at 31 December 2014 and 2013, debt issued and borrowings were as follows:

| Consolidated | | | | | | | | |
|--------------------|-------------------|------------------|----------|--------------|---------|----------|--------------|--------|
| | Interest rate (%) | Year of maturity | Domestic | 2014 Foreign | Total | Domestic | 2013 Foreign | Total |
| (in million Baht) | | | | | | | | |
| | | | | | | | | |
| Bonds | | | | | | | | |
| - US Dollar | 3.38 - 3.90 | 2016 - 2019 | - | 73,625 | 73,625 | - | 49,513 | 49,513 |
| Subordinated bonds | | | | | | | | |
| - Baht | 4.50 - 6.25 | 2022 - 2024 | 40,000 | - | 40,000 | 40,000 | - | 40,000 |
| Structured notes | | | | | | | | |
| - Baht | 0.65 - 0.77 | 2014 - 2015 | 104 | - | 104 | 46 | - | 46 |
| Bill of Exchanges | | | | | | | | |
| - Baht | 3.00 - 4.83 | 2014 | - | - | - | 5,222 | - | 5,222 |
| Others | | | 188 | - | 188 | 231 | - | 231 |
| Total | | | 40,292 | 73,625 | 113,917 | 45,499 | 49,513 | 95,012 |
| | | | | | | | | |
| | | | | | | | | |
| The Bank | | | | | | | | |
| | Interest rate (%) | Year of maturity | Domestic | 2014 Foreign | Total | Domestic | 2013 Foreign | Total |
| (in million Baht) | | | | | | | | |
| | | | | | | | | |
| Bonds | | | | | | | | |
| - US Dollar | 3.38 - 3.90 | 2016 - 2019 | - | 74,298 | 74,298 | - | 49,513 | 49,513 |
| Subordinated bonds | | | | | | | | |
| - Baht | 4.50 - 6.25 | 2022 - 2024 | 40,000 | - | 40,000 | 40,000 | - | 40,000 |
| Bill of Exchanges | | | | | | | | |
| - Baht | 3.00 - 4.83 | 2014 | - | - | - | 5,222 | - | 5,222 |
| Others | | | 188 | - | 188 | 231 | - | 231 |
| Total | | | 40,188 | 74,298 | 114,486 | 45,453 | 49,513 | 94,966 |

22 Provisions

As at 31 December 2014 and 2013, provisions were as follows:

| | Consolidated | | The Bank | |
|---|--------------------------|--------------|--------------|--------------|
| | 2014 | 2013 | 2014 | 2013 |
| | <i>(in million Baht)</i> | | | |
| Reserve for pension and gratuity | 3,354 | 3,145 | 3,079 | 2,859 |
| Reserve for claims | 2,287 | 1,905 | 2,280 | 1,905 |
| Possible loss from Asset Transfer Agreement with TAMC | 1,146 | 1,146 | 1,105 | 1,105 |
| Possible loss from legal cases | 306 | 315 | 300 | 300 |
| Provisions for commitments as off-financial reporting items | 115 | 115 | 115 | 115 |
| Others | 3 | 78 | 2 | 78 |
| Total | 7,211 | 6,704 | 6,881 | 6,362 |

22.1 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 2014 and 2013 were as follows:

| | Consolidated | | The Bank | |
|--|--------------------------|--------------|--------------|--------------|
| | 2014 | 2013 | 2014 | 2013 |
| | <i>(in million Baht)</i> | | | |
| Severance Payment ("SP") benefits scheme | 2,630 | 2,470 | 2,394 | 2,223 |
| Other schemes | 724 | 675 | 685 | 636 |
| Total present value of unfunded obligations | 3,354 | 3,145 | 3,079 | 2,859 |

Post-employee benefit expenses included in the statement of comprehensive income for the years ended 31 December 2014 and 2013 were as follows:

| | Consolidated | | The Bank | |
|---|--------------------------|--------------|--------------|--------------|
| | 2014 | 2013 | 2014 | 2013 |
| | <i>(in million Baht)</i> | | | |
| Recognised in profit or loss: | | | | |
| Defined contribution plans | 908 | 853 | 797 | 740 |
| Defined benefit plans | 392 | 355 | 349 | 310 |
| Total post-employment benefit expenses | 1,300 | 1,208 | 1,146 | 1,050 |

Movement in the present value of the defined benefit obligations:

| | Consolidated | | | |
|--------------------------------------|--------------------------|------------|--------------|------------|
| | 2014 | | 2013 | |
| | SP | Others | SP | Others |
| | <i>(in million Baht)</i> | | | |
| Obligations at beginning year | 2,470 | 675 | 2,340 | 631 |
| Current service cost | 224 | 41 | 197 | 38 |
| Interest cost | 99 | 28 | 94 | 26 |
| Decrease from disposal of subsidiary | (38) | (1) | - | - |
| Benefits paid | (125) | (19) | (161) | (20) |
| Obligations at ending year | 2,630 | 724 | 2,470 | 675 |

| | The Bank | | | |
|-----------------------------------|--------------------------|------------|--------------|------------|
| | 2014 | | 2013 | |
| | SP | Others | SP | Others |
| | <i>(in million Baht)</i> | | | |
| Obligations at beginning year | 2,223 | 636 | 2,119 | 595 |
| Current service cost | 195 | 37 | 166 | 35 |
| Interest cost | 91 | 26 | 85 | 24 |
| Benefits paid | (115) | (14) | (147) | (18) |
| Obligations at ending year | 2,394 | 685 | 2,223 | 636 |

Principal actuarial assumptions at the reporting date:

| | Consolidated and The Bank | |
|---------------------------|---------------------------|-----------|
| | 2014 | 2013 |
| | <i>(%)</i> | |
| Discount rate | 4.1 - 4.2 | 4.1 - 4.2 |
| Price inflation rate | 3.5 | 3.5 |
| Health cost increase rate | 4 - 4.8 | 4 - 4.8 |
| Future salary increases | 5.5 - 10 | 5.5 - 10 |

The employee benefit expected to be paid to retirees over the next year are as follows:

| | Consolidated | The Bank |
|--|--------------------------|------------|
| | 2015 | |
| | <i>(in million Baht)</i> | |
| Forecast of benefit payments | | |
| Severance Payment ("SP") benefits scheme | 146 | 140 |
| Other scheme | 16 | 14 |
| Expenses recognised in profit or loss | 162 | 154 |

Historical information

| | Consolidated | | | | |
|---------------------------------------|--------------------------|-------|-------|-------|-------|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| | <i>(in million Baht)</i> | | | | |
| Present value of unfunded obligations | 3,354 | 3,145 | 2,971 | 2,352 | 2,060 |

| | The Bank | | | | |
|---------------------------------------|--------------------------|-------|-------|-------|-------|
| | 2014 | 2013 | 2012 | 2011 | 2010 |
| | <i>(in million Baht)</i> | | | | |
| Present value of unfunded obligations | 3,079 | 2,859 | 2,714 | 2,112 | 1,944 |

22.2 Possible loss from Asset Transfer Agreement with the Thai Asset Management Corporation ("TAMC")

On 12 October 2001, the Bank and a subsidiary entered into an Asset Transfer Agreement with the Thai Asset Management Corporation ("TAMC"). Under the agreement, the Bank and a subsidiary transferred sub-quality assets to TAMC at a price equal to the lower of the established value of collateral and the loan outstanding. In consideration TAMC issued promissory notes to the Bank and a subsidiary. Furthermore, gains and losses from disposal of the assets transferred would be shared between the Bank and TAMC on an agreed basis.

TAMC was liquidated on 8 June 2013 and settlement of remaining balances is being handled by the Ministry of Finance. As at 31 December 2014, the following amounts are included in the financial statements:

1. Outstanding promissory notes amounting to Baht 875 million and Baht 745 million (consolidated and the Bank, respectively) against which a 100% provision is held.
2. Provision for loss sharing of Baht 1,146 million and Baht 1,105 million (consolidated and the Bank, respectively) is presented under provisions in the statement of financial position. Based on information provided by TAMC, the Bank expects that the provision it has established is sufficient.

23 Liabilities under insurance contracts

Liabilities under insurance contracts represent the liabilities of the insurance subsidiaries. As at 31 December 2014 and 2013 were as follows:

| | Consolidated | |
|--------------------------------------|--------------------------|----------------|
| | 2014 | 2013 |
| | <i>(in million Baht)</i> | |
| SCB Life | | |
| Life insurance policy reserves | 150,702 | 124,535 |
| Others | 1,055 | 962 |
| SCSMG* | | |
| Premium reserves | - | 2,282 |
| Loss reserves and outstanding claims | - | 1,425 |
| Total | 151,757 | 129,204 |

* Sold in April 2014

Insurance contract liabilities for SCB life are calculated as described in note 3.26.

24 Liabilities pending transfer

As at 31 December 2014 and 2013, liabilities pending transfer were as follows:

| | Consolidated | | The Bank | |
|-------------------------------|--------------------------|---------------|---------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | <i>(in million Baht)</i> | | | |
| Pending for payment E-banking | 8,345 | 8,395 | 8,345 | 8,396 |
| Other payables | 1,826 | 4,560 | 1,668 | 4,518 |
| Others | 4,096 | 139 | 4,014 | 61 |
| Total | 14,267 | 13,094 | 14,027 | 12,975 |

25 Other liabilities

As at 31 December 2014 and 2013, other liabilities were as follows:

| | Consolidated | | The Bank | |
|---|--------------------------|---------------|---------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | <i>(in million Baht)</i> | | | |
| Accrued expenses | 18,545 | 18,946 | 15,284 | 16,045 |
| Interest payable | 7,832 | 11,703 | 7,838 | 11,711 |
| Securities business payables and payables to clearing house | 1,855 | 3,159 | - | - |
| Withholding tax payable | 628 | 445 | 504 | 333 |
| Other payable per Credit Support Annex | 865 | 305 | 865 | 305 |
| Margin deposits | 297 | 1,116 | 238 | 1,030 |
| Others | 1,115 | 2,940 | 1,067 | 685 |
| Total | 31,137 | 38,614 | 25,796 | 30,109 |

26 Reserve

Legal reserve

Under the Public Companies Act, the Bank and its subsidiaries, which are public companies are required to set aside as a legal reserve at least 5% of their net profit, net of accumulated deficit brought forward (if any), until the reserve is not less than 10% of the registered capital. The legal reserve is not available for dividend distribution.

According to the Civil and Commercial Code, subsidiaries which are private companies must appropriate to a reserve fund at each distribution of dividend at least 5% of the profit arising from the business of the Company until the reserve fund reaches 10% of the capital of the Company. Such reserve fund is not available for distribution as dividend.

Other reserves

Valuation surplus

The valuation surplus account comprises the cumulative net change in the valuation of premises and equipment included in the financial statements at valuation until such premises and equipment are sold or otherwise disposed of.

Fair value changes in available-for-sale investments

The fair value changes in available-for-sale investments account comprises the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

Others

Others comprise of currency transaction differences and movements in reserves as follows:

Currency translation differences

The currency translation differences account comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Movements in reserves

Movements in reserves are shown in the statement of changes in equity.

27 Dividends

The Board of Directors Meeting held on 26 August 2014 passed a resolution approving an interim dividend payment in respect of the half-year result of 2014 of Baht 1.50 per share, amounting to Baht 5,099 million. The dividend was paid to shareholders on 19 September 2014.

At the annual general meeting of the shareholders of the Bank held on 3 April 2014, the shareholders approved the appropriation of dividend of Baht 3.75 per share, amounting to Baht 12,747 million. The dividend was paid to shareholders on 2 May 2014.

The Board of Directors Meeting held on 27 August 2013 passed a resolution approving an interim dividend payment in respect of the half-year result of 2013 of Baht 1.50 per share, amounting to Baht 5,099 million. The dividend was paid to shareholders on 20 September 2013.

At the annual general meeting of the shareholders of the Bank held on 4 April 2013, the shareholders approved the appropriation of dividend of Baht 3.50 per share, amounting to Baht 11,897 million. The dividend was paid to shareholders on 3 May 2013.

28 Assets pledged as collateral and under restriction

As at 31 December 2014 and 2013, assets pledged as collateral and under restriction were as follows:

| | Consolidated | | The Bank | |
|---|--------------------------|---------------|-----------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | <i>(in million Baht)</i> | | | |
| Investments | | | | |
| Securities pledged as collateral for repurchase | 54,250 | 45,263 | 54,250 | 45,263 |
| Others | 30,678 | 25,463 | 286 | 110 |
| Total | 84,928 | 70,726 | 54,536 | 45,373 |

29 Contingencies

As at 31 December 2014 and 2013, contingencies were as follows:

| | Consolidated | | The Bank | |
|---|--------------------------|----------------|----------------|----------------|
| | 2014 | 2013 | 2014 | 2013 |
| | <i>(in million Baht)</i> | | | |
| Avals to bills | 3,434 | 4,297 | 3,434 | 4,297 |
| Guarantees of loans | 220 | 214 | 117 | 138 |
| Liability under unmatured import bills | 6,792 | 7,434 | 6,792 | 7,434 |
| Letters of credit | 35,346 | 26,898 | 35,196 | 26,852 |
| Other contingencies | | | | |
| - Amount of unused bank overdrafts | 127,028 | 129,813 | 126,443 | 129,360 |
| - Other guarantees | 178,776 | 173,787 | 177,936 | 173,122 |
| - Receivables / payables from investments | 10,070 | 11,400 | 9,902 | 11,033 |
| - Others | 899 | 39 | - | - |
| Total | 362,565 | 353,882 | 359,820 | 352,236 |

As at 31 December 2014, the Bank had commitments of Baht 3 million, in connection with finance companies whose operations were closed down permanently by the Ministry of Finance on 8 December 1997 (2013: Baht 3 million).

