



Our Vision:
THE MOST ADMIRABLE BANK



DIGITAL CONVENIENCE FOR EASIER LIVING

Using advanced biometric technology for identity verification, the SCB EASY app lets new customers open a savings account by themselves anytime, anywhere.



SMART DIGITAL LENDING FOR EVERYONE

SCB EASY uses big data analytics to broaden customer access to personal loans and allow instant approval.





A night street scene in Thailand. In the foreground, a person is seated at a red metal table, eating from a bowl. The table also holds a blue container, a bottle, and some cups. To the left, a person with a red bag is walking. In the background, other pedestrians are visible, and a building with a wheelchair accessibility sign is on the left. A food cart with a lit sign is on the right. The scene is dimly lit with streetlights and building lights.

DIGITAL SOLUTIONS FOR THAI SMEs

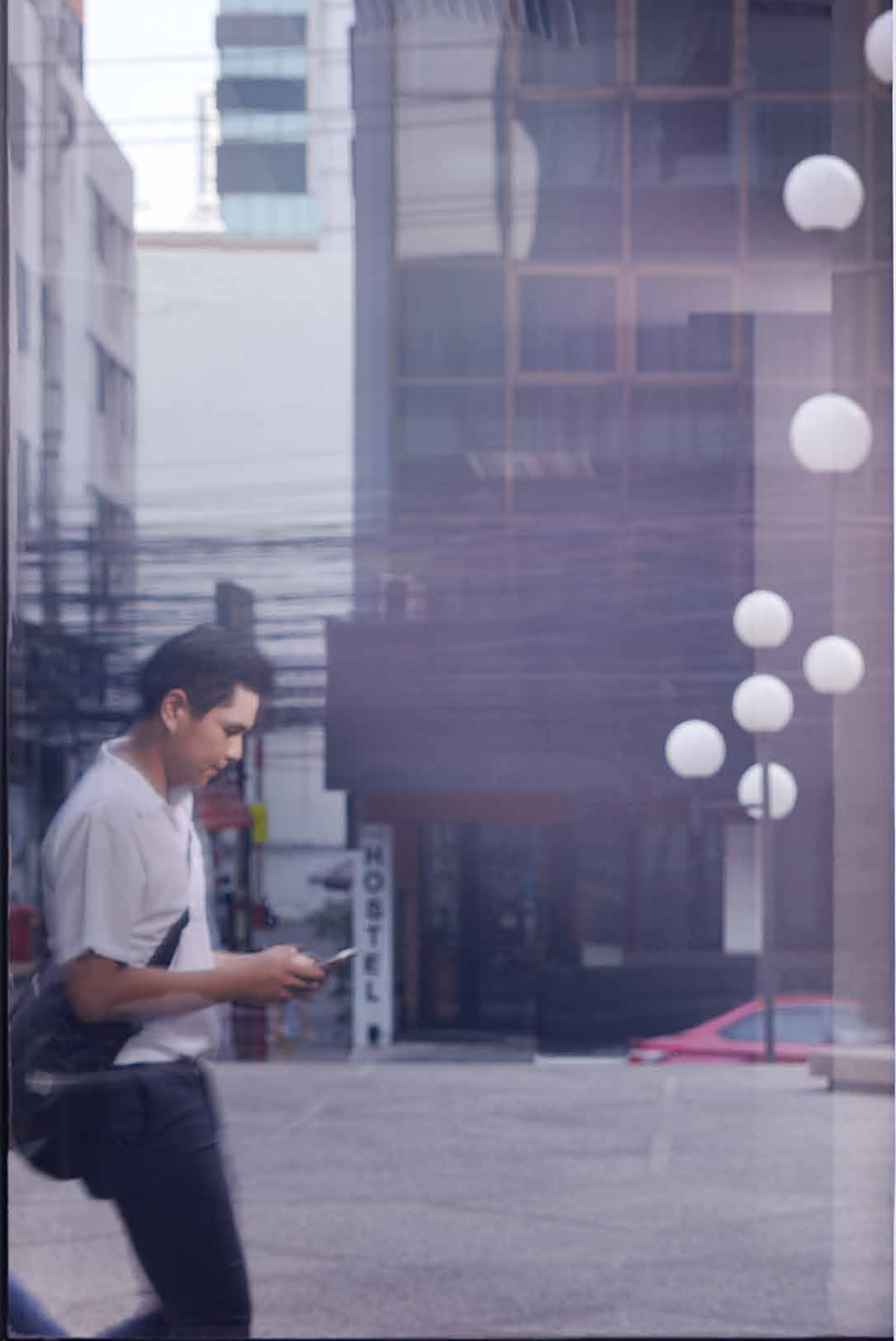
SCB brings street vendors into the "Industry 4.0" era. Our Total Business Solutions provides money management services for food cart franchisors and franchisees.



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11034/252



FINANCIAL LITERACY FOR 'NEXT GEN' THAIS

"Keb Hom", is an AI-based app that offers a model savings plan. This friendly yet powerful software helps young people learn financial discipline.







GOOD GOVERNANCE FOR A BETTER SOCIETY

SCB emphasizes good corporate governance so that the Bank and society can both grow sustainably. It requires sound management, transparent processes and fairness.



LIFE-LONG LEARNING FOR EMPLOYEES

SCB helps our banking professionals grow so they can work with passion, flexibility and agility. This helps us provide better financial services that truly meet customer needs.



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2018 Highlights

Total assets

3,187 Baht billion

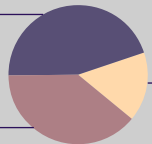
Total loans

2,141 Baht billion

Corporate
39%

Retail
45%

SME
16%



Net profit

40.1 Baht billion



Digital Users

~ **9** Million Users



Mae Manee
Money Solution
(QR code payment)

1.3 Million Merchants



1,019 ATMs



9,621 Branches

Message from the Board of Directors



Dr. Vichit Suraphongchai

Director and Chairman of
the Executive Committee

Mr. Anand Panyarachun

Chairman of the Board

Mr. Arthid Nanthawithaya

Director and
Chief Executive Officer

Dear Shareholders

Thailand's economy grew by 4.1% in 2018, the highest rate in six years. The main growth drivers were exports and tourism, which both expanded strongly in the first half of 2018, and the steady rise in government investment in infrastructure projects, which buoyed employment, household income and private consumption. However, economic growth decelerated in the second half of the year as a consequence of weaker exports amid a global economic slowdown and the U.S.-China trade war as well as a sharp decline in arrivals of tourists from China.

In 2018, financial institutions continued to adapt to a business environment that is being transformed by digital technology. Customers have an ever-growing array of choice of financial service providers. Financial institutions are being challenged by higher competition from banks as well as "disruptive" non-bank players. At the same time, they must cope with rising exposure to cybersecurity risk. All these factors mean that financial institutions need to be more vigilant in their banking practices so as to deliver satisfactory and secure services that match the needs of consumers and to ensure compliance with policies, rules and regulations.

Siam Commercial Bank pressed on with the overhaul of its business and technological capabilities under its SCB Transformation Program, which commenced in mid-2016, under the vision to become "the Most Admired Bank". This program is establishing the structural foundations and business agility needed to ensure SCB's dynamic responsiveness to uncertainties and intensified competition. The goal is to transform SCB into a technology-driven and customer-centric bank. Development and deployment of technological capabilities are a priority. The SCB EASY mobile app has been continually updated and improved to become a powerful and convenient digital platform, enabling a positive customer experience and stronger customer engagement.

As just one positive result, SCB's digital user base grew exponentially in 2018. The Bank joined forces with its subsidiaries, namely Digital Ventures and SCB Abacus, to access advanced technologies, artificial intelligence and big data analytics, integrating them into its digital product development and business processes. A new department known as SCB10X was set up to spearhead development of strategic products powered by digital technologies. The Bank focused its business model on becoming the bank of choice for all customer segments, particularly SMEs and retail customers. SCB continually offers employees training and development opportunities to equip them with skills and insights for the new banking landscape as well as to prepare them for the new work culture that values speed, agility and customer centricity.

2018 Financial Results

Consolidated net profit totaled Baht 40,068 million in 2018, a decrease of 7.1% yoy from Baht 43,152 million in 2017 due to a 12.1% rise in operating expenses from the investment in technology infrastructure and digital expansion under the SCB Transformation Program. Non-interest income decreased by 4.7% due to lower net fee income as a result of the Bank's decision to waive fees for routine digital transactions and lower insurance income.

Total operating income increased to Baht 138,225 million, up by 1.5% yoy due to higher net interest income, which rose 4.4% from loan growth. An increase in operating expenses from the SCB Transformation Program, which involves a three-year cycle of heavy investment, caused the cost-to-income ratio to stand at 46.8% in 2018. However, the ratio is expected to steadily decline as benefits from the Transformation Program start to materialize from 2019 onward.

As of December 31, 2018, the Bank's gross ratio of non-performing loans (NPLs) stood at 2.85%,

a slight increase from 2.83% at the end of 2017, due to higher NPLs in the corporate portfolio, but offset by lower NPL ratios in the SME and retail segments. The Bank set aside prudential provisions of Baht 24,023 million, or 1.15% of total loans, in 2018 to provide a cushion for the unfavorable impact of economic uncertainties and to support the Bank's growth strategy for unsecured loan products and digital lending. The coverage ratio at the end of 2018 was 146.7%, increasing from the level of 137.3% recorded at the end of 2017.

The Bank maintained a solid capital base. Its total capital funds on a consolidated basis under Basel III were high, at 17.1% of total risk-weighted assets, representing common equity Tier 1 capital of 15.1% at the end of 2018.

Developments in Corporate Governance and Sustainability

Optimizing corporate governance is an ongoing commitment at SCB as we pursue sustainability by fulfilling our accountability toward all stakeholders. The Bank continues to win recognition as a responsible corporate citizen. For the 13th consecutive year, SCB in 2018 attained the top level "Excellent" rating in the annual CG assessment of Thai listed companies by the Thai Institute of Directors Association (IOD). In addition, SCB was added to the World Index and the Emerging Markets Index of the Dow Jones Sustainability Indices 2018 (DJSI 2018), ranking 6th globally in the banking industry group. The Bank garnered the Outstanding Sustainability Award in the category of listed companies with market capitalization over Baht 100,000 million and the Thailand Sustainability Investment (THSI) award, both from the Stock Exchange of Thailand. These distinctions underline the Bank's strong commitment to sustainability, with due consideration to environmental, social and corporate governance factors, which will lead to sustainable returns in the long term.

Key developments in corporate governance of the Bank in 2018 include the establishment of two new Board committees, namely the Risk Oversight Committee and the Technology Committee. The Risk Oversight Committee has a vital role in providing advice to the Board concerning an appropriate risk management framework based on the Bank's business strategy; overseeing the risk management framework implementation to ensure that all risks are monitored and controlled within the Bank's risk appetite; and providing advice to the Board about the cultivation of risk culture. The Technology Committee is responsible for overseeing the Bank's technology strategy and ensuring its alignment with the Bank's goals and objectives; providing advice to the Board concerning the business implications of technological developments; and exploring new technologies to improve transactional services in support of SCB's aspiration to become a technology-driven bank.

2019 Economic Outlook

The Bank forecasts that Thailand's economic growth will shrink to 3.8% in 2019 as exports come under pressure from the global economic slowdown. Yet this rate will surpass the average annual growth figure during the five-year period spanning 2014-2018, which was only around 3%. Positive factors that will contribute to expansion include domestic spending, particularly domestic investment, which is likely to grow at an accelerated pace. Investment will be driven by higher capacity utilization in various industries, continued public investment in mega-projects and relocation of production bases to Thailand by foreign businesses affected by the trade war. Household consumption is expected to gradually rise on the back of low unemployment, a gradual recovery in household income and government stimulus measures.

2019 Strategy

The SCB Transformation Program, which has been underway since mid-2016, is showing significant progress. In 2019, the Bank will continue to pursue its “Going Upside Down” strategy to accelerate and balance five priorities: (1) Lean the Bank, to reduce the cost of service provision while increasing agility through digital technologies, (2) Digital Acquisition, to deepen relationships with existing customers and attract new customers, especially digital users, (3) New Growth, to increase our focus on consumer and small business financing, personal loans and wealth management, (4) Data Capabilities, to develop and embrace data analytics across the organization, and (5) New Business Model, to operate as a platform.

The Bank aims to become an agile organization and capitalize on the technological capabilities and

foundations built under the SCB Transformation Program to deliver value to customers, reduce service costs and maximize efficiency. The Bank will also focus on building a customer-centric culture and fostering the employee mindset and processes that encourage agility, adaptability, learning, trial & error and innovation while adhering to proper risk management practices for credit risk, operational risk, cyber risk and security. Priority will also be given to internal corporate governance and good market conduct, which is a basic consumer right.

Amid disruptive challenges, Siam Commercial Bank remains committed to becoming “the Most Admired Bank” by balancing our value propositions to all stakeholders - customers, employees, shareholders, regulators and society - and a leader in shaping the future of Thailand’s banking industry. We believe that this is the right path to our sustainable growth.



(Mr. Anand Panyarachun)
Chairman of the Board



(Dr. Vichit Suraphongchai)
Director and Chairman of
the Executive Committee



(Mr. Arthid Nanthawithaya)
Director and
Chief Executive Officer

Board of Directors



MR. ANAND PANYARACHUN
Chairman of the Board
and Independent Director

Mr. Panyarachun completed his Bachelor of Arts Degree (Honors) in law at Trinity College, University of Cambridge, U.K. and commenced his distinguished career at the Ministry of Foreign Affairs after graduation. Among the highlights of his career, he served as Ambassador to the United States, Permanent Representative to the United Nations and Permanent Secretary of the Ministry of Foreign Affairs.

Mr. Panyarachun is widely recognized for his pivotal role in the Kingdom's political development when he was called upon twice to serve as the Prime Minister of Thailand and chaired the committee to draft the nation's new constitution in 1997. Mr. Panyarachun has received 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. He was appointed in 2003 by the Secretary-General of the United Nations to chair its High-Level Panel on Threats, Challenges and Change, established to review the U.N.'s role in a rapidly changing global political environment.

Mr. Panyarachun has been the Board Chairman of the Siam Commercial Bank since 2007. Presently, he also holds key positions in several organizations such as UNICEF Ambassador in Thailand, Honorary Chairman of Operation Smile Thailand, Chairman of the Advisory Council of Vidyasirimedhi Institute of Science and Technology, Member of the Advisory Council of Transparency International, Advisor to the Board of the Anti-Corruption Organization of Thailand Foundation, Honorary Advisor to the AIDS-Almost Zero Campaign under Thai National AIDS Foundation (TNAF) and Honorary Chairman of Green Globe Institute.



Air Chief Marshal Sukvimol received a Bachelor of Arts Degree in mass communication from Chiang Mai University.

He was appointed as Grand Chamberlain and Private Secretary to His Royal Highness the Crown Prince during 2012-2016 and as Private Secretary to His Majesty King Maha Vajiralongkorn and Grand Chamberlain, Bureau of the Royal Household in 2017-2018.

In addition to his positions as Director and Member of the Nomination, Compensation and Corporate Governance Committee of the Bank, he is presently Private Secretary to His Majesty King Maha Vajiralongkorn and Lord Chamberlain, Bureau of the Royal Household; Chairman and Director-General, The Crown Property Bureau; Trustee of H.M. Private Property, H.M. Private Property Office; Board Chairman and Member of the Governance and Nomination Committee of Siam Cement PCL; and Chairman of Deves Insurance PCL, Banbung Vejchakij Co., Ltd., Sriphath Co., Ltd., Siam Sindhorn Co., Ltd., CPB Equity Co., Ltd., Siam Bioscience Co., Ltd., Apexcela Co., Ltd. and Doi Kham Co., Ltd.



Dr. Suraphongchai holds a Bachelor's Degree in Engineering from Chulalongkorn University, a Master's Degree in engineering from the University of California, Berkeley, U.S., and a Master's Degree and a Ph.D. in business administration from the University of California, Los Angeles, U.S.

Dr. Suraphongchai commenced his long and illustrious career in banking in 1977 at Bangkok Bank PCL. He later served the Royal Thai Government as the Minister of Transport and Communications from 1994-1995. He returned to the banking business in 1998 as Chairman of Radanasin Bank PCL and thereafter, in 1999, he joined the Siam Commercial Bank as Director and Chairman of the Executive Committee. Presently, he also serves as Advisor to The Crown Property Bureau; and Board Member, International Advisory Board, The Chubb Group of Companies.

Throughout his tenure as Director and Chairman of the Executive Committee, Dr. Suraphongchai has demonstrated exemplary visionary leadership, guiding SCB Group toward its successful business transformation, which is greatly contributing to the Bank's impressive growth amid digital disruption.



MR. PRASAN CHUAPHANICH
Independent Director and
Chairman of the Audit Committee

Mr. Chuaphanich obtained a Bachelor of Accounting Degree (Second-Class Honors) and a Diploma in Auditing from the Faculty of Commerce and Accountancy, Chulalongkorn University. In addition, he received training at several distinguished institutions, such as the Executive Management Program at the Ivey School of Business, University of Western Ontario, Canada, and the Leading Professional Services Firms Course at Harvard Business School, U.S. Mr. Chuaphanich has more than 40 years of experience in the accounting profession, including as former Chief Executive Officer at PricewaterhouseCoopers Thailand.

Mr. Chuaphanich has been the Chairman of the Audit Committee of the Bank since 2015. Currently, he also serves as Commission Member by Expertise (Accounting) and Chairman of the Audit Committee of the Office of Insurance Commission (OIC); Chairman of the Thai Institute of Directors Association (IOD); Council Member, Thailand's Private Sector Collective Action Coalition Against Corruption Council (CAC); Expert Member on the Accounting, Dumping and Subsidies Committee under the Ministry of Commerce; Expert Member on the Accounting, Public Sector Audit and Evaluation Committee; Advisor, Audit Advisory Panel, Advisory Committee for Fund Raising and Listed Company Oversight, Securities and Exchange Commission; Member, State Enterprise Board Screening Committee under the Board of State Enterprise Policy Office; Member, State Enterprise Director List Committee, Ministry of Finance; Independent Director and Chairman of the Audit Committee, PTT Global Chemical PCL; Independent Director, Member of the Audit Committee, and Chairman of the Sustainable Development Committee, Advanced Info Services PCL; and Independent Director, Advanced Wireless Network Co., Ltd.



MR. KAN TRAKULHOON
Independent Director, Chairman of the Nomination,
Compensation and Corporate Governance Committee,
and Member of the Executive Committee

Mr. Trakulhoon received a Bachelor's Degree in engineering (electrical) with First-Class Honors from Chulalongkorn University, and Master's Degrees in engineering and management from the Georgia Institute of Technology, U.S. He also achieved Honorary Doctorate Degrees in engineering from Chulalongkorn University and in production engineering from Mahasarakham University.

He possesses a wealth of professional experience as a top executive of leading organizations, including as President and Chief Executive Officer of Siam Cement PCL and Director of Kubota Corporation (Japan). He also serves on the boards and committees of several governmental organizations such as the National Intellectual Property Policy Committee, the Board of the National Science Technology and Innovation Policy Office, the National Competitiveness Development Committee, the Industrial and Digital Innovation Park Promotion Committee, the Eastern Economic Corridor Policy Committee, and as Advisor to the Strategic National Administration Committee.

In addition to serving as Independent Director, Chairman of the Nomination, Compensation and Corporate Governance Committee, and Member of the Executive Committee of the Bank, Mr. Trakulhoon presently holds key positions in other entities such as Director, Siam Cement PCL; Independent Director, Board Chairman and Chairman of the Leadership Development and Compensation Committee, Advanced Info Services PCL; Independent Director, Chairman of the Leadership Development and Compensation Committee, Member of the Nomination and Governance Committee, Member of the Strategic and Organizational Review Committee, and Member of the Corporate Social Responsibility Committee for Sustainable Development, Intouch Holding PCL; Independent Director, Bangkok Dusit Medical Services PCL; Advisor, Federation of Thai Industries; and Head of Private Sector for Public-Private Partnership Committee on Innovation and Digitalization and on Legal Reform and Public Sector System Improvement.



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

He has a strong legal background and has held various key positions in national organizations, including as Deputy Governor for Financial Institutions Stability, the Bank of Thailand; Chairman of Real Estate Information Center and Government Housing Bank; Member of the Council of State, Office of the Council of State; Independent Director, Italian-Thai Development PCL; and Independent Director and Expert Commission Member, Office of Knowledge Management and Development (Public Organization).

In addition to his positions as Independent Director and Chairman of the Risk Oversight Committee of the Bank, Mr. Vanikkul presently serves as Executive Board Member, Chulalongkorn Hospital, Thai Red Cross Society; Independent Director and Member of the Audit Committee, Osotspa PCL.; and Independent Director, Member of the Audit Committee and Member of the Nomination, Compensation and Good Corporate Governance Committee, L.P.N. Development PCL.



Dr. Koanantakool attained a Bachelor's Degree and a Ph.D. in electrical engineering from Imperial College, University of London, U.K.

He has held several key positions in the public sector, including as Member of National Reform Steering Assembly and President of the National Science and Technology Development Agency (NSTDA). During his years in these key positions, Dr. Koanantakool was widely recognized as a key figure in, for example, stewarding the Y2K problem resolution in 2000, drafting and advocating the national IT policy, formulating Thailand's first national ICT master plan (2002-2006), pushing IT laws and assisting the Office of the Civil Service Commission in establishment of the Ministry of Information and Communication Technology.

In addition to his positions as Independent Director and Chairman of the Technology Committee of the Bank, Dr. Koanantakool presently holds key positions in several organizations such as Expert Member on Information Technology, Public Sector Audit and Evaluation Committee; Member, National Economic Reform Committee; Member, National Economic and Social Development Board; Chairman, Foundation for Research in Information Technology; and Director and Member of the State Enterprise Board Screening Committee, Board of State Enterprise Policy Office.



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

Mrs. Chalitaporn was appointed as Director of the Bank in 2002 and President in 2007-2015. She brings 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.

In addition to her positions as Director, Chairman of the Corporate Social Responsibility Committee and Member of the Risk Oversight Committee of the Bank, she is presently Chairman, Siam Commercial Foundation; Vice Chairman and Chief Advisor to the Executive Committee, Osotspa PCL; and Chairman, Index Living Mall PCL.



Police Colonel Wanichthanom received a Bachelor of Public Administration Degree from the Royal Police Cadet Academy and a Master of Public Administration Degree from Western Kentucky University, U.S.

During 1997-2017, he was appointed as Deputy Chamberlain, Personal Affairs Division of His Royal Highness the Crown Prince, Bureau of the Royal Household.

In addition to his positions as Director and Member of the Corporate Social Responsibility Committee of the Bank, he is presently Grand Chamberlain, Bureau of the Royal Household; Director of the Office of Privy Purse, Bureau of the Royal Household; Director and Deputy Director-General, The Crown Property Bureau; Chairman, Suvarnachad Co., Ltd.; Vice Chairman of Rajaprajanugroh Foundation, Deves Insurance PCL, Mongkolchai Co., Ltd., Banbung Vejchakij Co., Ltd., Siam Sindhorn Co., Ltd., CPB Equity Co., Ltd., Siam Bioscience Co., Ltd., Apexcela Co., Ltd., and Doi Kham Co., Ltd.; Director and Member of the Governance and Nomination Committee, Siam Cement PCL; and Director of Royal Project Foundation and Siam Commercial Foundation.



Mr. Kiriwat holds a Bachelor's Degree (Magna Cum Laude) in economics from Dartmouth College, U.S., and an M.B.A. Degree (Finance) from Harvard Graduate School of Business Administration, U.S.

He possesses remarkable knowledge and expertise in money and capital markets and was an executive at the Bank of Thailand, serving in various capacities, including as Director supervising the Financial Institution Application and Examination Department and the International Strategy Office, and Assistant Governor and Deputy Governor. He was Secretary-General of the Securities and Exchange Commission from 1992 to 1995 and was a Member of Parliament during 2001-2004.

Mr. Kiriwat has served on the Audit Committee of the Bank since 2012, and he presently also serves as Independent Director of Property Perfect PCL.



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

He has been widely recognized for his legal expertise and extensive experience in corporate governance. Formerly, he was Chairman of Weerawong, Chinnavat & Peangpanor Ltd.; Independent Director of Nok Airlines PCL and Minor International PCL; Independent Director and Chairman of the Audit Committee of Thai Airways International PCL; Independent Director and Member of the Audit Committee of GMM Grammy PCL; and Director, Thai Listed Companies Association.

In addition to his positions as Independent Director and Member of the Nomination, Compensation and Corporate Governance Committee of the Bank, Mr. Chittmittrapap presently serves as Independent Director and Chairman of the Nomination, Compensation and Corporate Governance Committee of SCB Life Assurance PCL; Independent Director of Berli Jucker PCL and Big C Supercenter PCL; Independent Director and Member of the Audit Committee of Bangkok Dusit Medical Services PCL; and Independent Director and Member of the Corporate Governance Committee, Asset World Corp PCL.



(As of December 31, 2018)

Mr. Parapuntakul received a Bachelor of Accounting Degree from Thammasat University and a Master of Business Administration Degree from Angelo State University, Texas, U.S.

Mr. Parapuntakul formerly held key positions in the public sector and state-owned enterprises including as Director-General, Public Debt Management Office; Director-General, Treasury Department; Director, Real Estate Information Center; and Director, Chairman of the Audit Committee and Member of the Internal Control and Risk Management Committee of Credit Guarantee and Investment Facility (CGIF) established by the Asian Development Bank (ADB). He also served on the boards of several private companies, including as Director, Krungthai Bank PCL; Independent Director and Member of the Audit Committee of Vichitbhan Palmoil PCL; and Director of PTT Exploration and Production PCL.

In addition to his position as Director and Member of the Nomination, Compensation and Corporate Governance Committee, and Member of the Risk Oversight Committee of the Bank, Mr. Parapuntakul is presently Deputy Permanent Secretary, Ministry of Finance; President, Federation of Accounting Professions under the Royal Patronage of His Majesty the King; Independent Director, Esso (Thailand) PCL; Independent Director and Member of the Audit Committee, Pinthong Industrial Park PCL; and Chairman of NBD Healthcare Co., Ltd., Vending Corporation Co., Ltd., and ASEAN Potash Chaiyaphum PCL.

* Mr. Parapuntakul has been additionally appointed as Member of the Executive Committee since January 18, 2019.



(As of December 31, 2018)

Mr. Wungcharoen received a Bachelor of Engineering Degree (in chemical engineering) from Chulalongkorn University, and a Master of Business Administration Degree from New York University, U.S.

He has been widely recognized for his wealth of knowledge and seasoned experience in managing commercial banks. He formerly served as Executive Vice President of Kasikorn Bank PCL; Chief Executive Officer and Director of TMB Bank PCL; and Chairman of the Thai Bankers' Association.

Mr. Wungcharoen has been appointed as Director of the Bank since 5 June 2018. In addition to his positions as Independent Director, Member of the Executive Committee, Member of the Risk Oversight Committee, and Member of the Technology Committee of the Bank, he presently serves as Director of Esso (Thailand) PCL; and Director, Vice Chairman of the Executive Committee, Member of the Nomination and Remuneration Committee, and Chairman of the Risk Management Committee, Asset World Corp PCL.

* Mr. Wungcharoen resigned as Member of the Executive Committee on January 14, 2019.



Mr. Kong-led received a Bachelor of Laws Degree from Ramkhamhaeng University, a Barrister-at-Law Degree from Thai Bar Association, and International Tax Program Certificate and Master of Laws Degree (ITP/LL.M.) from Harvard Law School University, U.S.

He possesses a wealth of knowledge and experience in the legal, organizational management, corporate governance and organizational sustainability fields. Formerly, he was Director, Government Savings Bank; Deputy Permanent Secretary and Advisor of Law, Ministry of Finance; Director-General, Public Debt Management Office; and Director, Don Muang Tollway PCL.

In addition to his positions as Director and Member of the Corporate Social Responsibility Committee of the Bank, Mr. Kong-led is presently Director-General, State Enterprise Policy Office, Ministry of Finance; Chairman, National Credit Bureau Co., Ltd.; and Director of Dhipaya Insurance PCL and Siam Commercial Foundation.



Dr. Decharin received a Bachelor's Degree from the Faculty of Commerce and Accountancy, Chulalongkorn University, and a Master's Degree in business administration from University of Colorado Boulder, U.S. He also obtained a Ph.D. in technology management from Asian Institute of Technology.

Prior to his appointment in 2011 as Dean of the Faculty of Commerce and Accountancy, Chulalongkorn University, he was the Assistant to the President of Chulalongkorn University and Head of Accountancy Department, Faculty of Commerce and Accountancy, Chulalongkorn University.

Dr. Decharin has been appointed as Independent Director and Member of the Audit Committee of the Bank since October 2018. In addition, he serves as Independent Director and Member of the Audit Committee of Thai Oil PCL and Krungthai Car Rent and Lease PCL; Independent Director of Aksorn Education PCL; and Chairman and Independent Director of Warrix Sports Co., Ltd.



(As of December 31, 2018)

Mr. Nanthawithaya holds a Bachelor's Degree in economics from Chulalongkorn University and an M.B.A. Degree in finance from Sasin Graduate Institute of Business Administration. He also participated in an exchange program at the Wharton School, University of Pennsylvania, U.S.

Mr. Nanthawithaya commenced his career at the Siam Commercial Bank's Treasury Department in 1994, before moving on to Cargill Financial Services as Hedge Fund Manager in 1998. After that, he joined Standard Chartered Bank, where he rose to the position of Managing Director and Regional Head of Capital Markets, Southeast Asia. Mr. Nanthawithaya re-joined the Siam Commercial Bank in 2008 as Senior Executive Vice President, Corporate Banking Group.

He was appointed as Chief Executive Officer and Vice Chairman of the Executive Committee of the Bank in 2015 and the President and Chief Executive Officer in 2016. In February 2019, the Bank transformed its management structure to accelerate its journey toward becoming a future bank and appointed Mr. Nanthawithaya as Director and Chief Executive Officer.

* Mr. Nanthawithaya has served as Director, Chief Executive Officer, Member of the Executive Committee, and Member of the Risk Oversight Committee since February 5, 2019.



(As of December 31, 2018)

Mr. Thien-Ngern earned a Bachelor's Degree in civil engineering from King Mongkut's University of Technology Thonburi and Master's Degrees in business administration and manufacturing systems engineering from Lehigh University, U.S.

Before joining the SCB Group as Chief Executive Officer of Digital Ventures Co., Ltd. in 2017 and also as the Bank's Senior Executive Vice President and Chief Digital Transformation Officer in 2018, Mr. Thien-Ngern held several key positions including Research Director, Iacocca Institute; Country Managing Director, Accenture Consulting; Deputy Secretary-General to the Prime Minister; and General Manager, Microsoft (Thailand).

He was appointed as Director and Member of the Technology Committee of the Bank in 2018. Presently, he is President and Member of the Technology Committee following the Bank's transformation of its management structure in February 2019.

* Mr. Thien-Ngern has resigned as Director and has been appointed as President since February 5, 2019.

Senior Executive Officers

(As of December 31, 2018)

DR. VICHIT SURAPHONGCHAI

Chairman of the Executive Committee
(See page 21 for profile)

MR. ARTHID NANTHAWITHAYA

President and Chief Executive Officer
(See page 28 for profile)

MR. ORAPONG THIEN-NGERN

Director, Member of the Technology Committee
and Senior Executive Vice President,
Chief Digital Transformation Officer
(See page 28 for profile)



MR. SARUT RUTTANAPORN*

Senior Executive Vice President,
Head of Retail Segment and Branch Network

Mr. Ruttanaporn is a Senior Executive Vice President serving as the Head of Retail Segment and Branch Network. He began his banking career in 1996 as an investment banking analyst at SCB Securities Co., Ltd. From 2000 to 2005, he worked at Deutsche Bank AG as the Head of Corporate Coverage and Debt Capital Market and later joined JP Morgan Chase Bank, where he led the team for Credit & Rates Market Sales.

He joined Siam Commercial Bank in 2009 as an Executive Vice President in the Wholesale Banking Group and was subsequently promoted to First Executive Vice President as the Head of Corporate Segment in 2016. Mr. Ruttanaporn holds a B.A. degree in economics from Boston University, U.S. and an M.B.A. in finance from Sasin Graduate Institute of Business Administration.

* On February 5, 2019, Mr. Ruttanaporn was appointed as a President of the Bank.



Dr. ARAK SUTIVONG*

Senior Executive Vice President, Chief Financial Officer and Chief Strategy Officer

Dr. Sutivong is currently the Chief Financial Officer and Chief Strategy Officer of SCB Group. He is a board member of SCB Asset Management, SCB Abacus and SCB-Julius Baer.

Dr. Sutivong joined SCB in 2010. He was appointed as Senior Executive Vice President and Chief Strategy Officer in April 2017 and Chief Financial Officer in May 2018.

Prior to joining SCB, Dr. Sutivong worked for over 10 years at leading multi-national corporations. He was with McKinsey & Company in its Southeast Asia Office, where he advised clients on strategy and corporate finance across multiple industries including telecommunications, technology, energy and government. Prior to that, he worked at Qualcomm Inc. in the U.S., where he led wireless telecommunications R&D and co-authored over 50 U.S. patents.

Dr. Sutivong holds a Ph.D. in electrical engineering from Stanford University, U.S. and M.S. and B.S. degrees in electrical and computer engineering from Carnegie Mellon University, U.S.

* On February 5, 2019, Dr. Sutivong was appointed as a President of the Bank.



MRS. APIPHAN CHAROENANUSORN*

Senior Executive Vice President, Head of Retail Lending Products, Head of Retail Payments and Head of Facility Management

Mrs. Charoenanusorn is a Senior Executive Vice President serving as the Head of Retail Lending Products, Head of Retail Payments, and Head of Facility Management. Her professional background spans a wide range of roles including as auditor, accountant, project manager, finance director and operations director. She worked at Unilever Thai Trading for 15 years from 1993 to 2007 and served as Operations Finance Director at Tesco Thailand from 2007 to 2008.

She joined Siam Commercial Bank in 2008 to lead the Management Services and Retail Operations Division of the Retail Banking Group. In 2013, she became the Head of Retail Operations Division in the Technology and Operations Group and took the role of Head of Operations in 2015.

Mrs. Charoenanusorn holds a Bachelor's Degree in finance and accounting with honors from Chulalongkorn University and an executive M.B.A. in business administration from Kasetsart University.

* On February 5, 2019, Mrs. Charoenanusorn was appointed as a President of the Bank.



DR. JENS LOTTNER*
Senior Executive Vice President,
Chief Data Officer

Dr. Lottner was appointed as Senior Executive Vice President and Chief Data Officer in July 2018. He joined the Bank as Senior Executive Vice President and Chief Transformation Officer in June 2015. Dr. Lottner began his career with McKinsey & Company in 1992 in Germany, where he was elected Partner in 2000. He moved to Malaysia in 2001 and to Singapore in 2005, where he was a Senior Partner leading McKinsey's financial services practice in ASEAN until 2012. He simultaneously led its Asia Pacific Risk Management Practice and was a member of the Asia Pacific Management Committee. Three years prior to joining the Bank, Dr. Lottner was Senior Partner and Managing Director of the Boston Consulting Group in Singapore, heading its financial services practice across ASEAN.

Dr. Lottner holds a Doctorate in Economics from the Dresden University of Technology, Germany, and attained a Diploma in Economics from the University of Bonn, Germany.

* On February 5, 2019, Dr. Lottner was appointed as Senior Executive Vice President, Chief Financial Officer and Chief Strategy Officer (Acting).



MR. ANUCHA LAOKWANSATIT, CFA
Senior Executive Vice President,
Chief Risk Officer

Mr. Laokwansatit was appointed as Senior Executive Vice President and Chief Risk Officer of the Bank in June 2015. He was also appointed as a Board Director of SCB Life Assurance PCL. in June 2015. In February 2016, he was appointed to the Board and to also serve as Chairman of the Investment Committee of Digital Ventures Co., Ltd. He presently chairs the Bank's Risk Management Committee, Investment Committee and Underwriting Committee.

Prior to assuming his position with the Bank, he served as General Manager and Chief Investment Officer at AIA Thailand, from 1999 to 2015. From 1998 to 1999 he was Assistant Secretary General for the Financial Sector Restructuring Authority, and between 1991 and 1998 was Financial Advisor to the Executive Board at TPI Polene PCL; Executive Vice President at Thai Nitrate Co., Ltd; and Executive Vice President at Thai Caprolactam PCL. From 1990 to 1991, he was Associate Director of Structured Finance at Chase Manhattan Asia Ltd, Hong Kong, and from 1983 to 1990 he was Vice President of Corporate Banking at Chase Manhattan Bank, Bangkok Branch.

Mr. Laokwansatit earned an M.B.A. with a concentration in finance and international business from the University of Chicago, U.S., and a Bachelor of Science Degree, majoring in finance, from San Francisco State University, U.S.



MRS. WALLAYA KAEWRUNGRUANG
Senior Executive Vice President,
Chief Legal and Control Officer

Mrs. Kaewrungruang is a veteran in the field of financial law. With over 33 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 the Bank, Mrs. Kaewrungruang worked as a legal executive for firms in the banking and financial services industry, including Krungthai Legal Services Co., Ltd., Bank of Asia PCL, Sukhumvit Asset Management Co., Ltd., and most recently as Senior Executive Vice President, Managing Director, Compliance and Legal Management Group for Krung Thai Bank PCL.

She holds LL.B. and LL.M. degrees in business law from Chulalongkorn University, and an LL.M. in international banking law from Boston University, U.S. She is also a Barrister-at-Law at the Institute of Legal Education, Thai Bar Association. She joined the Bank as Senior Executive Vice President in June 2014.



MR. COLIN RICHARD DINN*
Senior Executive Vice President, Chief
Technology Officer and Head of Operations

Mr. Colin Dinn joined Siam Commercial Bank in April 2016 as Senior Executive Vice President and Chief Technology Officer (CTO).

Mr. Dinn's responsibility has been to create a structure and capability within the Group Technology Function to implement advanced digital and data technology capabilities to be leveraged in execution of the Bank's new business model. This required the implementation of digital de-coupling to leverage the functional capability in the core product systems, providing an agile platform to support business growth and a data infrastructure to advance the use of data via artificial intelligence and machine learning.

Before joining Siam Commercial Bank, Mr. Dinn was Group Executive for ANZ Bank playing a number of critical delivery and strategy roles including overall delivery responsibility for establishment of a new, wholly owned subsidiary and development of a regional-based model addressing products, processes and technology.

Mr. Dinn's prior regional roles included Managing Director of Fidelity Information Services, a financial services technology solution provider, running the business in greater-China and the consulting services for the Asia-Pacific region.

* On February 5, 2019, Mr. Dinn was appointed as Senior Executive Vice President, Chief Technology Officer.



MR. THANA THIENACHARIYA*
Senior Executive Vice President,
Chief Marketing Officer

Mr. Thienachariya was appointed to the position of Senior Executive Vice President, Chief Marketing Officer of Siam Commercial Bank in 2017. Previously, he served as Acting Chief Marketing Officer and Chairman of the Executive Committee of Digital Ventures, a subsidiary of the Bank, in 2016.

Prior to joining the Bank, he served as a Director of Singha Estate PCL and SF Corporation PCL, during 2013-2016. He held the position of Chief Executive Officer of the broadcast business of GMM Grammy PCL from 2012-2013. In addition, he was Chief Commercial Officer of Total Access Communication (DTAC) during 2010-2011.

Mr. Thienachariya holds a B.A. degree in economics (Second Honors) from Chulalongkorn University and an M.B.A. degree from Washington State University, U.S.

* On February 5, 2019, Mr. Thienachariya was appointed as Senior Executive Vice President, Chief Marketing Officer and Head of External Communication & CSR (Acting).



MR. SARUNTHORN CHUTIMA*
Senior Executive Vice President,
Head of Special Business

Mr. Chutima serves as Senior Executive Vice President, Head of Special Business, a unit that is responsible for monitoring and preventing the formation of new non-performing loans (NPLs), managing the bulk of the Bank's portfolio of NPLs and non-performing assets (NPAs) and providing practical advice on restructuring debts. He has 32 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 M.B.A. from Ohio University, U.S. 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 secondment to ITV Co., Ltd. in 1996 to serve as that company's Managing Director and the Bank's representative. After completing his mission to divest the Bank's controlling stake in ITV, he returned to the Bank to resume his work with large corporate clients. He was promoted to Executive Vice President, Corporate Division 1 in 2003. Subsequently, he was promoted to First Executive Vice President, Special Situations Group in February 2009 in order to provide practical advice for restructuring debts and develop a proactive and systematic framework to protect against new NPL formation for customers adversely affected by changes in the economic environment. He was promoted to Senior Executive Vice President in December 2010.

* On February 5, 2019, Mr. Chutima was appointed as Advisor to CEO - Special Business.



MS. PHANPORN KONGYINGYONG
Senior Executive Vice President,
Chief People Officer

Ms. Kongyingyong is a Senior Executive Vice President serving as Chief People Officer. She joined SCB in 2009 as an Executive Vice President to work in the branch network for the Retail Banking Group and was subsequently promoted to First Executive Vice President to head the Retail Segment and Branch Network in 2015. She was appointed as Chief People Officer in April 2017. Previously she worked at American Express (Thailand) for 12 years before joining GE in 1995 to take on a wide range of roles across several units within the group, including GE Capital (Thailand), GE Capital Auto Lease PCL, GE Money Retail Bank and GE Money Asia.

Ms. Kongyingyong holds a B.B.A. Degree in accounting as well as an executive M.B.A. from Assumption University.



MR. NARONG SRICHUKRIN*
Senior Executive Vice President, Head of
Wealth Segment and Head of Wealth Products

Mr. Srichukrin is a Senior Executive Vice President serving as the Head of Wealth Segment and the Head of Wealth Products. He has over 26 years of experience in the banking industry, having worked at Citibank N.A., Thailand for 14 years and subsequently at Standard Chartered Bank (Thai) from 2003-2007.

He joined Siam Commercial Bank in 2008 to work in the Alternate Channels, Sales and Service Division in the Retail Banking Group. In 2015, he was appointed as First Executive Vice President to lead the Auto Finance and Personal Loan Product.

Mr. Srichukrin holds a Bachelor's Degree in economics with honors from Thammasat University and an M.B.A. in finance and banking from a university in the United States.

* On February 5, 2019, Mr. Srichukrin was appointed as Senior Executive Vice President, Chief Wealth Banking Officer.



MRS. PIKUN SRIMAHUNT*
Senior Executive Vice President,
Head of SME Segment

Mrs. Srimahunt is a Senior Executive Vice President serving as the Head of SME Segment. She first joined Siam Commercial Bank in 1993 as a management trainee and later took a full-time position as a commercial credit analyst specializing in the electronics and construction industries. In 1996, she transferred to work with the real estate team in the Corporate Division until 2008, when she was appointed as Senior Vice President responsible for residential mortgage products. With her wealth of banking experience and her significant contribution to SCB's attainment of the highest market share in the housing loans market, she was appointed as Head of Mortgage and SSME Product in 2013 and became the Head of SME segment in 2017.

Mrs. Srimahunt holds a Bachelor's Degree in economics with honors from Chiang Mai University and an M.S. degree in development economics from National Institute of Development Administration (NIDA).

* On February 5, 2019, Mrs. Srimahunt was appointed as Senior Executive Vice President, Chief SME Banking Officer.



MR. WASIN SAIYAWAN*
Senior Executive Vice President,
Head of Corporate Banking

Mr. Saiyawan is a Senior Executive Vice President serving as the Head of Corporate Banking. He started his career in SCB's Treasury Department and worked as a member of the interbank dealing team for two years. In 1999, he joined Standard Chartered Bank (Thailand) where he was in charge of FX sales and financial markets at the regional level. He returned to Siam Commercial Bank in 2009 to join the treasury sales team of the Financial Markets Division and become Head of Commercial Banking Solutions in 2015.

Mr. Saiyawan holds a B.A. degree in economics from the University of Kansas, U.S. and an M.B.A. in management from New Hampshire College, U.S.

* On February 5, 2019, Mr. Saiyawan was appointed as Senior Executive Vice President, Chief Wholesale Banking Officer.



MRS. PIMOLPA SUNTICHOK*
Senior Executive Vice President,
Head of Commercial Banking Solutions

Mrs. Suntichok is a Senior Executive Vice President serving as the Head of Commercial Banking Solutions. She has over 20 years of experience in banking, having worked at Bangkok Bank PCL, Jardine Fleming Thanakom Securities Ltd., Fitch Ratings (Thailand) Ltd., and Standard Chartered Bank (Thailand). She joined Siam Commercial Bank in 2008 to lead the Capital Markets Division and became Head of Corporate Segment in 2015 and Head of Multi-Corporate Segment in 2016.

Mrs. Suntichok holds a B.S. degree in statistics from Chulalongkorn University and an M.B.A. from Eastern Michigan University, U.S.

* Mrs. Suntichok has resigned from the Bank with effect from March 1, 2019.

First Executive Vice President

(As of February 5, 2019)

Ms. Araya	Phuphanich	Mrs. Nataya	Sukhum
Ms. Auraratana	Jutimita	Mrs. Natthakan	Kanpachai
M.L. Chiradej	Chakrabandhu	Mr. Nopadol	Mungonchai
Mr. Christian	Roland	Mr. Paiboon	Tangkanokpairaj
Ms. Jamaree	Ketrakool	Ms. Parichart	Changprai
Mr. Kamalkant	Ishwarlal Agarwal	Mr. Parnu	Chotiprasidhi
Mr. Kiradit	Arromdee	Ms. Phannee	Prachantrikal
Mr. Krieng	Wongnongtaey	Ms. Pimjai	Tongmee
Ms. Lalitphat	Torनाविकrai	Ms. Piyaahpa	Charoenvej
Ms. Pitiporn	Phanaphat	Mr. Rungsan	Ongsaranakom
Mr. Pongsit	Chaichutpornasuk	Mr. Rungsi	Vongkitbuncha
Ms. Soramon	Inkatanuvatana	Mrs. Sakara	Asvaraksh
Mr. Suthipat	Serirat	Mr. Sakda	Dumnakkaew
Mr. Trirat	Suwanprateeb	Ms. Salisa	Hanpanich
Ms. Vorada	Thangsurbkul	Ms. Saranya	Vajakul
Mr. Woraphon	Watunyuta	Mr. Seksan	Pornpairin
Mr. Worawat	Suvagondha	Mr. Seksom	Intralawan
Mr. Yunyong	Thaicharoen	Mr. Siri	Ruttanawetwong

Executive Vice President

Mrs. Anisa	Choocharn	Mrs. Siribunchong	Uthayophas
Mrs. Apiradee	Synsukpermpoon	Mr. Sirote	Vichayabhai
Mr. Arpat	Vijitakula	Mr. Sittiporn	Thanyarattana
Mr. Artapong	Porndhiti	Mr. Somsakul	Vinichbutr
Ms. Chunpen	Vitchichunthakhron	Ms. Soontharee	Rajitprueksa
Mr. Ekkapol	Apinun	Mr. Sornchai	Suneta
Mr. Ittiphan	Jearkjirm	Mr. Srihanath	Lamsam
Ms. Jittinun	Chatsiharach	Mr. Sutirapan	Sakkawatra
Mr. Kaitchai	Pullsuppasit	Mr. Suwan	Chaichanayotinvaracha
Mr. Kalyanaraman	Sivaramakrishnan	Mr. Tana	Pothikamjorn
Mr. Kanin	Rangkla	Mr. Tanik	Tarawisid
Ms. Kanokwan	Jaisri	Ms. Teerin	Ratanapinyowong
Ms. Kluaymai	Devahastin Na Ayudhaya	Mr. Thanawatn	Kittisuwan
Mr. Kramol	Pulkes	Mr. Theeradate	Sritarachiyanon
Mr. Manop	Sangiambut	Ms. Veena	Lernimitr
Ms. Nartruedi	Punyaratabandhu	Ms. Vipasiri	Chantanumat
		Mrs. Virasana	Boonyasai
		Mr. Vitoon	Pornsakulvanich
		Ms. Wannarat	Phanjan

Governance Structure

As of February 5, 2019

Board of Directors

Board Committees

Executive Committee

Chairperson: Dr. Vichit Suraphongchai

Audit Committee

Chairperson: Mr. Prasan Chuaphanich

Nomination, Compensation, and Corporate Governance Committee

Chairperson: Mr. Kan Trakulhoon

Risk Oversight Committee

Chairperson: Mr. Kirk Vanikkul

Technology Committee

Chairperson: Dr. Thaweesak Koanantakool

Corporate Social Responsibility Committee

Chairperson: Mrs. Kannikar Chalitaporn

Management Committees

Assets and Liabilities

Management Committee

Chairperson: Mr. Arthid Nanthawithaya

Management Committee

Chairperson: President Team

President team consists of:

1. Mr. Sarut Ruttanaporn
2. Mr. Orapong Thien-Ngern
3. Dr. Arak Sutivong
4. Mrs. Apiphan Charoenanusorn

Risk Management Committee

Chairperson: Mr. Anucha Laokwansatit

Equity Investment

Management Committee

Chairperson: Dr. Arak Sutivong

Major SCB Group Companies

SCB
Securities



100%
OWNERSHIP

SCB
Asset Management



100%
OWNERSHIP

SCB
Life Assurance



99.17%
OWNERSHIP



100%
OWNERSHIP

SCB
ABACUS



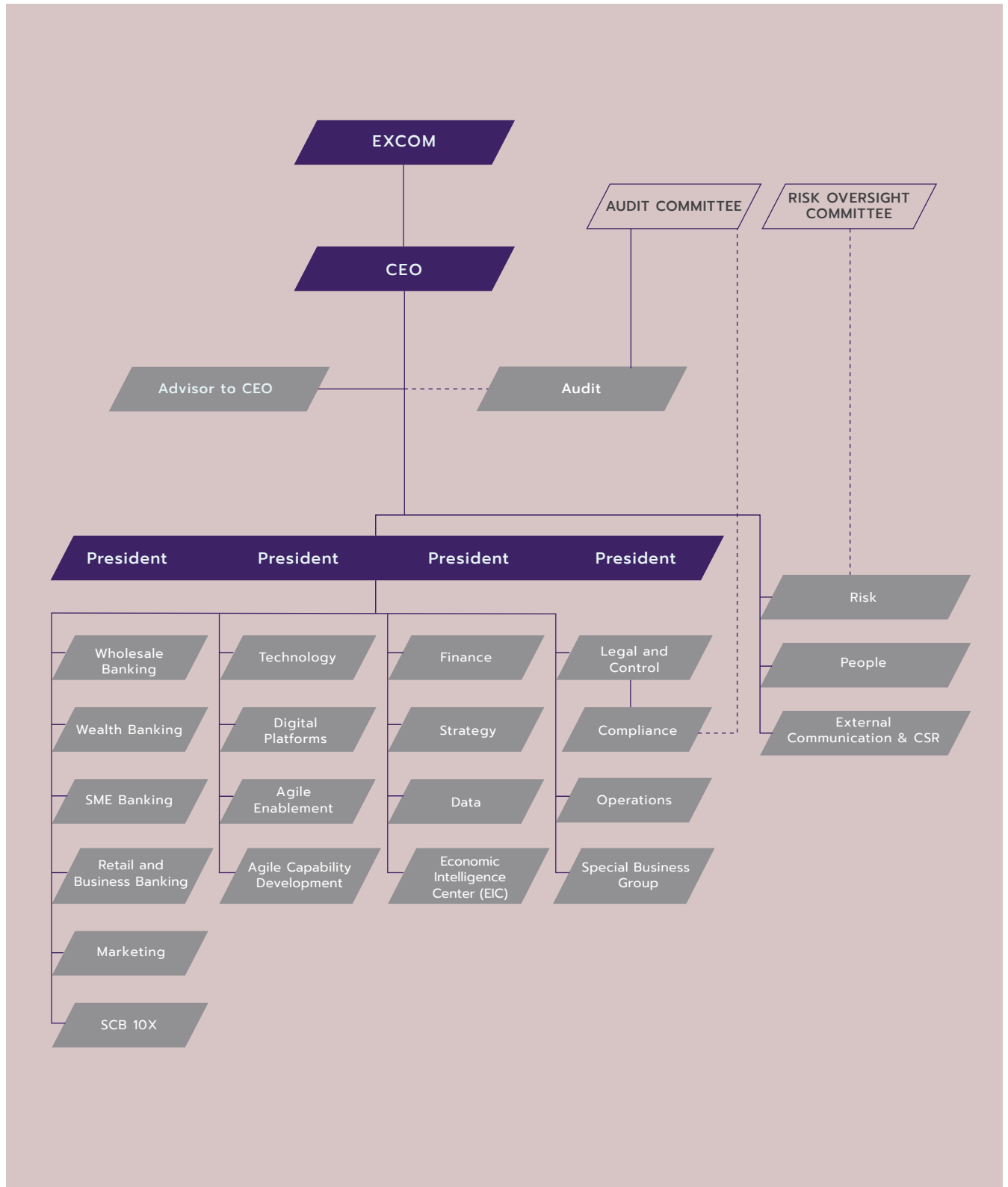
100%
OWNERSHIP

SCB
Julius Bär



60%
OWNERSHIP

Management Structure







Business Overview

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Thailand's GDP grew by

4.1% in 2018

The highest rate in 6 years



Thai economy is
expected to expand by

3.8% in 2019



Thailand's Economy in 2018 and Outlook for 2019

Thailand's GDP grew by 4.1% year-on-year in 2018, the highest rate in six years. The main driver was the export sector, which expanded by 6.7%. The tourism sector, which surged in the first half of the year, together with an upturn in public investment, lifted employment and household income. This led to a clear rise in private consumption, up by a remarkable 4.6%, supported particularly by consumption of durables led by purchases of passenger cars.

However, in the third quarter, Thailand's exports began to be affected by the global economic slowdown and trade war between China and the United States. The tragic sinking of a passenger boat in Phuket triggered a sharp contraction in arrivals of tourists from China. These negative factors dragged economic growth down to a lower rate in the second half of 2018 compared to the first half.

SCB forecasts the Thai economy to expand by 3.8% in 2019, a slower rate than the preceding year. This figure signals that growth is entering the late part of the expansion cycle due to the slowdown in the major economies and the impact of trade war, which will drag on Thai export growth this year. However, the projected GDP growth rate is still better than in the preceding five years (2014-2018), when the average annual rate was only around 3%. The positive factors that will support growth in 2019 include domestic spending, especially investment, which is expected to accelerate supported by expansion of production capacity in various industries; continuing public investment in infrastructure mega-projects; and the relocation of production bases into Thailand by foreign businesses affected by the trade war. In addition, household consumption is expected to increase gradually thanks to low

unemployment, a gradual income recovery and government stimulus measures.

Thailand's economic stability is projected to remain solid thanks to a current account surplus that will remain high despite a likely slight decline; adequate foreign exchange reserves; low unemployment; and relatively low public debt, which enables the use of fiscal policy as an economic stimulus. These factors will strongly cushion Thailand's economy against global economic volatility going forward. External challenges may rise in 2019. These include 1) the trade war, which began to affect export growth in the previous year, may be further intensified, which will weigh down growth more than previously expected; 2) tighter monetary policy worldwide, which will increase borrowing costs in many countries, reduce capital flows to emerging markets and drive financial volatility; and 3) geopolitical risk and political uncertainty, exemplified by Brexit, the rise of populist leaders in Italy and U.S. sanctions on Iran.

Within Thailand, several challenges will pressure businesses to adapt quickly. The challenges include 1) constraints on consumer spending due to high household debt; 2) tighter domestic financial conditions because of higher borrowing costs and macroprudential measures that aim to strengthen financial stability; and 3) structural changes in terms of new technology, changing consumer behavior, and intense domestic and international competition. Despite Thailand's economic stability and growth momentum, these factors may have a negative impact on households, workers and businesses that are unable to respond rapidly enough.

Industry and Competition Review

In the past few years, Thai banks have had to face many rapid changes especially from disruptive technology. Most banks have started to adapt and transition to the digital era while maintaining strong overall performance.