30 Related parties

For the purposes of these financial statements, parties are considered to be related to the Bank and its subsidiaries if the Bank and its subsidiaries have the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Bank and its subsidiaries and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Bank has business transactions with related parties or persons. Interest rate for staff loans under the staff welfare scheme is charged in accordance with the Bank's regulations for such loans. Interest rate and other pricing for other related parties are at the same rate as in the normal course of business with the same business conditions as general customers. The transactions with related parties or persons were as follows:

30.1 Loans, deposits, borrowings and contingencies

Loans, deposits, borrowings and contingencies to related parties or persons as at 31 December 2014 and 2013 were as follows:

| | Consolidated | | | | | | | |
|---|--------------------------|--------------|-----------------|--------------------|------------|--------------|-----------------|--------------------|
| | 2014 | | | | 2013 | | | |
| | Loans* | Deposits | Borrow- ings | Contin- gencies | Loans* | Deposits | Borrow- ings | Contin- gencies |
| | <i>(in million Baht)</i> | | | | | | | |
| Associates | - | 321 | - | - | - | 9 | - | - |
| Related companies (Shareholding through other companies' debt restructuring process) | - | - | - | 1 | - | - | - | 1 |
| Major shareholder (more than 10% ownership) | - | 8,200 | - | - | - | 6,673 | - | - |
| Entities in which the directors, management or close members of their families have significant influence | - | 681 | 1 | 107 | - | 1,009 | - | 7 |
| Directors and key executive officers | 102 | 768 | 16 | - | 109 | 715 | 20 | - |
| Total | 102 | 9,970 | 17 | 108 | 109 | 8,406 | 20 | 8 |

| | The Bank | | | | | | | |
|---|--------------------------|---------------|-----------------|--------------------|------------|---------------|-----------------|--------------------|
| | 2014 | | | | 2013 | | | |
| | Loans* | Deposits | Borrow- ings | Contin- gencies | Loans* | Deposits | Borrow- ings | Contin- gencies |
| | <i>(in million Baht)</i> | | | | | | | |
| Subsidiaries | | | | | | | | |
| Finance & Insurance | - | 5,039 | 1,727 | 7,853 | - | 7,566 | 835 | 3,515 |
| Others | - | 274 | - | - | - | 196 | - | - |
| Total subsidiaries | - | 5,313 | 1,727 | 7,853 | - | 7,762 | 835 | 3,515 |
| Associates | - | 321 | - | - | - | 9 | - | - |
| Related companies (Shareholding through other companies' debt restructuring process) | - | - | - | 1 | - | - | - | 1 |
| Major shareholder (more than 10% ownership) | - | 8,200 | - | - | - | 6,673 | - | - |
| Entities in which the directors, management or close members of their families have significant influence | - | 681 | 1 | 107 | - | 1,009 | - | 7 |
| Directors and key executive officers | 102 | 768 | 16 | - | 109 | 715 | 20 | - |
| Total | 102 | 15,283 | 1,744 | 7,961 | 109 | 16,168 | 855 | 3,523 |

* Net of provision (1%)

30.2 Income and expenses

Significant income and expenses between the Bank and its subsidiaries, associate and related companies for the years ended 31 December 2014 and 2013 are as follows:

| Consolidated | | | | | | | | |
|--------------------------|----------|--------|----------|--------|----------|--------|----------|--------|
| | 2014 | | | | 2013 | | | |
| | Income | | Expenses | | Income | | Expenses | |
| | Interest | Others | Interest | Others | Interest | Others | Interest | Others |
| <i>(in million Baht)</i> | | | | | | | | |
| Major shareholder | - | - | 176 | 22 | - | - | 158 | 19 |

| The Bank | | | | | | | | |
|--------------------------|----------|--------|----------|--------|----------|--------|----------|--------|
| | 2014 | | | | 2013 | | | |
| | Income | | Expenses | | Income | | Expenses | |
| | Interest | Others | Interest | Others | Interest | Others | Interest | Others |
| <i>(in million Baht)</i> | | | | | | | | |
| Subsidiaries | 17 | 14,652 | 122 | 2,900 | 22 | 15,251 | 96 | 2,337 |
| Major shareholder | - | - | 176 | 22 | - | - | 158 | 19 |

31 Key management personnel compensation

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, holding the position of Executive Vice President or higher.

The Bank has not paid benefits to directors and executives other than the benefits that are normally paid such as meeting allowances, reward, salary, bonus, cost of living allowance, transportation charges and fringe benefits according to the Bank's regulations.

| <i>For the years ended 31 December</i> | Consolidated | | The Bank | |
|--|--------------------------|--------------|-----------------|--------------|
| | 2014 | 2013 | 2014 | 2013 |
| | <i>(in million Baht)</i> | | | |
| Short-term employee benefits | 1,422 | 1,658 | 1,120 | 1,284 |
| Post-employment benefits | 21 | 9 | 18 | 5 |
| Total | 1,443 | 1,667 | 1,138 | 1,289 |

32 Long-term leases and service agreements

As at 31 December 2014 and 2013, the remaining rental and service expenses to be paid for long-term leases and service agreements were as follows:

| Type of lease | Period | Consolidated | | The Bank | |
|----------------------|---------------|-------------------|-------|----------|-------|
| | | 2014 | 2013 | 2014 | 2013 |
| | | (in million Baht) | | | |
| Land and/or premises | Within 1 year | 1,859 | 1,685 | 1,703 | 1,576 |
| | 1 - 5 years | 1,682 | 1,379 | 1,550 | 1,262 |
| | Over 5 years | 192 | 209 | 192 | 200 |
| Equipment | Within 1 year | 3 | 16 | 1 | 10 |
| | 1 - 5 years | 2 | 8 | - | - |
| Vehicles | Within 1 year | 241 | 282 | 228 | 244 |
| | 1 - 5 years | 305 | 469 | 284 | 412 |

33 Operating segments

As at 31 December 2014 and 2013, operating segments were as follows:

Information on the Bank's operating model and business segments is set out in the annual report. Specifically, the Bank has four Business Groups: the Wholesale Banking Group (WBG) which serves corporate and commercial customers; the Business Banking Group (BBG) which serves SME customers; the Retail Banking Group (RBG) which serves individuals and small businesses; and the Special Business Group (SBG) which is responsible for NPL resolution. 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. The Siam Commercial Samaggi Insurance PCL was sold in April 2014 and its results were not included in the consolidation process from 1 April 2014.

In the information provided below, the results of the four subsidiaries together with the income from the Banks' investments, interbank and money market, that is not allocated to a specific business unit, are presented under the "Others" column. With respect to fee income earned by subsidiaries, it is allocated to the appropriate business unit (WBG, BBG or RBG) in the Management Discussion and Analysis but is stated under "Others" in the analysis below. Finally, operating expenses are both direct and indirect business expenses of each business unit as well as allocation of common expenses.

The Bank has determined that the Chief Operating Decision Maker is the Executive Committee. Financial information of the Business Groups measured on a basis that is consistent with internal reporting was as follows:

| | Consolidated | | | | |
|--|--------------------------|---------|----------|---------|----------|
| <i>For the year ended 31 December 2014</i> | WBG | BBG | RBG | Others | Total |
| | <i>(in million Baht)</i> | | | | |
| Net interest income | 15,536 | 14,748 | 38,594 | 12,222 | 81,100 |
| Net fees income & dividend and other income | 10,066 | 3,363 | 28,417 | 5,184 | 47,030 |
| Total operating income | 25,602 | 18,111 | 67,011 | 17,406 | 128,130 |
| Total operating expenses | (7,199) | (5,220) | (32,931) | (2,739) | (48,089) |
| Profit before impairment loss and income tax | 18,403 | 12,891 | 34,080 | 14,667 | 80,041 |
| Impairment loss and income tax | | | | | (26,389) |
| Net profit | | | | | 53,652 |

| <i>For the year ended 31 December 2013</i> | Consolidated | | | | |
|--|--------------------------|---------|----------|---------|----------|
| | WBG | BBG | RBG | Others | Total |
| | <i>(in million Baht)</i> | | | | |
| Net interest income | 14,274 | 13,528 | 36,598 | 8,609 | 73,009 |
| Net fees income & dividend and other income | 10,890 | 4,654 | 26,873 | 8,106 | 50,523 |
| Total operating income | 25,164 | 18,182 | 63,471 | 16,715 | 123,532 |
| Total operating expenses | (7,263) | (5,313) | (32,882) | (1,859) | (47,317) |
| Profit before impairment loss and income tax | 17,901 | 12,869 | 30,589 | 14,856 | 76,215 |
| Impairment loss and income tax | | | | | (25,463) |
| Net profit | | | | | 50,752 |

| | Consolidated | | | | |
|---------------------------|---------------------|---------|-----------|---------|-----------|
| | 2014 | | | | |
| | WBG | BBG | RBG | Others | Total |
| <i>(in million Baht)</i> | | | | | |
| Investments in associates | - | - | - | 697 | 697 |
| Loans* | 655,542 | 340,547 | 772,220 | 8,826 | 1,777,135 |
| Total assets | 766,877 | 319,389 | 750,683 | 862,754 | 2,699,703 |
| Total liabilities | 544,962 | 161,202 | 1,268,898 | 438,343 | 2,413,405 |

| | Consolidated | | | | |
|---------------------------|---------------------|---------|-----------|---------|-----------|
| | 2013 | | | | |
| | WBG | BBG | RBG | Others | Total |
| <i>(in million Baht)</i> | | | | | |
| Investments in associates | - | - | - | 685 | 685 |
| Loans* | 626,827 | 348,908 | 748,284 | 11,262 | 1,735,281 |
| Total assets | 749,834 | 329,959 | 729,138 | 725,275 | 2,534,206 |
| Total liabilities | 435,254 | 176,530 | 1,296,614 | 377,768 | 2,286,166 |

* Net of deferred revenue

34 The financial position and results of operations classified by domestic and foreign business

34.1 As at 31 December 2014 and 2013, the financial position classified by domestic and foreign business was as follows:

| | Consolidated | | | | | | | |
|--|--------------------------|---------------------|-------------|-----------|----------------------|---------------------|-------------|-----------|
| | 2014 | | | | 2013 | | | |
| | Domestic business | Foreign business | Elimination | Total | Domestic business | Foreign business | Elimination | Total |
| | <i>(in million Baht)</i> | | | | | | | |
| Total assets | 2,631,657 | 98,383 | (30,337) | 2,699,703 | 2,480,591 | 75,608 | (21,993) | 2,534,206 |
| Interbank and money market items, net (Assets) | 274,400 | 17,215 | - | 291,615 | 162,856 | 8,666 | - | 171,522 |
| Investments, net* | 502,305 | 503 | - | 502,808 | 504,479 | 394 | - | 504,873 |
| Loans to customers and accrued interest receivables, net | 1,684,038 | 37,897 | - | 1,721,935 | 1,649,634 | 29,463 | - | 1,679,097 |
| Deposits | 1,883,467 | 11,876 | - | 1,895,343 | 1,808,766 | 14,145 | - | 1,822,911 |
| Interbank and money market items (Liabilities) | 130,397 | 9,889 | - | 140,286 | 109,282 | 9,845 | - | 119,127 |
| Debt issued and borrowings | 39,620 | 74,297 | - | 113,917 | 45,500 | 49,512 | - | 95,012 |
| | | | | | | | | |
| | The Bank | | | | | | | |
| | 2014 | | | | 2013 | | | |
| | Domestic business | Foreign business | Elimination | Total | Domestic business | Foreign business | Elimination | Total |
| | <i>(in million Baht)</i> | | | | | | | |
| Total assets | 2,461,101 | 92,046 | (30,337) | 2,522,810 | 2,337,025 | 68,576 | (21,993) | 2,383,608 |
| Interbank and money market items, net (Assets) | 264,078 | 12,729 | - | 276,807 | 151,380 | 3,511 | - | 154,891 |
| Investments, net * | 361,716 | 503 | - | 362,219 | 395,659 | 394 | - | 396,053 |
| Loans to customers and accrued interest receivables, net | 1,678,546 | 36,325 | - | 1,714,871 | 1,645,099 | 27,846 | - | 1,672,945 |
| Deposits | 1,884,112 | 6,276 | - | 1,890,388 | 1,812,498 | 8,230 | - | 1,820,728 |
| Interbank and money market items (Liabilities) | 136,125 | 9,889 | - | 146,014 | 114,147 | 9,845 | - | 123,992 |
| Debt issued and borrowings | 40,189 | 74,297 | - | 114,486 | 45,454 | 49,512 | - | 94,966 |

* Includes net investments in subsidiaries and associates

- 34.2 The results of operations classified by domestic and foreign business for the years ended 31 December 2014 and 2013 were as follows:

| | Consolidated | | | | | | | |
|-----------------------------|--------------------------|---------------------|-------------|----------|----------------------|---------------------|-------------|----------|
| | 2014 | | | | 2013 | | | |
| | Domestic business | Foreign business | Elimination | Total | Domestic business | Foreign business | Elimination | Total |
| | <i>(in million Baht)</i> | | | | | | | |
| Interest income | 122,488 | 3,342 | (2,449) | 123,381 | 120,209 | 2,937 | (2,455) | 120,691 |
| Interest expense | (41,571) | (3,159) | 2,449 | (42,281) | (47,745) | (2,392) | 2,455 | (47,682) |
| Net interest income | 80,917 | 183 | - | 81,100 | 72,464 | 545 | - | 73,009 |
| Net fees and service income | 26,112 | 197 | - | 26,309 | 24,399 | 77 | - | 24,476 |
| Other operating income | 20,678 | 43 | - | 20,721 | 25,981 | 66 | - | 26,047 |
| Other operating expenses | (61,041) | (262) | - | (61,303) | (60,751) | (207) | - | (60,958) |
| Profit before tax | 66,666 | 161 | - | 66,827 | 62,093 | 481 | - | 62,574 |

| | The Bank | | | | | | | |
|-----------------------------|--------------------------|---------------------|-------------|----------|----------------------|---------------------|-------------|----------|
| | 2014 | | | | 2013 | | | |
| | Domestic business | Foreign business | Elimination | Total | Domestic business | Foreign business | Elimination | Total |
| | <i>(in million Baht)</i> | | | | | | | |
| Interest income | 116,163 | 3,236 | (2,449) | 116,950 | 114,743 | 2,847 | (2,455) | 115,135 |
| Interest expense | (41,657) | (3,151) | 2,449 | (42,359) | (47,812) | (2,386) | 2,455 | (47,743) |
| Net interest income | 74,506 | 85 | - | 74,591 | 66,931 | 461 | - | 67,392 |
| Net fees and service income | 30,430 | 140 | - | 30,570 | 29,901 | 22 | - | 29,923 |
| Other operating income | 14,777 | 25 | - | 14,802 | 18,433 | 32 | - | 18,465 |
| Other operating expenses | (58,916) | (202) | - | (59,118) | (58,013) | (147) | - | (58,160) |
| Profit before tax | 60,797 | 48 | - | 60,845 | 57,252 | 368 | - | 57,620 |

35 Interest income

Interest income included in profit or loss for the years ended 31 December 2014 and 2013 was as follows:

| | Consolidated | | The Bank | |
|--------------------------------------|--------------------------|----------------|----------------|----------------|
| | 2014 | 2013 | 2014 | 2013 |
| | <i>(in million Baht)</i> | | | |
| Interbank and money market items | 4,380 | 5,028 | 3,967 | 4,358 |
| Investments and trading transactions | 565 | 495 | 565 | 495 |
| Investments in debt securities | 12,562 | 12,731 | 6,878 | 8,161 |
| Loans | 95,357 | 91,753 | 95,025 | 91,473 |
| Hire-purchase and finance leases | 10,489 | 10,668 | 10,487 | 10,632 |
| Others | 28 | 16 | 28 | 16 |
| Total | 123,381 | 120,691 | 116,950 | 115,135 |

36 Interest expense

Interest expense included in profit or loss for the years ended 31 December 2014 and 2013 was as follows:

| | Consolidated | | The Bank | |
|--|--------------------------|---------------|---------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | <i>(in million Baht)</i> | | | |
| Deposits | 29,171 | 33,943 | 29,255 | 34,013 |
| Interbank and money market items | 1,605 | 1,839 | 1,615 | 1,858 |
| Contributions to Deposit Protection Agency | 8,165 | 7,980 | 8,165 | 7,980 |
| Debt issued | | | | |
| - Subordinated debentures | 1,830 | 2,190 | 1,830 | 2,190 |
| - Others | 1,473 | 1,694 | 1,493 | 1,695 |
| Borrowings | 36 | 30 | - | 1 |
| Others | 1 | 6 | 1 | 6 |
| Total | 42,281 | 47,682 | 42,359 | 47,743 |

37 Net fees and service income

Net fees and service income included in profit or loss for the years ended 31 December 2014 and 2013 was as follows:

| | Consolidated | | The Bank | |
|---|--------------------------|---------------|---------------|---------------|
| | 2014 | 2013 | 2014 | 2013 |
| | <i>(in million Baht)</i> | | | |
| Fees and service income | | | | |
| - Acceptances, avals and guarantees | 1,284 | 1,278 | 1,273 | 1,268 |
| - ATM, Debit cards and other banking electronic | 5,539 | 5,232 | 5,555 | 5,250 |
| - Others | 24,702 | 23,064 | 28,388 | 28,029 |
| Total fees and service income | 31,525 | 29,574 | 35,216 | 34,547 |
| Fees and service expense | (5,216) | (5,098) | (4,646) | (4,624) |
| Net fees and service income | 26,309 | 24,476 | 30,570 | 29,923 |