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

as of December 31, 2018

Unit: Baht billion

Financial statement (consolidated)	Thai commercial banking sector*		Change % yoy	SCB 2018	SCB's market share %
	2018	2017			
Assets	17,535	16,910	3.7	3,187	18.2
Gross loans	12,128	11,494	5.5	2,141	17.6
Deposits	12,077	11,634	3.8	2,160	17.9
Net profit	203	187	8.5	40	19.8

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



In 2018, aggregated net profit for the Thai banking industry increased by 8.5% yoy despite the industry-wide adoption of a digital transaction fee waiver. The net profit increase was mainly due to higher net interest income (NII) from loan growth, better NIM and lower provisions. Some banks also booked higher gain on investments and higher net gain on trading which helped offset foregone revenue from the digital transaction fee waiver.

Gross loans in the Thai commercial banking sector moved in lockstep with the domestic economy, recording 5.5% loan growth in 2018. Strong loan growth was most evident in retail and corporate segments. Deposits also increased by 3.8% yoy with the major source of growth coming from savings deposits.

The Thai commercial banking sector demonstrated a strong capital position with the total capital adequacy ratio (CAR) on a bank-only basis at 17.4% in 2018, which was higher than the minimum capital required under Basel III. The non-performing loan ratio of Thai commercial banks was stable at 3.2% in 2018, while the coverage ratio improved yoy to 151% in 2018.

Thai commercial banks are likely to maintain a high level of capital to accommodate future regulatory changes from both the new accounting standards (IFRS) and new Basel capital requirements as well as protecting themselves against heightened global economic uncertainty.

Thai commercial
banking sector
demonstrated
a strong capital
position



In 2018, aggregated net
profit for the Thai banking
industry increased by

8.5 %
yoy

Gross loans in the Thai
commercial banking sector
moved in lockstep with the
domestic economy, recording

5.5 %
growth in 2018



Total loans grew
by

5.2%

from 2017



The Bank's consolidated
net profit was Baht

40.1

billion

Business Overview and Strategy of the Bank and Its Subsidiaries

Background

Siam Commercial Bank (SCB) was established by Royal Charter as Thailand's first indigenous bank on January 30, 1906. Over the past 113 years, SCB has played a pivotal role in shaping the country's financial services landscape throughout many economic cycles and times of political change. Backed by the strong support of its major shareholder, the Bank has managed to emerge from these periods as a bigger, better and stronger bank.

Following Asia's financial crisis in 1997, the Bank undertook a major recapitalization by joining the Ministry of Finance's Tier 1 Capital Support Scheme (the August 14, 1998 Measure). As a result, the Ministry of Finance became one of the two largest shareholders of the Bank in May 1999, along with the Crown Property Bureau. The Ministry of Finance subsequently established the Vayupak Fund 1 and transferred a substantial part of its stake to the Fund on December 1, 2003. SCB's major shareholders as of December 28, 2018 were His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun (23.35%) and Vayupak Fund 1 (23.10%).

SCB Today

As one of the leading universal banking groups in Thailand, SCB provides a wide array of financial products and services to meet the needs of a broad

range of customers. True to its role as a universal bank, SCB has a large presence throughout the financial services landscape in Thailand.

Complementing its core transaction services related to deposits and loans, the Bank provides a comprehensive range of products and services tailored to meet specific customer needs. Retail services include home loans, personal loans, car hire purchase, credit cards, debit cards, currency exchange facilities and overseas remittances as well as investment and bancassurance products. For corporate and SME customers, the Bank offers business cash management services, lending products, trade finance, treasury products, bond and equity products, investment banking & corporate advisory and other related financial services.

The Bank has three major subsidiaries to provide financial solutions that address customers' specific needs: SCB Securities Co., Ltd.; SCB Asset Management Co., Ltd.; and SCB Life Assurance PCL. In addition, the Bank has set up fintech and analytics subsidiaries namely Digital Ventures Co., Ltd. and SCB Abacus Co., Ltd. whose mandates are to develop new capabilities and leverage leading technologies to facilitate the Bank's business. Also, the Bank has established a joint venture with Julius Baer, the leading global private banking group based in Switzerland to provide world-class wealth management services to ultra-high-net-worth customers.

Share of Revenue by Customer Segment (Consolidated)	2018	2017	2016
Multi-Corporate & Corporate Segment*	20%	20%	21%
SME Segment **, **	13%	14%	16%
Retail & Wealth Segment *	55%	54%	59%
Others ***	12%	12%	4%

* Including revenue from major subsidiaries allocated to each segment accordingly.

** Including Small SME segment.

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

Performance in 2018

Rapid technological advancement has significantly changed the way banks operate and has caused constant disruption, which is now a new normal. To adapt to these changes, SCB continued its transformation journey in 2018 to create distinctive value propositions by providing a digital lifestyle solution for retail customers through our new mobile banking platform and supporting corporate and SME clients to grow their businesses in the digital era. The year 2018 also marked a departure from the traditional revenue structure of the banking industry as big banks, led by SCB, eliminated fees for digital transactions. The digital fee waiver led to accelerated growth in SCB's number of digital users, which almost doubled to 9 million at the end of 2018. This rapid migration to digital channels paves the way for SCB to create better customer experiences and lower its cost to serve.

In 2018, the Bank's consolidated net profit was Baht 40.1 billion, a 7.1% decrease from 2017, primarily due to higher operating expenses from new technology investments and customer acquisition initiatives under the SCB Transformation Program, and lower non-interest income from a decline in both net fee income (largely from the digital transaction fee waiver) and net insurance premiums. Nonetheless, the Bank's total operating income increased by 1.5%, mainly due to net interest income growth of 4.4% driven by higher loan volume and relatively stable net interest margin.

Total loans grew by 5.2%, which was slightly below the Bank's target of 6-8%. Loan growth was driven by the corporate and retail segments. The non-performing loan ratio marginally increased to 2.85% in 2018, from 2.83% the year before, while the NPL coverage ratio improved to 146.7% from 137.3% in 2017. Moreover, the total capital adequacy ratio under Basel III remained strong, at 17.1% of total risk-weighted assets and 15.1% of common equity Tier 1.

The Bank has maintained its leadership in a broad range of products and services across customer segments with the largest network coverage

in the country. At the end of 2018, the Bank had 1,019 traditional branches, 14 investment centers, 6 business centers, 1 service center, 9,622 ATMs and 72 foreign exchange kiosks.

As a service provider, the Bank believes in putting employees at the heart of our business to drive customer engagement and satisfaction. To constantly understand customer satisfaction and employee engagement, the Bank uses well-established methodologies like the net promoter score (NPS) to survey customer satisfaction and organizational health index (OHI) to evaluate employee engagement level. The survey results show high levels of customer and employee engagement relative to industry benchmarks, which gives the Bank a unique competitive edge today and the best assurance of sustainable profitability for the future.

SCB Transformation Update

The Bank's transformation journey has been underway since mid-2016, backed by a total investment of approximately Baht 40 billion. SCB Transformation aims to create distinctive value propositions by providing a digital lifestyle solution for retail customers through our new mobile banking platform, "SCB EASY", and supporting corporate and SME clients to grow their business in the digital era. During the first two years of the program, the Bank directed its efforts towards "fixing and building" the foundations in various areas with the following progress:

- **Digital platforms:** Since the launch of the SCB EASY App in August 2017, new features have been continuously added to deliver financial services that truly meet customer needs in every moment (the "Moment Banking" concept) with the goal of strengthening customer engagement. SCB EASY App serves as a transactional, sales and lifestyle platform to enhance customers' digital experience, which currently allows them to apply for loans and credit cards, make investment transactions and purchase travel insurance. Currently the SCB EASY App has

approximately 9 million users. The Bank also launched “SCB EASY PAY – Mae Manee Money Solution,” a QR code payment under the “Lifestyle Payment” concept with a merchant base surpassing the 1 million milestone in less than a year, totaling 1.3 million merchants at the end of 2018. The Bank has also developed “SCB Business Anywhere” as a new digital banking platform to deliver a superior financial management experience for corporate clients with an initial focus on cash management services. This highly secure platform not only simplifies cash management but also offers convenient account management along with transfer and payment functions across multiple channels.

- **Digitization:** The Bank leverages technology to improve customer service and optimize internal operations. Highlights of key initiatives are as follows:
 - **Onboarding journey:** Digital onboarding has been implemented to streamline the account opening process for both retail and corporate accounts. With advanced biometric technology for electronic know-your-customer (E-KYC) & electronic signature, retail customers can open accounts by themselves. For corporate and SME customers, an innovative onboarding platform, “StartBiz,” has been recently launched to streamline the account opening process, which significantly cuts down both required documentation and servicing time.
 - **Advisory journey:** New technology has been adopted to enhance the Bank’s advisory capabilities for wealth, insurance, and corporate customers. The Bank uses digital devices and advanced analytics to identify customer needs, conduct analysis and provide appropriate advice as well as to identify the right products and services.
 - **Lending journey:** The Bank’s digital lending platform has been integrated into the SCB EASY App to give customers convenient, fast, and

secure access to a wider range of loan products. Particularly, the Bank’s data analytics capability gives insights into individual customers and makes personalized offerings possible. Currently, digital lending with straight-through processing is available for our Speedy Loan, Speedy Cash and credit card products.

- **Coverage:** SCB is committed to providing comprehensive nationwide coverage for the Thai society. The Bank offers products and services that address the needs of all customer segments through traditional branches, digital channels and other service touchpoints such as investment centers, business centers, etc. As digital channels become increasingly popular, the Bank has developed an omni-channel service network to deliver a seamless online and offline customer experience. The Bank analyzes customers’ channel usage behavior, channel density, potential business growth, pace of digital adoption and other factors to continually optimize its channel mix.
- **Analytics:** After upgrading its data storage system and building a data lake to improve data accessibility across the organization, the Bank turned its focus to getting the most out of existing data. In 2018, this effort extended to areas such as behavior-based risk analytics and marketing analytics to identify target customers and next best action for the customer, network and fraud analytics.
- **Technology:** The Bank developed new platforms, such as cloud infrastructure and microservices/API architecture, while continually upgrading core technology platforms across the organization, such as accounting system, human resource management platform and payment hub.
- **People:** The Bank set up SCB Academy to enhance people capabilities and prepare them for changing roles. With an initial focus on executives, middle management and next generation talent, the Bank continues to provide training to develop new skills necessary for the

digital age, such as design thinking, data analytics, digital-related skills and agile project management.

- **Innovation push:** SCB has consistently promoted innovation and disruptive capabilities both through subsidiaries as well as internal units. For example, Digital Ventures, a subsidiary of the Bank, has applied blockchain solutions to create a digital platform for procurement processes under the B2P (Blockchain solution for Procure-to-Pay) to be used by partners and supply chains of the Bank's corporate clients. Moreover, blockchain solutions will be used for retail customers to increase efficiency for cross-border remittance by reducing processing time from days to a few minutes. In addition, SCB Abacus, another subsidiary of the Bank, has recently developed an end-to-end digital lending platform on an e-marketplace to support SMEs using artificial intelligence and machine learning technology. Moreover, SCB Abacus together with SCB Asset Management recently launched "Perm Poon," the first mutual fund advisory chatbot in Thailand, to increase investment accessibility for customers.

In addition, SCB has formed strategic partnerships with business partners, such as leading universities in Thailand and global technology companies, to build ecosystems and platforms and deliver new customer experiences. The Bank also worked on building new foundations and an organizational culture to operate business in the digital world through both Digital Ventures and SCB Abacus, whose mandates are to develop new capabilities and leverage leading technologies to facilitate the Bank's business.

SCB Strategic Roadmap

The financial services industry continues to face constant challenges which have intensified over time. Rapid technological advancement has significantly changed the way the banking business is run and caused constant disruption, which has become a new normal. The competitive landscape and revenue structure of the banking industry have also undergone a significant change.

Revenue from the Bank's transaction fees has been in decline as a result of the digital transaction fee waiver announced in March 2018. Payments and transaction banking are being commoditized in exchange for customer engagement and data insights while unsecured retail and SSME/SME lending and wealth management have increasingly become core businesses for the Bank's future revenue streams. In addition, the ever-growing popularity of digital channels makes cybersecurity and data privacy forefront issues for the Bank.

Toward our vision of becoming "the Most Admired Bank," SCB is committed to creating balanced value propositions for all stakeholders including customers, employees, shareholders, regulators and society. The Bank aspires to be the most preferred partner for our customers, a caring employer for our staff, an attractive investment for our shareholders and investors, a prudent bank working closely with our regulators, and a responsible corporate citizen for our society and environment.

- To achieve this vision, SCB directs its efforts toward understanding and meeting customer needs with products and services that deliver distinctive customer experiences and differentiated value propositions. The Bank also strives to invest for the future and foster digital innovations by forming strategic partnerships and developing internal capabilities within the Bank and its subsidiaries.
- SCB sets its human resource management strategy to attract, develop and retain the best talent, promote career advancement as well as ensure fair and equal treatment of employees. Moreover, the Bank focuses on fostering a customer-centric culture and an agile and innovation mindset without compromising its risk management rigor.
- To create sustainable growth and profits for shareholders, the Bank places great emphasis on long-term stability, ensuring the build-up of sustainable competitive advantage while constantly balancing financial returns

with acceptable risk-taking throughout the entire organization.

- In addition, SCB conducts business with strict adherence to good governance principles and transparency as well as full compliance with regulatory requirements for financial institutions both in market conduct and support for government policies.
- To fulfill its social responsibility, the Bank focuses on improving people's quality of life by increasing financial inclusion with a comprehensive range of products that address customer needs as well as promoting financial literacy for people of all ages to lay a foundation for long-term sustainable growth.

From 2019 onward, the Bank will focus on realizing value from the SCB Transformation Program and the "Going Upside Down" strategy by using newly built digital and data capabilities to deliver distinctive customer experiences and differentiated value propositions with an emphasis on customer centricity. At the same time, SCB will continue to invest for the future and continually drive innovation and disruptive capabilities for exponential growth, leading to a two-pronged operating model under the Bank's strategic direction as follows:

1

Core business growth: The Bank will continue to capitalize on the Transformation Program by connecting new capabilities, enhancing strategic partnership and building ecosystems/platforms to deliver a new digital customer experience. At the same time, this will enable the Bank to capture new revenue streams while lowering the cost base with the following key strategic priorities:

- **Growth from lending business:** The Bank targets 5-7% loan growth in 2019 and will focus on optimizing the existing loan portfolio while expanding unsecured lending (including consumer and small business financing), such as credit card and personal loan. The Bank will leverage digital and data capabilities to increase

its lending services coverage and generate new revenue streams with appropriate risk level. To achieve this goal, the Bank will focus on building end-to-end digital lending infrastructure to make the credit approval process fast and convenient as well as strengthening customer engagement both pre and post-credit approval. We will capture relevant customer data to design products and services that better address customer needs and facilitate service. The Bank also plans to work with strategic partners across industries and geographies to expand its business and services into new dimensions.

- **Growth from wealth management business:** Although the wealth management business in Thailand has experienced consistent growth in the past few years, the market is still fraught with limitations in financial products and service capabilities. To capture this opportunity, the Bank has designed a segment-based strategy to comprehensively manage customer wealth with a seamless and personalized experience. The Bank has partnered with Julius Baer, a leading Swiss private banking group, to provide world-class services to ultra-high-net-worth customers. This long-term strategic partnership allows the Bank to leverage Julius Baer's global expertise, services and wealth management capabilities to create value for Thai ultra-high-net-worth customers, as well as in overseas markets. For the private and affluent segments, the Bank plans to use digital technology to enhance the customer experience with convenient services and personalized solutions. The Bank will also raise its internal capabilities in various aspects including wealth advisory capabilities, extensive service coverage, and personalized product and service offerings with a wide range of alternatives both from within SCB Group and the Bank's strategic partners through an open architecture solution and platform.

One of the Bank's technology-related agendas is to reduce servicing costs by migrating customers to digital and automated platforms with the goal of providing a comprehensive range of services

that truly address customer needs. The Bank will continually reassess and improve its coverage and servicing channels in response to changing customer lifestyles by considering growth potential, business size, transaction volume and the number of branches or alternative service channels in the same area.

The Bank will continue to leverage digital technology to improve internal processes and streamline customer service procedures. Moreover, advanced technologies, such as artificial intelligence, machine learning, and chatbot, will be used to create new customer experiences. The Bank also collaborates with strategic business partners across multiple industries globally to build ecosystems and platforms to deliver new services and value propositions. The Bank aims to build a “Lifestyle Ecosystem” encompassing lifestyle, travel, retail and health & wellness to serve retail customers while creating a “Digital Commerce Ecosystem” to help SME customers grow their business in the digital age.

2

Disruptive business model for exponential growth:

Another priority of the Bank is to further invest for the future and foster digital innovations under a disruptive business model by partnering with leading companies and creating internal capabilities within the Bank or through its subsidiaries:

- **Digital Ventures**, a subsidiary within SCB Group, pursues a strategy of extending the boundary of key technologies, such as blockchain and artificial intelligence, which are playing an important role in the business world and financial services. Digital Ventures focuses on creating financial innovations through investment in the form of venture capital together with searching and learning from global tech companies and local and global startups to integrate new technologies into the Bank’s products and services to enhance customer experience.
- **SCB Abacus**, a subsidiary within SCB Group, is the first advanced data analytics spin-off in the Thai and Southeast Asian financial industry. SCB Abacus specializes in applying advanced technologies, including artificial intelligence, to business analytics which will help enhance the Bank’s capabilities to better address business and customer needs, especially in the lending space.
- **SCB10X**, a newly set-up disruptive unit within the Bank, uses digital technology to create radically new customer experiences and value propositions through disruptive business models in strategically important business areas. SCB10X operates under a new organizational culture similar to a startup that offers intellectual autonomy and freedom to experiment to create new innovations.

The combined strength of Digital Ventures, SCB Abacus and SCB10X will help reshape the Bank into “the Future Bank” with a sustainable solution to the constant and rapid changes in customer needs.

In addition to the above strategies, SCB is committed to continuously strengthen its people and culture foundations while adhering to proper risk management practices which are critical to the success of the “Going Upside Down” strategy. For risk management, the Bank ensures that appropriate risk management is carried out at all levels for all types of risk, such as credit risk, operational risk, and increasingly technology risk like cyber security risk. The Bank also places high emphasis on supervision and corporate governance to ensure fair market conduct thereby guaranteeing consumers’ basic rights. When it comes to people and culture, the Bank focuses on agility by creating work teams with diverse expertise, having a flat hierarchy so decisions can be made quickly, fostering a customer-centric mindset, embracing experimentation and learning from failure, which are the cornerstones for any innovative organization. Moreover, the Bank has set up its own SCB Academy to develop people capabilities and prepare them for shifting roles in the digital age.

Additionally, to drive its long-term strategies, SCB needs to adjust its work processes to become truly agile. This means transforming roles and responsibilities throughout the organization to fully leverage the Bank's digital capabilities to create the most value and benefits for customers. Against this backdrop, the Bank shifted the focus in February 2019 to build an Agile Organization culture resting on the four pillars of customer-centricity, speed, innovation and risk culture to create new capabilities to best meet customer needs. In addition, the Bank has undertaken a structural reorganization which puts the Chief Executive Officer in charge of the Bank's long-term strategic transformation to build a new workplace and organizational culture. Under the new business direction, the Bank has split current responsibilities of the President into multiple positions to drive the business while accomplishing the required tasks under SCB's Transformation Program by 2020. Thus, four new presidents have been appointed as part of the second phase of SCB Transformation to drive the Bank's "Going Upside Down" strategy. The four presidents will work together as an Agile Team to implement the Agile Organization concept and deliver the best services to become "the Most Admired Bank."

Key Performance Targets for 2019

The Bank expects to deliver competitive results, reflecting its sustainable performance and resilient strategies. Key performance targets for 2019 are:

- Loan growth of 5-7%
(compared to 5.2% in 2018)
- Net interest margin (NIM) of 3.2-3.35%
(compared to 3.21% in 2018)
- Non-interest income growth $\leq 5\%$
(compared to -4.7% in 2018)
- Cost-to-income ratio in mid-40s%
(compared to 46.8% in 2018)
- NPL ratio below 3.0%
(compared to 2.85% in 2018)
- Coverage ratio above 130%
(compared to 146.7% in 2018)
- Credit cost of 1.15-1.35%
(compared to 1.15% in 2018)

Corporate Segment



SCB BUSINESS
ANYWHERE

In 2019, SCB will continue to focus on diversifying its corporate loan portfolio to reduce risk related to the concentration of revenue from large corporates. At the same time, the Bank will focus on maintaining its strategic partnership position with corporate customers and continue to be the lead in major financing deals for both government and private-sector projects.

Key strategic initiatives include:

1. Increase the number of main operating accounts by creating a new experience in transactional services through cutting-edge technology such as blockchain.
2. Grow trade business to support corporate customers to expand internationally through trade initiatives such as business matching.
3. Improve the Bank's internal processes and uplift staff capability to deliver excellent customer experience.

A woman with dark hair tied back, wearing a blue apron over a light-colored shirt, is looking at a tablet computer. She is standing in front of a food stall. The stall has a large display of roasted meats hanging from a rack. There are also some green vegetables and a menu board visible. The scene is lit with warm, orange light, suggesting an evening or indoor setting with artificial lighting.

SME Segment

**TOTAL BUSINESS SOLUTION**

In line with the long-term plan to significantly grow its SME franchise, SCB will continue its commitment to support SME customers to achieve their business goals. In 2019, SCB plans to transform its business model for the SME segment and grow this customer base with a focus on small SMEs (SSMEs) and self-employed customers, especially in the wholesale & retail industry and other service industries.

Key strategic initiatives include:

1. Build a "Digital Commerce Ecosystem" to support SME customers to grow their business through digital platforms more quickly and sustainably, e.g., digital payment through SCB Easy or SCB Business Anywhere, QR Payment and digital commerce consultancy.
2. Develop both secured and unsecured lending products to assist SSME customers to gain access to funding with a unique value proposition by leveraging new underwriting technology, enhanced collection and data capabilities.
3. Grow SSME customer base through bulk acquisition as well as leveraging data capabilities and digital platforms to allow for scale, lower costs and fast turnaround time.

Wealth Segment



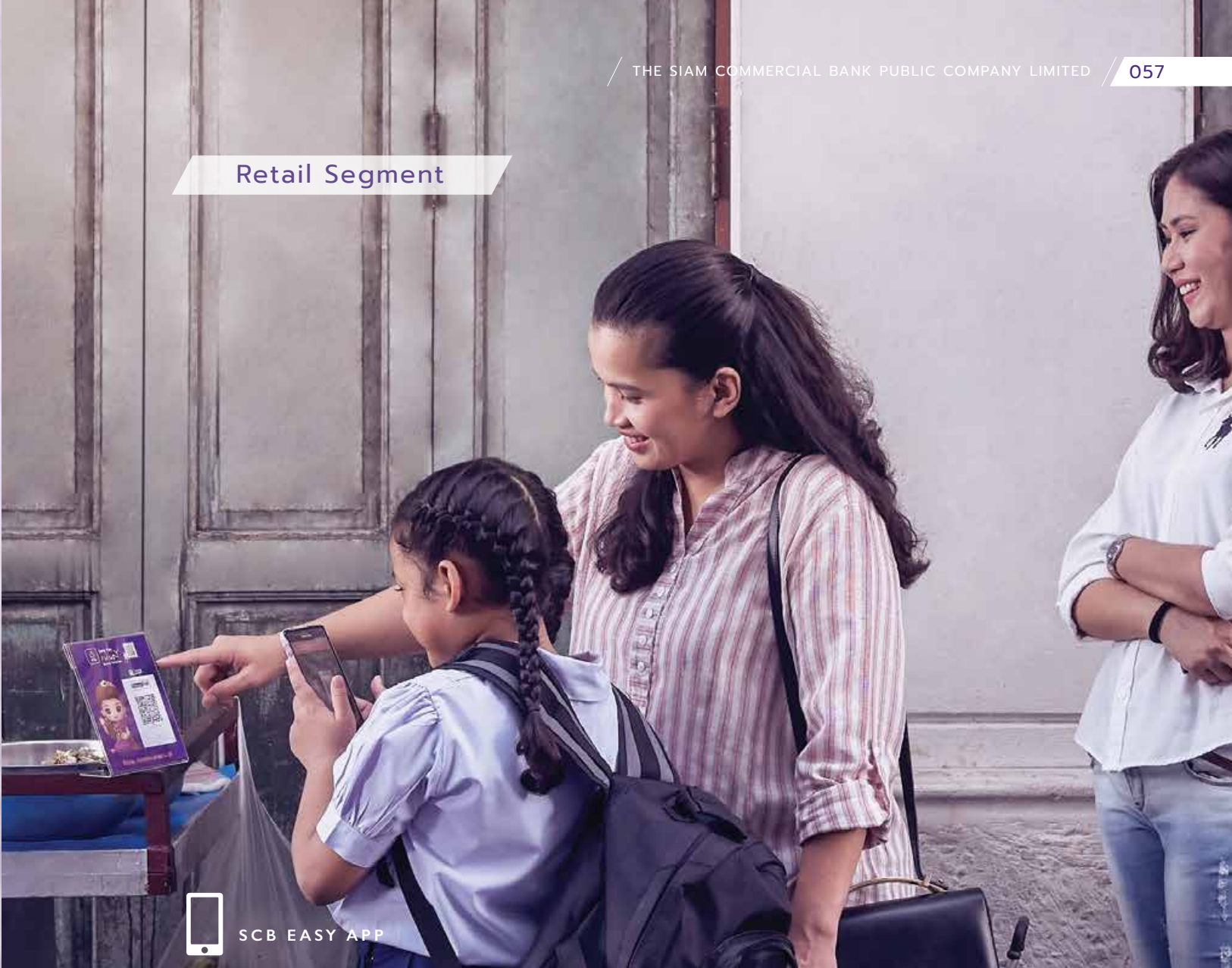
COLLABORATE FOR
SERVICE EXCELLENCE

SCB will focus on increasing its wealth management capabilities for all customers. This means creating attractive value propositions and introducing a new platform to uplift investment product offering capabilities. The Bank aims to grow the wealth customer base, assets under management and profitability by adopting digital technology.

Key strategic initiatives include:

1. Provide wealth management services to ultra-high net worth customers through strategic partnership with Julius Baer, the leading Swiss private banking group.
2. Deliver personalized offerings with a wide range of alternatives both from SCB Group and the Bank's strategic partners through an open architecture solution and platform.
3. Redesign its coverage model with SCB Investment Center as a knowledge hub to offer new wealth management experience.
4. Uplift capabilities of wealth advisors through intensive training and coaching by SCB Wealth Academy and leveraging digital advisory tools to offer holistic wealth management advisory both in-branch and out-of-branch.

Retail Segment



In response to SCB's long-term "Going Upside Down" strategy, the Bank's Retail Segment strategic priorities are to grow the customer base, especially main operating accounts, capture new revenue streams and lower cost to serve through applying cutting-edge technology.

Key strategic initiatives include:

1. Grow customer base and increase main operating accounts by improving digital and physical services and creating a "Lifestyle Ecosystem" through leveraged relationship with strategic partners.
2. Capture new revenue streams from high margin/alternative lending through in-depth analysis with improved risk management, end-to-end digital lending infrastructure and delightful "before and after" loan experience.
3. Lower cost to serve by increasing digital acquisition and migration, optimizing service channels and revamping call service center while experimenting with chatbot technology to effectively serve customers.

SCB Securities Co., Ltd. (SCBS)

Established in 1995, SCB Securities Co., Ltd. is a 100%-owned subsidiary of SCB that serves as the Bank's brokerage arm. It operates a securities business and offers equity products and services to institutional and retail investors. SCBS has won the trust of investors to become one of Thailand's leading securities companies, with its head office at SCB Park Plaza complemented by nine branches and an online channel (www.scbsonline.com).

In 2018, the market's daily average trading value for equities (excluding proprietary trading) was at Baht 51 billion, increasing by 13% from Baht 45 billion in 2017. This rise mainly reflected a higher volume of trading by foreign and institutional investors, whereas retail investors contributed a lower trading volume than in 2017. The change in the trading mix led to a decline in average trade commissions for the entire industry, however, because the rates charged to foreign and institutional investors are generally lower than those charged to retail investors.