38 Net trading income

Net trading income included in profit or loss for the years ended 31 December 2014 and 2013 was as follows:

| | Consolidated | | The Bank | |
|---|--------------------------|--------------|--------------|--------------|
| | 2014 | 2013 | 2014 | 2013 |
| | <i>(in million Baht)</i> | | | |
| Gains (losses) on trading and foreign exchange transactions | | | | |
| - Foreign currencies and foreign currency related derivatives | 5,900 | 5,726 | 6,075 | 5,544 |
| - Interest rate related derivatives | 245 | 2,674 | 245 | 2,674 |
| - Debt securities | 1,020 | 642 | 960 | 594 |
| - Equity securities | 136 | 35 | 33 | (51) |
| - Others | 3 | 2 | 3 | 2 |
| Total | 7,304 | 9,079 | 7,316 | 8,763 |

39 Net gain on investments

Net gain on investments included in profit or loss for the years ended 31 December 2014 and 2013 was as follows:

| | Consolidated | | The Bank | |
|---|--------------------------|--------------|----------------|--------------|
| | 2014 | 2013 | 2014 | 2013 |
| | <i>(in million Baht)</i> | | | |
| Gains (losses) on sales | | | | |
| - Available-for-sale securities | 853 | 2,457 | 461 | 1,452 |
| - Held-to-maturity securities | (145) | (145) | - | - |
| - General investments | 45 | 105 | 45 | 105 |
| - Investment in subsidiaries and associate | 1,813 | - | 2,777 | - |
| Total | 2,566 | 2,417 | 3,283 | 1,557 |
| Gains (losses) on impairment | | | | |
| - Available-for-sale securities | - | (53) | 1 | 6 |
| - General investments | 3 | (6) | 2 | (4) |
| - Investment in subsidiaries and associates | (6) | (81) | (1,377) | (160) |
| Total | (3) | (140) | (1,374) | (158) |
| Net gain on investments | 2,563 | 2,277 | 1,909 | 1,399 |

40 Impairment loss on loans and debt securities

Bad debt, doubtful accounts and loss on debt restructuring included in profit or loss for the years ended 31 December 2014 and 2013 were as follows:

| | | Consolidated | | The Bank | |
|----------------------------------|------|-------------------|---------------|---------------|---------------|
| | Note | 2014 | 2013 | 2014 | 2013 |
| | | (in million Baht) | | | |
| Interbank and money market items | | (117) | (863) | (117) | (863) |
| Available-for-sale securities | | (2) | (3) | (2) | (3) |
| Loans to customers * | | 13,304 | 14,494 | 13,329 | 14,601 |
| Loss on debt restructuring | 12 | 29 | 13 | 29 | 13 |
| Total | | 13,214 | 13,641 | 13,239 | 13,748 |

* Includes bad debt recovery

41 Income tax

Income tax recognised in profit or loss

| | Consolidated | | The Bank | |
|------------------------------------|-------------------|---------------|---------------|--------------|
| For the year ended 31 December | 2014 | 2013 | 2014 | 2013 |
| | (in million Baht) | | | |
| Current tax expense | | | | |
| Current year | 13,406 | 12,652 | 11,341 | 10,723 |
| Deferred tax expense | | | | |
| Movements in temporary differences | (231) | (831) | (250) | (800) |
| Total income tax expense | 13,175 | 11,821 | 11,091 | 9,923 |

Income tax recognised in other comprehensive income

| | Consolidated | | | | | |
|--------------------------------|-------------------|-----------------------|--------------|----------------|-----------------------|--------------|
| For the year ended 31 December | 2014 | | | 2013 | | |
| | Before tax | Tax (expense) benefit | Net of tax | Before tax | Tax (expense) benefit | Net of tax |
| | (in million Baht) | | | | | |
| Investments | 4,654 | (903) | 3,751 | (1,465) | 322 | (1,143) |
| Premises and equipment | (29) | 6 | (23) | 351 | (125) | 226 |
| Total | 4,625 | (897) | 3,728 | (1,114) | 197 | (917) |

| <i>For the year ended 31 December</i> | The Bank | | | | | |
|---------------------------------------|--------------------------|-----------------------------|---------------|---------------|----------------|---------------|
| | 2014 | | | 2013 | | |
| | Before tax | Tax (expense) benefit | Net of tax | Before tax | Tax expense | Net of tax |
| | <i>(in million Baht)</i> | | | | | |
| Investments | 1,517 | (281) | 1,236 | 522 | (104) | 418 |
| Premises and equipment | (29) | 6 | (23) | - | - | - |
| Total | 1,488 | (275) | 1,213 | 522 | (104) | 418 |

Reconciliation of effective tax rate

| <i>For the year ended 31 December</i> | Consolidated | | | |
|---|---------------------|------------------------------|---------------------|------------------------------|
| | 2014 | | 2013 | |
| | <i>Rate (%)</i> | <i>(in million Baht)</i> | <i>Rate (%)</i> | <i>(in million Baht)</i> |
| Profit before total income tax expense | | 66,827 | | 62,574 |
| Income tax using the Thai corporation tax rate | 20.0 | 13,365 | 20.0 | 12,515 |
| Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net | | (190) | | (694) |
| Total | 19.7 | 13,175 | 18.9 | 11,821 |

| <i>For the year ended 31 December</i> | The Bank | | | |
|---|---------------------|------------------------------|---------------------|------------------------------|
| | 2014 | | 2013 | |
| | <i>Rate (%)</i> | <i>(in million Baht)</i> | <i>Rate (%)</i> | <i>(in million Baht)</i> |
| Profit before total income tax expense | | 60,845 | | 57,620 |
| Income tax using the Thai corporation tax rate | 20.0 | 12,169 | 20.0 | 11,524 |
| Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net | | (1,078) | | (1,601) |
| Total | 18.2 | 11,091 | 17.2 | 9,923 |

Income tax reduction

Royal Decree No. 530 B.E. 2554 dated 21 December 2011 grants a reduction in the corporate income tax rate for the three accounting periods 2012, 2013 and 2014; from 30% to 23% for the accounting period 2012 which begins on or after 1 January 2012 and to 20% for the following two accounting periods 2013 and 2014 which begin on or after 1 January 2013 and 2014, respectively. Royal Decree No. 577 B.E. 2557 dated 10 November 2014 extends the reduction to 20% for the accounting period 2015 which begins on or after 1 January 2015.

The Bank and its subsidiaries have applied the reduced tax rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2014 and 2013 in accordance with the clarification issued by the FAP in 2012.

Deferred tax

Deferred tax assets and liabilities as at 31 December 2014 and 2013 were as follows:

| | Consolidated | | The Bank | |
|--------------------------|--------------------------|----------------|----------------|----------------|
| | 2014 | 2013 | 2014 | 2013 |
| | <i>(in million Baht)</i> | | | |
| Deferred tax assets | 68 | 562 | 11 | 11 |
| Deferred tax liabilities | (3,563) | (3,059) | (2,941) | (2,916) |
| Net | (3,495) | (2,497) | (2,930) | (2,905) |

Movements in deferred tax assets and liabilities during for the years ended 31 December 2014 and 2013 were as follows:

| | Consolidated | | | |
|---|--------------------------|-------------------|----------------------------------|--|
| | (Charged) / Credited to: | | | |
| | At 1 January 2014 | Profit or loss | Other comprehensive income | Transfer out from disposal of subsidiary |
| | <i>(in million Baht)</i> | | | |
| Deferred tax assets | | | | |
| Investments | 286 | (6) | (36) | (13) |
| Investments in subsidiaries and associates | 115 | 261 | - | - |
| Loans to customers and accrued interest receivables | 773 | (670) | - | - |
| Properties for sale | 266 | (67) | - | - |
| Premises and equipment | 1 | - | - | - |
| Goodwill and other intangible assets | 133 | (20) | - | - |
| Other assets | 116 | - | - | (106) |
| Deposits | 207 | (99) | - | - |
| Provisions | 1,345 | 108 | - | (9) |
| Liabilities under insurance contracts | 256 | 2 | - | (225) |
| Other liabilities | 59 | 644 | - | - |
| Total | 3,557 | 153 | (36) | (353) |
| Deferred tax liabilities | | | | |
| Investments | (1,638) | 2 | (865) | - |
| Loans to customers and accrued interest receivables | (478) | 78 | - | - |
| Premises and equipment | (3,884) | (2) | 4 | 21 |
| Goodwill and other intangible assets | (27) | 6 | - | - |
| Other assets | (27) | (5) | - | - |
| Other liabilities | - | (1) | - | - |
| Total | (6,054) | 78 | (861) | 21 |
| Net | (2,497) | 231 | (897) | (332) |

| | | Consolidated | | |
|---|-------------------------|--------------------------|----------------------------------|---------------------------|
| | | (Charged) / Credited to: | | |
| | At 1 January 2013 | Profit or loss | Other comprehensive income | At 31 December 2013 |
| | | (in million Baht) | | |
| Deferred tax assets | | | | |
| Investments | 172 | 9 | 105 | 286 |
| Investments in subsidiaries and associates | 104 | 11 | - | 115 |
| Loans to customers and accrued interest receivables | 154 | 619 | - | 773 |
| Properties for sale | 213 | 53 | - | 266 |
| Premises and equipment | - | 1 | - | 1 |
| Goodwill and other intangible assets | 141 | (8) | - | 133 |
| Other assets | 52 | 64 | - | 116 |
| Deposits | 151 | 56 | - | 207 |
| Provisions | 1,234 | 111 | - | 1,345 |
| Liabilities under insurance contracts | 309 | (53) | - | 256 |
| Other liabilities | 92 | (33) | - | 59 |
| Total | 2,622 | 830 | 105 | 3,557 |
| Deferred tax liabilities | | | | |
| Investments | (1,836) | (19) | 217 | (1,638) |
| Loans to customers and accrued interest receivables | (419) | (59) | - | (478) |
| Premises and equipment | (3,825) | 66 | (125) | (3,884) |
| Goodwill and other intangible assets | (32) | 5 | - | (27) |
| Other assets | (35) | 8 | - | (27) |
| Total | (6,147) | 1 | 92 | (6,054) |
| Net | (3,525) | 831 | 197 | (2,497) |

| | The Bank | | | |
|---|--------------------------|-------------------|----------------------------------|---------------------------|
| | (Charged) / Credited to: | | | |
| | At 1 January 2014 | Profit or loss | Other comprehensive income | At 31 December 2014 |
| | (in million Baht) | | | |
| Deferred tax assets | | | | |
| Investments | 190 | - | 23 | 213 |
| Investments in subsidiaries and associates | 114 | 262 | - | 376 |
| Loans to customers and accrued interest receivables | 710 | (607) | - | 103 |
| Properties for sale | 264 | (66) | - | 198 |
| Goodwill and other intangible assets | 133 | (20) | - | 113 |
| Deposits | 207 | (108) | - | 99 |
| Provisions | 1,275 | 103 | - | 1,378 |
| Other liabilities | 46 | 644 | - | 690 |
| Total | 2,939 | 208 | 23 | 3,170 |
| Deferred tax liabilities | | | | |
| Investments | (1,631) | 2 | (304) | (1,933) |
| Loans to customers and accrued interest receivables | (449) | 48 | - | (401) |
| Premises and equipment | (3,738) | (3) | 6 | (3,735) |
| Other assets | (26) | (5) | - | (31) |
| Total | (5,844) | 42 | (298) | (6,100) |
| Net | (2,905) | 250 | (275) | (2,930) |

| | The Bank | | | |
|---|--------------------------|-------------------|----------------------------------|---------------------------|
| | (Charged) / Credited to: | | | |
| | At 1 January 2013 | Profit or loss | Other comprehensive income | At 31 December 2013 |
| | (in million Baht) | | | |
| Deferred tax assets | | | | |
| Investments | 153 | - | 37 | 190 |
| Investments in subsidiaries and associates | 104 | 10 | - | 114 |
| Loans to customers and accrued interest receivables | 16 | 694 | - | 710 |
| Properties for sale | 204 | 60 | - | 264 |
| Goodwill and other intangible assets | 141 | (8) | - | 133 |
| Other assets | 4 | (4) | - | - |
| Deposits | 151 | 56 | - | 207 |
| Provisions | 1,173 | 102 | - | 1,275 |
| Other liabilities | 79 | (33) | - | 46 |
| Total | 2,025 | 877 | 37 | 2,939 |
| Deferred tax liabilities | | | | |
| Investments | (1,473) | (17) | (141) | (1,631) |
| Loans to customers and accrued interest receivables | (385) | (64) | - | (449) |
| Premises and equipment | (3,735) | (3) | - | (3,738) |
| Other assets | (33) | 7 | - | (26) |
| Total | (5,626) | (77) | (141) | (5,844) |
| Net | (3,601) | 800 | (104) | (2,905) |

42 Basic earnings per share

Basic earnings per share in the consolidated and the Bank's financial statements for the years ended 31 December 2014 and 2013 were calculated as follows:

| | Consolidated | | The Bank | |
|--|---|--------------|--------------|--------------|
| | 2014 | 2013 | 2014 | 2013 |
| | <i>(in million Baht / million shares)</i> | | | |
| Profit attributable to ordinary shareholders of the Bank (basic) | 53,335 | 50,233 | 49,754 | 47,697 |
| Number of ordinary and preference shares outstanding | 3,399 | 3,399 | 3,399 | 3,399 |
| Earnings per share (basic) (in Baht) | 15.69 | 14.78 | 14.64 | 14.03 |

The preference of the preference shares expired in 2009; therefore, their rights are equivalent to ordinary shares. Basic earnings per share for the years ended 31 December 2014 and 2013 were based on the profit attributable to ordinary shareholders of the Bank and the number of ordinary and preference shares outstanding during the year.

43 Events after the reporting period

- 1) 39,083 preference shares have been converted into 39,083 ordinary shares. The Bank registered the conversion of the preference shares with the Ministry of Commerce on 12 January 2015.
- 2) In January 2015, the Bank was made aware of a complaint filed with the Royal Thai Police by the King Mongkut Institute of Technology Ladkrabang (KMITL) stating, among others, that funds had been embezzled from its bank accounts with the Bank amounting to about Baht 1.56 billion. The Royal Thai Police has initiated criminal proceedings against the perpetrators of this fraud, who include a former branch manager of the Bank. The extent of the loss suffered by KMITL will be finally determined by the law enforcement authorities. The loss suffered by KMITL will eventually be reduced by the recoveries made in the legal process.

The Bank is investigating this incident. It has, as yet, not determined the full extent of the embezzlement which involved the Bank's former employee.

No provision has been made in the 2014 financial statements of the Bank given the inherent uncertainty surrounding the amount of the loss suffered by KMITL and the magnitude of the loss for which the Bank may eventually be responsible to KMITL. Also, the Bank's insurers have been notified.