Amid fierce competition from new entrants, SCBS kept a market share of 3.68%, a slight decrease from 4.10% in 2017. Consequently, the rank of SCBS among the Thai market's 38 brokers dropped to No. 11, from No. 7 the preceding year.

SCBS is committed to continuing to improve customer service to become Thailand's "Most Admired Investment Broker." We will enhance and augment the customer experience in each of our channels in order to provide the utmost convenience, under the concept "Easy & Smart." In 2018, SCBS enhanced its standard brokerage account to become a multifunctional "SCBS Investment Account," with a broader menu of product and service options. The new iOnboarding platform improved service at every SCB branch nationwide for any customer wishing to open a new account. This platform uses a streamlined process that requires only a Thai national I.D. card and allows account opening in a couple



of minutes. Alternatively, a customer can open an account online via the SCB EASY App and "SCBS Let's Invest" App, which is a paperless process that can be completed within 15 minutes.

SCBS launched a new digital investing capability with the introduction of "Easy Invest," a multi-trading platform that includes a discretionary automated mandate service, i.e., algorithmic trading of Thai stocks, as well as a basic robo advisor for local mutual funds called Goal Invest. In 2018, SCBS won Best Securities Company Award, Retail Investors in the SET Awards 2018 and the Best Prime Broker in Thailand Award from The Asset magazine (H.K.) for the third consecutive year. These laurels are a strong testament to the Company's commitment to service at the highest level of quality.

SCB Asset Management Co., Ltd. (SCBAM)



In the Company's private fund business, AUM reached Baht 418 billion at the end of 2018, which amounted to 14.8% growth year-on-year. SCBAM also manages a portfolio of property funds (Type I) and infrastructure funds with total AUM of Baht 165 billion, and acts as a trustee of real estate investment trusts (REITs) with net asset value of Baht 46 billion. In 2018, SCBAM won several awards from leading Thai and international publications and institutions, including Best Long Term Equity Fund (LTF) for the SCB Target Long Term Equity Fund (SCBLTT) from Money & Banking magazine; Best Onshore Fund House by AsianInvestor (H.K.), and Editors' Triple Star for SCB Machine Learning Thai Equity Fund (SCBMLT) from The Asset (H.K.).

The Bank provides asset management services by offering products in the form of mutual funds, provident funds and private funds through its wholly owned subsidiary, SCB Asset Management Co., Ltd. As of December 31, 2018, SCBAM had sustained its No. 1 rank in Thailand in terms of assets under management (AUM), with total AUM of Baht 1.49 trillion (including a mutual fund for resolving financial institution problems), up 8.1% from the prior year.

Solid investment performance and effective distribution through the Bank's 1,019 branches nationwide enabled SCBAM to gain an 18.8% market share in the mutual fund business, with AUM of Baht 952 billion, representing growth in AUM of 6.1% from the prior year.



SCB Life Assurance PCL (SCB Life)



SCB Life Assurance is a 99%-owned subsidiary of the Bank. Its primary business is life insurance underwriting, focusing on individual life, credit life and health insurance products. Its main distribution channels are the Bank's extensive network of branches and its agency force.

At the end of 2018, SCB Life retained its position as the 5th largest of 22 life insurance companies in the Thai market, with total premiums of Baht 51 billion. SCB Life underwrote Baht 14 billion of new business premiums throughout 2018, an increase of 67% over the previous year.

In 2018, SCB Life embarked on its own transformative journey, in alignment with the Bank's overall Transformation Program, building up new and existing capacities that support the Bank's vision and ambitions. The main focus of this effort is to develop digital capabilities to provide convenience to our customers.

During the year, SCB Life launched two small alternative service and distribution channels: telesales and a financial advisors force. In addition, the Company started offering unit-linked insurance products to meet customers' needs.



Awards and Achievements in 2018



Awards and
Achievements
in 2018

Best Bank in Thailand Awards

- The Banker
- The Asset
- Finance Asia Country Awards (H.K.) (8th year)
- Alpha Southeast Asia (H.K.)
- AsiaMoney - New Silk Road Finance Awards 2018 (H.K.) (2nd consecutive year)

SCB was ranked No.1 among Thai commercial banks in the "Forbes Global 2000" list by Forbes Magazine (U.S.). In addition, SCB was selected as a member of the Dow Jones Sustainability Indices 2018 (DJSI 2018) in the Financial category of the World Index and Emerging Markets Index groups.

The Bank was also named as "Thailand's Top Corporate Brand Value - Hall of Fame 2018 (Banking)" by Chulalongkorn University's Faculty of Commerce and Accountancy (for being the Top Brand for the 6th consecutive year)

Awards for Excellence in Financial Performance and Management

- Asia's Best CEO from Corporate Governance Asia (H.K.) (2nd consecutive year)
- Asia's Best CFO from Corporate Governance Asia (H.K.) (7th consecutive year)

- Best Investor Relations Company from Corporate Governance Asia (H.K.) (9th consecutive year)
- Financier of the Year 2017 (Mr. Arthid Nanthawithaya) from Money & Banking
- Best Public Company of the Year (Financial Industry) 2018 from Money & Banking
- Best Personal Loan Service 2018 from Money & Banking
- Best Credit Card Service 2018 from Money & Banking

Awards Won by Business Groups

Wholesale Banking Group

From The Asset (H.K.)

- Best Domestic Custodian (12th year)
- Best Cash Management Solution, for Thai Oil (Thailand)
- Best Cash Management Solution, for Kasetsart University (Thailand)
- Best Supply Chain Solution, for ZTE (Thailand)
- Best Renminbi Bank (2nd consecutive year)
- Best in Treasury and Working Capital-SMEs (Thailand)
- Best Service Provider-Risk Management (Thailand)
- Best Service Provider-Trade Finance (Thailand)
- Best Service Provider-Transaction Bank (Thailand)
- Power Deal of the Year-Highly Commended
- Rank no. 5 on Top Arranger - Investors' Choices for Primary Issues in Corporate Bonds
- Best Domestic Corporate and Institutional Adviser
- Best Equity Adviser
- Best Domestic Bond Adviser
- Best IPO - Gulf Energy Development Public Company US\$702 Million IPO
- Best Follow-on offering - Digital Telecommunications Infrastructure Fund US\$1.7 Billion rights offering and primary placement
- Best Corporate Bond - Thai Beverage 70 Billion Baht Multi-Tranche Senior Unsecured Debentures
- Best Corporate Bond - EDL- Generation Public Company 13.66 Billion Baht Bond offering
- Best Bond, Laos

From Finance Asia (H.K.)

- Best Investment Bank (5th consecutive year)
- Best Belt & Road Bank
- Best Laos Deal

From Asiamoney (H.K.)

- Best Corporate and Investment Bank (2nd consecutive year)
- Best Local Bank in the Region for BRI (Southeast Asia)
- Tech Provision Rankings (as voted by corporates) in Thailand
- Best Domestic Cash Manager in Thailand
- Best Domestic Services in Thailand for non-financial institutions

- Best Bank for Technology in Cash Management in Thailand

From Alpha Sea (H.K.)

- Best Equity Deal of The Year & Best Public Offering for Retail Investors in Southeast Asia 2018
- Best Foreign Currency Sovereign Bond Deal in Southeast Asia 2018
- Best Local Currency Bond Deal in Southeast Asia 2018
- Best Bond House in Thailand

From Euromoney (U.K.)

- No.1 Market Leader Cash Management in Cash Management Survey 2018
- No.1 Best Service Cash Management in Cash Management Survey 2018
- No.1 Thailand's Best Bank – Overall in Real Estate Services Survey 2018
- No.1 Thailand's Best Bank – Loan Finance in Real Estate Services Survey 2018
- No.1 Thailand's Best Bank – Equity Finance in Real Estate Services Survey 2018

From Global Banking and Finance Review (U.K.)

- Best Investment Bank Thailand 2018

From Asian Banker and Finance (S.G.)

- Corporate & Investment Bank of the Year
- Equity Deal of the Year
- Debt Deal of the Year

From IFR Asia (H.K.)

- Thailand Capital Markets Deal

Retail Banking Group

- Best Private Bank from Global Finance (U.S.) (2nd consecutive year)
- Best Private Bank from Finance Asia (H.K.) (6th year)
- Best Private Bank from The Asset (H.K.) (2nd consecutive year)
- Best Customer Service Provider Asia 2018 from International Banker
- Best Retail Bank of the Year for Personal Loan in Money & Banking Awards 2018
- Best Retail Bank of the Year for Credit Card in Money & Banking Awards 2018

Digital Banking, Marketing & Social Network Awards

From Global Finance (U.S.)

- The Innovators Award 2018
- Best Consumer Digital Bank (Thailand)
- Best in Social Media Marketing & Services

From Asiamoney (H.K.)

- Best Digital Bank

From The Asian Banker (S.G.)

- The Best Frictionless Social Media Initiative, Application or Programme

- The Best Branch Digitisation Initiative, Application or Programme
- The Best API Initiative, Application or Programme

From The Asset (H.K.)

- Best Retail Mobile Banking Experience (Thailand)

From Global Data

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

From Digital Banker

- Outstanding Digital Marketing Initiative
- Excellence in Social Media Marketing
- Best Customer Relations & Brand Engagement Initiative
- Best User Experience- Mobile
- Highly Acclaimed for Best Product or Service Innovation

From Asian Banker and Finance (S.G.)

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

From Youtube

- "Silver Play Button" award for reaching 100,000 subscribers

Other Awards

- Asia's Most Transformative Bank from International Data Corporation (IDC)
- Digital Organization of the Year in Prime Minister's Digital Award 2018
- Best Character for Commercial (Mae Manee) from Department of International Trade Promotion, Ministry of Commerce
- DRIVE AWARD 2018 from MBA Chula Alumni
- Digital Organization of the Year Digital Thailand Big Bang 2018 from Digital Economy Promotion Agency, Ministry of Digital Economy and Society
- Neo banks and Specialized Players from EFMA
- Honorary Award for Outstanding Establishment in Labor Relations and Labor Welfare (5th consecutive year) from Department of Labor Protection and Welfare, Ministry of Labour
- Silver award in the contest 'Outstanding Safety Building, BSA Building Safety Award 2018 Building Inspection Association

Affiliated Corporations

- Best Prime Broker (Thailand) from The Asset (H.K.) (4th consecutive year)
- Editors' Triple Star for SCB Machine Learning Thai Equity Fund (SCBMLT) from The Asset (H.K.)
- Rank no. 2 on Asset Benchmark Research - Top five investment houses from The Asset (H.K.)
- Most Innovative Data Analytics Project (Thailand) from The Asset (H.K.)
- Best Mutual Fund of the Year 2018 (Long Term Fund) in Money and Banking Awards 2018



Risk Management and Risk Factors

Risk Management and Risk Factors

Risk Management

SCB's strong performance in the past few years has been accompanied by significant expansion in its assets and customer base. As the Bank's operations grow in complexity and size, the Bank must shift its priority toward sustainability. Moreover, the Bank's past success has also raised the expectations of customers, shareholders and other stakeholders. Against this backdrop, the Bank believes that effective risk management will continue to be the key to sustainable growth and profitability.

Risk management aims to create long-term stability for the business to achieve its goals within its risk appetite. It also mitigates risks in critical or uncontrollable situations. SCB is committed to continuously develop and strengthen its entire risk management system—including risk identification, risk assessment and measurement, risk control and mitigation, and risk monitoring—to be prepared for ongoing and future changes.

The backbone of SCB's risk management consists of the policy formulation process, implementation framework, and audit process, in parallel with building a strong risk management culture by empowering our people with knowledge and accountability so that they can all participate in this crucial discipline.

SCB's overall risk management structure, policy and system comprise the following:

Risk Management System

SCB's risk management system has four major components:

1 Risk identification

Major risks of the Bank include transactions and activities involving customers and counterparties. These risks are strategic risk; credit risk; market risk; interest rate risk in the banking book; liquidity risk; and operational risk, which entails reputational risk, people risk and technology risk. These risk categories are discussed in detail below in the "Key Risk Factors for the Banking Business" section.

2 Risk assessment and measurement

To assess and measure each type of risk, the Bank employs a wide range of quantitative and qualitative methods based on internal ratings-based approaches and/or other appropriate internal models:

- For **strategic risk**, the Bank relies on and develops an assessment using primarily qualitative risk factors and quantitative economic indicators.
- For **credit risk**, measures include borrower risk ratings to gauge the probability of default (PD). The Bank applies credit scoring, such as application scores, and behavioral scores to assess risk profiles of retail clients and small SMEs. In addition, the Bank has developed risk models to estimate loss given default (LGD) and exposure at default (EAD). For derivative products, the Bank relies upon the potential future exposure (PFE) methodology to measure credit risk exposure.
- For **market risk**, 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 on net interest income and economic value of equity (EVE) under assumptions of interest rate fluctuation in stress situations.
- For liquidity risk, the measures cover balance-sheet structure, cash flows of assets and liabilities, and off-balance-sheet items. The liquidity risk measurements include liquidity coverage ratio (LCR), net stable funding ratio (NSFR), liquidity ratio and maximum cumulative outflow (MCO).
- For operational risk measurement, the Bank uses risk and control self-assessments as well as loss incident data to determine operational risk and internal control effectiveness for each function. Moreover, as part of its risk mitigation process, the Bank has established a business continuity plan (BCP) to ensure continuity of key activities during any crisis event that may cause business disruptions. The Bank's operational risk management approach requires all new products and any material changes to existing products to undergo a risk profile review. This approach ensures that operational risk remains within the Bank's risk appetite to reduce the impact from potential operational risk events.
- For reputational risk, technology risk and people risk, the Bank mainly applies risk analysis, including quantitative and qualitative risk management.

To implement forward-looking risk management, the Bank also performs stress testing in addition to other risk measurement tools, particularly for market risk, credit risk and liquidity risk.

3 Risk control and mitigation

The Bank establishes a risk appetite statement (RAS) that is aligned with SCB Group's long-term goals to guide its overall risk considerations and controls. The Bank regularly reviews its capital adequacy and monitors and 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 an internal control process to manage risks in accordance with the Bank's policies and procedures.

4 Risk monitoring

Risks in all categories are monitored and reported promptly and accurately to relevant functions and management on a regular basis to ensure effective risk management and control. Risk monitoring reports are created at the product level, the function level and for the overall risk of the Bank.

Risk Governance Structure

The risk governance structure comprises five key components:

1 Policies

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

In addition, the Board of Directors approves the other key related guidelines, i.e., Reputational Risk Management Guidelines, People Risk Management Guidelines and Technology Risk Management Policy.

2 Authority

The Board of Directors has the responsibility to delegate approval 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).

3 Committees with significant roles in risk management

Committees with significant roles in risk management has been categorized into 2 levels as below:

3.1 Sub-Board Committees

The Board of Directors has delegated its risk management duties to the management and other committees. The following committees have been appointed to oversee the Bank's risk management implementation:

- 3.1.1 **The Executive Committee** is responsible for considering and approving matters related to the business of the Bank according to the Bank's regulations - such as for credit, debt restructuring and investments - and to administer related functions as assigned by the Board of Directors.
- 3.1.2 **The Risk Oversight Committee** is responsible for reviewing the adequacy and efficiency of overall risk management policy, strategies and risk tolerance to ensure that they are effective and efficient, as mandated by the Board of Directors.
- 3.1.3 **The Audit Committee** comprises independent directors who are responsible for reviewing the adequacy of the Bank's internal control, and the effectiveness of the Bank and SCB Group's risk management implementation.
- 3.1.4 **The Technology Committee** is responsible for providing support to the Board of Directors to forecast long-term technology trends and develop corresponding strategies, address the integrity of technology services and manage technology risk.

3.2 Management Committees relating to Risk Management of the Bank

In addition to the abovementioned sub-board committees, the following management committees have also been set up to oversee the Bank's risk management matters:

- 3.2.1 **The Risk Management Committee** is responsible for reviewing and making recommendations on risk management policies and frameworks for risk management and control to the Risk Oversight Committee and the Board of Directors for approval. The Committee also manages the overall risk of the Bank.
- 3.2.2 **The Assets and Liabilities Management Committee** is responsible for managing market risk, interest rate risk and liquidity risk.
- 3.2.3 **The Equity Investment Management Committee** is responsible for managing risk in the Bank's equity investment portfolio.
- 3.2.4 **The Credit Committee, Retail Credit Committee and Special Assets Committee** are responsible for approving loans within their approval authority. Any loan exceeding a committee's authority level requires approval from the Executive Committee and the Board of Directors as set forth in the Rules on Credit Approval Authority and the Rules on Credit Approval Authority for Non-Performing Loans and Non-Performing Assets. However, loans for Bank-related businesses, major shareholders or related persons must be approved by the Board of Directors. Loans viewed by the Executive Committee as contentious and having potential reputational risk may be referred to the Board for approval as deemed appropriate.
- 3.2.5 **The Underwriting Risk Committee** is responsible for reviewing and approving underwriting limits based on market risk considerations. The Committee makes

recommendations to the Executive Committee or the Board of Directors for approval in any case of a high-risk transaction or when an underwriting limit exceeds its approval authority.

3.2.6 **Other committees**, such as the Investment Committee.

4 Risk Governance

4.1 Credit risk governance

The Bank has long emphasized the importance of proper checks and balances in its organizational structure by separating business functions and credit approval functions for effective internal control. 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 retail credit, the Bank monitors and controls retail lending by means of the established Credit Policy Guide and approval authority as well as underwriting criteria approved by the Executive Committee or the Retail Credit Committee. In addition, the Bank assesses and measures credit risk by product and customer segment.

4.2 Market risk governance

The Bank sets a variety of market risk limits for its trading portfolios, and these limits have been approved by the Executive Committee and the Board of Directors. For the Bank's key market risks, which are interest rate risk and foreign exchange risk, the Committee sets risk limits for trading positions based on information from a number of risk monitoring and assessment tools such as value at risk (VaR), risk sensitivity measures (basis point value), position measures and stress testing. In addition, trading portfolio performance is monitored and controlled by using management action triggers (MATs).

4.3 Interest rate risk in the banking book (IRRBB) governance

The Bank sets risk limits for IRRBB by measuring the impact of interest rate fluctuation on net interest income and economic value of equity (EVE) using interest rate volatility assumptions under stress scenarios. To monitor IRRBB, the Bank produces repricing gap reports for risk analysis and risk assessment. The analysis, assessment and risk management strategies are then reported to the Assets and Liabilities Management Committee (ALCO) for further action.

4.4 Liquidity risk governance

The Bank manages and controls liquidity risk to ensure that it maintains adequate sources of liquidity in order to maintain sufficient future cash flows to cover its activities under both normal and stress situations by using cash flow reports or liquidity gap reports to monitor and control the Bank's overall liquidity risk. The Bank's policy is to maintain its liquidity coverage ratio (LCR), net stable funding ratio (NSFR) and liquidity ratio (liquid assets as a percentage of total deposits) at the appropriate level and to monitor net cash outflows over different time horizons to ensure that the Bank will be able to meet its liquidity needs on a timely basis.

4.5 Operational risk governance

The Bank has adopted the "Three Lines of Defense" model as a core principle in its risk management practices. Front-line business functions constitute the first line of defense by applying the risk management and control principles to their day-to-day operations. The second line of defense is made up of the oversight functions (e.g., Risk Management Function, Compliance Function, etc.) to ensure that all business functions have effective risk management practices.

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

Additionally, the Risk Management Function holds regular meetings with business-level committees to discuss operational risk issues and provides risk management information to management across key functions to facilitate their business decision-making.

4.6 People risk governance

The Bank applies the “Three Lines of Defense” model to manage people risk in the same manner as for operational risk. The first line of defense involves the People Function, business functions, and relevant support functions. The second line of defense involves a shared service group, which is responsible for providing recommendations, support, alerts and testing for approaches adopted by the People Function to manage people risks. The shared service group comprises Operational Risk Management, Compliance & Operational Control, Technology Security & Risk, Fraud Control and others. Lastly, the third line of defense is carried out by independent units, which conduct tests on processes and procedures set out by the People Function (including the people risk management process). The last line of defense, which is under the responsibility of the Audit Division, provides assurance to the Audit Committee and the Board of Directors that the Bank and SCB Group companies have effective control measures for people risk.

Regarding risk management of SCB Group, the Bank as the core company has an oversight responsibility for the risk management of 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 equivalent to that of the Bank and consistent with the Bank of Thailand’s guidelines on consolidated supervision. The Board of Directors has approved the Risk Management Policy of SCB Financial Group, which requires each subsidiary to: formulate a

risk management policy, set up an appropriate organizational structure, set risk tolerance limits, establish risk management approaches, and prepare risk reports as specified by the Bank’s risk management guidelines, which depend on the nature of the subsidiary’s business.

For the Intra-SCB Financial Group Transaction Policy, the Bank follows the principle of good governance by requiring that these transactions be conducted under no special terms and conditions. Any company that is wholly owned or substantially owned by the Bank, which is considered equivalent to a business unit of the Bank, can use the Bank’s shared services/resources or provide services to the Bank at prices, terms and conditions that are reasonable and acceptable to both sides.

5 Chief Risk Office

The Chief Risk Office, which reports directly to the Chief Risk Officer (CRO) and the Chief Executive Officer, is responsible for setting the risk management framework, making risk policy recommendations, as well as reporting and monitoring major types of risk. The Chief Risk Office is responsible for bringing the Bank’s risk management policies and practices up to global standards and for ensuring that the Bank and its subsidiaries have a comprehensive and integrated risk management framework. Moreover, other relevant functions are responsible for specific risks; for example, the Chief Financial Office is responsible for liquidity risk and interest rate risk in the banking book (IRRBB); the Chief People Office is in charge of people risk; the Chief Strategy Office handles strategic risk; and Chief Marketing Office is responsible for reputational risk.

Key Risk Factors for the Banking Business

Risks from economic uncertainties

The Thai economy in 2018 grew by 4.1%, thanks primarily to expansion in the value of merchandise exports and revenue from foreign tourists, especially in the first half of the year. Private consumption also registered strong growth, particularly in consumption of durable goods, such as passenger cars. However, in the second half, growth of Thailand's GDP was affected by two negative factors, which were the contraction of Chinese tourists after the fatal capsizing of a passenger boat in Phuket and the U.S.-China trade war, which escalated during that time.

In 2019, SCB expects the Thai economy to grow by 3.8%, a rate lower than the preceding year, as both exports and the tourism sector are expected to grow at a slower rate, due to global economic slowdown. Nevertheless, private investment is forecasted to accelerate, consistent with public investment, which will increase significantly. Although the GDP growth rate in 2019 will be slower than the year before, it will still be higher than the average rate of growth of the past five years.

One of the key external risks to the Thai economy is the U.S.-China trade conflict. Even though negotiations are underway, they might result in a worsening of conditions, which would affect the growth of Thailand's exports more than previously expected. Moreover, a tightening of global financial conditions due to policy rate hikes in many countries could reduce capital flows to emerging markets while increasing the volatility of financial markets. Lastly, geopolitical risks in key regions, such as Brexit and the political situation in Italy, might also increase global financial volatility.

With respect to domestic risks, progress in disbursement of public investment will be a key factor. If the disbursement is slower than the plan, related private investment could be delayed as well. In addition concentrated spending pattern due to high

household debts and a slow recovery of household income is still a risk factor for private consumption growth in 2019.

As for the Bank's management of risk in the face of uncertain economic conditions, SCB dutifully monitors the credit quality of its borrowers on a regular basis in order to ensure sufficient allowance for doubtful accounts. Similarly, the Bank closely monitors its portfolios in terms of the concentration of credit loans in order to react promptly in the face of an economic shock. In addition, SCB conducts a stress-testing process in order to appraise the adequacy of funds. This process is part of the ICAAP requirement that the Bank of Thailand demands of all commercial banks.

1 Credit Risk

1.1. Concentration risk

Concentration risk relates to any single exposure or group of exposures in an entity or a business sector with a potential to produce large losses for the Bank if problems arise in that entity or sector.

The Bank manages credit concentration risk by setting concentration limits based on loss potential for each borrower group. Specifically, the Bank controls and monitors lending ratios under the following guidelines:

- Lending, investment, contingent liabilities, or lending-like transactions with any major borrower and related parties or project must not exceed, without regulatory approval, 25% of capital of full Consolidation companies.
- The sum of lending, investment, contingent liabilities, or lending-like transactions with all major borrowers and related parties, of which total debts exceed 10% of the Bank's total capital, must not exceed three times the Bank's total capital.

Additionally, the Bank requires that lending not be concentrated in any one specific industry. This is determined from industry trends, 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.

1.2. Counterparty risk

Counterparty risk is the risk of losses from counterparties violating contract agreements, particularly for derivatives contracts, such as interest-rate swaps, currency swaps, equity instruments and forward rate agreements. Generally, the Bank enters into derivative contracts with customers who need to square their positions and minimize their risk exposure. To keep market risk exposure under the limit, the Bank may hedge its risk exposure in part or in whole by entering into off-setting agreements (back-to-back) with foreign banks in the OTC derivatives markets, which creates counterparty risk with these banks.

The Bank sets a risk limit for each counterparty based on the same underwriting process as for credit customers. To determine counterparty limits, the Bank takes into consideration the counterparty's credit ratings and level of Tier 1 capital. The Bank also establishes a sovereign limit for each country. For risk monitoring, the Bank closely monitors counterparties' credit conditions based on aggregate exposure, credit default swap (CDS) spread, changes in credit ratings and changes in equity prices. This information is reported to senior management on a daily basis as input to assist with keeping the risk level within the Bank's risk appetite during normal and stress situations.

To mitigate counterparty risk, the Bank signs ISDA credit support annexes (CSAs) with its major counterparties, which require posting collateral in the form of cash or highly liquid securities when a contract's fair market value changes more than the threshold.

1.3. Country risk

When the Bank engages in international lending or a cross-border transaction it undertakes not only customary credit risk but also country risk arising from the economic, social and political conditions of a country. The Bank sets out a risk management framework to ensure that adequate policies and processes are in place to identify, measure, evaluate, monitor, report and control or mitigate country risk, both direct and indirect, on a timely basis.

The Bank manages country risk by setting a policy limit and a country limit for each country, based on a sovereign scorecard model and external credit ratings and the Bank's level of Tier 1 capital.

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

NPLs arise when borrowers fail to repay their debts according to the agreed schedules, which may cause the Bank to lose not only interest income, but sometimes part or all of the principal, with an impact on the Bank's profitability and capital adequacy.

At the end of 2018, Bank-only NPLs stood at Baht 69,383 million, or 2.8%, up in absolute terms from Baht 64,537 million, or 2.8%, in 2017. (Further explanation regarding NPLs is provided in the MD&A section of this Annual Report.) These NPLs can be classified into four categories: restructured debts 75.1%, debts pending completion of restructuring negotiations 2.9%, debts pending the outcome of legal proceedings 8.4%, and debts pending legal execution 13.6%.

The Bank manages its NPL risk by setting aside adequate loan loss provisions for expected losses. At the end of 2018, the Bank had total loan loss provisions of Baht 102,515 million, covering 147.8% of NPLs.

1.5. Off-balance-sheet risk

To adhere to the Generally Accepted Accounting Principles, some of the Bank's obligations with customers and counterparties are classified as off-balance-sheet items, which have underlying credit risk from the potential of failure to comply with contract terms.

At the end of 2018, the Bank's obligations from aval and guarantees, liabilities under unmatured import bills, and letters of credit amounted to Baht 81,157 million, up by 70.1% from the year before.

To manage off-balance-sheet exposure, the Bank treats such obligations as a form of loan and business units are required to follow the normal credit approval process. The Bank controls this risk by setting a counterparty risk limit for each customer along with country risk limit. Monitoring is also done by keeping abreast of the current situation and related information.

For the credit risk of a derivative transaction, unlike general credit risk in which losses are often one-sided, both sides of a contract can face losses as a result of change in the contract's value from market movements. To quantify the credit equivalent amount of a derivative transaction, the Bank uses the Monte Carlo simulation and Current Exposure method, depending on product type, to determine the credit exposure of a derivative transaction with a counterparty.

Derivative transactions introduce additional market risk arising from change in a contract's value. The Bank controls its derivatives risk exposure to market volatility by setting limits using a variety of risk indicators, such as VaR, risk sensitivities including option greeks, loss action triggers and stress testing.

1.6 Risk from impairment in value of real estate collateral

Because most collateral is in the form of real estate, a sluggish property market and lower house prices will negatively affect the value of the Bank's collateral, which may result in higher losses from NPLs. The Bank has established the 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 values, especially for setting loan loss provision, capital calculation and debt restructuring.

The Bank has managed impairment risk through the Collateral and Non-Performing Assets

Appraisal Policy as mentioned above, which requires collateral for credit lines exceeding Baht 20 million to be reassessed every five years. Collateral for non-performing loans (NPLs) is reassessed every three years unless any decision needs to be made that depends on collateral value, such as restructuring of a problem loan. In that case, collateral value must be reassessed within one year to reflect fair market value. For non-performing assets, collateral is re-appraised every year.

For the choice of appraiser, the Bank is authorized by the BOT to use its internal appraiser for loans of any size. To ensure transparency and prevent conflicts of interest, the Bank's internal appraisal process is independent from the credit approval function. The Bank's internal appraiser is responsible for monitoring property price movements in the market on a regular basis and notifying the Bank promptly if property prices have changed more than 20% within a year so that the Bank can take further action on reappraisal.

2 Market Risk and Interest Rate Risk in the Banking Book (IRRBB)

2.1. Foreign exchange risk

Fluctuation in exchange rates affects the value of the Bank's foreign currency-denominated assets and liabilities. Transactions exposed to foreign exchange risk include proprietary trading transactions and money transfers as well as payments related to international trade and foreign investment, which may result in the Bank's net currency position being short or long at any point in time. Thai baht appreciation against the currency in which the Bank has a net long position will result in foreign exchange losses, whereas baht depreciation will result in foreign exchange gains. On the other hand, if the Bank is in a net short position, the Bank will make a gain on the position when the baht strengthens but a loss when the baht weakens.

The Bank controls foreign exchange risk by setting risk limits on foreign exchange risk exposure both in terms of statistical limits, such as VaR, and monetary limits, such as net open position, open position by currency, management action triggers, etc.

As of December 31, 2018, the Bank's foreign currency position was long USD 29.92 million (USD equivalent), with VaR of Baht 12.55 million.

2.2. Interest rate risk

Interest rate fluctuation affects the Bank's interest income and expenses, and economic value of equity. The Bank faces four types of interest rate risk:

- **Repricing risk** is the risk from maturity/timing mismatches of the Bank's assets and liabilities, which cause interest rates at reset to differ due to yield curve movements. For example, assuming all other factors are constant, if the Bank's assets can be repriced faster than liabilities (a 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 (a negative gap), then interest margins narrow when interest rates rise.
- **Yield curve risk** arises from interest rates at different maturities changing differently.
- **Basis risk** occurs when the Bank's assets and liabilities are based on different reference interest rates, e.g., fixed-deposit rates, interbank lending rates, THBFIX interest rates, etc. Therefore, any change in reference 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 where exercising these options might affect the Bank's revenue and costs. For example, an option on three-month or six-month deposits that allows early withdrawal before maturity will, if exercised, cause the Bank's costs to rise sooner than expected.

To manage 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, 2018, VaR of interest rate risk exposure in the trading book was Baht 27.17 million. For the banking book, a 1% increase in interest rates for a period of one year would decrease net interest income by Baht 2.36 billion.

3 Liquidity risk

Liquidity risk is the risk that the Bank is unable to honor its obligations upon maturity because it cannot liquidate assets or raise sufficient funds on reasonable terms, which may create losses.

To manage the underlying liquidity risk, SCB has laid out a Liquidity Risk Management Policy, which is approved by the Board of Directors. The Bank's Asset and Liability Management Committee is responsible for ensuring that liquidity risk management complies with the policy.

Additionally, SCB has implemented a system to handle daily liquidity management in both baht and foreign currencies. The system applies various risk management tools, such as daily net liquidity position reports for both remaining time to maturity and behavioral adjustment basis, net liquidity position by currency, and others. Moreover, SCB sets risk limits and requires that liquidity risk exposure be reported to management each day to ensure that liquidity risk remains within the Bank's risk appetite.

The Bank also regularly performs stress testing under scenarios set out by the Bank of Thailand and SCB. Results from the test are used as part of the formulation of a Contingency Funding Plan. This plan sets out appropriate guidelines under various circumstances and clearly specifies roles and responsibilities for liquidity management under critical situations.

The Bank's average of month-end liquidity coverage ratio (LCR) for the 4th quarter of 2018 was 149%, which illustrates that the Bank has ample liquidity. In addition, the Bank has a policy to maintain its daily liquidity ratio at 20% or higher, measured as total liquid assets to total deposits. At the end of

December 2018, the Bank's liquid assets represented 25% of total deposits, which ensures that there will be adequate liquidity under both normal conditions and crisis scenarios.

4 Strategic risk

Strategic risk refers to the risk of a current and/or prospective impact on the Bank and its Financial Group's earnings, capital, reputation or standing arising from factors such as changes in the environment the Bank operates in, adverse strategic decisions, improper implementation of major strategies, or lack of responsiveness to industry, economic and technological changes. The Board of Directors has adopted a **Strategic Risk Management Policy** as a framework to formalize and provide a 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 arising from both external and internal factors.

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

5 Operational risk

The Bank defines operational risk, based on Basel II's definition, as the risk of losses resulting from inadequacy or failure of internal processes, people or systems or from external events, which also includes legal risk, and the impact on reputation from operational risk, but excluding strategic risk. (Details regarding reputational risk are discussed in item no. 6 below). Operational risk factors can

arise from both internal and external environments, such as changes in key personnel, organizational structure, processes, systems, products, natural disasters, riots, etc.

The Bank realizes that the business must face operational risk and therefore places great emphasis on operational risk management and has continually improved this crucial process over time.

Business and support functions within the Bank are responsible for managing their operational risk by applying the methodologies and approaches that the Bank has adopted. Each function performs a risk and control self-assessment (RCSA), which entails identifying key risks, evaluating the effectiveness of controls, and establishing action plans to mitigate or prevent these risks to limit them to within the level of risk appetite appropriate for each function. The Bank has reviewed the previous RCSAs and identified key risks at the Bank level for which senior management must establish mitigation and prevention measures to control such risks to be within the risk appetite. Each function must specify key risk indicators (KRIs) for certain important risks that require monitoring to ensure that risks are within the risk appetite and managed in a timely fashion. In any case of loss, the Bank not only has a process to rectify the issue systematically, but also capitalizes on lessons learned by collecting the information to guide future prevention and mitigation plans.

The Bank's risk assessment and control process undergoes periodic reviews to identify new emerging risks and detect ineffective controls that worsen existing risks. The results are reported to relevant committees and senior management for approval and to determine action plans to reduce or eliminate such risks.

In 2018, it became apparent in many countries, including Thailand, that the security and privacy of customer data is a vitally important concern. The European Union, for example, launched its General Data Protection Regulation, a broad and strict law. Thailand's existing laws only provide protection for certain types of data/information in certain circumstances. To ensure that the Bank complies

with regulations and addresses concerns regarding privacy and security, SCB relied on a variety of measures to protect customer data throughout its operations during 2018.

Risk pertaining to changes in statutory policies, laws, rules and regulations is part of operational risk.

Besides the operational risks already mentioned, the Bank, as a financial institution, has a duty to comply with laws, statutory rules, and regulations of several regulatory agencies, such as the Bank of Thailand, the Securities and Exchange Commission, the Stock Exchange of Thailand, the Anti-Money Laundering Office, and others.

The Bank's Compliance and Operational Control Function is responsible for providing regulatory advice, clarifications and recommendations to other related functions to ensure that the Bank and SCB Group comply with laws, regulations and internal rules. The Compliance Function reports any material regulatory risks to senior management and related committees to ensure effective regulatory risk management.

6 Reputational risk

Maintaining an organization's reputation is a critical part of running a business, especially for any financial business, and the Bank's reputation results from the confidence and trust that have been built up over many years. Reputation is not easy to build, but it is easy to lose.

Recognizing the importance of reputational risk, SCB has developed a Reputational Risk Management Guideline and Process, which is applied to the Bank and SCB Group companies. Each business is required to take necessary preventative measures against potential reputational risk from both internal operations and external factors, whether its operations are income generating or not.

Application of the Reputational Risk Management Guideline depends on the nature of the business in terms of reputational risk exposure. Financial companies that are highly exposed to reputational risk must implement a reputation risk management policy with a clear reputational risk management process, whereas companies with non-material reputational risks are required to report any reputational risk incidents to senior management.

Any transactions that may negatively affect the Bank's reputation require prior approval by the Executive Committee and may be reported to the Board of Directors if deemed appropriate by the Chairman of the Executive Committee.

The Marketing Function is responsible for working closely with other internal functions and SCB Group companies to determine reputational risk factors as well as for assessing and reporting reputational risk issues to the Risk Management Committee and the Executive Committee.

7 People Risk

People risk refers to risk exposure to an organization from people's actions or negligence and, vice versa, risks to people from an organization's actions or negligence. As people are the most important assets of an organization, people risk can influence other risk types, i.e. credit risk, market risk, liquidity risk, reputational risk, operational risk and strategic risk.

SCB recognizes the importance of people risk in the business and has made serious efforts to address this risk. The Board of Directors has set an effective framework for people risk management as well as for conducting overall risk review. Senior management oversees people risk management and control within their functions and coordinate with the People Function and other relevant functions.

The People Function, together with business functions and relevant support functions, are responsible for identifying people risks based on appropriate analysis given the business complexity of each function, as well as for assessing, controlling, monitoring and reporting risks to the Bank's management, with periodic reviews and updates regarding potential risks.

The people risk management framework involves three major considerations:

1. **People capacity and capability:** SCB's business approach is based on having adequate people capacity to perform duties as well as having people capabilities that are appropriate for job positions and responsibilities. The Bank expands the scope of employees' decision-making authority, increases their capabilities, and provides learning opportunities and a conducive working environment to enable them to reach their full potential.
2. **People conduct:** SCB's business approach is based on all employees adhering to the highest levels of integrity and promoting risk ownership, defining accountabilities and collaboration among business units for a positive working culture.
3. **People health and safety:** SCB's business approach is based on a strong commitment to creating a safe working environment for people with due consideration to both physical and emotional health.

Failure to put any of the above considerations into practice may lead to varying degrees of people risk depending on the situation. Therefore, it is critical to assess, control and mitigate people risks to remain within the Bank's risk appetite.

People are vital resources in the banking business. Not only must the Bank provide suitable products and services that meet customer needs, but there are also rules and regulations on customer protection with which the Bank and its staff must comply to avoid market misconduct. Therefore, the Bank needs people capacity and capability to help achieve its business goals in a sustainable manner. SCB duly recognizes the importance of human resources, which have been subject to significant and constant challenges in today's environment. A key challenge is the advent of new technologies, which may replace existing service delivery platforms and put pressure on an organization to reform or transform itself. Such broad-scale organizational change increases the demands on human resources both in terms of

quality and quantity. Specifically, an organization requires knowledgeable, well-rounded, and adaptable people to drive changes in the organization. SCB has taken measures to mitigate such risks by building a risk culture whereby risk awareness and ownership are the norm, and risk mitigation and prevention are the responsibilities of all staff. Moreover, the Bank set up SCB Academy to build additional skills and knowledge for its people, such as product knowledge and data analytics skills related to business analysis and planning. The Bank also changed its organizational structure by separating its sales and services functions as well as putting an emphasis on helping people build their career paths to ensure business success and sustainable growth. The Bank places importance on providing a safe and conducive work environment to foster employee engagement.

The Board of Directors of the Bank and SCB Group has established effective people risk management frameworks with overall risk exposure review. Senior management is responsible for managing people risk under their areas of responsibility and establishing effective control as well as working closely with the People Function and other relevant functions.

The People Function, business functions, and relevant support functions are responsible for identifying people risks using appropriate analysis given each function's inherent business complexity, backed by regular updates and reviews of potential risks.

For people risk management, the Bank and SCB Group also apply the "Three Lines of Defense" principle used in operational risk management to ensure effectiveness in people risk management and internal control.

8 Technology risk

Today's technology is changing rapidly. If the Bank cannot adapt or come up with a long-term plan to accommodate the changes, the Bank's business may suffer and lose market share. Specifically, the Bank may not be able to serve customers effectively in terms of meeting their product or pricing needs. Moreover, technology risk may also cause business

and service disruptions, which may lead to lower profitability and market share for the Bank.

Because of these wide-ranging and inter-related impacts, managing technology risk is the Bank's priority. SCB has adopted a comprehensive technology risk management framework with the following key components: 1) Risk identification; 2) Risk assessment; 3) Risk response; and 4) Monitoring and reporting. Furthermore, the Bank emphasizes, and has taken steps to build and enhance, the organization's risk culture, particularly for technology risk, by educating and training people; managing knowledge platforms on technology risk to be accurate and up-to-date; applying risk management tools that meet international standards; along with continually improving its risk management framework to be in line with global practices.

The technology risk management process enables the Bank to adequately manage technology risk at both the strategic and operational levels. At the strategic level, the Bank aims to build a modern, flexible, and secure IT architecture to support omnichannel service delivery for customers, along with providing data management capabilities for marketing and credit management analysis. At the operational level, the Bank takes into consideration the IT organizational structure; system procurement and development; system accuracy and security; and critical data management, such as customer data; system capacity to support transaction workloads, including service continuity in case of any emergency or critical situation; IT outsourcing system management; and other factors, which help increase its competitiveness and profitability.

Emerging Risks

The Bank analyses the emerging risks which may affect business operation in both short-term (within 1 year) and long-term (between 3-5 years). Measures are developed to respond, manage and control impacts of these risks accordingly. In 2018, the Bank identified three key emerging risks.

Digital Culture Risk

Changes in the business model and internal operational process in order to prepare the organisation for changes and seek business opportunities may result in digital risk, such as data privacy and cyber security. The Bank, thus, specified a clear and appropriate business strategy rooted in a risk culture at corporate level. In addition, the Bank has set up SCB Academy with goals to uplift employee capabilities in the digital age while adopting the agile way of work to increase operational speed and create new innovation with a customer centric mindset; potentially expanding business opportunities and improving risk management process.

Digital Disruption Risk

Digital disruption risk means impact from technology changes which may cause impacts on customer expectations and behavior, financial markets, and industry, thus directly affecting operational risk and the Bank's reputation. To prepare for digital disruption risk, the Bank has acknowledged and understood these changes such that both executives and employees are prepared for the challenges regarding innovation and development into digital transformation age. The Bank increased investment in technology to support and encourage employees to experiment, challenge latest innovation, and be committed in providing excellent service such as responding to customer needs immediately. Nonetheless, development of digital products, services and processes to prevent cyber risk are also conducted.

Model Risk

The Bank has prepared to handle changes that may impact the business by developing models for analyzing data and making business decision. This poses risks pertaining to models such as inaccurate or faulty results, or misuse of the model. To manage and control potential model risk, the Bank has set and implement Model Risk Management Policy as a framework for business operation with regular model validation.

Capital Adequacy

In response to the global financial crisis in 2008, the Basel Committee on Banking Supervision announced in December 2010 a new set of regulatory guidelines, known as Basel III, for assessing capital adequacy and liquidity risk. The new guidelines aim to strengthen each bank's capital position and set a new standard for liquidity risk management. The Bank of Thailand (BOT) has adopted this framework with minor modifications to raise the standards of Thai commercial banks to the global level.

Effective from January 1, 2016, the BOT requires Thai commercial banks to hold a capital conservation buffer according to Basel III guidelines. This additional capital requirement is being phased in gradually, which effectively increases the Common Equity Tier 1 capital requirement by 0.625% p.a. until it reaches the 2.5% target in 2019.

Furthermore, SCB was designated by the BOT as a Domestic Systemically Important Bank (D-SIB) in September 2017, along with four other major Thai commercial banks. To ensure the stability and resilience of the D-SIBs, the BOT requires them to maintain additional minimum Common Equity Tier 1 capital as a capital buffer (so-called Higher Loss Absorbency), starting at 0.5% in 2019 and increasing to 1.0% in 2020.

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

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

In addition, the BOT is considering an implementation of the Countercyclical Buffer (CCyB), which would require Thai commercial banks to maintain additional minimum Common Equity Tier 1 capital of 0-2.5%. The CCyB will be part of the BOT's macroprudential instruments, designed to counter pro-cyclicality in the financial system by increasing capital buffer requirements when cyclical systemic risk is judged to be rising, so as to enhance the resilience of the banking sector during periods of stress when losses appear. This will help maintain the supply of credit, reducing the downswing of the financial cycle and also dampening excessive credit growth during the upswing of the financial cycle.

Banks that cannot meet this minimum requirement may be subject to earnings-distribution restrictions, e.g., limits on dividend payouts, discretionary bonus payments, share buybacks, etc.

Since January 1, 2013, SCB has adopted the Basel III guidelines on a bank-only basis, as well as the guidelines on a consolidated basis, ahead of the corresponding BOT deadline. The Bank continues to apply the standardized approach to assess regulatory capital adequacy for credit risk, market risk in the trading book and operational risk. Also, the Bank continues to manage, monitor, and report its capital adequacy position through the internal capital adequacy assessment process (ICAAP), which includes developing estimates for future capital requirements and stress testing. The Bank sets target capital ratios in the ICAAP report to reflect the Bank's capital targets vis-à-vis its overall risk appetite. The Bank submits the ICAAP report to the BOT on an annual basis by the end of March. Furthermore, in order to encourage market discipline, the BOT requires commercial banks to disclose key information on capital structure and adequacy, risk exposure, as well as risk assessment and management, on a semi-annual basis. This information appears on SCB's website under "Pillar III Disclosure."

At the end of December 2018, under the Basel III framework, the Bank had total capital of Baht 348 billion (16.7% of risk-weighted assets), of which Baht 305 billion was classified as CET1/Tier 1 capital (14.6% of risk-weighted assets) and Baht 43 billion (2.1% of risk-weighted assets) was classified as Tier 2 capital. For SCB Group, the total capital stood at Baht 370 billion (17.1% of risk-weighted assets), of which Baht 327 billion was classified as CET1/Tier 1 capital (15.1% of risk-weighted assets), and Baht 44 billion (2.0% of risk-weighted assets) was classified as Tier 2 capital.

Note that if the Bank's 2H18 net profit is included in the capital adequacy calculation, CET1/Tier 1 capital will be 15.3% on a bank-only basis and 15.9% on a consolidated basis.

SCB believes that its strong capital position, which is currently well above the minimum regulatory requirement, under both current regulations and future requirements, together with high loan loss provisions, will enable the Bank to withstand the impact of adverse shocks on the Bank or on the Thai economy. Moreover, its solid capital position will also enable the Bank to pursue any future growth opportunities.

Risks to Shareholders

Shareholders are subject to the risk that expected returns from their investments, either in the form of dividend income or capital gains, might not materialize. Dividend income is directly linked to the Bank's profits. Shareholders should expect to receive dividend income between 30-50% of the Bank's consolidated net profit as stated in the Bank's dividend policy. Capital gains are determined solely by SCB's share price, which is influenced by a variety of factors, such as the Bank's performance, domestic and global economic trends, domestic political stability, and foreign fund inflows and outflows, most of which are beyond the Bank's control.

The Bank's performance, the only factor under the Bank's control, has been in line with or exceeded market expectations in recent years. At the beginning of each year, the Bank provides broad guidance on its financial targets, and shareholders face the risk that these financial targets might not be met in a particular year, which would affect both dividend and share price. SCB mitigates this risk by having a clear business policy with appropriate short-term

to medium-term strategies, along with clear annual financial targets. In addition, the Bank has consistently delivered the highest net profit among Thai financial institutions in an environment with intense competition. Although past performance does not guarantee future results, it demonstrates the Bank's competitiveness, its strategic effectiveness in terms of both direction and implementation, and the quality of its management team, which help put the Bank in a better position than industry peers to face any adverse shocks.

In addition, since the proportion of shares held by the Bank's two largest shareholders is quite large, shareholders face the risk that major shareholders might materially reduce their position, which could significantly depress the share price. In such an event, SCB would nevertheless expect the effect to be short-term, given that the Bank's market capitalization is one of the highest in the stock market, making the stock highly liquid, with a high trading volume.

Risk Oversight Committee Report

1. Background

Siam Commercial Bank has a good track record of managing risk during the course of conducting business for more than 100 years. To help maintain that record, the Bank has implemented a Risk Management Committee (RMC), chaired by the Chief Executive Officer. When the Bank of Thailand issued a notification on Corporate Governance of Financial Institutions dated 22 June 2018, SCB's Board of Directors approved the establishment of the Risk Oversight Committee (ROC) chaired by Mr. Krirk Vanikkul, with the four members comprising Mrs. Kannikar Chalitaporn, Mr. Chakkrit Parapuntakul, and Mr. Boontuck Wungcharoen. Late last year, Chief Executive Officer Mr. Arthid Nanthawithaya became the fifth member of the committee.

2. Mission

The Risk Oversight Committee has the following missions:

- 2.1 Oversee risk management matters and systems, which have been referred by the Risk Management Committee before screening, recommending, and proposing to the Board of Directors.
- 2.2 Oversee the development of an appropriate Risk Conceptual Framework by segregating and enumerating clear, concise, and easy-to-understand risk management methods suitable for each type of risk and designating persons in charge.
- 2.3 Promote a corporate culture that incorporates the risk culture in management from the front and middle, to back offices by maintaining control measures at a sufficient level that do not detract from the effectiveness of the Bank's business operations.

3. Accomplishments

(1 July – 31 December 2018)

The Risk Oversight Committee held eight meetings. Apart from screening proposals submitted by the Risk Management Committee, the Risk Oversight Committee began the following initiatives:

3.1 Risk Matrix Statement

The Risk Oversight Committee has deemed it appropriate to classify risks into five major categories, comprising Strategic Risk, Credit Risk, Liquidity Risk, Market Risk, and Operational Risk, in line with the Basel II+III regulatory framework adopted by the Bank of Thailand as the basis for supervising financial institutions. At the same time, the existing People Risk, Reputational Risk, and Technology Risk categories will be incorporated under Operational Risk, which does not diminish their requirements for appropriate management. In doing so, the Bank will also be able to determine capital consumption for each type of risk.

The Risk Matrix Statement will clearly explain why we identify such risks and what kind of measurements are to be applied for control and mitigation, and how to monitor such risks. This questioning process will help sharpen risk management measures for each type of risk.

3.2 Risk Appetite Statement and Risk Profile

The Bank has incorporated a Risk Appetite Statement and Risk Profile. The ROC has reviewed related risk policies that are deemed appropriate in terms of stability and efficiency. When this task is completed, an easy-to-understand template will be developed and proposed to the Board of Directors to review for suitability in terms of interim risk assessment of management for each accounting period of the year.

3.3 Non-Retail Credit Process (End-to-End)

SCB's corporate loans account for approximately 39% of total loans. Facing similar problems as other banks, SCB's ROC has taken this issue into consideration, leading to the credit approval process for corporate loans being revamped to ensure conciseness and clear accountability during every stage: pre-credit, credit approval and disbursement, and post-credit. Endorsed by the Risk Management Committee, it is hoped that this improved process will speed up and increase the effectiveness of loan approval. Meanwhile, the retail credit process will be fully reviewed in 2019.

3.4 Governance

The Risk Oversight Committee feels that to generate revenues steadily and effectively, the Bank should establish appropriate alignment of its mission, organization, and processes, with capable and qualified people. The Risk Oversight Committee has proposed improvements in two areas, which have been approved by the Board of Directors.

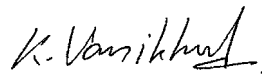
First, it was deemed appropriate to appoint the Chief Risk Officer as the Chairman of the Risk Management Committee to replace the Chief Executive Officer, while the latter will be appointed as a member of the Risk Oversight Committee. Hence, the Risk Oversight Committee will comprise five members,

an increase from the existing four members as mentioned earlier. Since 1 December 2018, the Chief Risk Officer has been in a better position, with a louder voice to offer his opinions to the Management Committee. While the Risk Management Committee is responsible for managing the Bank's risks, the Risk Oversight Committee must supervise and determine risk frameworks, but shall not be involved in giving opinions on individual loans or in performing other routine work.

Second, due to news about the leakage of customer information or systems of some banks having been hacked, the Risk Oversight Committee has proposed the establishment of an Information Risk Management Unit with clear duties, responsibilities, and structure. However, the unit will be operated by rotating staff who have carried out similar functions and will not involve any new or unnecessary expenses. This setup has been approved by the Board of Directors.

4. Plan for 2019

Under its framework, the Committee focuses on creating a stronger risk management process to maintain long-term benefits for shareholders, customers, depositors, and regulatory bodies, while ensuring the stability of the financial system at large as a Systemically Important Bank.



(Mr. Krirk Vanikkul)

Chairman of the Risk Oversight Committee



Corporate Social Responsibility

SCB Sustainability Report
Report of the Corporate
Social Responsibility Committee

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SCB Sustainability Report

The Bank places great importance on integrating sustainability thinking into its business strategy so as to achieve a balance in three dimensions: organizational growth, environmental responsibility and social development. SCB's sustainability framework rests on a foundation of creating economic and social growth and stability by offering financial solutions to address customer needs, improve financial inclusion and financial literacy in Thailand, as well as by creating value and trust for all groups of stakeholders. In formulating its sustainability strategy to achieve the vision of becoming "the Most Admired Bank," SCB carefully considers and reviews important sustainability issues in the context of the Thai financial and banking industries as well as current global thinking about sustainability.

The content and scope of the 2018 Sustainability Report is based on SCB's assessment of its material sustainability topic areas involving economic, social and environmental impacts from the perspectives of both internal and external stakeholders, which resulted in identification and prioritization of 20 material sustainability topics. SCB Sustainability Report 2018 has been prepared in accordance with the GRI Standard: core option and Financial Service Sector Supplement as frameworks as well as aligning the Integrated Reporting (IR) approach on the six capitals for value creation. The Bank has also commissioned Deloitte Touche Tohmatsu Jaiyos Audit Company Limited, an accredited independent assurer, to perform limited assurance on selected topics for the report. Selected sustainability performance is as followed:

2018 Sustainability Performance Highlights

To be The Most Sustainable Return Company

Shareholders

- Net operating income: Baht 138.2 billion
- Net profit: Baht 40,068 million
- Return on equity: 10.8%
- Return on assets: 1.3%

To be The Most Preferred Partner

Customers

- Transaction volume through branch network and digital channels increased to 8.5 million and 78.6 million
- Number of SCB EASY users increased to approximately 9 million users with a Net Promoter Score (NPS) of 80 (range 0-100)
- In-branch customer satisfaction TRI*M Index at 100, compared to a target of 98 (range 66-134)
- Call center customer satisfaction eQ Index at 90, compared to a target of 92 (range 0-100)
- Overall customer satisfaction toward SCB through NPS is at 63 (range 0-100)

To be The Most Caring Employer

Employees

- Organizational Health Index (OHI) at 85%, compared to a target of 86%
- Employee training averaged 71 hours/employee, compared to a target of 40 hours/employee
- More than 900 employees successfully rotated to new roles, compared to a target of 2,000 employees
- Employee absentee rate is at 0.90%, compared to a target of 1.00%

To be The Most Responsible Corporate Citizen

Society and Environment

- Total energy consumption: 50,215 megawatt-hours
- Scope 1 and Scope 2 GHG emissions: 21 and 20,406 million tonnes of carbon dioxide equivalent respectively
- More than 2,400 Basic Banking Accounts
- Employee volunteer hours equivalent to 25,095 hours

To be The Most Prudent Bank

Regulators

- Maintain "5 Star Excellent" rating in the Corporate Governance Assessment of Thai Listed Companies by the Thai Institute of Directors
- Maintain 100 score in the Assessment of Shareholder Meetings by the Thai Investors Association

For more information about SCB's sustainability performance, please refer to the SCB Sustainability Report 2018.