44 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those new and revised TFRS that may be relevant to the Bank and its subsidiaries' operations, which become effective for annual financial periods beginning on or after 1 January in the year indicated, are set out below. The Bank and its subsidiaries do not plan to adopt these TFRS early.

| TFRS | Topic | Year effective |
|-----------------------|---|----------------|
| TAS 1 (revised 2014) | Presentation of Financial Statements | 2015 |
| TAS 7 (revised 2014) | Statement of Cash Flows | 2015 |
| TAS 8 (revised 2014) | Accounting Policies, Changes in Accounting Estimates and Errors | 2015 |
| TAS 10 (revised 2014) | Events after the Reporting Period | 2015 |
| TAS 12 (revised 2014) | Income Taxes | 2015 |
| TAS 16 (revised 2014) | Property, Plant and Equipment | 2015 |
| TAS 17 (revised 2014) | Leases | 2015 |
| TAS 18 (revised 2014) | Revenue | 2015 |
| TAS 19 (revised 2014) | Employee Benefits | 2015 |
| TAS 21 (revised 2014) | The Effects of Changes in Foreign Exchange Rates | 2015 |
| TAS 24 (revised 2014) | Related Party Disclosures | 2015 |

| TFRS | Topic | Year effective |
|-------------------------|--|----------------|
| TAS 26 (revised 2014) | Accounting and Reporting by Retirement Benefit Plans | 2015 |
| TAS 27 (revised 2014) | Separate Financial Statements | 2015 |
| TAS 28 (revised 2014) | Investments in Associates and Joint Ventures | 2015 |
| TAS 33 (revised 2014) | Earnings per Share | 2015 |
| TAS 34 (revised 2014) | Interim Financial Reporting | 2015 |
| TAS 36 (revised 2014) | Impairment of Assets | 2015 |
| TAS 37 (revised 2014) | Provisions, Contingent Liabilities and Contingent Assets | 2015 |
| TAS 38 (revised 2014) | Intangible Assets | 2015 |
| TFRS 4 (revised 2014) | Insurance Contracts | 2016 |
| TFRS 5 (revised 2014) | Non-current Assets Held for Sale and Discontinued Operations | 2015 |
| TFRS 8 (revised 2014) | Operating Segments | 2015 |
| TFRS 10 | Consolidated Financial Statements | 2015 |
| TFRS 11 | Joint Arrangements | 2015 |
| TFRS 12 | Disclosure of Interests in Other Entities | 2015 |
| TFRS 13 | Fair Value Measurement | 2015 |
| TSIC 15 (revised 2014) | Operating Leases - Incentives | 2015 |
| TSIC 25 (revised 2014) | Income Taxes - Changes in the Tax Status of an Entity or its Shareholders | 2015 |
| TSIC 27 (revised 2014) | Evaluating the Substance of Transactions Involving the Legal Form of a Lease | 2015 |
| TFRIC 1 (revised 2014) | Changes in Existing Decommissioning, Restoration and Similar Liabilities | 2015 |
| TFRIC 4 (revised 2014) | Determining whether an Arrangement contains a Lease | 2015 |
| TFRIC 10 (revised 2014) | Interim Financial Reporting and Impairment | 2015 |
| TFRIC 13 (revised 2014) | Customer Loyalty Programmes | 2015 |
| TFRIC 14 | TAS 19 (revised 2014) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction | 2015 |
| TFRIC 17 (revised 2014) | Distributions of Non-cash Assets to Owners | 2015 |
| TFRIC 18 (revised 2014) | Transfers of Assets from Customers | 2015 |

The Bank and its subsidiaries have made a preliminary assessment of the potential initial impact on the consolidated and the Bank's financial statements of these new and revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.

SUPPLEMENTARY INFORMATION

Securities

Registered capital, as at December 31, 2014, stood at Baht 70,000 million, comprising:

| | | | |
|--------------------------------|-----------|----|------|
| 3,415,762,624 common shares | par value | 10 | Baht |
| 3,584,237,376 preferred shares | par value | 10 | Baht |

Paid-up capital, as at December 31, 2014, stood at Baht 33,992 million, comprising:

| | | | |
|-----------------------------|-----------|----|------|
| 3,394,311,986 common shares | par value | 10 | Baht |
| 4,880,212 preferred shares | par value | 10 | Baht |

Details of Securities

SCB's securities listed on the Stock Exchange of Thailand (SET) are as follows:

1. Common shares
2. Preferred shares

1. Common shares

| | |
|-----------|--|
| Number | 3,394,311,986 shares as at December 31, 2014 |
| Issuer | The Siam Commercial Bank Public Company Limited |
| Registrar | Thailand Securities Depository Co., Ltd. |
| Trading | Traded on both main board and foreign board: <ul style="list-style-type: none"> - Using the symbol SCB on the main board - Using the symbol SCB-F on the foreign board |

2. Preferred shares

| | |
|--------------------------|--|
| Number | 4,880,212 shares as at December 31, 2014 |
| Issuer | The Siam Commercial Bank Public Company Limited |
| Registrar | Thailand Securities Depository Co., Ltd. |
| Preferred share features | Preferred rights of preferred shares were valid for 10 years, starting from the date the Ministry of Finance made an initial payment for the preferred shares to the Bank, and expired on May 10, 2009. Therefore, the rights of holders of preferred shares are now the same as the holders of common shares. Shareholders can convert preferred shares to common shares in accordance with the conversion schedule and method determined by the Bank. |
| Conversion rate | Preferred shares can be converted to common shares at the ratio of 1:1. |
| Conversion price | Nil |
| Conversion schedule | On a quarterly basis on March 31, June 30, September 30 and December 31 of each year. <ul style="list-style-type: none"> - For conversion on March 31, application must be submitted between March 16-30. - For conversion on June 30, application must be submitted between June 5-29. - For conversion on September 30, application must be submitted between September 15-29. - For conversion on December 31, application must be submitted between December 16-30. <p>If the conversion date falls on a non-business day of the Bank, the conversion date shall be the last business day immediately preceding such non-business day.</p> |

| | |
|--------------------------|--|
| Conversion method | <p>(1) Preferred shareholders can file an application for conversion of preferred shares to common shares with the Thailand Securities Depository Co., Ltd. or a securities brokerage firm during office hours.</p> <p>(2) Preferred shareholders may obtain the application form from the Thailand Securities Depository Co., Ltd. or a securities brokerage firm.</p> <p>(3) Preferred shareholders wishing to convert preferred shares to common shares must submit the following documents:</p> <ol style="list-style-type: none"> 1. Application for Conversion of Preferred Shares to Common Shares according to the format prescribed by SCB. 2. Preferred Share Certificates or warrants (according to the SET format). 3. In case of an individual holder, a signed copy of the ID, alien ID or passport. <p>In case of a juristic person, a signed copy of the license issued in the past 1 year, together with a signed copy of the ID of the authorized director.</p> |
| Application filing venue | <p>(1) Thailand Securities Depository Co., Ltd., or</p> <p>(2) Securities brokerage firm</p> |

Future Share Issuance Obligation

The Bank has no future share issuance obligation.

Shareholding Through NVDR

As at December 31, 2014, the Bank's registered and paid-up shares amounted to 3,399,192,198 shares, of which 136,644,507 common shares (4.02% of total common shares) were held through the Thai NVDR Co., Ltd. Also, the Thai NVDR has declared its abstention from attending and voting at shareholder meetings, except for any shareholder meeting that involves the delisting of shares from the SET on the agenda. Investors can check the number of the Bank's shares held through NVDR from the website of the Stock Exchange of Thailand at www.set.or.th/nvdr.

Note: NVDR or non-voting depositary receipt refers to a trading instrument evidencing investors' entitlement to benefits associated with underlying shares listed on SET. Thai NVDR Co., Ltd. is a juristic person holding shares on behalf of foreign investors. As a result, foreign investors investing through the Thai NVDR Co., Ltd. will not be restricted by the foreign ownership limit.

Policy on Rights Issue

The Bank does not have a plan to undertake a rights issue.

Shareholders

Principal shareholders (as at December 30, 2014)

| No. | Name | Common shares | Preferred shares | Total of shares | Percentage of shares |
|----------------------------|--|---------------|------------------|-----------------|----------------------|
| 1 | BUREAU OF THE CROWN PROPERTY AND GROUP | 805,309,758 | - | 805,309,758 | 23.69 |
| 2 | VAYUPAK MUTUAL FUND 1 | 785,798,200 | - | 785,798,200 | 23.12 |
| 3 | STATE STREET BANK EUROPE LIMITED | 246,491,944 | - | 246,491,944 | 7.25 |
| 4 | CHASE NOMINEES LIMITED 42 | 172,064,240 | - | 172,064,240 | 5.06 |
| 5 | THAI NVDR COMPANY LIMITED | 136,644,507 | - | 136,644,507 | 4.02 |
| 6 | LITLEDOWN NOMINEES LIMITED | 115,111,500 | - | 115,111,500 | 3.39 |
| 7 | HSBC (SINGAPORE) NOMINEES PTE LTD | 63,010,251 | - | 63,010,251 | 1.85 |
| 8 | STATE STREET BANK AND TRUST COMPANY | 53,899,483 | - | 53,899,483 | 1.59 |
| 9 | CHASE NOMINEES LIMITED 1 | 40,778,727 | - | 40,778,727 | 1.20 |
| 10 | THE BANK OF NEW YORK MELLON | 40,696,800 | - | 40,696,800 | 1.20 |
| 11 | OTHERS | 934,506,576 | 4,880,212 | 939,386,788 | 27.64 |
| TOTAL ISSUED SHARE CAPITAL | | 3,394,311,986 | 4,880,212 | 3,399,192,198 | 100.00 |
| | | | | | |
| THAI SHAREHOLDERS | | 2,130,125,161 | 4,627,122 | 2,134,752,283 | 62.80 |
| FOREIGN SHAREHOLDERS | | 1,264,186,825 | 253,090 | 1,264,439,915 | 37.20 |

Remark: The Ministry of Finance holds 3,071,786 common shares, representing 0.09% of total share capital.

Dividend Payment Policy

Dividend Payment Policy of the Bank

The Bank has a policy to pay dividends at a rate between 30-50% of reported consolidated net profits in any year when the Bank, after deduction of all statutory and other reserves, reports profits, provided that there is no accumulated loss and the Bank can maintain sufficient statutory capital funds.

In 2014, the dividend from the Bank's 2013 operating results was paid to holders of the Bank's preferred and common shares at the rate of Baht 5.25 per share equivalent to Baht 17,846 million or 35.5% of the Bank's 2013 net profit recorded in the Bank's consolidated financial statements. The dividend payment for 2014 will be decided by the shareholders at the Annual General Meeting in April, 2015.

Dividend Payment Policy of Subsidiaries

When the Bank has full controlling power over a subsidiary and such subsidiary is not a listed company, the dividend payment policy is to pay dividends at the maximum amount from the net profits after appropriation for legal reserve or an appropriate lower payout after considering the business requirements of the subsidiary.

When the subsidiary is a listed company or a company over which the Bank does not have full control, the policy for dividend payment shall be in accordance with the policy announced by such company, consistent with the applicable laws, rules and regulations.

Debt Securities

At the end of 2014, debt issued was as follows:

| | Amount | Interest Rate | Year of maturity |
|------------------------------------|---------------------|---------------|------------------|
| Senior Unsecured Notes | USD 400 million | 3.9% | November 2016 |
| Senior Unsecured Notes | USD 1,100 million | 3.375% | September 2017 |
| Senior Unsecured Notes | USD 750 million | 3.50% | April 2019 |
| Subordinated Debenture No. 1/2012* | Baht 20,000 million | 4.5% | 2022 |
| Subordinated Debenture No. 2/2012* | Baht 20,000 million | 4.65% | 2024 |

* The issuer has the right to early redemption.

INVESTMENTS OF SIAM COMMERCIAL BANK PCL IN OTHER COMPANIES

As of December 31, 2014 the Bank owned 10% or more of the issued shares of the following companies.

| No. | Company name and address | Type of business | Type of shares | Issued and paid-up capital (Baht) | Paid-up shares | Number of shares | Percentage of ownership* | Amount * (Baht) |
|-----|---|--------------------------------|----------------|-----------------------------------|----------------|------------------|--------------------------|-----------------|
| 1 | CAMBODIAN COMMERCIAL BANK LTD. 26 Monivong Rd., Sangkat Phsar Thmei 2, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia Tel: 001-855 (23) 426-145, 213-601-2 Fax: 001-855 (23) 426-116 | Banking | Ordinary | US\$35,000,000 | 350,000 | 350,000 | 100.000% | 963,266,885 |
| 2 | SCB PLUS CO., LTD. 1060 Tower 3 rd , 9 th -10 th Floor, Siam Commercial Bank PCL, New Phetchaburi Rd., Makkasan, Ratchathewi, Bangkok 10400 Tel: 0-2792-3800 Fax: 0-2255-1565 | Collection company | Ordinary | 1,000,000 | 100,000 | 100,000 | 100.000% | 1,000,000 |
| 3 | SCB TRAINING CENTRE CO., LTD. SCB Head Office Bldg., 9 Ratchadapisek Rd., Chatuchak, Chatuchak, 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 | RATCHAYOTHIN ASSET MANAGEMENT CO., LTD. SCB Park Plaza Bldg., Tower West A, 12 th Floor, 18 Ratchadapisek Rd., Chatuchak, Chatuchak, Bangkok 10900 Tel: 0-2544-2477 Fax: 0-2544-2165 | Asset management | Ordinary | 25,000,000 | 2,500,000 | 2,500,000 | 100.000% | 25,000,000 |
| 5 | MAHISORN CO., LTD. ⁽²⁾ SCB Park Plaza, Tower East, 2 nd Floor, 18-19 Ratchadapisek Rd., Chatuchak, Chatuchak, Bangkok 10900 Tel: 0-2937-5400 Fax: 0-2937-5438 | Property (building) management | Ordinary | 66,949,000 | 669,490 | 669,488 | 100.000% | 88,168,273 |
| 6 | SIAM PHITIWAT CO., LTD. 569 Ramkhamhaeng Soi 39, Ramkhamhaeng Rd., Wangthonglang, Bangkok 10310 Tel: 0-2530-7500 Fax: 0-2530-7515-6 | Appraisal service | Ordinary | 10,000,000 | 1,000,000 | 1,000,000 | 100.000% | 10,000,000 |
| 7 | SCB ASSET MANAGEMENT CO., LTD. SCB Park Plaza Bldg., Tower 3 East, 21 st -22 nd Floor, 19 Ratchadapisek Rd., Chatuchak, Chatuchak, Bangkok 10900 Tel: 0-2949-1500 Fax: 0-2949-1501 | Asset management | Ordinary | 100,000,000 | 20,000,000 | 20,000,000 | 100.000% | 221,573,983 |
| 8 | SCB SECURITIES CO., LTD. SCB Park Plaza Bldg., Tower 3 East, 20 th -21 st Floor, RCP Tower G Floor, 19 Ratchadapisek Rd., Chatuchak, Chatuchak, Bangkok 10900 Tel: 0-2949-1000 Fax: 0-2949-1001 | Securities | Ordinary | 2,000,000,000 | 200,000,000 | 200,000,000 | 100.000% | 2,107,396,410 |
| 9 | SOR.OR.KOR. PCL ⁽¹⁾ (The Siam Industrial Credit PCL) 9 Siam Commercial Bank PCL, Head Office, Ratchayothin, 19 th Floor, Zone C, Ratchadapisek Rd., Chatuchak, Chatuchak, Bangkok 10900 Tel: 0-2544-2301-4 Fax: 0-2544-3317 | Commercial | Ordinary | - | 597,423,062 | 595,883,972 | 99.742% | 785,332,155 |
| 10 | SIAM COMMERCIAL LEASING PCL SCB Park Plaza Bldg., Tower 2 West, 22 nd Floor, 18 Ratchadapisek Rd., Chatuchak, Chatuchak, Bangkok 10900 Tel: 0-2949-1800 Fax: 0-2949-1900 | Collection company | Ordinary | 5,677,975,020 | 567,797,502 | 564,336,277 | 99.390% | 9,975,799,736 |

| No. | Company name and address | Type of business | Type of shares | Issued and paid-up capital (Baht) | Paid-up shares | Number of shares | Percentage of ownership* | Amount * (Baht) |
|-----|--|---------------------------------|----------------|-----------------------------------|----------------|------------------|--------------------------|-----------------|
| 11 | SCB LIFE ASSURANCE PCL Siam Commercial Bank PCL (Chidlom), Bldg. 1 st , 4 th -10 th Floor, 1060 New Petchaburi Rd., Makkasan, Ratchathewi, Bangkok 10400 Tel: 0-2655-4000 Fax: 0-2256-1666 | Life insurance | Ordinary | 665,000,000 | 66,500,000 | 62,950,033 | 94.662% | 9,033,188,057 |
| 12 | SIAM SAT NETWORK CO., LTD. ^{(1) (3)} SCB Park Plaza Bldg., Tower 2 West, 21 st Floor 18 Ratchadapisek Rd., Chatuchak, Chatuchak, Bangkok 10900 | Satellite service | Ordinary | 112,500,000 | 11,250,000 | 9,182,012 | 81.618% | 91,820,000 |
| 13 | SIAM TECHNOLOGY SERVICE CO., LTD. ^{(1) (2)} SCB Park Plaza Bldg., Tower 1 West, 18 Ratchadapisek Rd., Chatuchak, Chatuchak, Bangkok 10900 | Consultant | Ordinary | 30,000,000 | 3,000,000 | 1,949,993 | 65.000% | 1 |
| 14 | SIAM MEDIA AND COMMUNICATION CO., LTD. ⁽¹⁾ SCB Park Plaza Bldg., Tower 2 West, 17 th -22 nd Floor, 18 Ratchadapisek Rd., Chatuchak, Chatuchak, Bangkok 10900 | Holding company | Ordinary | 700,000,000 | 7,000,000 | 2,333,800 | 33.340% | 1 |
| 15 | VINA SIAM BANK 2 Pho Duc Chinh Street, District 1, Ho Chi Minh City, Vietnam Tel: 001-84 (83) 821-0557, 821-0360, 821-5353, 821-5353-5 Fax: 001-84 (83) 821-0585 | Banking | Ordinary | US\$61,000,000 | 610,000 | 201,300 | 33.000% | 697,125,576 |
| 16 | SUPERNAP (THAILAND) CO., LTD. SCB Park Plaza Bldg., Tower East, 18 Ratchadapisek Rd., Chatuchak, Chatuchak, Bangkok 10900 Tel: 0-2544-2301 Fax: 0-2544-3317 | Data center | Ordinary | 363,231,851 | 141,000,000 | 35,250,000 | 25.000% | 90,807,963 |
| 17 | NATIONAL ITMX CO., LTD. 5/13 Moo 3, Chaengwattana Rd., Khlongkluea, Pakkret, Nonthaburi 11120 Tel: 0-2558-7555 Fax: 0-2558-7566 | Payment system service provider | Ordinary | 50,000,000 | 500,000 | 98,600 | 19.720% | 12,872,310 |
| 18 | THAI U.S. LEATHER CO., LTD. ⁽¹⁾ 39/98 Rama II Rd., Banghrachao, Muang, Samutsakhon 74000 Tel: (034) 490-082-7 | Industry | Ordinary | 193,750,000 | 25,000,000 | 2,500,000 | 10.000% | 19,375,000 |
| 19 | NAVUTI CO., LTD. 920/4 Moo 7, Mae Fah Luang, Mae Fah Luang, Chiang Rai 57110 Tel: (053) 767-015 Fax: (053) 767-077 | Agribusiness | Ordinary | 60,000,000 | 600,000 | 60,000 | 10.000% | 6,000,000 |
| 20 | THAI OBAYASHI CORP., LTD. 161 Nantawan Bldg., 11 th Floor, Soi Mahadlek Luang 3, Ratchadamri Rd., Lumpini, Pathum Wan, Bangkok 10330 Tel: 0-2252-5200 Fax: 0-2252-5200 | Construction | Ordinary | 10,000,000 | 20,000 | 2,000 | 10.000% | 61,753,160 |

Remarks

* In case of indirect investment by Bank's affiliates, in which the Bank holds more than 30% of their shares, the figures will depict the total percentage of shareholding and investment value of the Bank and its affiliates. (under Section 258 of Securities and Exchange Act.)

(1) Discontinued operations, or in process of dissolution or liquidation.

(2) Company held jointly by the Bank and a Bank affiliate in which the Bank holds more than 30% of shares.

(3) Company held by a Bank affiliate in which the Bank holds more than 30% of shares.

INFORMATION OF THE MANAGEMENT AND CONTROLLER OF THE BANK

AS OF DECEMBER 31, 2014

| Name/position | Age (yrs) | Education/training program | % of total shares | Family relationship between director and management | Period | Experience in the past 5 years Position/company |
|---|--------------|--|-------------------------|---|---|--|
| 1. Mr. Anand Panyarachun - Chairman of the Board (Independent Director) - Member of the Corporate Social Responsibility Committee | 82 | - B.A. (Hons.) in Law, Trinity College, University of Cambridge, U.K. | 0.01% | None | 1993-2011 1995-2011 2008-2011 2010-2011 1990-2012 1990-present 1990-present 1996-present 1996-present 1999-present 2000-present 2003-present 2003-present 2006-present 2008-present 2009-present 2013-present 2013-present | <i>Past Positions</i> - Member of International Advisory Board, American International Group, Inc. (AIG) - Chairman of the Board of Trustees, Mekong Region Law Center - Member of Global Leadership Foundation - Chairman of Reform Commission - Chairman, Chiang Mai Night Bazaar Co., Ltd. <i>Current Positions</i> - Chairman, Eastern Star Real Estate PCL - Chairman, Cambridge Thai Foundation - UNICEF Ambassador in Thailand - Chairman of International Advisory Board, The Carlos P. Romulo Foundation - Honorary International Advisor, the Governors of Dulwich College, London, U.K. - Member of the Advisory Council of Transparency International - Trustee, U Thant Institute - Fellow, Dulwich College, London, U.K. - Consultant, Chevron Asia South Co., Ltd. - Director, Siam Commercial Foundation - Chairman, Green Globe Institute - Advisor, The Anti-Corruption Organization of Thailand - Chairman, Cambridge Thai Foundation under the Patronage of Her Majesty the Queen |

He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.

| Name/position | Age (yrs) | Education/training program | % of total shares | Family relationship between director and management | Period | Experience in the past 5 years Position/company |
|--|-----------|---|-------------------|---|---|--|
| 2. Dr. Vichit Suraphongchai | 69 | - B.Sc. (Engineering), Chulalongkorn University - M.Sc. (Engineering), University of California, Berkeley, U.S.A. - M.B.A. (Management), Graduate School of Management, UCLA, U.S.A. - Ph.D., Graduate School of Management, UCLA, U.S.A. - Role of the Chairman Program, Thai Institute of Directors Association | - | None | 2003-2011 2004-2011 2009-2011 2009-2011 2006-2012 1997-present 1999-present 2006-present 2006-present 2006-present 2007-present 2008-present 2009-present | <i>Past Positions</i> - Honorary Advisor, Phantavanit Co., Ltd. - Board of the Public Policy Development Office (PPDO) - Chairman, Nok Airlines Co., Ltd. - The Commission for the Judicial Service - Member of the Board, The Mahidol University Council <i>Current Positions</i> - Advisor, The Bureau of the Crown Property - Director, Kempinski AG - Executive Director, The Tio Chew Association of Thailand - Deputy Director, Peeling School Board - Director, CPB Equity Co., Ltd. - Honorary Member of the Board of Governors, Amata Spring Country Club - Director, Siam Commercial Foundation - Chairman, X-Zell Biotech Co., Ltd. |
| He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups. | | | | | | |
| 3. Mr. Maris Samaram | 72 | - B.S.B.A., (Accounting), University of the East, Philippines - Management Development Program, Harvard Business School, U.S.A. - Director Certification Program, Thai Institute of Directors Association - Audit Committee Program, Thai Institute of Directors Association - Monitoring the System of Internal Control and Risk Management, Thai Institute of Directors Association - Monitoring the Internal Audit Function, Thai Institute of Directors Association - Monitoring the Quality of Financial Reporting, Thai Institute of Directors Association - DCP Refresher Course, Thai Institute of Directors Association | - | None | 2004-2010 2008-2011 2006-2012 1988-present 2003-present 2004-present 2005-present 2010-present 2013-present | <i>Past Positions</i> - Director and Member of the Audit Committee, Sub Sri Thai Warehouse PCL - Director and Member of the Audit Committee and Member of Enterprise Risk Management Committee, Indorama Polymers PCL - Chairman of the Audit Committee and Member of Executive Committee, Asian Institute of Technology (AIT) <i>Current Positions</i> - Member of the Executive Committee, The Harvard Club of Thailand - Independent Director, Chairman of the Audit Committee and Member of the Corporate Governance, Nomination and Remuneration Committee, TATA Steel (Thailand) PCL - Director, Marsh PB Co., Ltd. - Director, PAC (Siam) Co., Ltd. - Independent Director and Member of the Audit Committee, Indorama Ventures PCL - Independent Director and Chairman of the Audit Committee, Akara Resources PCL |
| He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups. | | | | | | |

| Name/position | Age (yrs) | Education/training program | % of total shares | Family relationship between director and management | Period | Experience in the past 5 years Position/company |
|---|--------------|---|-------------------------|---|--------------|---|
| 4. Prof. Vicharn Panich - Independent Director - Chairman of the Corporate Social Responsibility Committee | 72 | - M.D., Faculty of Medicine, Siriraj University | - | None | | <i>Past Positions</i> |
| | | - M.S. (Human Genetics), University of Michigan, U.S.A. | | | | - Member of the University Council, Walailak University |
| | | - Director Accreditation Program, Thai Institute of Directors Association | | | | - Chairman, The Higher Education Commission |
| | | - Understanding the Fundamentals of Financial Statements, Thai Institute of Directors Association | | | | - Chairman, The Mahidol University Foundation |
| | | - Financial Statement for Director, Thai Institute of Directors Association | | | | - Director, Siam Commercial Foundation |
| | | - Director Certification Program, Thai Institute of Directors Association | | | | - Member of the University Council, Chiang Mai University |
| | | - Role of the Chairman Program, Thai Institute of Directors Association | | | | - Chairman of the Executive Committee, The Healthcare Accreditation Institute |
| | | - Leadership in the Boardroom Program, Thai Institute of Directors Association | | | | - Director, Sodsri-Saridwongsa Foundation |
| | | | | | | <i>Current Positions</i> |
| | | | | | 1995-present | - Director, The Medical Division of the Ananda Mahidol Foundation |
| | | | | | 1997-present | - Director, Thai Academy of Science and Technology Foundation |
| | | | | | 1999-present | - Director, National Health Foundation |
| | | | | | 1999-present | - Director, Withthat Foundation |
| | | | | | 2002-present | - Director, Prince Mahidol Award Foundation under Royal Patronage |
| | | | | | 2002-present | - Director, Foundation for the Promotion of Science and Technology under the Patronage of H.M. the King |
| | | | | | 2003-present | - Chairman, Foundation for Regional Empowerment Education |
| | | | | | 2006-present | - Member of the University Council, Prince of Songkla University |
| | | | | | 2006-present | - Chairman, The Mahidol University Council |
| | | | | | 2006-present | - Chairman, Knowledge Network Institute of Thailand |
| | | | | | 2007-present | - Chairman, The Knowledge Management Institute (KMI) Foundation |
| | | | | | 2007-present | - Vice Chairman, Arsomsilp Institute Council |
| | | | | | 2007-present | - Director, Buddhadasa Indapanno Archives Foundation |
| | | | | | 2011-present | - Chairman, International Health Policy Program Foundation |
| | | | | | 2011-present | - Director, Health Intervention and Technology Assessment Foundation |
| | | | | | 2012-present | - Chairman, Siam Commercial Foundation |
| | | | | | 2013-present | - Chairperson of Roong-aroon School Foundation |
| | | | | | 2013-present | - Member, Chiangmai University Council |
| | | | | | 2014-present | - Chairman, Sodsri-Saridwongsa 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.

He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.

| Name/position | Age (yrs) | Education/training program | % of total shares | Family relationship between director and management | Period | Experience in the past 5 years Position/company |
|---|--------------|---|-------------------------|---|--|---|
| 5. Mr. Chumpol NaLamleng - Independent Director - Chairman of the Nomination, Compensation and Corporate Governance Committee | 67 | - B.Sc. (Mechanical Engineering), University of Washington, U.S.A. - M.B.A, Harvard Business School, U.S.A. - Role of the Chairman Program, Thai Institute of Directors Association | - | None | 2004-2011 1989-present 1990-present 1992-present | <i>Past Positions</i> - Chairman, Singapore Telecommunications Ltd. <i>Current Positions</i> - Director, Navuti Co., Ltd. - Director, Supapruk Co., Ltd. - Director and Chairman of Remuneration Committee, Siam Cement 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. | | | | | | |
| | | | | | 1995-present 2008-present 2010-present 2011-present 2012-present 2012-present | - Director, Dole (Thailand) Co., Ltd. - Director, Lum Luk Ka Golf and Country Club Co., Ltd. - Director, Siam Sindthorn Co., Ltd. - Director, CPB Equity Co., Ltd. - Director, Kempin Siam Co., Ltd. - Director, Kempinski Hotels S.A. |

| Name/position | Age (yrs) | Education/training program | % of total shares | Family relationship between director and management | Period | Experience in the past 5 years Position/company |
|---|--------------|---|-------------------------|---|--|---|
| 6. Assoc. Prof. Kulpatra Sirodom - Independent Director - Member of the Audit Committee | 58 | - B.B.A. (1 st Class Hons.) in Finance, Thammasat University - M.B.A. (Finance), West Virginia University, U.S.A. - Ph.D. (Finance), University of Pittsburgh, U.S.A. - Director Certification Program, Thai Institute of Directors Association - Audit Committee Program, Thai Institute of Directors Association | - | None | <p>2009-2010</p> <p>2006-2011</p> <p>2011-2012</p> <p>2010-2013</p> <p>2012-2013</p> <p>1994-present</p> <p>2002-present</p> <p>2006-present</p> <p>2006-present</p> <p>2010-present</p> <p>2010-present</p> <p>2011-present</p> <p>2012-present</p> <p>2013-present</p> <p>2013-present</p> <p>2013-present</p> <p>2013-present</p> <p>2013-present</p> <p>2013-present</p> <p>2013-present</p> <p>2013-present</p> <p>2013-present</p> <p>2013-present</p> <p>2013-present</p> <p>2014-present</p> | <p><i>Past Positions</i></p> <p>- Head of the Department of Finance, Faculty of Commerce and Accountancy, Thammasat University</p> <p>- Director of the Managerial Accounting Sub-Committee, The Federation of Accounting Professions</p> <p>- Director, Asia Pacific Advisory Council</p> <p>- Dean, Faculty of Commerce and Accountancy, Thammasat University</p> <p>- Director, Global Foundation for Management Education</p> <p><i>Current Positions</i></p> <p>- Independent Director and Chairman of the Audit Committee, Thai President Food PCL</p> <p>- Independent Director and Member of the Audit Committee, President Bakery PCL</p> <p>- Director, H.R.H. Prince Pijitjirapa Tevakul Foundation</p> <p>- Member of Operation Committee, The Professor Sangvian Indaravijaya Foundation</p> <p>- Independent Director, Thai Wacoal PCL</p> <p>- Member of the Risk Management Sub-Committee, Government Pension Fund</p> <p>- Advisor, The Federation of Accounting Professions</p> <p>- Chairman of Audit Committee, Thai Wacoal PCL</p> <p>- Full-Time Member of the Department of Finance, Faculty of Commerce and Accountancy, Thammasat University</p> <p>- Expert Member, Sri Pathum University Council</p> <p>- Expert Member on Risk Management, Investment Risk Management Sub-Committee, Social Security Fund</p> <p>- Member, Southeast Bangkok College Council</p> <p>- Expert Member, Policy Committee on Public-Private Partnerships in State Undertaking</p> <p>- Evaluator for Government Funds, The Comptroller General's Department</p> <p>- Chairman of Corporate Governance Committee, Thai Wacoal PCL</p> <p>- Arbitrator, Office of the Securities and Exchange Commission</p> <p>- Independent Director, Total Industrial Services Co., Ltd.</p> |

She does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.