Report of the Corporate Social Responsibility Committee

Siam Commercial Bank has long had a policy of fully integrating the precepts of corporate social responsibility so as to enhance Thai society's sustainable development. The Bank's three main CSR goals are youth development and learning enhancement; improving quality of life and the environment; and building a culture of volunteerism. The Bank conducts all of its CSR activities through its CSR unit and the SCB Foundation. The main objective is to ensure long-term and sustainable projects responding to stakeholders' concerns while realizing the Bank's vision of being "the Most Admired Bank" in Thailand and the region by achieving a development strategy of "Stability, Prosperity, Sustainability."

In 2018, Siam Commercial Bank was selected as a member of the Dow Jones Sustainability Indices (DJSI) in the World Index group and the Emerging Markets Index, ranking 6th in the world in banks sector. This achievement reflects the Bank's commitment to promoting sustainability through business growth while integrating responsible processes supporting communities and the environment. These responsible practices are in line with five of the targets listed among the United Nations Sustainable Development Goals (SDGs):

1. No Poverty
4. Quality Education
8. Decent work and economic growth
9. Industry innovation and infrastructure
13. Climate action

In 2018, SCB has been selected as a DJSI member and ranked at #6 in banks sector.



MEMBER OF

Dow Jones Sustainability Indices

In Collaboration with RobecoSAM

Activities by the Bank's CSR unit and SCBF relevant to UN SDGs



The Bank's CSR Committee is ultimately committed to enhancing Thai community development projects carried out under the supervision of four directors. The main responsibilities prescribed in the Bank's CSR Charter, including supervisory policies, are as follows:

1. Set the policy and implementation frameworks for CSR activities
2. Set the working policy in collaboration with the SCB Foundation
3. Allocate required resources and budget for projects and activities carried out by both the Bank and the SCB Foundation.

The CSR Committee therefore performs important roles as both policy maker and activity supervisor, while ensuring that sufficient resources and budget are provided. It sets up performance indicators to monitor whether the activities achieve their objectives in terms of benefits to society. The Committee submits an annual Sustainability Report to the attention of all concerned parties as a basis for improving and increasing the benefits to society.

To support quality education and youth development, the Bank mainly focuses on those projects and activities supporting national education; opportunity programs covering various fields in science, technology and occupational training; and general

education, since our youth will be an empowering force for the development of our homeland. Enhancement of quality of life and the environment aims to improve basic living standards for all, including the underprivileged, people affected by disasters and many other groups. The Bank supports these activities in tandem with its continual efforts to encourage volunteerism among SCB staff, so as to raise their awareness of corporate social responsibility. These programs have not only succeeded in giving SCB staff themselves a chance to take part in CSR, they also strengthen relationships within the Bank. This helps produce better CSR outcomes since our people learn how to invest their time optimally and work as a team. These volunteer experiences then help them do better in their daily work as well. Above all, direct participation lets our people experience what CSR and volunteerism are really all about. For example, a total of 870 SCB executives and employees joined the "We Do Good by Heart" Royal Volunteer Project in three volunteer programs graciously initiated under the royal patronage of H.M. King Maha Vajiralongkorn: Volunteers for Development, Volunteers for Disaster Relief and Volunteers for Ad-Hoc Activities.

In 2018, the CSR Committee held seven meetings with a key agenda of improving the quality of life, youth development, and sustainable community development through the following initiatives:

The Bank's Main CSR Efforts in 2018



Youth Development and Learning Promotion

- > Supported youth development in science and technology projects in cooperation with the National Science and Technology Development Agency (NSTDA)
- > Supported leadership program for sustainable education (CONNEXT ED) Phase 2 in government's education reform "sandbox" initiative
- > Supported development of "deep technology" via UREKA, a collaborative project linking universities and Digital Ventures, an SCB subsidiary
- > Scaled up project outcomes in youth development efforts at the provincial level



Quality of Life and Community Development

- > Supported the Faculty of Medicine of Siriraj Hospital, Mahidol University to collaborate with Vidyasirimedhi Institute's Information Science and Technology Faculty to develop A.I. diagnostics for Alzheimer's disease

Youth Development and Learning Enhancement

SCB's Junior Science Talent Program supported youth development projects in science and technology in cooperation with the National Science and Technology Development Agency (NSTDA)

The Bank's Junior Science Talent Program – SCB (JSTP – SCB) builds capacity among youth through a variety of activities appropriate to different learning levels. The final goal is to assist the education of young people to reach their highest potential and inspire those who have strong interest in science through two supporting programs:

- (1) A science and technology enrichment program will help develop the potential of high school students for a period of 10 years. Its financial support allows more than 200 potential students to participate.
- (2) An eight-year university scholarship program will support 25 talented science and technology students.

CONNEXT ED Phase 2 on education reform "Sandbox"

In 2016, SCB joined with 11 private-sector organizations to work on CONNEXT ED initiative, Leadership Program for Sustainable Education, to help the nation's core education system reduce discrimination and improve quality of human resource development. In Phase 2, the Bank scaled up outcomes of the lessons learned from successful cases it worked on with experts and schools in the previous phase, which began in 2016, covering three provinces (Si Sa Ket, Rayong and Satun) out of eight provinces in the education reform "Sandbox" to leverage education system changes through improvements in curriculum and staff training. This project calls for collaboration between local education supervisors in those three provinces, with 45 volunteer staff members serving as school partners and working with 50 schools until 2022. The goal is to expand the project to involve at least 200 core schools in an education innovation network.

Collaboration for change to enhance youth development

> Siam Commercial Bank
> The Thailand Research Fund
> SCB Foundation
> Ministry of Education
> Thai Media Fund
> SI SA KET

Working goals

1. Improvement of learning and teaching process in schools
2. Participation by all people in each province
3. Unlock 5 policy pillars
 - Learning management
 - Instructional media
 - Evaluation and assessment
 - Personnel
 - Budget

Youth Enrichment



1. Knowledge
2. Thinking skills
3. Working skills
4. Living skills
5. Learning and ICT skills

U.REKA project: Support for collaboration between Digital Ventures and universities in development of “deep technology”

SCB's innovation subsidiary, Digital Ventures Co., Ltd., initiated the U.REKA Project to develop processes and platforms to improve technological competitiveness in Thailand. SCB has so far provided financial support with the objective of stimulating awareness of deep technology, fundamental breakthroughs having significant impacts on industries and people's lives, among university students and promoting collaboration between universities

(as researchers) and enterprises (as consultants and users having practical business objectives). The research projects are mainly based on real business requirements and focused on the feasibility of developing quality startups. The project is helping upgrade Thailand's digital competitiveness. U.REKA has been joined by 65 teams from eight universities. Qualified teams will receive research and development support funds payable upon progress in their research, as well as funds for investment and development at the startup stage when ready to enter the market.

SCB supports development of “deep technology” to achieve practical research outcomes.



POLICY MAKERS

UNIVERSITY

Owns the frontier technology and talents
CU, KU, KMITL, KMUTNB, KMUTT, TU, CMU, MU

INDUSTRY

Real Business Case Funding & Customers
Digital Ventures, SCB

TECHNOLOGY PARTNER

Technology Experts, Know-how and Technical Support
Microsoft

CO-WORKING SPACE

- Knowledge Exchange For Innovation
- Ananda Development

LEGAL SERVICE PARTNER

Baker Mckenzie

Expansion of provincial development outcomes to enhance civic-mindedness among youth

Because the SCB Foundation is committed to supporting sustainable youth development, it introduced an ongoing project called “Young Active Citizen” to support this process in provincial areas starting in 2012. This effort has two main goals: 1) Helping develop non-governmental organizations (NGOs) as mechanisms to support youth development at the provincial level; and 2) Developing 21st century skills among youth through community projects in six provinces, namely Nan, Lamphun, Si Sa Ket, Samut Songkhram, Songkhla and Satun. Budget was contributed by the government's Thai Health Promotion Foundation. The Young Active Citizen project helped six NGOs design youth learning

Successful project outcomes in 6 provinces

6 provinces

Young people participated in capacity development

1,681

24%

of young people actively engaged in social responsibility activities

1

Community has set up its own social enterprise

and development processes benefiting 1,681 young people. Among the participants, 24% are still actively engaged in social responsibility activities, and young people have set up one social enterprise in their community. During 2018 – 2019, the Thailand Research Fund (TRF) scaled up the project's outcome to three additional

provinces – Tak, Surat Thani, and Trang – increasing the total number of provinces in the project to nine. The main purpose is to expand space for a new youth development approach to promote learning from relevant real-life situations along with development of skills and character.

SCB supports collaboration in AI research and development to benefit the public

Neuro Computational Intelligence for Neuro cognitive Disorders

Institute of Science Laboratory

Mahidol University

Faculty of Medicine Siriraj Hospital

Vidyasirimedhi Institute Science and Technology (VISTEC)

School of Information Science and Technology

To increase access to diagnostics for Alzheimer's disease and to prepare for proper prevention against disease progression.

Quality of Life and the Environment

Support for the Faculty of Medicine of Siriraj Hospital, Mahidol University will help it collaborate with Vidyasirimedhi Institute to research A.I. diagnostics for Alzheimer's disease

The Bank has provided support for the Neuro-Computational Intelligence for Neuro-Cognitive Disorders Laboratory (NN Laboratory) Project jointly conducted by the Faculty of Medicine of Siriraj Hospital, Mahidol University and the Vidyasirimedhi Institute. The project aims to develop a fast and effective device to diagnose Alzheimer's disease at

lower cost, so as to increase access to treatment. Although this disease cannot be cured at present, early detection can help slow its progression. In supporting these two public sector institutes, the Bank has gained a deeper understanding of how this important new technology can be of great public benefit. This particular research project will deploy the best technological capabilities (in data science and artificial intelligence) of Vidyasirimedhi Institute's Information Science and Technology Faculty. It should lead toward practical implementation in the public health sector to benefit society at large.

As seen in this project to enhance public health, the Bank is strongly committed to continually and extensively help improve quality of life for the benefit of society. Other health-related efforts include SCB's blood drive and screening and care program to combat liver cancer.

Massive SCB blood drive benefits Thai Red Cross Society

SCB has conducted an annual blood donation campaign in collaboration with the National Blood Center under the Thai Red Cross Society for over 20 years, delivering more than 440 million cc of blood donated by the public. This well-known blood drive has helped save the lives of over 3.3 million people. SCB is the leader among financial institutions in having delivered the highest volume of blood to the Thai Red Cross Society, thanks to this campaign, which invites the public to join the cause by serving as regular blood donors. In 2018, the Bank delivered 60.5 million cc of blood from 151,250 donors to save 453,750 patients. This effort involved a variety of activities and support, including:

- Conducting 32 SCB Blood Donation events (at 8 SCB locations every 3 months)
- Supporting activities for 12 provincial National Blood Services
- Presenting 10 mobile blood donation vehicles to the National Blood Center
- Supporting activities on World Blood Donors Day as well as special activities in 16 provinces
- Publicizing, creating, and expanding networks, while raising awareness and motivation among SCB people and the public to join in donating blood

SCB blood donation outcomes

Total blood donations over 20 years (unit: cc)

440,000,000

Project successes in 2018

Total blood donations in 2018 (unit: cc)

60,500,000

Number of patients who benefitted

>450,000

Number of donors

>150,000

Northeastern network members in project expansion activities



100

Hospitals



199

Sub-districts in Khon Kaen
with networking leaders



63

Schools



4,350

People



1,540

SCB employees from 134 branches



4.7

million baht in funds raised
through donations for the
Cholangiocarcinoma Surgery
Project

Screening and care program combats liver cancer

Thailand's annual death toll from cholangiocarcinoma, a cancer caused by liver fluke infection, is approximately 20,000 people, mostly in the Northeastern region. The group perennially at risk includes some 6 million people. SCB, in collaboration with Khon Kaen University, has supported an awareness campaign to enhance prevention through various public relations programs and community networking. The primary goal is to motivate people to change their behavior to avoid liver flukes and to recognize the symptoms of cholangiocarcinoma. The Bank has launched screening and care activities with the participation of its employees to spread knowledge to people in disease-prone areas. Along with these activities, SCB has also supported fund raising activities for the project.

In 2018, the project presented numerous public media programs. Its networking campaign in the Northeastern region was joined by 1,540 employees, 4,350 community members, 63 schools, 100 hospitals, and community leaders from 199 sub-districts in Khon Kaen Province.

Siam Commercial Bank will continue to focus on youth development and help improve communities and quality of life in parallel by fostering a culture of volunteerism and social responsibility among employees. Moreover, the Bank will continue to establish business partnerships involving collaboration with social enterprises that share the same passion and thinking in CSR, taking advantage of complementary knowledge, abilities, experience and strengths. These partnerships will create more opportunities and build capacity while enhancing the Bank's CSR implementation to generate social benefits through sustainable growth.

(Mrs. Kannikar Chalitaporn)

Chairperson of the CSR Committee





Corporate Governance

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Corporate Governance Report 2018

The Board of Directors recognizes the importance of corporate governance (CG) and is determined to ensure that SCB business governance is efficient, transparent, and fair to all stakeholders in order to bolster the trust of all stakeholders - shareholders, customers, employees, business partners, society and regulators – and strengthen the Bank's competitiveness with ethics and social responsibility to achieve sustainable growth both for the Bank and society at large. The Board believes that adherence to good corporate governance will lead to the Bank's success in continually enhancing its internal practices and processes to meet the corporate governance standards that are widely accepted in Thailand and internationally. Highlights of the prestigious awards that the Bank received in 2018 for its corporate

governance and sustainability excellence are:

- The Bank was added to the World Index and the Emerging Markets Index of the Dow Jones Sustainability Indices 2018 (DJSI 2018), ranked 6th globally in the banking sector.
- The Bank achieved the top level "Excellent" rating in the 2018 CG assessment of Thai Listed Companies by the Thai Institute of Directors Association (IOD), marking its 14th consecutive year for this recognition since 2005.
- The Bank was awarded the score of 100 in the Thai Investors Association's 2018 assessment of shareholder meetings, continuing its record of outstanding score of 99-100 since 2009.

In 2018, the Board decided that the Bank of Thailand's Notification on Corporate Governance for Financial Institutions and the Corporate Governance Code for listed companies, or the CG Code, which was developed by the Securities and Exchange Commission, should be adopted as appropriate to the Bank's business context and the adoption of the CG Code should be reviewed at least annually. Such decision was officially recorded as a resolution of the Board.

Corporate Governance Policy

The Board has assigned the Nomination, Compensation and Corporate Governance (NCCG) Committee to formulate the Corporate Governance Policy and monitor compliance. The NCCG Committee also reviews and revises the policy to ensure that it is appropriate and in line with regulatory guidelines pertaining to the Bank which is a commercial bank and a listed company with an aspiration to achieve world-class corporate governance standards. The Bank's Corporate Governance Policy encompasses the following core elements:



The Bank was added to the World Index and the Emerging Markets Index of the Dow Jones Sustainability Indices 2018 (DJSI 2018)

World Index
Emerging Markets Index

Ranked

6

Globally in the
banking sector

The Bank achieved the top level



"Excellent"

Rating in the 2018 CG assessment of Thai Listed Companies by the Thai Institute of Directors Association (IOD), marking its 14th consecutive year for this recognition since 2005.

The Bank was awarded the score of

100

In the Thai Investors Association's 2018 assessment of shareholder meetings, continuing its record of outstanding score of 99-100 since 2009.



1

The vision, mission, core values and codes of conduct applicable to the Bank, its directors, executives and employees of the Bank: In late 2016, the Board approved the Bank's renewed vision, mission and core values as detailed below.

- Vision: To be "The Most Admired Bank" by 2020. In other words, the Bank aspires to be recognized by each of its constituents as follows:

- o Customers: The Most PREFERRED Partner
- o Employees: The Most CARING Employer
- o Shareholders: The Most SUSTAINABLE RETURN Company
- o Society: The Most RESPONSIBLE Corporate Citizen
- o Regulators: The Most PRUDENT Bank

- Mission: The Bank has clearly set its mission to be the best universal bank in Thailand, with a strong focus on key financial markets and customer segments, maximizing leverage from its group franchise, with a strong commitment to social responsibility.

- Core values: The Bank's core values are known as iSCB which stands for innovation, social responsibility, customer focus, and building our people.

The Board has also formulated the Code of Business Conduct and the Code of Conduct for Directors, Executives and Employees, which were reviewed in 2018.

2

Corporate governance structure of the Bank: The policy enumerates roles and responsibilities of the

Board; tenure of members of the Board and Board committees; the Board's meeting procedures; composition of the Board and Board committees; nomination and election of directors; an onboarding program for new directors; holding of positions in other companies by the directors and senior executives; separation of position and roles among the Chairman of the Board, the Chairman of the Executive Committee and the President and Chief Executive Officer; remuneration of directors and persons with management authority; assessment of performance of the Board, Board committees and persons with management authority; succession planning; and roles and functions of the Company Secretary.

3

Rights and treatment of all stakeholders: The equitable treatment of shareholders in terms of their basic rights, rights related to shareholder meetings, dividend entitlements, information disclosure, and transparency.

4

Internal controls: The Bank recognizes the importance of internal controls and gives priority to prevention against the use of inside information by directors and employees, connected transactions, conflicts of interest, and conflict-of-interest reporting of directors and persons with management authority.

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." The Policy has also been announced to directors, executives and employees of the Bank for their acknowledgment and compliance as the Bank intends to promote its members' understanding, awareness, regard and internalization of the Corporate Governance Policy, which will become their work habit and eventually the corporate culture.

2018 Corporate Governance

The Bank's corporate governance practices in 2018 are summarized as follows:

1. Rights of Shareholders

The Bank has complied with its Corporate Governance Policy with the aim of ensuring that shareholders enjoy their rights and exercise such rights in an equitable manner, such as buying or selling shares, receiving dividends and receiving adequate, timely and complete information about the Bank through easily accessible channels (the websites of SCB, Stock Exchange of Thailand and Thailand Securities Depository Company Limited). In addition, shareholders are entitled to take part in material business decisions at shareholder meeting, 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 (e.g., capital increase or reduction, acquisition or disposal of significant assets, or connected transactions). The shareholders may cast their votes on the aforesaid matters according to details provided in the notices of the general meetings of shareholders. The Bank is determined to encourage all shareholders to exercise their rights to the fullest extent permissible by law and shall not violate or derogate the rights of shareholders by any means. The principles adopted by the Bank in respect of the 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 Shareholder Meeting

In 2018, the Annual General Meeting of Shareholders (AGM) No. 195 was arranged on 5 April 2018 and no Extraordinary General Meeting of Shareholders was held that year. The proceedings were conducted by the Bank in a manner that ensures shareholders' ability to exercise their rights in accordance with laws,

applicable regulations and good governance practices as follows:

1

To ensure 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, the Bank posted the Notice of the AGM, accompanying documents, and proxy forms in both Thai and English on its website on 5 March 2018 (30 days prior to the meeting date). The Bank assigned Thailand Securities Depository Company Limited (TSD), which is its securities registrar, to send the Notice of the AGM, in both Thai and English, and the 2017 Annual Report (in CD-ROM format) via post to shareholders on 14 March 2018 (21 days prior to the meeting date). The Notice of the AGM contained information such as date, time and venue of the meeting (with a map and directions), and details of each agenda item (including factual background, purposes, rationale, and opinions or recommendations of the Board) as well as accompanying documents, including details of meeting procedures, voting and proxy appointments. The Bank also advertised the Notice of the AGM in Thai newspapers for three consecutive days in accordance with law and took other relevant actions as required by law. Upon request, shareholders were entitled to receive printed copies of the 2017 Annual Report before the date of the meeting from the Company Secretary.

2

The Bank recognizes shareholders' rights to know and gain full access to information and allows shareholders to submit questions in advance of the AGM to the Company Secretary through various channels, including via post or e-mail to company_secretary@scb.co.th, in accordance with the guidelines on the Bank's website. Questions are compiled and proposed to the Board by the Nomination, Compensation and Corporate Governance Committee.

3

To encourage and facilitate participation of all shareholders (individuals, juristic persons and institutional investors) in the AGM and exercise their rights in an equitable manner, the Bank delivered the Proxy Form B to shareholders for the appointment of proxies to attend the meeting on their behalf in the event that they were unable to attend the AGM in person. Furthermore, institutional investors such as fund managers and custodians were invited to nominate their representatives to attend the meeting and, for their convenience, the Bank assigned officers to check the required documents in advance of the meeting.

4

To facilitate attendance by all shareholders and proxy holders, the AGM was held during business hours and on a working day at the Bank's head office to facilitate convenient transportation for shareholders. On the meeting day, the registration counters were open two hours prior to the meeting time to facilitate procedural document checks and registration. For efficiency and convenience, the Bank made available revenue stamps to be affixed to the proxy forms presented by proxies attending the meeting and different registration counters were specifically set up for different types of shareholders, i.e., shareholders attending the meeting in person, individual shareholders, juristic persons and fund managers or custodians. For greater convenience and speed, the meeting registration service made use of a bar code system and each shareholder or proxy holder was given the ballot bearing the same bar code as his/her registration bar code for voting on each agenda item. Meeting registration remained open to shareholders during the meeting, allowing shareholders to register and attend the meeting at any time and vote on any remaining agenda item.

5

The Chairman of the Board presided as the chairman of the meeting and all 15 directors of the Bank attended the 2018 AGM together with the chairmen of Board committees, the Bank's senior executives and the external auditors in order to clarify and respond to any questions or issues raised by

shareholders. Prior to proceeding in accordance with the meeting agenda, the Company Secretary, assigned by the chairman of the meeting, announced the voting procedure and vote counting practices for each agenda item. Holders of the Bank's ordinary and preferred shares, including proxy holders who attended the meeting, were entitled to cast their votes based on the one-share-one-vote basis. In order to increase the efficiency and speed of the voting process, only the ballots for disapproval and abstention votes were collected. Voting and ballot counting were conducted openly, and the bar code system was employed in tabulating and reporting votes. Representatives from Baker & McKenzie, an independent law firm, were engaged to inspect the validity of the proxy appointments, adequacy of quorum, and tabulation and reporting of votes. Therefore, the voting results for each agenda item were reported to the meeting in a timely, accurate and transparent manner. In addition, all ballots will be kept as evidence for post-meeting examination, in case of dispute.

6

Multimedia presentations were used at the meeting to show shareholders for acknowledgement the 2017 performance highlights and the 2018 business strategies. The chairman of the meeting allowed shareholders to ask questions, express opinions and make recommendations on an equitable basis and provided comprehensive responses to all questions or issues raised. The directors and management jointly responded to shareholders' questions and clarified issues. The Company Secretary recorded the minutes of the meeting and the votes cast under each agenda item. Additionally, the meeting proceeded in accordance with the announced agenda, and the Bank did not reorder, add or revise any agenda items, or modify previously issued information at the meeting, nor proposed any other agenda that had not been specified in the AGM Notice.

7

Following the meeting adjournment, the resolutions adopted at the 2018 AGM and the voting results for each agenda item (in both Thai and English) were publicly disclosed via the SET Portal platform of the Stock Exchange of Thailand and on the Bank's

website on the meeting date. 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 on 19 April 2018 (within 14 days from the meeting date) for quick and inclusive access to shareholders. The minutes were also submitted to the Ministry of Commerce within the timeframe specified by law. The minutes contained the list of directors and executives who attended the meeting, the voting procedures, abstracts of the questions and issues raised and the answers or clarifications provided by the Board and executives, and the resolutions reached, together with the number of approval, disapproval and abstention votes on each agenda item that required voting.

1.2 Dividend Payment

The Bank has a policy to pay dividends in the range of 30-50 percent of its consolidated annual net profit with consideration to long-term return for all shareholders. Dividends will be considered in any year that the Bank records a net profit after deduction of all statutory and other reserves, provided that there is no accumulated loss and the Bank is able to maintain adequate capital funds to comply with the regulatory requirements, as well as taking into account the need to preserve capital for its future business requirements. The interim dividends and annual dividends will be paid within 30 days after approval by the Board or the shareholder meeting (as applicable). In proposing a dividend payment for approval, the Bank discloses its Dividend Policy, dividend rate and amount, including rationale and other relevant information to support the shareholders' decision-making.

At the 2018 AGM, the meeting resolved to approve the dividend payment from the Bank's 2017 operating results to holders of the Bank's preferred and ordinary shares at the rate of Baht 5.50 per share, equivalent to a total of Baht 18,696 million or approximately 43.3 percent of the 2017 consolidated net profit. Such dividend payment complies with the Dividend Policy of the Bank, and its details are as summarized below:

1

The Board, at its meeting No. 9/2017 on 22 August 2017, resolved to approve an interim dividend payment at the rate of Baht 1.50 per share to holders of the Bank's preferred and ordinary shares. The interim dividends were paid to holders of the Bank's preferred and ordinary shares on 19 September 2017 (23 days from the date of approval of the interim dividend payment by the Board); and

2

The final dividend was paid at the rate of Baht 4.00 per share to holders of the Bank's preferred and ordinary shares on 3 May 2018 (28 days from the date of approval of the dividend payment by the shareholder meeting).

1.3 Election of Director on an Individual Basis

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

Pursuant to the Bank's Articles of Association, one-third of the directors shall retire by rotation at every AGM. At the 2018 AGM, six directors retired by rotation. The Bank arranged for shareholders to elect directors to replace the outgoing directors by independently directing their votes toward each individual nominee as opposed to a slate

director election. Similar to the voting on other agenda items, only disapproval and abstention ballots were collected and tabulated and the voting results for each director nominated for the election were clearly specified in the AGM minutes.

1.4 Determination of Directors' Remuneration

As stipulated in the Bank's Articles of Association approved by the shareholder meeting, a director is entitled to receive remuneration from the Bank in the form of gratuities, meeting allowances, rewards, bonuses or other benefits consistent with the Articles of Association or the resolution of the shareholder meeting. Such remuneration may be a fixed amount or based on the criteria specified at the time, or may be allowed to remain in effect until changed. Further, a director is also entitled to allowance and any welfare according to the Bank's rules. The Nomination, Compensation and Corporate Governance Committee is delegated to make recommendations on directors' remuneration to the Board, the Board committees and the director's bonus prior to proposing the remuneration to an AGM for approval on an annual basis. The Board has a policy that the directors' remuneration should be appropriate and commensurate with the scope of duties and responsibilities of director and Board committees, comparable to other major listed companies and commercial banks, and in line with prevailing business conditions and trends.

1.5 Communication Among the Bank's Shareholders

The Bank does not interfere with communication among its shareholders in any way. Shareholders have complete liberty to share information among one other and may request a copy of the list of the Bank's shareholders from the Business Development Department of the Ministry of Commerce.

2. Equitable Treatment of Shareholders

As stipulated in the Bank's Corporate Governance Policy, all shareholders, i.e., major, minor, institutional and foreign shareholders, are entitled to the same shareholder rights and are treated on an equitable and fair basis in accordance with the scope permissible by law. 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 Prior to the Shareholder meeting

All shareholders of the Bank are invited to propose matters to be included in the AGM agenda and to nominate qualified candidates for the director election by an AGM according the explicit criteria published on the Bank's website. Shareholders may submit their proposals on agenda and candidates for directorship including questions to the Company Secretary via post or e-mail at company_secretary@scb.co.th. The Nomination, Compensation and Corporate Governance Committee will consider the shareholders' proposals prior to submitting them to the Board for further consideration. The decision on the matter will be notified to the shareholders concerned for acknowledgment. Any proposals that are accepted will be included in the AGM agenda.

The Bank invited shareholders to propose agenda items, candidates for directorship, and questions for the 2018 AGM three months prior to the end of the Bank's accounting period, i.e. from 1 October to 31 December 2017. Nonetheless, the Bank did not receive any proposals from the shareholders.

2.2 Proxy Appointments for Shareholder Meeting

For every shareholder meeting, the Bank has made available three types of proxy forms (Form A, Form B and Form C) as determined by the Department of Business Development of the Ministry of Commerce. Conditions and documents required for the appointment of proxies are clearly described and do not cause any difficulties to the proxy appointment.