| Name/position | Age (yrs) | Education/training program | % of total shares | Family relationship between director and management | Period | Experience in the past 5 years Position/company |
|--|-----------|---|-------------------|---|--|--|
| 7. Mr. Ekamol Kiriwat - Independent Director - Member of the Audit Committee | 69 | - A.B. (Magna Cum Laude) in Economics, Dartmouth College, U.S.A. - M.B.A. (Finance), Harvard Graduate School of Business Administration, U.S.A. - Director Certification Program, Thai Institute of Directors Association | - | None | 2008-2011 2004-present | <i>Past Positions</i> - Chairman, Seamico Securities PCL <i>Current Positions</i> - 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. | | | | | | |
| 8. Mr. Prasan Chuaphanich - Independent Director - Member of the Audit Committee | 62 | - B.Acc. (2 nd Class Hons.) in Accounting, Chulalongkorn University - Diploma in Auditing, Chulalongkorn University - Executive Management Program, Ivey School of Business, University of Western Ontario, Canada - Leading Professional Services Firms, Harvard Business School, U.S.A. - Director Certification Program, Thai Institute of Directors Association - Finance Institutions Governance Program, Bank of Thailand | - | None | 2004-2010 2000-2012 2011-2014 2011-2014 2012-Present 2012-Present 2013-Present 2013-Present 2013-Present 2013-Present 2014-Present 2014-Present 2014-Present 2014-Present 2014-Present | <i>Past Positions</i> - Chairman of Accounting Systems Committee, Federation of Accounting Professions - Executive Chairman, PricewaterhouseCoopers Co., Ltd. - Vice President, Federation of Accounting Professions - Chairman of Auditing Standards Committee, Federation of Accounting Professions <i>Current Positions</i> - Expert Member, General Insurance Fund, Ministry of Finance - President of Faculty of Commerce and Accountancy of Chulalongkorn University Alumni Association - Advisory Board, Chulalongkorn Business School - Independent Director, Nam Heng Concrete (1992) Co., Ltd., - Member of Advisory Committee, ASEAN CG Scorecard Project, Thai Institute of Directors Association - Independent Director, Thai Solar Energy PCL - President, Federation of Accounting Professions - Expert Member on Accounting, Insurance Commission - Member, Anti-dumping and Subsidies Committee under the Ministry of Commerce - Member, Sub-committee on the Reform of International Economy and other Economic Matters - Member, Advisory Committee on Corporate Governance and Policy of the Thai Institute of Directors Association |
| He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups. | | | | | | |

| Name/position | Age (yrs) | Education/training program | % of total shares | Family relationship between director and management | Period | Experience in the past 5 years Position/company |
|---|--------------|---|-------------------------|---|--|--|
| 9. Dr. Chirayu Isarangkun Na Ayuthaya - Director - Member of the Corporate Social Responsibility Committee | 72 | - 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 | - | None | 1987-present 1987-present 1987-present 1988-present 1990-present 1991-present 1992-present 1992-present 1998-present 1999-present 2001-present 2002-present 2006-present 2006-present 2007-present 2007-present 2008-present 2012-present | <i>Current Positions</i> - Grand Chamberlain, Bureau of the Royal Household - Director-General, The Crown Property Bureau - Chairman, Deves Insurance PCL - Treasurer, Foundation for Promotion of Supplementary Occupation and Related Techniques of Her Majesty Queen Sirikit - Director, Phra Dabos Foundation - Secretary General, Queen Sirikit Park Foundation - Secretary General, Royal Project Foundation - Secretary General, Sai Jai Thai Foundation - Director, Chaipattana Foundation - Chairman, Baanbong Vetchakij Co., Ltd. - Director, Siriraj Foundation - Director, Isarangkun Foundation - Chairman, CPB Equity Co., Ltd. - Chairman, The Crown Property Bureau Foundation - Director, Navuti Co., Ltd. - Chairman, The Siam Cement PCL - Chairman, Siam Commercial Foundation - Chairman, The National Institute of Development Administration Council (NIDA) |
| He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups. | | | | | | |

| Name/position | Age (yrs) | Education/training program | % of total shares | Family relationship between director and management | Period | Experience in the past 5 years Position/company |
|---|-----------|---|-------------------|---|-----------|---|
| 10. M.R. Disnadda Diskul | 75 | - B. Sc. (Business Administration), Indiana University Bloomington, U.S.A. - Role of the Chairman Program, Thai Institute of Directors Association | - | None | 2009-2013 | <i>Past Positions</i> - Director, Japan-America Institute of Management Science (Hawaii, USA) <i>Current Positions</i> - Director and Secretary-General, The Mae Fah Luang Foundation under Royal Patronage - Director, Volunteer Doctors Foundation of Her Royal Highness the Princess Mother - Director, Navuti Co., Ltd. - Director, Prostheses Foundation of Her Royal Highness the Princess Mother - Director, Breast Foundation under the Patronage of Her Royal Highness the Princess Mother - Chairman, East Asia Development Foundation - Chairman, Prince Damrong Rajanupab and Mornjao Jongjitthanom Disakul Foundation - Director, Elephant Reintroduction Foundation - Director, Navutayayu Co., Ltd. - Director, Siam Commercial Foundation - Chairman, Royal Initiative Discovery Institute - Director and Secretary-General, Royal Initiative Discovery Foundation - Chairman, Rakkaew Foundation - Advisor, The Crown Property Bureau - Director, KingRamaIV Foundation - Director, Development Foundation |
| - Director - Member of the Corporate Social Responsibility Committee | | | | | | |

He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.

| Name/position | Age (yrs) | Education/training program | % of total shares | Family relationship between director and management | Period | Experience in the past 5 years Position/company |
|--|--------------|---|-------------------------|---|--|--|
| 11. Khunying Jada Wattanasiritham - Independent Director - Member of the Corporate Social Responsibility Committee - Member of the Nomination, Compensation and Corporate Governance Committee | 69 | - B.A. (Natural Sciences and Economics), Cambridge University, U.K. - M.A. (Natural Sciences and Economics), Cambridge University, U.K. - M.A. (Economic Development), Williams College, U.S.A. - Role of the Chairman Program, Thai Institute of Directors Association - Director Certification Program, Thai Institute of Directors Association - Audit Committee Program, Thai Institute of Directors Association - Monitoring the Quality of Financial Report, Thai Institute of Directors Association - Monitoring the Internal Audit Function, Thai Institute of Directors Association | - | None | 2006-2010 2007-2010 2009-2011 2011-2013 2011-2013 2013-2014 1992-Present 2003-Present 2006-Present 2006-Present 2007-Present 2008-Present 2009-Present 2011-Present 2011-Present 2012-Present 2013-Present 2013-Present 2013-Present 2014-Present 2014-Present | <i>Past Positions</i> - Governor and Chairman of the Audit Committee, The Stock Exchange of Thailand - Director, and Chairman of the Audit Committee, PTT PCL - Chairman and Chairman of Remuneration Committee, Thai Asset Management Corporation - Chairman, Thai Institute of Directors Association - Expert Member of the Board of Directors, Government Pension Fund - Director of the Corporate Social Responsibility Institute (CSRI), The Stock Exchange of Thailand <i>Current Positions</i> - Director, Siam Piwat Co., Ltd. - Chairman of the Board, The Kenan Institute Asia - Vice Chairman, Ramathibodi Foundation - Council Member, Srinakharinwirot University - Chairman, SCB Life Assurance PCL - Independent Director and Member of the Audit Committee, Minor International PCL - Chairman, Samaggi Insurance PCL - Chairman, Siam Paragon Development Co., Ltd. - Director, Royal Paragon Enterprise Co., Ltd. - Council Member, The National Institute of Development Administration (NIDA) - Director, Cambridge Thai Foundation - Director and Treasurer of the Thai Red Cross Society - Chairman of the Nominating and Corporate Governance Committee and Member of the Compensation Committee, Minor International PCL - Chairman, Bliss Foundation - Director, Anti-Corruption Organization of Thailand |

She does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.

| Name/position | Age (yrs) | Education/training program | % of total shares | Family relationship between director and management | Period | Experience in the past 5 years Position/company |
|--|--------------|--|-------------------------|---|--|---|
| 12. Mr. Apisak Tantivorawong | 60 | - B.Sc. (Chemical Engineering), Chulalongkorn University - M.B.A., University of Tennessee, U.S.A. - Director Certification Program, Thai Institute of Directors Association - Joint State-Private Sector Course, National Defence College of Thailand | - | None | 2004-2012 2013-2014 2007 - Present 2013 - Present 2013 - Present 2013 - Present 2013 - Present 2013 - Present | Past Positions - President, Krungthai Bank PCL - Advisor to the Board, Siam Commercial Bank PCL Current Positions - Independent Director, Thaioil PCL - Chairman of the Risk Management Committee, Thaioil PCL - Chairman of the Board of Directors, Quality Houses PCL - Independent Director, Indorama Ventures PCL - Independent Director, Synnex (Thailand) PCL - Independent Director, Member of the Audit Committee and Chairman of the Risk Management Committee, Bangkok Glass PCL |
| He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups. | | | | | | |
| 13. Mr. Weerawong Chittmittrapap | 56 | - LL.B., Chulalongkorn University - LL.M., University of Pennsylvania Law School, U.S.A. - Barrister-at-Law, Thai Bar Association - Director Certification Program, Thai Institute of Directors Association - Advanced Executive Program, Capital Market Academy | - | None | 2008-2010 2008-2011 2009-2013 2011-2013 2006-2014 2009-2014 2009-2014 2013-2014 1996-2014 1996-2014 2001-Present 2008-Present 2011-Present 2013-Present 2014-Present | Past Positions - Director, National Power Co., Ltd. - Independent Director, and Member of the Audit Committee, Siam Food Products PCL - Independent Director, Nok Airlines PCL - Independent Director, Minor International PCL - Independent Director, and Member of the Audit Committee, GMM Grammy PCL - Independent Director, and Member of the Audit Committee, Thai Airways International PCL - Independent Director, and Member of the Audit Committee, Golden Land Property Development PCL - Independent Director, Frasers and Neave Limited, Singapore - Director, WC&P Holding Co., Ltd. - Chairman, Weerawong, Chinnavat and Peangpanor Limited (Formerly White & Case (Thailand) Limited) Current Positions - Director, and Member of the Audit Committee, Berli Jucker PCL - Director, National Power Supply PCL - Director, Chairman of the Nomination, Compensation and Corporate Governance Committee, SCB Life Assurance PCL - Director, Frasers Centrepoint Limited, Singapore - Director and Chairman of the Audit Committee, Thai Airways International PCL |
| He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups. | | | | | | |

| Name/position | Age (yrs) | Education/training program | % of total shares | Family relationship between director and management | Period | Experience in the past 5 years Position/company |
|---|-----------|---|-------------------|---|--|---|
| 14. Mr. Kulit Sombatsiri - Director - Member of the Nomination, Compensation and Corporate Governance Committee | 51 | - B.A. (Political Science), Ramkhamhaeng University - M.B.A., University of Southern California, U.S.A. - M.P.A. (Public Finance), San Diego State University, U.S.A. - Director Accreditation Program, Thai Institute of Directors Association - Director Certification Program, Thai Institute of Directors Association - Leadership Program, Capital Market Academy | - | None | 2008 - 2010 2010 - 2011 2011 - 2014 1997- Present 2014 - Present 2014 - Present | <i>Past Positions</i> - Deputy Director General, State Enterprise Policy Office, Ministry of Finance - State Enterprise Development Advisor, State Enterprise Policy Office, Ministry of Finance - Inspector - General, Ministry of Finance <i>Current Positions</i> - Director, Krung Thep - Chanthaburi Commerce Co., Ltd. - Director General, State Enterprise Policy Office, Ministry of Finance - Chairman, National Credit Bureau 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. | | | | | | |
| 15. Mrs. Kannikar Chalitaporn - President - Member of the Executive Committee - Member of the Corporate Social Responsibility Committee | 67 | - B.B.A. (Business), University of Colorado, U.S.A. - Advanced Management Program (AMP), Harvard University, U.S.A. - Role of the Chairman Program, Thai Institute of Directors Association | 0.00% | None | 2007-2011 2003-2012 2007-Present 2007-Present 2008-Present 2009-Present 2012-Present | <i>Past Positions</i> - Advisory Council, Sasin Graduate Institute of Business - Administration of Chulalongkorn University - Advisory Director, MasterCard International (Asia Pacific Region) <i>Current Positions</i> - Director, Blood Donation Supporting Committee, Thai Red Cross - Advisor, Sub-Committee of Voluntary Blood Donors, The Committee for Recruitment and Promotion of Voluntary Blood Donors, National Blood Center, Thai Red Cross Society - Director, Siam Commercial Foundation - Director, Mrigadayavan Palace Foundation - Advisor to the Fund Raising Sub-Committee, The Kidney Foundation of Thailand |
| She does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups. | | | | | | |

| Name/position | Age (yrs) | Education/training program | % of total shares | Family relationship between director and management | Period | Experience in the past 5 years Position/company |
|--|-----------|--|-------------------|---|---|--|
| 16. Mr. Arthid Nanthawithaya - Senior Executive Vice President, Group Head, Wholesale Banking Group - Member of the Executive Committee | 47 | - Bachelor's Degree in Economics from Chulalongkorn University - MBA in Finance from Sasin Graduate Institute of Business Administration - Director Certification Program, Thai Institute of Directors Association - Director Accreditation Program, Thai Institute of Directors Association - Leadership Program, Capital Market Academy - Leadership Program, Office of the Attorney General - National Defense Course, Thailand Energy Academy - Leadership Program, Urban Green Development Institute | - | None | 2009-2010 2009-Present 2009-Present 2014-Present | <i>Past Positions</i> - Senior Executive Vice President, Group Head, Corporate Banking Group 2 and GMTS Group, Siam Commercial Bank PCL <i>Current Positions</i> - Chairman, SCB Securities Co., Ltd. - Director / Chairman of the Investment Committee, SCB Life Assurance PCL - Director, CAT Telecom 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. | | | | | | |
| 17. Mr. Yol Phokasub - Senior Executive Vice President, Group Head, Retail and Business Banking Groups - Member of the Executive Committee | 53 | - Bachelor of Science in Computer Science and Software Engineering, Imperial College, University of London, UK - Leadership Program, Capital Market Academy | 0.00% | None | 2012-2013 2009-Present 2011-Present 2013-Present | <i>Past Positions</i> - Advisor, The Board of Investment of Thailand <i>Current Positions</i> - Chairman, SCB Assets Management Co., Ltd. - Vice Chairman, SCB Life Assurance PCL - Director of The MasterCard Asia/Pacific Advisory Board |
| He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups. | | | | | | |

| Name/position | Age (yrs) | Education/training program | % of total shares | Family relationship between director and management | Period | Experience in the past 5 years Position/company |
|--|-----------|---|-------------------|---|----------------------------------|--|
| 18. Mr. Deepak Sarup - Chief Financial Officer and Senior Executive Vice President, Change Program - Member of the Executive Committee | 59 | - BA (Commerce)(Hons.), SRCC, Delhi University - Diploma in Accounting (With Distinction), University of Westminster England - Fellow, Institute of Chartered Accountants in England of Wales (FCA) - Fellow, The Wharton School, University of Pennsylvania, USA - Certified Information Systems Auditors (CISA) | 0.00% | None | 2011-Present 2014-Present | <i>Current Positions</i> - Director, Investment Committee Member, SCB Life Assurance PCL - Chairman, SUPERNAP (Thailand) Co., Ltd. |
| He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups. | | | | | | |
| 19. Mr. Yokporn Tantissawetrat - Senior Executive Vice President, Chief Risk Officer, Risk Management Group - Member of the Executive Committee | 59 | - Bachelor's Degree in Economics from Chulalongkorn University - Master's Degree in Economics from Thammasat University - Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD) - Advanced Bank Management Program, Wharton University - Advanced Management Program, Harvard Business School - National Defense Course, National Defense College of Thailand (2004) - MBA in Enterprise Risk Management, Terrapinn Financial Training (2010) | 0.00% | None | 2008-Present 2009-Present | <i>Current Positions</i> - Director, SCB Securities Co., Ltd. - Vice Chairman / Director, Vina Siam Bank |
| He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups. | | | | | | |

| Name/position | Age (yrs) | Education/training program | % of total shares | Family relationship between director and management | Period | Experience in the past 5 years Position/company |
|--|-----------|---|-------------------|---|---|--|
| 20. Mr. Sarunthorn Chutima - Senior Executive Vice President, Group Head, Special Business Group - Member of the Executive Committee | 56 | - Bachelor's Degree in Accounting, Chulalongkorn University - MBA, Ohio University, U.S.A. - National Defence Course, National Defence College of Thailand (2007) - International Management Program, MIT Sloan Management | 0.00% | None | 2009-2010 2004-Present 2008-Present 2008-Present 2008-Present 2010-Present 2010-Present 2010-Present 2011-Present 2012-Present 2013-Present | <i>Past Positions</i> - First Executive Vice President, Group Head, Special Situations Group, Siam Commercial Bank PCL <i>Current Positions</i> - Director, Donmuang International Airport Hotel Co., Ltd. - Director, Nantawan Management Co., Ltd. - Director, Nantawan Co., Ltd. - Director, Rattana Court Co., Ltd. - Chairman and Managing Director, Rutchayothin Assets Management Co., Ltd. - Director, Khamtieng Pattana Co., Ltd. - Director, Sarapee Gaskam Co., Ltd. - Chairman, Siam Pitiwat Co., Ltd. - Director, Premas (Thailand) Co., Ltd. - Chairman, S.C.B. Staffs Savings Co-operative Ltd. |
| He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups. | | | | | | |
| 21. Mr. Banesh Prabhu - Senior Executive Vice President, Group Head, Technology and Operations - Member of the Executive Committee | 54 | - Bachelor of General Law, University of Bombay, India - Bachelor of Commerce, University of Bombay, India - India Chartered Accountant, Institute of Chartered Accountants of India, India | - | None | 2008 - 2010 2011 - 2012 2012 - 2013 2012 - Present 2012 - Present | <i>Past Positions</i> - Executive Vice President and Chief Operating Officer, International Operations and Technology Head, Global Consumer Group - Chairman and Chief Executive Officer/Founder Investor, aurionPro Solutions Limited - Non-Executive Chairman, aurionPro Solutions Limited <i>Current Positions</i> - Advisor, Upper Berkeley - Advisor, Ses/Quest Asia Advisor |
| He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups. | | | | | | |

| Name/position | Age (yrs) | Education/training program | % of total shares | Family relationship between director and management | Period | Experience in the past 5 years Position/company |
|--|--------------|---|-------------------------|---|-------------|---|
| 22. Mrs. Wallaya Kaewrungruang - Senior Executive Vice President, Group Head, General Counsel Group - Member of the Executive Committee | 52 | <ul style="list-style-type: none"> - LL.B., Chulalongkorn University - Barrister-at-Law, Institute of Legal Education of Thai Bar Association - LL.M. in Business Law, Chulalongkorn University - LL.M. in International Banking Law, Boston University, U.S.A. (Scholarship) - Thai Listed Companies Association, Corporate Secretary Development Program - Public Director Institute (PDI), Corporate Governance for Directors and Senior Executives of State Enterprises and Public Organizations - Thai Institute of Directors Association (IOD), Financial Institution Governance Program (FGP) - The Securities and Exchange Commission, Compliance Knowledge for Head of Compliance - National Defense College, National Defense Course for Joint State-Private Sectors - Office of the Administrative Court, Administrative Justice for Executives Course (AJE) | - | None | 2005 - 2014 | <i>Past Positions</i> <ul style="list-style-type: none"> - Senior Executive Vice President, Managing Director, Compliance & Legal Management Group, Krungthai Bank PCL |

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.

Educational background, work experiences, and records on attending relevant training programs of personnel responsible for Board's support

| Name/position | Age (yrs) | Education/training program | % of total shares | Family relationship between director and management | Period | Experience in the past 5 years Position/company |
|--|-----------|--|-------------------|---|--|---|
| 1. Mrs. Kannika Ngamsopsee - First Executive Vice President, Chief Audit and Compliance Officer | 58 | <ul style="list-style-type: none">- B.B.A. (2nd Class Hons.) in Accounting, Thammasat University- LL.B., Thammasat University- M.Sc. (Accounting), Thammasat University- M.B.A. (Management), Sasin Graduate Institute of Business Administration- Leadership Program, Capital Market Academy- National Defence Course, National Defence College of Thailand- Advanced Strategic Management IMD - ASM, Switzerland | - | None | 2007-2010 2002-2012 2009-2013 2011-2014 2009-Present 2013-Present 2013-Present | <i>Past Positions</i> <ul style="list-style-type: none">- Executive Vice President, Chief Audit and Compliance Officer, Siam Commercial Bank PCL- Audit Committee Member, Finansia PCL- Chairman of the Audit Committee, Vina Siam Bank- Director, Federation of Accounting Professions <i>Current Positions</i> <ul style="list-style-type: none">- Director, Vina Siam Bank- Director, National Credit Bureau Co., Ltd.- Audit Committee, Sukhumvit Asset Management Co., Ltd. |
| 2. Mrs. Siribunchong Uthayophas - Company Secretary | 53 | <ul style="list-style-type: none">- B.A. (Hons.) in Economics, Thammasat University- M.B.A., Sasin Graduate Institute of Business Administration- Director Certification Program, Thai Institute of Directors Association- Company Secretary Program, Thai Institute of Directors Association- Financial Institutions Governance Program, Thai Institute of Directors Association | 0.00% | None | 2004-2012 2012-Present 2013-Present | <i>Past Positions</i> <ul style="list-style-type: none">- Senior Vice President, Manager, Board Secretariat and Shareholder Services Office, Siam Commercial Bank PCL <i>Current Positions</i> <ul style="list-style-type: none">- Company Secretary , Board Secretariat and Shareholder Services, Siam Commercial Bank PCL- Company Secretary, SCB Life Assurance PCL |

INFORMATION OF DIRECTORSHIP OF EXECUTIVES IN OTHER COMPANIES

as of December 31, 2014

| No. | NAME | POSITION | COMPANY |
|-----|--|---|---|
| 1 | Mr. Arthid Nanthawithaya SEVP, Group Head, Wholesale Banking Group | Chairman | SCB Securities Co., Ltd. |
| | | Director | SCB Life Assurance PCL |
| | | Director | CAT Telecom PCL |
| 2 | Mr. Yol Phokasub SEVP, Group Head, Retail and Business Banking Groups | Deputy Director | SCB Life Assurance PCL |
| | | Chairman | SCB Asset Management Co., Ltd. |
| | | Director | Master Card Asia/Pacific Pte. Ltd. |
| 3 | Mr. Deepak Sarup SEVP, Chief Financial Officer, Finance Group & Change Program | Board Member | SCB Life Assurance PCL |
| | | Chairman | SUPERNAP (Thailand) Co., Ltd. |
| 4 | Mr. Yokporn Tantisawetrat SEVP, Chief Risk Officer | Director | SCB Asset Management Co., Ltd. |
| | | Director | Vina Siam Bank |
| 5 | Mr. Sarunthorn Chutima SEVP, Group Head, Special Business Group | Director | Nantawan Management Company Ltd. |
| | | Director | Nantawan Company Ltd. |
| | | Director | Don Muang International Airport Hotel Company Ltd. |
| | | Chairman | Siam Phitiwat Company Ltd. |
| | | Director | Primus Co., Ltd |
| | | Chairman/Managing Director | Rutchayothin Assets Management Company Ltd. |
| | | Director | Kamthieng Development Company Ltd. |
| | | Director | Rattana Court Company Ltd. |
| | | Director | Sarapee Kasikam Co., Ltd. |
| | | President Cooperative | S.C.B. Staff Savings Co-operative Ltd. |
| 6 | Mrs. Kannika Ngamsopee FEVP, Chief Audit and Compliance Officer | Chairman of the Audit Committee and Director | Vina Siam Bank |
| | | Director | National Credit Bureau Co., Ltd |
| | | Audit Committee | Sukhumvit Asset Management Co., Ltd |
| | | | |
| 7 | Miss Phanporn Kongyingyong FEVP, Network Division | Director | SCB Life Assurance PCL |
| 8 | Mr. Rungruang Sukkirdkijpiboon FEVP, Division Head, Customer Segment | Director | National ITMX Co., Ltd. |
| 9 | Mr. Narong Srichukrin FEVP, Division Head, Auto Finance Business | Director | Siam Commercial Leasing PCL |
| 10 | Ms. Araya Phuphanich FEVP, Division Head, Credit Card and Personal Loan Division | Director | SCB Plus Co., Ltd. |

| No. | NAME | POSITION | COMPANY |
|-----|---|---|--|
| 11 | Mrs. Apiphan Charoenanusorn FEVP, Division Head, Management Services & Retail Operations Division | Director and Member of the Audit Committee Managing Director Managing Director Liquidator Chairman | SCB Asset Management Co., Ltd. Siam Commercial Leasing PCL SCB Plus Co., Ltd. The Siam Industrial Credit Public Co., Ltd. SCB Training Centre Co., Ltd. |
| 12 | Mr. Krieng Wongnongtaey FEVP, Financial Reporting & Controls | Chairman Director and Member of the Audit Committee Director Director Managing Director Liquidator Director and Member of the Audit Committee Liquidator | Mahisorn Co., Ltd. SCB Securities Co., Ltd. Rutchayothin Assets Management Co., Ltd. SCB Training Centre Co., Ltd. Siam Commercial Leasing PCL The Siam Industrial Credit Public Co., Ltd. Cambodian Commercial Bank Ltd. Siam Multimedia Co., Ltd. |
| 13 | Ms. Ellen Nora Ryan FEVP, Head of Market and Operational Risk | Director | SCB Asset Management Co., Ltd. |
| 14 | Mr. Pongsit Chaichutpornasuk FEVP, Division Head, Financial Crime & Security Services | Director | TOT Public Company Ltd. |
| 15 | Mr. Kamalkant Ishwalel Agarwal Head of International Banking Business | Director Director Director | ASEAN Finance Corporation Ltd. Vina Siam Bank Cambodian Commercial Bank Ltd. |
| 16 | Ms. Pikun Srimahant FEVP, Division Head, Mortgage Business | Director | Siam Pitiwat Co., Ltd. |
| 17 | Ms. Vorada Thangsurbkul FEVP, Head of Investment Banking Division 2 | Director | SCB Securities Co., Ltd. |
| 18 | Mr. Kiradit Arromdee FEVP, Head of Credit Risk Management | Director | Saimake Co., Ltd. |
| 19 | Mr. Wasin Saiyawan FEVP, Head of Financial Market Division | Director | SCB Asset Management Co., Ltd. |
| 20 | Mr. Suthipat Serirat FEVP, Head of Investment Banking Division 1 | Director | SCB Securities Co., Ltd. |
| 21 | Mr. Chanmanu Sumawong EVP, Banking Law and Legal Services Division | Director Managing Director Liquidator | S.C.B. Staffs Savings Co-operative Ltd. Siam Commercial Leasing PCL The Siam Industrial Credit Public Co., Ltd. |
| 22 | Miss Saranya Vajakul EVP, Head of MIS and Client Services | Director Director | SCB Asset Management Co., Ltd. SCB Plus Co., Ltd. |

| No. | NAME | POSITION | COMPANY |
|-----|--|---|---|
| 23 | Mr. Rungsi Vongkitbuncha EVP, Division Head, Corporate Banking 6 | Director | UD Drugstore (2001) Co., Ltd. |
| 24 | Mr. Tearavath Trirutdilokkul EVP, Division Head, Credit & Debit Cards | Director | SCB Plus Co., Ltd. |
| 25 | Mr. Nopadol Mungonchai EVP, Compliance & Operational Control Division | Independent Director and Audit Committee | Chai Wattana Tannery Group PCL |
| 26 | Mr. Somkiat Kuvichitsuwan EVP, Branch Network Upcountry | Director | S.C.B. Staffs Savings Co-operative Ltd. |
| 27 | Mr. Aphisak Kiewkarnkha EVP, Head of Balance Sheet Strategy & Management | Director | Cambodian Commercial Bank Ltd. |
| 28 | Mr. Artapong Porndhiti EVP, Head of Investment Banking Division 3 | Director | Premium Management and Consultant Company Ltd. |

Note: The above executives do not hold any current position as chairman, executive director, authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.

POSITIONS HELD BY BOARD DIRECTORS IN MANAGEMENT OF SUBSIDIARY, ASSOCIATED AND RELATED COMPANIES UNDER THE NAME OF BOARD DIRECTORS

| Name of director | Subsidiary company | | | | | | | | | Associated company | | Related company | |
|-------------------------------------|---|--------------------|-------------------------------|---|--------------------|------------------------|--------------------------------|--------------------------|-------------------------------|-----------------------------|------------------------|-----------------|--|
| | The Cambodian Commercial Bank Co., Ltd. | SCB Plus Co., Ltd. | SCB Training Center Co., Ltd. | Ratchayothin Asset Management Co., Ltd. | Mahisorn Co., Ltd. | Siam Phitwat Co., Ltd. | SCB Asset Management Co., Ltd. | SCB Securities Co., Ltd. | Sor.Or.Kor PCL ⁽¹⁾ | Siam Commercial Leasing PCL | SCB Life Assurance PCL | | |
| 1 Mr. Anand Panyarachun | | | | | | | | | | | | | |
| 2 Dr. Vichit Suraphongchai | | | | | | | | | | | | | |
| 3 Mr. Maris Samaram | | | | | | | | | | | | | |
| 4 Prof. Vicharn Panich, M.D. | | | | | | | | | | | | | |
| 5 Mr. Chumpol NaLamlieng | | | | | | | | | | | | | |
| 6 Assoc. Prof. Dr. Kulpatra Sirodom | | | | | | | | | | | | | |
| 7 Mr. Ekamol Kiriwat | | | | | | | | | | | | | |
| 8 Mr. Prasan Chuaphanich | | | | | | | | | | | | | |
| 9 Dr. Chirayu Isarakun Na Ayuthaya | | | | | | | | | | | | | |
| 10 Mom Rajawongse Disnadda Diskul | | | | | | | | | | | | | |
| 11 Khunying Jada Wattanasiritham | | | | | | | | | | | | | |
| 12 Mr. Apisak Tantivorawong | | | | | | | | | | | | | |
| 13 Mr. Weerawong Chittmittrapap | | | | | | | | | | | | | |
| 14 Mr. Kulit Sombatsiri | | | | | | | | | | | | | |
| 15 Mrs. Karnikar Chalitaporn | | | | | | | | | | | | | |
| 16 Mrs. Wallaya Kaewrungruang | | | | | | | | | | | | | |
| 17 Mr. Deepak Sarup | | | | | | | | | | | | | |
| 18 Mr. Yokporn Tantisawetrat | | | | | | | | | | | | | |
| 19 Mr. Vol Phokasub | | | | | | | | | | | | | |
| 20 Mr. Arthid Nanthawithaya | | | | | | | | | | | | | |
| 21 Mr. Sarunthorn Chutima | | | | | | | | | | | | | |
| 22 Mr. Banesh Prabhu | | | | | | | | | | | | | |
| 23 Mr. Krieng Wongnongtaey | // | | // | // | X | | | // | / | // | | | |

Related companies which have no representative directors from the Bank

1. Siam Sat Network Co., Ltd.⁽¹⁾
2. Siam Technology Service Co., Ltd.⁽¹⁾
3. Siam Media and Communication Co., Ltd.⁽¹⁾
4. National ITMX Co., Ltd.
5. Thai U.S. Leather Co., Ltd.⁽¹⁾

Remark : x = Chairman // = Director / = Liquidator
⁽¹⁾ = Discontinued operations, in process of dissolution or liquidation.