For the 2018 AGM, the Proxy Form B indicating specific details of a proxy appointment was delivered to shareholders together with the Notice of the Annual General Meeting of Shareholders. Shareholders had an option to appoint as their proxies one of two independent directors of the Bank who did not have any conflicts of interest in the relevant agenda items of the AGM. Shareholders were given important information about these independent directors and had the liberty to appoint either one of the two independent directors or any other person of their choice as proxy. In addition, Proxy Form A or Proxy Form C could be downloaded from the Bank's website for shareholders' use as and when applicable.

2.3 Ballots for Shareholder Meeting

In the 2018 AGM, ballots were used for voting on every agenda item, but only the ballots indicating disapproval and abstention votes were collected and retained for future examination.

To ensure that the voting process was efficient, accurate, speedy and verifiable, a bar code system and PDA were employed in tabulating votes. Before proceeding with the meeting agenda, the Company Secretary informed the meeting of the voting and vote tabulation procedures. In addition, the Bank requested shareholders to return all unused ballots to the Bank's officers and kept these ballots as evidence.

2.4 Conflict-of-Interest Reporting by Directors and Persons with Management Authority

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 concerning themselves and their related parties as well as changes to any previously reported items. The Company Secretary collects and submits copies of the conflict-of-interest reports to the Chairman of the Board and the Chairman of the Audit Committee in compliance with the Securities and Exchange Act B.E. 2535 (A.D. 1992). This information is used by the Bank to monitor transactions between the Bank and directors, persons with management authority, and/or their related parties in accordance with applicable legal requirements.

3. Role of Stakeholders

3.1 Treatment of Stakeholders

As one of the largest organizations within the Kingdom, with a long heritage of service to the country as the first Thai bank, the Bank recognizes that it needs to respond to the interests of a broad range of stakeholders. The issue of responsibility to stakeholders is covered in more detail in the 2018 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 segments of customers, the Bank aspires to provide a broad range of products and services and to meet their needs via its branch network, electronic and direct channels such as SME Business Centers, Wealth Centers and Customer Service Centers. The overriding aim is for the Bank to be recognized as the most preferred partner for customers through reliable services, innovative and best-in-class products and trustworthy conduct. Customer data security and confidentiality are also strictly protected.

On top of the reliable standards and the rigorous protection of customer data security and confidentiality, the Bank has specified these matters in the Employee Code of Conduct and communicated

them to employees to raise their awareness about the importance of data security and their adherence to applicable principles. The Bank measures its success in this regard through regular customer surveys and has consistently attained top satisfaction score from such surveys. In 2018, the Bank actively promoted the compliance with market conduct among its employees by communicating and sharing market conduct knowledge across the organization while implementing an ongoing monitoring system.



Employees:

The Bank recognizes the importance of the continuous capability development of employees at all levels. Employees will always remain the Bank's most valuable assets. As such, the Bank aims to recruit, develop and retain talents because they are central to the Bank's success in both short-term and long-term strategic implementation and accomplishing its mission and vision.

The Bank has developed an employee capability development roadmap which incorporates various training programs, such as design thinking for innovation, digital transformation, mindset, and change management, to acquire skills and capabilities of its employees, provide career advancement opportunities, and develop their professional expertise and positive attitude toward change for their readiness to face any challenge.

It is the Bank's policy to align employee compensations with the Bank's short-term and long-term performance and ensure that compensations is appropriate and competitive for the banking sector.

The Bank has employed the balanced scorecard as a goal-setting and employee performance management tool which considers three dimensions of performance: strategy, organizational health and business performance. Senior executives are jointly accountable for the Bank's corporate KPIs and the KPIs of business units under their supervision. These KPIs are then deployed into individual KPIs for employees. In addition,

executives and employees are required to jointly develop individual development plans to support fulfilment of assigned duties. The Bank has also implemented a performance-based compensation structure that incorporates fair and accurate evaluation.

In 2018, the Bank reviewed its pay structure to compensate employees fairly for their job value and conducted a compensation survey to identify the industry and cross-industry benchmarks as a baseline for the Bank's compensation management. To increase the motivation and wellbeing of employees, the Bank offers attractive welfare and benefit packages that are regularly fine-tuned, i.e., medical benefits, scholarships, emergency financial assistance, pension fund and employee welfare loans, such as mortgage loan and auto loan programs, retirement bonus, and savings cooperative.

The Bank respects human rights and treats its employees fairly and equally without discrimination based on gender, age, religious belief or disability. As specified in the SCB Human Rights Policy, employees are entitled to join labor unions and are encouraged to voice their opinions that contribute to organizational development, such as improvement of the Bank's policies, work processes, procedures, and product and service offering. Furthermore, the Bank respects intellectual property rights and deters the infringement thereof by incorporating 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 intellectual property rights and the copyrights owned by others. To assess the Bank's health and readiness for future changes, the Bank engaged third-party experts to conduct an organizational health survey in 2018 with the organizational health index (OHI) methodology in which the Bank's score was ranked in the top quartile of companies in Southeast Asia. The Bank believes that workplace happiness, employees' wellbeing and work-life balance are building blocks for the Bank's sustainable and solid growth.



Shareholders:

The Bank's existence is made possible by capital contributions of a large number of shareholders. The Bank aspires to provide transparent disclosure that meets high standards, equitable treatment of shareholders, and sustainable return on equity.



Community and Environment:

The Bank aspires to always operate in an ethical way as a model corporate citizen with an emphasis on the youth development and learning enhancement, improvement of the quality of life of members of society, and cultivation of the sense of responsibility toward the environment to promote the sustainable development of Thailand. The Bank has actively and consistently supported and carried out activities that are beneficial to communities and society at large with particular attention on activities relating to the local youth as they are the foundation and drivers of the country's sustainability. Our priorities include activities that promote community involvement and sustainable development in accordance with the Sufficiency Economy Philosophy. Furthermore, to foster the culture and sense of volunteerism among employees, the Bank has encouraged all employees to regularly participate in such activities. We also aim to make banking accessible to all by responsibly offering products and services and simultaneously promoting financial literacy, particularly among farmers and communities in remote areas that lack financial knowledge. The Bank is determined to operate in accordance with relevant laws and regulations and implements effective environmental and safety management measures internally. The Bank also supports projects relating to natural resource and environmental conservation through awareness-raising campaigns and voluntary programs to educate and engage employees, business partners, customers and other CSR networks in this initiative. To raise environmental consciousness among SCB employees, the Bank initiated an internal campaign to reduce the plastic bottle waste which has become a major environmental problem of Thailand and planned to replicate success across its network to create positive ripple effects.



Regulators:

The Bank operates in accordance with the principles of corporate governance with effective oversight and transparency, as well as adopts the supervisory guidelines applicable to financial institutions, good market conduct and the government's policy to develop Thailand into a cashless society. The Bank emphasizes long-term strategic stability and works to enhance its multidimensional capabilities to heighten its risk awareness and adaptability to uncertainties and change in pursuit of sustainable growth and returns.



Business Partners:

The Bank honors its obligations to business partners with integrity and implements a transparent and fair procurement process in accordance with the Bank's procurement rules and guidelines. The selection and assessment of suppliers and vendors must be transparent on the basis of fair and open competition and all business partners are treated equally. In assessing and selecting suppliers and vendors, the Bank takes into account not only the quality, price, service and reliability, but also their compliance with laws and ethics. In addition, the Bank refrains from doing business or engaging with vendors and suppliers who have been convicted of or involved with corruption. The Bank's "Supplier Code of Conduct" has been enforced with an aim to encourage its suppliers to conduct their businesses ethically, respect the freedom and rights of others, and treat their workers responsibly in accordance with labor rights and human rights principles, including occupational health, safety and environmental standards. Green procurement guidelines have been adopted to promote the selection of environmentally friendly products and encourage manufacturers to improve the quality of their products and services with environmental considerations. The SCB Supplier Code of Conduct is communicated to its business partners at the Vendor Communication Day, which is held annually, and all business partners of the Bank are required to, in writing, acknowledge and strictly comply with the Supplier Code of Conduct.



Competitors:

The Bank ethically treats its competitors with transparency and honors its obligations to its competitors with integrity, accountability, and respect. To uphold fair business practices, the Bank does not interfere with fair price competition, respects intellectual property rights of others, and avoids intellectual property infringement.



Creditors:

The Bank strictly fulfills the obligations and agreements made with its creditors, including guarantee conditions and its obligations toward effective capital and liquidity management to maintain financial strength and solid debt servicing ability. In an event that the Bank is unable to fulfill a condition, the Bank will notify its creditors of such matter without delay to jointly consider possible solutions based on the principle of reasonableness and accountability toward creditors. The Bank is committed to making punctual payments and debt repayments as well as maintaining good relationships with its creditors.

Furthermore, the Bank identified material sustainability topics based on their economic, environmental and social impact from perspectives of both internal and external stakeholders and developed a sustainability report in accordance with the GRI Sustainability Reporting Standards (GRI Standards): Core Option, as well as the Financial Services Sector Supplement (FSSS). Costs were assessed to analyze the values in six dimensions in accordance with the Integrated Reporting (IR) framework, addressing 20 sustainability topics: 1) anti-money laundering, 2) labor rights, 3) empowering community & society, 4) employee health, safety and well-being, 5) climate change risk & opportunity, 6) corporate governance, 7) responsible lending, 8) market conduct, 9) anti-corruption & bribery, 10) risk management, 11) financial inclusion & financial literacy, 12) operational eco efficiency, 13) brand management, 14) digital technology, 15) talent attraction & retention, 16) products & services / customer experience, 17) customer expansion, 18) cyber

security, 19) culture & mindset, and 20) people capabilities/workforce planning. Details of each material sustainability topic are described in the 2018 Sustainability Report.

3.2 Anti-Corruption

Anti-corruption continues to be a priority of the Bank as evidenced by, among others, the Bank's membership in the Thailand's Private Sector Collective Action Coalition Against Corruption (CAC), which underlines the Bank's determination and commitment to fight corruption in all forms, and the aspiration to promote a culture of zero tolerance for corruption and bribery. All CAC members are required to undergo a membership certification process and the membership must be re-certified every three years. As part of the re-certification process, each CAC member is required to complete an anti-corruption self-assessment which is based on a highly rigorous standard. On 10 November 2017, the Bank's CAC membership was officially re-certified and valid for another three years.

The Bank's anti-corruption activities were as follows:

1. The Bank has enforced the Anti-Corruption and Bribery Policy, which serves as an anti-corruption guideline, upon all companies in the SCB Financial Group. The said policy has been communicated to directors, executives and employees at all levels to ensure that they recognize and understand their obligations and responsibilities in this respect and apply the policy in the workplace to their best abilities.
2. All employees of the Bank are required to enroll in relevant training courses, such as the e-learning courses on anti-money laundering/combating the financing of terrorism (AML/CFT), and anti-corruption and bribery. They must pass relevant tests to complete the mandatory courses and must periodically enroll in refresher courses within a specified time frame.
3. In 2018, the Bank declared its adoption of the No Gift Policy in a bid to promote the culture of transparency and integrity and prevent corruption. Cooperation in refraining from giving or receiving gifts on all occasions was also requested.

4. The Bank has informed external parties and stakeholders of its Anti-Corruption and Bribery Policy through various channels, such as its website and credit card statements. To extend anti-corruption and bribery initiatives to a wider context, the Bank has encouraged suppliers, as a key stakeholder of the Bank, to adopt the same principles and concepts by formulating the "SCB Supplier Code of Conduct" as a guiding framework for its suppliers.

5. The Bank has set up complaint channels, such as the Whistle Blower program, for complaints about wrongdoing or suspected fraud or corruption. To actively monitor and evaluate compliance with the Anti-Corruption Policy, the Bank regularly assesses corruption and bribery exposure, with the Audit Committee being responsible for overseeing the Bank's internal controls to ensure that they are adequate and effective in protecting the Bank from the risk of corruption and bribery as well as reporting the results to the Board of Directors.

3.3 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 senior executives of the Bank. All communications are recorded, monitored and responded to within a specified period. The Bank also establishes a complaint management team with a major role in identifying corrective measures and ensuring that relevant units resolve customer complaints within applicable service level agreements which are published on the Bank's website for customers' reference.

Employees are informed that the Bank has multiple channels to accept complaints and reports of misconduct from employees. Employees can voice their opinions and report on any unfair treatment, fraudulent activity or suspicion of misconduct, either directly to their supervisors or through the following channels:

- 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 acts that may cause damage to customers and the SCB Group, including any unfair treatment they might have suffered. The aim is to ensure the Bank's adherence to its principles of transparency and corporate governance. There are multiple channels for reporting complaints, fraud or non-compliance, e.g., via e-mail to whistleblower@scb.co.th or via post to PO Box 177, Chatuchak Delivery Post Office 10900, or via telephone at 0-2544-2000. A brief report on actions taken in this regard will be reported to the Audit Committee every quarter.
- The HR Call Center at 0-2544-4444 is a channel for employees to make inquiries related to employment and/or benefits or to share opinions.

It is the Bank's policy to maintain confidentiality and anonymity of employees reporting misconduct or complaints for protection against retaliation or adverse consequences. Upon notification by an employee, an independent, case-by-case investigation team will be quickly set up to investigate any issue or possible fraudulent behavior. If there are proven grounds for a complaint, the matter will be escalated for disciplinary action in accordance with the following procedure:

- Employees submit opinions, reports, or complaints relating to fraud via a range of channels, where they can choose to remain anonymous, and the cases 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 forwards proven cases of misconduct to relevant units in order to appoint an investigation committee according to the Bank's regulations or to the Financial Crime & Security Services Division for further action.

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

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



Company Secretary

The Siam Commercial Bank PCL.
Shareholder Services and
Corporate Governance, 21st Floor,
Zone A, 9 Ratchadapisek Road,
Chatuchak, Bangkok 10900

Telephone : 0-2544-4210

Fax : 0-2937-7931

E-mail : company_secretary@scb.co.th

Also, the Bank has established a clear policy and procedure for handling complaints from customers, suppliers and other stakeholders. All complaints received are kept confidential, investigated and resolved 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. Disclosure of the Bank's information shall be 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 Bank's share price, influence investors' decisions, or affect the rights of shareholders must be immediately disclosed to the public through the Stock Exchange of Thailand.

The Bank has designated responsible persons for the disclosure of the Bank's information to regulators, shareholders and the general public with a specified time frame. For example, audited annual financial statements are released within 60 days from the end of each fiscal year and reviewed quarterly financial statements are disclosed together with the Management Discussion and Analysis (MD&A) within 45 days from the end of each quarter to give investors a clear picture of the Bank's operating results.

In addition to financial information disclosure to regulators, shareholders, and the public as mentioned above, the Bank regularly holds press conferences and media events and issues press releases to publicize and promote its activities.

The Bank's Corporate Governance Policy also 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 executives in 2018 are shown in the "Report of Bank Ordinary Shareholding by Directors and Senior Management" section of this Annual Report.

In 2018, 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	92
Meetings with securities analysts	4
Investor conference	4
Global roadshow	2

4.2 Investor Relations

Investor Relations is one of the Bank's functions which is responsible for providing accurate, adequate, and clear disclosure of the Bank's information to investors on a timely basis in accordance with the Bank's disclosure principles and applicable laws. In addition to its planned activities, such as meetings with investors and analysts, investor events, and roadshows, Investor Relations serves as the primary point of contact for all shareholders, analysts, fund managers, bondholders, and rating agencies. The president and chief executive officer, the chief financial officer, and other senior executives regularly participate in investor relations activities.

The Investor Relations Code of Conduct is published on www.scb.co.th under the sequence of menu headings "About SCB," "Investor Relations," and then "Code of Conduct for Investor Relations". Contact information of Investor Relations is as follows:



Investor Relations

The Siam Commercial Bank PCL.
9 Ratchadapisek Road,
Chatuchak, Bangkok 10900

Telephone : 0-2544-4358

E-mail : investor.relations@scb.co.th

Website : www.scb.co.th

4.3 Auditors

Auditors' qualifications are vetted 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, as well as approval by the Office of Securities and Exchange Commission (SEC). The Audit Committee also reviews annual audit fees based on the scope of the audit and proposes qualified auditors and appropriate audit fees to the Board for consideration prior to proposing to the meeting of shareholders for approval.

In 2018, the total audit fees of the Bank and its subsidiaries were Baht 30.8 million. In addition, the Bank and its subsidiaries paid fees for services other than statutory audits as follows:

- Audits and examination as required by regulators, such as special audits, examination of banking returns, and audit of the Risk-Based Capital Reports
- Examination of foreign exchange kiosks
- Tax services
- Review of the embedded value report (insurance company)

Non-audit fees to the external auditors were Baht 29.3 million, of which Baht 6.6 million was paid in the fiscal year of 2018 while the outstanding amount of Baht 22.7 million will be paid in 2019.

4.4 Compliance with the Principles of Good Corporate Governance

The Bank aims to adhere to both national and international corporate governance standards. However, certain practices of the Bank did not comply, or complied only in part, with the 2017 Corporate Governance Code for Listed Company (CG Code) announced by the Securities and Exchange Commission and the corporate governance principles stipulated by the Institute of Directors Association, due to reasons set out below:

1

The Board should have an appropriate number of members ranging from five to 12. As of 31 December 2018, the Board consists of 17 members. The Bank views the number as appropriate, considering the growing size and complexity of the Bank's business. Given rapid technological change, it is necessary for the Bank to have directors with diverse experience, knowledge, and expertise so that the Board can perform effectively.

2

Disclosed information on shareholding structure should clearly specify actual owners of SCB shares. The Bank's shareholders include nominee companies being custodians of foreign investors. Such appointment of nominee companies as custodians is considered a normal practice and is beyond the Bank's control.

3

The Bank should include in its policy a requirement that directors and senior executives notify the Board or designated persons of their intention to trade SCB shares at least one business day in advance of the transaction date. At present, there is no such requirement in the Bank's policy, but the Bank already has in place clear regulations against insider trading. These regulations include Directors Code of Conduct, Employee Code of Conduct, rules governing securities trading by directors, executives and employees, insider trading rule, guideline on declaration of securities holding by directors, executives, and employees, and non-trading period rules, all of which directors, executives, and employees must comply with.

5. Responsibilities of the Board

5.1 Board Composition

At the end of 2018, the Bank had 17 directors filling the total of 17 seats approved by the meeting of shareholders. 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 professional skills, expertise, age, gender and other key attributes that are essential for, and in line with, the Bank's strategy. It is the policy of the Board to maintain such balanced diversity in its composition. Of the total 17 directors, there are one woman and 16 men with diverse professional backgrounds in banking, accounting and finance, business administration, strategic management, risk management, social development, corporate governance, law, science and technology, and other experience that are considered beneficial and relevant to the Bank's business. Composition of the Board is as follows:

- The nine independent directors* (representing 52.94 percent of the total directors) are Mr. Anand Panyarachun, Mr. Prasan Chuaphanich, Mr. Kan Trakulhoon, Mr. Krirk Vanikkul, Dr. Thaweesak Koanantakool, Mr. Ekamol Kiriwat, Mr. Weerawong Chittmittrapap, Mr. Boontuck Wungcharoen and Dr. Pasu Decharin.

- The three executive directors (representing 17.64 percent of the total directors) are Dr. Vichit Suraphongchai, Mr. Arthid Nanthawithaya, and Mr. Orapong Thien-Ngern.
- The five non-executive directors (representing 29.41 percent of the total directors) are ACM Satitpong Sukvimol, Pol. Col. Thumnithi Wanichthanom, Mr. Chakkrit Parapuntakul, Mr. Prapas Kong-ied, and Mrs. Kannikar Chalitaporn.

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

*The term " independent director" has the meaning as specified in the Bank of Thailand's Notification No. SorNorSor. 10/2561 Re: Corporate Governance of Financial Institutions, and the Capital Market Supervisory Board's Notification No. TorJor. 39/2559, 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 percent 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 no more than 0.5 percent is the Bank's standard, which is stricter than the standard set by the Capital Market Supervisory Board, which prohibits an independent director from holding more than 1 percent of the total voting shares of the company of which he/she is a director.

Table 1 Board of Directors (As of 31 December 2018)

Name	Position	Date of Appointment	Number of Years in Directorship
1. Mr. Anand Panyarachun	Chairman of the Board and Independent Director	6 March 1984 2 October 1992	1 st round: 7 years (1984 - 1991) 2 nd round: 26 years 3 months (1992 - present)
2. Dr. Vichit Suraphongchai	Director and Chairman of the Executive Committee	10 December 1999	19 years 1 month
3. Mr. Prasan Chuaphanich	Independent Director and Chairman of the Audit Committee	4 April 2013	5 years 9 months
4. Mr. Kan Trakulhoon	Independent Director, Chairman of the Nomination, Compensation and Corporate Governance Committee, and Member of the Executive Committee	5 April 2016	2 years 9 months
5. Mr. Krirk Vanikkul	Independent Director and Chairman of the Risk Oversight Committee	1 November 2015	3 years 2 months
6. Dr. Thaweesak Koanantakool	Independent Director and Chairman of the Technology Committee	5 April 2016	2 years 9 months
7. Mrs. Kannikar Chalitaporn	Director, Chairman of the Corporate Social Responsibility Committee, and Member of the Risk Oversight Committee	21 January 2002	16 years 11 months
8. ACM Satitpong Sukvimol	Director and Member of the Nomination, Compensation and Corporate Governance Committee	13 June 2018	7 months
9. Pol. Col. Thumnithi Wanichthanom	Director and Member of the Corporate Social Responsibility Committee	13 June 2018	7 months
10. Mr. Ekamol Kiriwat	Independent Director and Member of the Audit Committee	5 April 2011	7 years 9 months
11. Dr. Pasu Decharin	Independent Director and Member of the Audit Committee	19 October 2018	2 months
12. Mr. Boontuck Wungcharoen	Independent Director, Member of the Executive Committee, Member of the Risk Oversight Committee, and Member of the Technology Committee	5 June 2018	7 months
13. Mr. Weerawong Chittmittrapap	Independent Director and Member of the Nomination, Compensation and Corporate Governance Committee	22 September 2014	4 years 3 months
14. Mr. Chakkrit Parapuntakul	Director, Member of the Nomination, Compensation and Corporate Governance Committee, and Member of the Risk Oversight Committee	25 November 2015	3 years 1 month
15. Mr. Prapas Kong-ied	Director and Member of the Corporate Social Responsibility Committee	4 July 2018	6 months
16. Mr. Arthid Nanthawithaya	President and Chief Executive Officer, Member of the Executive Committee, Member of the Corporate Social Responsibility Committee, Member of the Technology Committee, and Member of the Risk Oversight Committee	2 April 2015	3 years 9 months
17. Mr. Orapong Thien-Ngern	Director and Member of the Technology Committee	5 April 2018	9 months

5.2 Directors' Term of Office

One-third of the total number of directors must retire by rotation at every annual general meeting of shareholders. Directors who have held office for the longest time shall retire. In the case that the total number of directors is not divisible by 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 their office.

To enhance transparency and corporate governance, the Bank has limited the office term of independent directors to nine years. In 2018, two independent directors whose tenure had reached the nine-year limit resigned from the Bank, namely Dr. Kulpatra Sirodom (resigned on 30 April 2018) and Khunying Jada Wattanasiritham (resigned on 19 October 2018).

With regard to the tenure of directors as members of the six Board committees, namely the Executive Committee, the Audit Committee, the Nomination, Compensation and Corporate Governance Committee, the Risk Oversight Committee, the Technology Committee and the Corporate Social Responsibility Committee, their tenure shall be concurrent with their directorships.

5.3 Segregation of Roles, Duties and Responsibilities

The Bank has clearly segregated the positions and authority of the Chairman of the Board, the Chairman of the Executive Committee, and the President and Chief Executive Officer to enhance performance effectiveness, governance, and transparency 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 and Chief Executive Officer of the Bank, or be involved in the Bank's routine management. This practice conforms to the principle of segregation of policy-making and oversight

duties 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 complete and correct. The Chairman of the Board also presides over the shareholder 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, comply with the adopted policies.

Chairman of the Executive Committee – The Chairman of the Executive Committee is appointed by the Board with power and duties to oversee the Executive Committee whose key roles and responsibilities are to ensure that the Bank's business and operations are in line with its strategies, policies and regulations and to perform tasks assigned by the Board with the goal of leading the Bank to achieve its vision and mission while upholding its core values. The Chairman of the Executive Committee is appointed by the Board as an authorized director with signing authority.

President and Chief Executive Officer – The Board appointed Mr. Arthid Nanthawithaya, a director of the Bank, as the President and Chief Executive Officer to be principally in charge of managing and leading the Bank's business and operations in accordance with the Bank's policies, strategy and business plan as approved by the Board and in compliance with applicable regulations under the principles of corporate governance. The President and Chief Executive Officer is appointed by the Board as an authorized director with signing authority.

5.4 Directorships of Other Companies

The Bank has established a clear policy on holding of positions by the Bank's directors and senior executives in other companies. The Bank's directors are not allowed to hold directorship in more than five listed companies, i.e., SCB and other four listed companies. This is in line with the Bank of Thailand's Notification Re: Corporate Governance of Financial Institutions, the 2017 CG Code, and the corporate governance principles stipulated by the Institute of Directors Association. Furthermore, to comply with the Bank of Thailand's Notification Re: Corporate Governance of Financial Institutions, holding of positions by directors, managers, persons with management authority, and advisors of the Bank as a chairman and/or an executive director of other companies shall be limited to three business groups only.

In addition to the policies stated above, the Bank has an internal guideline pertaining to holding of positions in other companies which requires the Bank's directors to notify the Nomination, Compensation and Corporate Governance Committee of their positions in other companies or organizations 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 held by directors to the Board of Directors. Information on positions held by the Bank's directors in other companies, which is disclosed to shareholders in this Annual Report, indicates that no director holds positions in more than five listed companies, i.e., SCB and other four listed companies, and no director or senior executive of the Bank (Executive Vice President or higher) holds positions as chairman of the board of directors and/or executive director and/or authorized director of other companies in more than three business groups.

5.5 Roles and Responsibilities of the Board of Directors

The Board of Directors is committed to pursuing the highest standards of ethical conduct and complying with the provisions of laws. The Board's roles and responsibilities shall be in accordance with those specified by law, the Bank's Memorandum and Articles of Association, and the resolutions of the shareholder meetings. Duties, responsibilities, and approval authority of the Board also include those specified in the charter of the Board of Directors such as setting the Bank's policies, strategies, and financial targets. In the prior fiscal year, the Board reviewed the Bank's vision, mission and business strategy which must be reviewed annually. The Board is also responsible for approving business policies and directions proposed by management and overseeing the performance of the management to ensure that policies and strategies are implemented and financial targets are achieved. The aim is to maximize long-term shareholder value by taking into account the best interests of all stakeholders. The Board is also responsible for reviewing the succession plan for the position of President and Chief Executive Officer, establishing structures and processes for sound risk management, audit, compliance and internal control systems, and reviewing such structures and processes regularly. Details on the roles, responsibilities and approval authority of the Board are available on www.scb.co.th under the section "Charter of the Board of Directors."

In addition to complying with relevant laws and regulations as mentioned above, the Board, executives and employees strictly abide by the Code of Conduct for Directors, Executives and Employees which provides ethical standards governing: 1) corporate governance, 2) protecting SCB's interest, image, honor, reputation and virtue, 3) conflicts of interest, 4) information integrity, 5) information confidentiality, 6) insider trading, 7) anti-money laundering and combating the financing of terrorism and proliferation of weapons of mass destruction, 8) anti-corruption, 9) gambling, alcohol and drugs, 10) giving and receiving gifts and entertainment, 11) corporate assets, 12) outside employment or other commercial activities, 13) harassment, and 14) whistleblower. The Code of Conduct of SCB and

SCB Financial Group, which must be complied with by all directors, executives and employees, and the Code of Business Conduct were approved by the Board. New directors of the Bank are provided with an orientation program and a director's manual that contains the said codes of conducts for their compliance. New executives and employees of the Bank are required to sign a pledge of compliance with these codes of conducts. Details of the Code of Conduct of SCB and SCB Financial Group and the SCB Supplier Code of Conduct are available on www.scb.co.th under the section "Code of Conduct."