DIRECTORS OF SUBSIDIARY COMPANIES

| Name of director | | Subsidiary company | | | | | | | | | | |
|------------------|--------------------------------|------------------------------------|--------------------|-------------------------------|---|--------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|-----------------------------|------------------------|
| | | The Cambodian Commercial Bank Ltd. | SCB Plus Co., Ltd. | SCB Training Centre Co., Ltd. | Ratchayothin Asset Management Co., Ltd. | Mahisorn Co., Ltd. | Siam Phitiwat Co., Ltd. | SCB Asset Management Co., Ltd. | SCB Securitates Co., Ltd. | Sor.Or.Kor. PCL ⁽¹⁾ | Siam Commercial Leasing PCL | SCB Life Assurance PCL |
| 1 | Mr. Na Bhengbhasang Krishnamra | X | | | | | | | | | | |
| 2 | Mr. Kamalkant Agarwal | // | | | | | | | | | | |
| 3 | Mr. Permpoon Krairiksh | // | | | | | | | | | | |
| 4 | Mr. Suriyah Termkertmanuswong | // | | | | | | | | | | |
| 5 | Mr. Aphisak Kiewkarnkha | // | | | | | | | | | | |
| 6 | Mr. Yothin Pibulkasetkij | // | | | | | | | | | | |
| 7 | Mr. Krieng Wongnongtaey | // | | // | // | X | | | // | / | // | |
| 8 | Mrs. Apiphan Charoenanusorn | | X | X | | | | // | | / | // | |
| 9 | Mr. Tearavath Trirutdilokkul | | // | | | | | | | | | |
| 10 | Mr. Ekkapol Apinun | | // | // | | // | // | | | | | |
| 11 | Miss Saranya Vajakul | | // | | | | | // | | | | |
| 12 | Mrs. Sasitorn Chaowai | | | // | | | | | | | | |
| 13 | Mr. Boonkiat Wisittigars | | | // | | // | | | | | | |
| 14 | Mr. Sarunthorn Chutima | | | | X | | X | | | | | |
| 15 | Mrs. Virasana Boonyasai | | | | // | | | | | | | |
| 16 | Mrs. Pikun Srimahant | | | | | | // | | | | | |
| 17 | Mr. Paiboon Tangkanokpairaj | | | | | | // | | | | | |
| 18 | Mr. Somphop Amonrattanasak | | | | | | // | | | | | |
| 19 | Mr. Sakesom Srirungruangdeja | | | | | | // | | | | | |
| 20 | Mr. Yol Phokasub | | | | | | | X | | | | // |
| 21 | Miss Ellen Nora Ryan | | | | | | | // | | | | |
| 22 | Mr. Chalitti Nuangchamnong | | | | | | | // | | | | |
| 23 | Mr. Smith Banomyong | | | | | | | // | | | | |
| 24 | Mr. Arthid Nanthawithaya | | | | | | | | X | | | // |
| 25 | Miss Vorada Thangsurbkul | | | | | | | | // | | | |
| 26 | Mr. Rongrak Phanapavudhikul | | | | | | | | // | | | |
| 27 | Mr. Wasin Saiyawan | | | | | | | | // | | | |
| 28 | Mr. Suthipat Serirat | | | | | | | | // | | | |
| 29 | Mr. Yokporn Tantisawetrat | | | | | | | | // | | | |
| 30 | M.L. Thongmakut Thongyai | | | | | | | | // | | | |
| 31 | Mr. Chanmanu Sumawong | | | | | | | | | / | // | |
| 32 | Mr. Montree Chotikapracal | | | | | | | | | / | | |
| 33 | Mr. Yuth Vorachattarn | | | | | | | | | | X | |
| 34 | Mr. Chanon Kongmeesuk | | | | | | | | | | // | |
| 35 | Mr. Narong Srichukrin | | | | | | | | | | // | |

| Name of director | | Subsidiary company | | | | | | | | | | |
|------------------|-------------------------------|------------------------------------|--------------------|-------------------------------|---|--------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|-----------------------------|------------------------|
| | | The Cambodian Commercial Bank Ltd. | SCB Plus Co., Ltd. | SCB Training Centre Co., Ltd. | Ratchayothin Asset Management Co., Ltd. | Mahisorn Co., Ltd. | Siam Phitiwat Co., Ltd. | SCB Asset Management Co., Ltd. | SCB Securitates Co., Ltd. | Sor.Or.Kor. PCL ⁽¹⁾ | Siam Commercial Leasing PCL | SCB Life Assurance PCL |
| 36 | Mr. Wirutt Rattanaporn | | | | | | | | | | // | |
| 37 | Khunying Jada Wattanasiritham | | | | | | | | | | | X |
| 38 | Ms. Phanporn Kongyingyong | | | | | | | | | | | // |
| 39 | Miss Amornpip Chansrichawla | | | | | | | | | | | // |
| 40 | Mr. Deepak Sarup | | | | | | | | | | | // |
| 41 | Mr. Wirutt Ruttanaporn | | | | | | | | | | | // |
| 42 | Mr. Verachai Tantikul | | | | | | | | | | | // |
| 43 | Mr. Weerawong Chittmittrapap | | | | | | | | | | | // |
| 44 | Mr. Stephen Anthony Appleyard | | | | | | | | | | | // |
| 45 | Mr. Utid Tamwatin | | | | | | | | | | | // |

Remark : x = Chairman // = Director / = Liquidator

⁽¹⁾ = Discontinued operations, in process of dissolution or in process of liquidation.

REPORT OF ORDINARY SHAREHOLDING IN BANK BY DIRECTORS AND SENIOR MANAGEMENT

| Name | as at Dec 31, 2014 | | | as at Dec 31, 2013 | | | Change: Increase / (Decrease) |
|--|--|---|---------|--|---|---------|-------------------------------------|
| | Number of shares held by a director or senior management | Number of shares held by (a) related person(s)* | Total | Number of shares held by a director or senior management | Number of shares held by (a) related person(s)* | Total | |
| 1. Mr. Anand Panyarachun Chairman of the Board, Independent Director and Member of the Corporate Social Responsibility Committee | 58,127 | 402,966 | 461,093 | 58,127 | 402,966 | 461,093 | - |
| 2. Dr. Vichit Suraphongchai Director, Chairman of the Executive Committee and Member of the Corporate Social Responsibility Committee | - | - | - | - | - | - | - |
| 3. Mr. Maris Samaram Independent Director and Chairman of the Audit Committee | - | - | - | - | - | - | - |
| 4. Prof. Vicharn Panich, M.D. Independent Director and Chairman of the Corporate Social Responsibility Committee | - | - | - | - | - | - | - |
| 5. Mr. Chumpol NaLamlieng Independent Director and Chairman of the Nomination, Compensation and Corporate Governance Committee | - | - | - | - | - | - | - |
| 6. Assoc. Prof. Dr. Kulpatra Sirodorn Independent Director and Member of the Audit Committee | - | - | - | - | - | - | - |
| 7. Mr. Ekamol Kiriwat Independent Director and Member of the Audit Committee | - | - | - | - | - | - | - |
| 8. Mr. Prasan Chuaphanich Independent Director and Member of the Audit Committee | - | - | - | - | - | - | - |
| 9. Dr. Chirayu Isarangkun Na Ayuthaya Director and Member of the Corporate Social Responsibility Committee | - | - | - | - | - | - | - |
| 10. M.R. Disnadda Diskul Director and Member of the Corporate Social Responsibility Committee | - | - | - | - | - | - | - |
| 11. Khunying Jada Wattanasiritham Independent Director, Member of the Corporate Social Responsibility Committee and Member of the Nomination, Compensation and Corporate Governance Committee | - | - | - | - | - | - | - |
| 12. Mr. Apisak Tantivorawong Director and Member of the Nomination, Compensation and Corporate Governance Committee | - | - | - | - | - | - | - |
| 13. Mr. Weerawong Chittmittrapap Independent Director and Member of the Nomination, Compensation and Corporate Governance Committee | - | - | - | - | - | - | - |
| 14. Mr. Kulit Sombatsiri Director and Member of the Nomination, Compensation and Corporate Governance Committee | - | - | - | - | - | - | - |

| Name | as at Dec 31, 2014 | | | as at Dec 31, 2013 | | | Change: Increase / (Decrease) |
|---|--|---|--------|--|---|--------|-------------------------------------|
| | Number of shares held by a director or senior management | Number of shares held by (a) related person(s)* | Total | Number of shares held by a director or senior management | Number of shares held by (a) related person(s)* | Total | |
| 15. Mrs. Kannikar Chalitaporn President, Executive Director, and Member of the Corporate Social Responsibility Committee | 53,000 | - | 53,000 | 53,000 | - | 53,000 | - |
| 16. Mr. Deepak Sarup Senior Executive Vice President, Chief Financial Officer, Finance Group and Change Program | 15,000 | - | 15,000 | 15,000 | - | 15,000 | - |
| 17. Mr. Yokporn Tantisawetrat Senior Executive Vice President, Chief Risk Officer, Risk Management Group | - | 9,434 | 9,434 | - | 9,434 | 9,434 | - |
| 18. Mr. Yol Phokasub Senior Executive Vice President, Retail and Business Banking Groups | 10 | - | 10 | 10 | - | 10 | - |
| 19. Mr. Arthid Nanthawithaya Senior Executive Vice President, Group Head, Wholesale Banking Group | - | - | - | - | - | - | - |
| 20. Mr. Sarunthorn Chutima Senior Executive Vice President, Group Head, Special Business Group | 1,040 | 4,310 | 5,350 | 1,040 | 4,310 | 5,350 | - |
| 21. Mr. Vishwanath Prabhu (Banesh) Senior Executive Vice President, Group Head, Technology and Operations | - | - | - | - | - | - | - |
| 22. Mrs. Wallaya Kaewrungruang Senior Executive Vice President, Group Head, General Counsel Group | - | - | - | - | - | - | - |

Remark * Related person(s) of a director or senior management include(s):

- (1) A spouse or a minor child of director or senior management
- (2) A juristic person in which aggregate shareholding by a director or senior management and by (1) together exceeds 30 percent of the total number of voting rights of such juristic person.
- (3) A juristic person in which aggregate shareholding by a director or senior management and by (1) and by (2) together exceeds 30 percent of the total number of voting rights of such juristic person.
- (4) A juristic person in which a person under (3) holds its shares and its shareholders in all levels of downward shareholding, beginning from the shareholder in the juristic person under (3), provided that shareholding in each level exceeds 30 percent of the total number of voting rights of the juristic person in the immediate lower level.

BANKING NETWORK

as of December 31, 2014

| | |
|--|-----------------------|
| Area Office | 43 offices |
| Branch, all nationwide | 1,197 branches |
| Bangkok and its vicinity | 538 branches |
| Upcountry | 659 branches |
| Overseas Branch | 4 branches |
| Affiliated Bank | 4 branches |
| Joint Venture Bank | 8 branches |
| Representative Office | 2 branches |
| Business Relationship Center: Medium Business | 38 centers |
| Business Relationship Center: Small Business | 37 centers |
| International Trade Service Center | 47 centers |
| Foreign Exchange Service Center | 109 centers |
| Bangkok | 55 centers |
| Tourist locations, upcountry | 54 centers |
| ATM | 9,537 machines |
| Bangkok | 2,841 machines |
| Upcountry | 6,696 machines |

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED

| | |
|-----------------------------|--|
| Type of business | Banking |
| Company Registration Number | 0107536000102 |
| Head Office | |
| Address: | 9 Ratchadapisek Road, Jatujak, Bangkok 10900 |
| Website: | www.scb.co.th |
| Tel: | 66 2 544-1000 |
| Fax: | 66 2 937-7721 |
| SCB Call Center: | 66 2 777-7777 |
| SCB Business Call Center | 66 2 722-2222 |

Registrar

| | |
|---|--|
| Ordinary and Preferred Shares | Thailand Securities Depository Company Limited 62 The Stock Exchange of Thailand Ratchadapisek Road, Klongtoey, Bangkok 10110 Tel: 0-2229-2800 and 0-2654-5599 Fax: 0-2359-1259 |
| Siam Commercial Bank Subordinated Debentures No. 1/2012, due in 2022 which the issuer has the right to early redemption | Siam Commercial Bank Public Company Limited 9 Ratchadapisek Road, Jatujak, Bangkok 10900, Thailand Tel: 66 2544-1000 Fax: 66 2937-7721 |
| Siam Commercial Bank Subordinated Debentures No. 2/2012, due in 2024 which the issuer has the right to early redemption | Siam Commercial Bank Public Company Limited 9 Ratchadapisek Road, Jatujak, Bangkok 10900, Thailand Tel: 66 2544-1000 Fax: 66 2937-7721 |
| Senior Unsecured Notes USD 400 million 3.9% due November 2016 | Deutsche Bank Luxembourg SA 2 Boulevard Konrad Adenauer L-1115 Luxembourg Luxembourg |
| Senior Unsecured Notes USD 1,100 million 3.375% due September 2017 | Deutsche Bank Luxembourg SA 2 Boulevard Konrad Adenauer L-1115 Luxembourg Luxembourg Deutsche Bank Trust Company Americas 60 Wall Street, 27 th Floor New York, New York 10005 United States |
| Senior Unsecured Notes USD 750 million 3.5% due April 2019 | Deutsche Bank Trust Company Americas 60 Wall Street, 16 th Floor New York, New York 10005 United States |

Fiscal Agent

Senior Unsecured Notes
USD 400 million 3.9% due November 2016

Deutsche Bank AG, Hong Kong Branch
Level 52, International Commerce Centre
1 Austin Road West, Kowloon Hong Kong

Senior Unsecured Notes
USD 1,100 million 3.375% due September 2017

Deutsche Bank AG, Hong Kong Branch
Level 52, International Commerce Centre
1 Austin Road West, Kowloon Hong Kong

Deutsche Bank Trust Company Americas
60 Wall Street, 27th Floor
New York, New York 10005 United States

Senior Unsecured Notes
USD 750 million 3.5% due April 2019

Deutsche Bank AG, Hong Kong Branch
Level 52, International Commerce Centre
1 Austin Road West, Kowloon Hong Kong

Auditor

Mr. Supot Singhasaneh
or Mr. Charoen Phosamritlert
or Ms. Pantip Gulsantithamrong

Certified Public Accountant (Thailand) Registration No. 2826
Certified Public Accountant (Thailand) Registration No. 4068
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

The Bank's securities listed on the Stock Exchange of Thailand

1. **Common Shares**, main board (SCB) and foreign board (SCB-F)
2. **Preferred Shares**, main board (SCB-P) and foreign board (SCB-Q)

Preferred Share Conversion

| | |
|--------------------------|--|
| Exercise right | One preferred share converts into one common share |
| Exercise price | None |
| Term of preferred shares | The term of the preferential rights of the preferred shares was 10 years commencing on 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 common shares during the period set by the Bank. |
| Conversion period | Every quarter |

2015 schedule of conversion of preferred shares to common shares

| | |
|-----------|--|
| Mar 16-30 | : Submit application of SCB-P conversion |
| Mar 31 | : Exercise date for SCB-P |
| Jun 15-29 | : Submit application of SCB-P conversion |
| Jun 30 | : Exercise date for SCB-P |
| Sep 15-29 | : Submit application of SCB-P conversion |
| Sep 30 | : Exercise date for SCB-P |
| Dec 16-29 | : Submit application of SCB-P conversion |
| Dec 30 | : Exercise date for SCB-P |

Please contact SCB Investor Relations at

Investor Relations, Finance Group
 The Siam Commercial Bank PCL, Head Office, Floor 19B
 9 Ratchadapisek Road, Jatujak, Bangkok 10900
 Tel +66 2 544-4358
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 E-mail: investor.relations@scb.co.th
 Website: www.scb.co.th

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Company Registration Number 0107536000102
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