5.6 Board Committees and Management Team Committees

5.6.1 Board Committee

The Bank has appointed six Board committees in total, namely the Executive Committee, the Audit Committee, the Nomination, Compensation and Corporate Governance Committee, the Risk Oversight Committee, the Technology Committee, and the Corporate Social Responsibility Committee, to assist the Board in considering specific matters as assigned by the Board. The Risk Oversight Committee and the Technology Committee were newly appointed in 2018 to enhance and align the oversight with the Bank's business strategy.

Meetings of each Board committee are scheduled in advance for the entire year and are held in accordance with the criteria specified in the charter of each Board Committee and the Corporate Governance Policy. Duties and responsibilities of each Board committee are clearly specified in its charter, which is available on www.scb.co.th under the section "Charter." Details are summarized below:

• Executive Committee

The major duties and responsibilities of the Executive Committee are to oversee and ensure that the Bank's business and operations are in line with its strategies, policies and regulations and to perform tasks as assigned by the Board. Key responsibilities include screening all matters that are proposed to the Board for consideration,

excluding those matters under responsibility of other specific committees, and approving requests within the scope of authority delegated by the Board and stipulated in the charter of the Executive Committee.

As of 31 December 2018, the Executive Committee consists of four directors of the Bank, namely Dr. Vichit Suraphongchai (Chairman of the Executive Committee), Mr. Kan Trakulhoon (Independent Director), Mr. Boontuck Wungcharoen (Independent Director), and Mr. Arthid Nanthawithaya. Their tenure on the Executive Committee is concurrent with their directorships. Performance of the Executive Committee in 2018 is described in the Executive Committee Report in this Annual Report.

• Audit Committee

The Board first appointed the Audit Committee in 1998 with responsibilities in several areas, e.g., financial reporting, internal control, internal audit, and oversight of compliance with regulations, codes of ethics, codes of conduct, and risk management principles. These responsibilities include: to review the accuracy and adequacy of the Bank's financial statements; to ensure that the management of the Bank has established appropriate and effective internal control and internal audit systems; to review the effectiveness of the Bank's regulatory and legal compliance monitoring system; to review the efficiency of the risk management system of the Bank and the SCB Financial Group; and to perform other duties as stipulated in the charter of the Audit Committee. Another key role of the Audit Committee is to propose the appointment and discharge of external auditors, including the corresponding audit fees, to the Board for consideration prior to obtaining approval at the meeting of shareholders on an annual basis. Furthermore, the Audit Committee is responsible for evaluating performance of external auditors. The Audit Committee of the Bank also serves as the Audit Committee of the SCB Financial Group.

As of 31 December 2018, the Audit Committee consists of three independent directors of the Bank, namely Mr. Prasan Chuaphanich (Chairman of the Audit Committee), Mr. Ekamol Kiriwat, and Dr. Pasu Decharin. Their tenure on the Audit Committee is

concurrent with their directorships. Every member of the Audit Committee has extensive knowledge and experience in reviewing financial statements, particularly with one member of the Audit Committee holding advanced degrees in accounting and finance. Performance of the Audit Committee in 2018 is shown in the Audit Committee Report in this Annual Report.

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

The three main responsibilities of the Nomination, Compensation and Corporate Governance Committee are: 1) To nominate qualified individuals as directors of the Bank as well as proposing for the Board's consideration appropriate remuneration for members of the Board and Board committees prior to obtaining approval at the shareholder meetings; 2) To nominate individuals as senior executives and ensure that their remuneration is commensurate with their roles and responsibilities; and 3) To formulate the Bank's corporate governance policy and ensure compliance with corporate governance principles set forth by regulatory authorities and best practices. Details regarding duties and responsibilities of the Nomination, Compensation and Corporate Governance Committee are provided in the charter of the Nomination, Compensation and Corporate Governance Committee.

As of 31 December 2018, the Nomination, Compensation and Corporate Governance Committee consists of four directors of the Bank, namely Mr. Kan Trakulhoon (Chairman of the Nomination, Compensation and Corporate Governance Committee and Independent Director), ACM. Satitpong Sukvimol, Mr. Weerawong Chittmittrapap (Independent Director), and Mr. Chakkrit Parapuntakul. Their tenure on the Nomination, Compensation and Corporate Governance Committee is concurrent with their directorships. Performance of the Nomination, Compensation and Corporate Governance Committee in 2018 is shown in the Nomination, Compensation and Corporate Governance Committee Report in this Annual Report.

• **Risk Oversight Committee**

The Risk Oversight Committee was appointed by the Board on 1 July 2018 to provide advice to the Board regarding the risk oversight framework of the Bank and companies in SCB Financial Group and to review the overall risk management policies and strategies, and risk tolerance for all risks including emerging risks to ensure their adequacy, effectiveness and proper implementation. The Risk Oversight Committee is also responsible for reporting to the Board risk positions, risk management effectiveness, status of the risk culture adoption, significant risk factors and issues, and risk management policy/strategy gaps. The Risk Oversight Committee is also responsible for providing advice to the Board concerning organization-wide risk culture cultivation, supervising the culture adoption and the management and risk function heads' compliance with the risk management policies and strategies and risk appetite framework, and rendering opinions on or assessing the performance of Chief Risk Officer.

To promote independence, the Bank ensures that more than half of the total members of the Risk Oversight Committee are independent directors and non-executive directors. As of 31 December 2018, the Risk Oversight Committee consists of five members, i.e., two independent directors, two non-executive directors and one executive director, namely Mr. Krirk Vanikkul (Chairman of the Risk Oversight Committee, who is an Independent Director), Mr. Boontuck Wungcharoen (Independent Director), Mrs. Kannikar Chalitaporn, Mr. Chakkrit Parapuntakul and Mr. Arthid Nanthawithaya. Their tenure on the Risk Oversight Committee is concurrent with their directorships and/or incumbency as executives of the Bank. Performance of the Risk Oversight Committee in 2018 is shown in the Risk Oversight Committee Report in this Annual Report.

• Technology Committee

The Technology Committee is responsible for directing the Bank's technology-related direction and strategy for their alignment with the Bank's strategy with an aim to enhancing the Bank's technology, data and technology risk management capabilities. Where necessary, other committees, such as the Risk Oversight Committee and the Audit Committee, will be involved by the Technology Committee in the technology risk management process.

The Technology Committee is appointed by the Board and consists of at least four members who are directors and/or executives of the Bank and most of them possess knowledge, expertise and insight in the field of technology with business and risk acumen. As of 31 December 2018, the Technology Committee consists of four members, namely Dr. Thaweesak Koanantakool (Chairman of the Technology Committee who is an Independent Director), Mr. Boontuck Wungcharoen (Independent Director), Mr. Arthid Nanthawithaya, and Mr. Orapong Thien-Ngern. Their tenure on the Technology Committee is concurrent with their directorships and/or incumbency as executives of the Bank. Performance of the Technology Committee in 2018 is shown in the Nomination, Compensation and Corporate Governance Committee Report in this Annual Report.

• Corporate Social Responsibility Committee

The roles and responsibilities of the Corporate Social Responsibility Committee are to direct, supervise and develop the Bank's CSR framework with the goal of contributing to Thailand's economy, the society and the environment. The Corporate Social Responsibility Committee focuses on building a strong foundation, nurturing new initiatives, developing networks, and sustaining success in the following three core areas: 1) youth development and learning enhancement, 2) development of the quality of life and environment, and 3) preservation of cultural heritage and environment. The Bank fosters a culture and spirit of volunteerism, civic awareness and sense of social responsibility among employees by actively involving them in the Bank's CSR activities.

The Corporate Social Responsibility Committee is appointed by the Board and consists of at least three directors. Their tenure on the Corporate Social Responsibility Committee is concurrent with their directorships. As of 31 December 2018, the Corporate Social Responsibility Committee consists of four members, namely Mrs. Kannikar Chalitaporn (Chairman of the Corporate Social Responsibility Committee), Pol. Col. Thumnithi Wanichthanom, Mr. Prapas Kong-ied, and Mr. Arthid Nanthawithaya. Performance of the Corporate Social Responsibility Committee in 2018 is shown in the Corporate Social Responsibility Committee Report in this Annual Report

5.6.2 Management Team Committees

There are four key management team committees, namely the Management 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 as outlined below:

• Management Committee

The Management Committee consists of senior executives and is chaired by the President and Chief Executive Officer. The Management Committee is responsible for developing and proposing the Bank's strategy, business plan, annual action plan and business targets to the Board, collectively driving the Bank's operations according to the established strategy, plan and targets, including directing and monitoring operations and making decisions on major projects of the Bank. In 2018, the Management Committee held 43 meetings.

• Risk Management Committee

The Risk Management Committee is chiefly responsible for: formulating and aligning risk management policies with the risk governance framework of SCB Financial Group; screening risk management policies and guidelines of SCB Financial Group that address material risks; exercising supervision and control over compliance of companies in SCB Financial Group with the SCB Financial Group's risk management policies and

strategies; assessing and controlling compliance with risk appetite; and approving risk models. The Risk Management Committee is also responsible for reporting risk positions, risk management effectiveness, status of the risk culture adoption, significant risk factors and issues, and risk management policy/strategy gaps to the Risk Oversight Committee on a regular basis. In 2018, the Risk Management Committee held 10 meetings.

• Assets and Liabilities Management Committee

The Assets and Liabilities Management Committee is a key mechanism for the Bank's management of liquidity risk, interest rate risk and exchange rate risk. The key responsibilities are to formulate policies and approve risk management strategies to address funding and liquidity, interest rate and foreign exchange risk faced by the Bank as well as ensuring capital adequacy to support its business direction including Tier II capital. The Assets and Liabilities Management Committee also ensures that the Bank effectively and efficiently manage its assets and liabilities to build resilience against adverse economic conditions and unexpected shocks. In 2018, the Assets and Liabilities Management Committee held 12 meetings.

• Equity Investment Management Committee

The Equity Investment Management Committee's responsibilities are to review and approve investment in, or divestment of, equities in the Bank's investment portfolio, including the investment policy and operational process associated with the investment. In 2018, the Equity Investment Management Committee held 12 meetings.

through the Company Secretary. In addition, the Board has a policy to call a meeting of independent directors and non-executive directors on a semi-annual basis. An invitation to a Board meeting is sent to all directors at least seven days prior to the meeting date unless an urgent meeting is required to protect the Bank's rights or benefits. Other relevant documents are sent to directors at least five business days prior to the date of each meeting so that directors have sufficient time to study the information, unless an urgent necessity requires otherwise. 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 details to the directors. In addition, the Board has specified in its charter that at least two-thirds of all directors shall be present during the voting procedure.

In 2018, there were 20 Board meetings, consisting of 12 meetings that were originally included in the annual Board meeting calendar and eight extra meetings. The meeting attendance of the Board was 89.17 percent, and the meeting attendance of each individual director was above 75 percent, which is in compliance with the charter of the Board prescribing that each director shall attend at least 75 percent of the total Board meetings. In addition, the Bank arranged two non-executive directors' meetings (led by an independent director) to provide a forum for non-executive directors to discuss issues of their interests. Details of individual directors' meeting attendance in 2018 are as shown in Table 2.

5.7 Board Meetings

Meetings of the Board of Directors are held in accordance with the rules and procedures specified in the charter of the Board and the Corporate Governance Policy. The Board meeting is scheduled to be held once every month (except December) and the meeting schedule is planned in advance for the entire year. The Chairman of the Board determines the agenda of each Board meeting whereby directors and the President and Chief Executive Officer may propose agenda items

Table 2 Individual Directors' Meeting Attendance in 2018

Name	Unit: Meeting								
	Board of Directors	Board of Directors (Extra)*	Executive Committee	Audit Committee	Nomination, Compensation and Corporate Governance Committee	Risk Oversight Committee	Technology Committee	Corporate Social Responsibility Committee	Annual General Meeting of Shareholders No. 195
1. Mr. Anand Panyarachun	12/12	8/8	-	-	-	-	-	-	1/1
2. Dr. Vichit Suraphongchai	12/12	7/8	40/41	-	-	-	-	-	1/1
3. Mr. Prasan Chuaphanich	11/12	8/8	-	12/13	-	-	-	-	1/1
4. Mr. Kan Trakulhoon	11/12	8/8	12/15	-	11/12	-	-	-	1/1
5. Mr. Kirk Vanikkul	12/12	7/8	26/26	-	-	8/8	-	-	1/1
6. Dr. Thaweesak Koanantakool	10/12	7/8	22/26	-	-	-	4/4	-	1/1
7. Mrs. Kannikar Chalitaporn	12/12	6/8	25/26	-	-	8/8	-	7/7	1/1
8. ACM Satitpong Sukvimol	6/6	0/1	-	-	4/5	-	-	-	0/0
9. Pol. Col. Thumnithi Wanichthanom	6/6	0/1	-	-	-	-	-	3/3	0/0
10. Mr. Ekamol Kiriwat	12/12	7/8	-	12/13	-	-	-	-	1/1
11. Dr. Pasu Decharin	1/1	0/0	-	2/2	-	-	-	-	0/0
12. Mr. Boontuck Wungcharoen	6/6	2/2	15/15	-	-	8/8	1/2	-	0/0
13. Mr. Weerawong Chittmittrapap	12/12	6/8	-	-	12/12	-	-	-	1/1
14. Mr. Chakkrit Parapuntakul	11/12	5/8	-	-	5/5	7/8	-	4/4	1/1
15. Mr. Prapas Kong-ied	5/5	1/1	-	-	-	-	-	3/3	0/0
16. Mr. Arthid Nanthawithaya	10/12	8/8	38/41	-	-	1/1	3/4	6/7	1/1
17. Mr. Orapong Thien-Ngern	9/9	4/4	-	-	-	-	4/4	-	0/0
18. Dr. Chirayu Isarangkun Na Ayuthaya	4/4	2/4	-	-	3/4	-	-	-	1/1
19. Khunying Jada Wattanasiritham	11/11	4/8	-	6/6	11/11	-	-	6/6	1/1
20. M.R. Disnadda Diskul	1/1	1/2	-	-	-	-	-	-	0/0
21. Dr. Kulpatra Sirodom	4/5	4/5	-	5/5	-	-	-	1/1	1/1
22. Dr. Ekniti Nitithanprapas	4/6	3/6	-	-	4/6	-	-	-	1/1

Remark: * Extra Board meetings are Board meetings not included in the original Board meeting calendar that has been set in advance for the entire year.

** Changes in the Board and Board committees are detailed in an annex to this Corporate Governance Report.

5.8 Board and Senior Executive Assessment

5.8.1 Board and Board Committee Assessment

The Board assessment is conducted annually and is divided into four parts: 1) Board assessment, 2) Board committee assessment, 3) Individual director assessment, and 4) Board Chairman assessment. An assessment form is sent to each director at the end of each year by the Company Secretary who is also in charge of compiling and presenting the assessment results to the Nomination, Compensation and Corporate Governance Committee. The assessment results and recommendations gathered are subsequently presented to the Board for acknowledgment and discussion on further improvement of the Board's performance. Aiming to enhance the Board assessment in accordance with the Stock Exchange of Thailand's Corporate Governance Code for Listed Companies, the Bank hired an external consulting firm that has experience and expertise in corporate governance to conduct the Board assessment process every three years since 2012. The Bank engaged Aon Hewitt (Thailand) Limited ("Aon") in the 2018 Board assessment process, and self-evaluation and cross-evaluation were employed for the assessment of the Board and individual directors as detailed below:

1

Board Assessment - Nine key assessment topics are: Board composition, information management, Board processes, representation of shareholders and environmental, social and governance (ESG), managing the Bank's performance, Board strategy and priorities, management performance and succession planning, director development and management, and risk management.

2

Board Committee Assessment - Key assessment topics are performance of duties as specified in the charters of the Board committees, compliance with applicable supervisory rules, regulations and

principles, promotion of open communications, participation and rigorous decision-making at Board committee meetings, frequency of Board committee meetings and time for discussion at such meetings, access to information relevant to issues discussed at the meetings, and calendar of pre-scheduled meetings with regular agenda items. All directors are engaged in the assessment of every Board committee for better reflection of each Board committee's performance.

3

Individual Director Assessment - Key assessment topics are contribution, knowledge and abilities, collaboration, integrity, and support for the Board.

4

Board Chairman Assessment - This section evaluates the performance of the Chairman of the Board in relation to: 1) Effective management and facilitation of Board meetings and shareholder meeting such as setting meeting agenda, encouraging contribution and different perspectives from all directors, effectively summarizing the outcomes from the meetings, ensuring that meeting minutes were adequately recorded and disseminated in a timely manner, and demonstrating leadership, and 2) Working with directors such as facilitating clear communication between the executive and non-executive directors, following up on the assessment of each director to elicit performance improvements, and leading the Board to perform effectively.

Average rating of the four sections under the 2018 Board assessment was good, i.e., the performance of the Board, Board committees, individual directors, and Chairman of the Board generally met expectations. There were recommendations from the directors on areas for development to further enhance its effectiveness amid the growing complexity and rapid changes in today's business environment; and the Board is committed to applying the findings from the assessment to its performance development.

5.8.2 Senior Executive Assessment

The Nomination, Compensation and Corporate Governance Committee is responsible for the annual performance assessment of the Bank's senior executives, namely the Chairman of the Executive Committee, the President and Chief Executive Officer, and senior executives at Executive Vice President level and higher. The assessment is conducted annually and proposed to the Board for approval.

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 whose qualifications match the Bank's strategic requirements to serve as directors and members of Board committees. Nomination is based on each candidate's knowledge, capabilities, expertise, and past experience in relation to each vacancy's requirements, the board skill matrix, which is employed as a screening tool, and, in the case of independent directors, the independence of the candidate. The Bank proceeds with its due diligence process to ensure that qualifications of nominated individuals are not contrary to relevant laws and conform to the Bank's policies governing directors' holding of position in other companies. The Nomination, Compensation and Corporate Governance Committee selects candidates for directorship from the director pool of the Thai Institute of Directors Association (IOD) and nominations by the directors and the shareholders of the Bank. After thoroughly vetting each candidate's qualifications to ensure compliance with laws and regulations (where applicable), the Nomination, Compensation and Corporate Governance Committee will propose the nomination to the Board for consideration. Following the Board's approval, the Bank will consult with and seek endorsement from the Bank of Thailand prior to proposing the nomination to the shareholders, if applicable, for approval of the appointment.

To ensure that the director nomination and selection is in line with the Bank's strategic and

business directions, the Nomination, Compensation and Corporate Governance Committee has defined the qualification screening criteria which set out three aspects of attributes and expertise that constitute desired qualifications of directors: (1) Knowledge, expertise, or experience in macro-level management, (2) Knowledge, expertise, or specific experience in the management of financial institutions, and (3) Knowledge, expertise, or experience in other fields deemed useful to the Board. The Nomination, Compensation and Corporate Governance Committee also regularly reviews and updates the board skill matrix for the effectiveness of the director screening and nomination.

In addition to the nomination of directors, the Nomination, Compensation and Corporate Governance Committee is responsible for reviewing and screening qualifications of candidates for positions at the level of Executive Vice President and higher, prior to proposing the nomination to the Board for approval and subsequently to the Bank of Thailand for endorsement of the senior executive appointment as well as overseeing the formulation of policies, criteria, and procedures for the nomination and remuneration of directors and persons with management authority of companies in SCB Financial Group.

The process for nomination, selection and appointment of directors and senior executives and the oversight of the formulation of policies, criteria, and procedures for the nomination and remuneration of directors and persons with management authority of companies in the SCB Financial Group as mentioned above are conducted by the Board, the Nomination, Compensation and Corporate Governance Committee, and relevant management without any discrimination on race, religion, gender, marital status or physical disability.

5.10 Succession Planning

The Board has assigned the Nomination, Compensation and Corporate Governance Committee the responsibility of succession planning to ensure that the Bank has in place a succession plan that incorporates nomination, selection, and training for key positions, particularly the posi-

tions of the Chairman of the Executive Committee, the President and Chief Executive Officer, and executives at the level of Executive Vice President or higher. This is to ensure the continuity of the Bank's management and business operations when executive positions become vacant due to new appointment, job transfer, retirement, resignation, or any other reason.

Also, the Bank has regularly refined the competency sets for many senior positions and job families to support the development of career road map and succession planning.

5.11 Director and Executive Remuneration

5.11.1 Director Remuneration

The Board has a policy that director remuneration shall be commensurate with the functional duties of directors who must fulfill the expectations of various groups of stakeholders and comply with applicable laws and regulations. It is thus required that Bank's directors possess appropriate experience and qualifications and their remuneration reflect their contributions, responsibilities and risks associated with each

director. The Nomination, Compensation and Corporate Governance Committee is responsible for proposing remuneration of members of the Board and Board committees to the Board for consideration and, subsequently, to shareholders for approval each year.

At the 2018 AGM, the shareholders resolved to approve the Chairman of the Board's remuneration of Baht 1.8 million per year, and each member of the Board's remuneration of Baht 1.2 million per year which are the levels that have been in effect since 2000. In 2018, the annual remuneration paid to 22 directors (inclusive of five directors who resigned during 2018) totaled Baht 19.7 million.

At the same AGM, shareholders approved a bonus payment to directors at a rate of no more than 0.5 percent of dividend and authorized the Board to determine the appropriate amount and allocation. Since shareholders approved the 2017 dividend at Baht 5.50 per share or Baht 18,696 million in total, the directors' bonus for 2017 was set at Baht 54 million or 0.29 percent of the dividend.

Remuneration of the Board committees in 2018 as approved by the 2018 AGM is shown below:

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

Remark: The Chairman of the Executive Committee, the President and Chief Executive Officer, and senior executives do not receive remuneration for serving on Board committees.

With regard to the Risk Oversight Committee and the Technology Committee newly established on 1 July 2018, their remuneration will be proposed to shareholders for approval at the

2019 Annual General Meeting of Shareholders.

Details of monetary remuneration for individual directors are shown in Table 3.

Table 3 Details of Monetary Remuneration for Individual Directors in 2018*

(Unit: Million Baht)

Name	Board of Directors	Executive Committee	Audit Committee	Nomination, Compensation and Corporate Governance Committee	Corporate Social Responsibility Committee	Directors' bonus for 2017 performance
1. Mr. Anand Panyarachun	1.80	-	-	-	-	4.91
2. Dr. Vichit Suraphongchai	1.20	-	-	-	-	3.27
3. Mr. Prasan Chuaphanich	1.20	-	1.08	-	-	3.27
4. Mr. Kan Trakulhoon	1.20	1.80	-	0.58	-	3.27
5. Mr. Krirk Vanikkul	1.20	1.80	-	-	-	3.27
6. Dr. Thaweesak Koanantakool	1.20	1.80	-	-	-	3.27
7. Mrs. Kannikar Chalitaporn	1.20	1.80	-	-	0.43	3.27
8. ACM Satitpong Sukvimol	0.60	-	-	0.22	-	-
9. Pol. Col. Thumnithi Wanichthanom	0.60	-	-	-	0.21	-
10. Mr. Ekamol Kiriwat	1.20	-	0.72	-	-	3.27
11. Dr. Pasu Decharin	0.24	-	0.14	-	-	-
12. Mr. Boontuck Wungcharoen	0.69	1.80	-	-	-	-
13. Mr. Weerawong Chittmittrapap	1.20	-	-	0.48	-	3.27
14. Mr. Chakkrit Parapuntakul	1.20	-	-	0.23	0.22	3.27
15. Mr. Prapas Kong-ied	0.59	-	-	-	0.21	-
16. Mr. Arthid Nanthawithaya	1.20	-	-	-	-	3.27
17. Mr. Orapong Thien-Ngern	0.89	-	-	-	-	-
18. Dr. Chirayu Isarangkun Na Ayuthaya	0.32	-	-	0.19	-	3.27
19. Khunying Jada Wattanasiritham	0.96	-	0.34	0.40	0.52	3.27
20. M.R. Disnadda Diskul	0.10	-	-	-	-	3.27
21. Dr. Kulpatra Sirodom	0.40	-	0.25	-	0.13	3.27
22. Dr. Ekniti Nitithanprapas	0.50	-	-	0.19	-	3.27
Total	19.69	9.00	2.53	2.29	1.72	53.96

Remark: * The above remunerations are exclusive of the remunerations of the Risk Oversight Committee and the Technology Committee which have been established since 1 July 2018. The 2018 remunerations of the Risk Oversight Committee and the Technology Committee will be proposed to the 2019 AGM for approval.

** Changes in directors and Board committees are as detailed in an annex to this Corporate Governance Report.

5.11.2 Executive Remuneration

The Nomination, Compensation and Corporate Governance Committee is responsible for proposing remuneration for executives, including the Chairman of the Executive Committee, the President and Chief Executive Officer, and senior executives at Executive Vice President level and higher to the Board for approval. 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. Performance is assessed and benchmarked against KPIs, which include financial indicators, customer-related indicators as well as indicators relating to work process improvement and people development, to build a solid foundation for sustainable success of the Bank. Remuneration is determined based on transparent criteria, scope of responsibilities, and competitiveness within the financial industry and relative to other leading companies in Thailand.

Based on the Securities and Exchange Commission's definition, 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 and higher in the accounting or finance departments." In 2018, the number of the Bank's executives based on this definition was 18, and collectively they received remuneration in the form of salaries, bonuses, and allowances of Baht 434.92 million (inclusive of two executives who resigned and changed their positions during the year). 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 higher. In 2018, the number of Bank's executives based on the Bank of Thailand's definition was 102, and collectively they received remuneration in the form of monthly salaries, bonuses, and allowances of Baht 1,410.89 million (inclusive of 19 executives who resigned during the year).



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 medical benefits, including an annual medical check-up, that are equivalent to those offered to the Bank's executives at Executive Vice President level or higher, and the Chairman of the Board is additionally entitled to a company car benefit. In 2018, non-executive directors of the Bank received welfare benefits (medical benefits, annual medical check-up, and life insurance) of Baht 0.35 million in total. The Bank's executives are entitled to welfare and other benefits similar to those offered to other employees, such as medical benefits, annual medical check-up, life and accident insurance, welfare loans, and provident fund contribution. In 2018, the Bank's provident fund contribution for 18 executives as defined by the Securities and Exchange Commission, i.e., Senior Executive Vice President level, was Baht 11.06 million in total, while the provident fund contribution for 102 executives as defined by the Bank of Thailand, i.e., Executive Vice President level and higher, was Baht 47.24 million in total.

5.12 Director Orientation

The Bank arranges orientation meetings to brief all new directors on the Bank's vision, strategies, key business targets, performance highlights and relevant regulatory rules. Also, important documents are provided to new directors, i.e., the Director's Manual, the Memorandum and Articles of Association of the Bank, the Bank's Annual Report, SCB Code of Conduct, and Code of Conduct for Directors, Executives and Employees. These documents contain, among others, key information on roles and responsibilities of directors, the Corporate Governance Policy, approval authority, prohibitions under applicable laws, roles and duties of Board committees, and the Anti-Corruption and Bribery Policy.

5.13 Director, Executive and Employee Development

5.13.1 Director Development

The Bank attaches importance to director development and encourages directors to regularly participate in courses or activities to enhance their knowledge and performance as members of the Board of Directors and Board committees. This includes courses and activities arranged by the Stock Exchange of Thailand, the Securities and Exchange Commission, the Thai Institute of Directors Association, and other institutions. Directors are also encouraged to attend overseas seminars and activities relating to corporate governance practices and are regularly informed of relevant training courses.

Furthermore, the Board of Directors has directed the Bank to arrange appropriate development programs on an ongoing basis to ensure that directors remain current with skills and knowledge relevant to their performance as members of the Board of Directors and Board committees. Additionally, the Bank arranges workshops or seminars at least once per year as a knowledge-exchange forum for directors. Details of each director's participation in development programs and training courses in 2018 are shown in Table 4.

Table 4 Participation of the Bank's Directors in Training Courses and Development Programs in 2018

Name of Director	Course Subject	Organizer
1. Mr. Anand Panyarachun	<ul style="list-style-type: none"> • SingularityU Thailand Summit 2018 • Blockchain/ Crypto/ Initial Coin Offering (ICO) • Cyber Security and Technology Risk • Customer Experience and Value Creation 	Exponential Social Enterprise Co., Ltd. and Singularity University The Siam Commercial Bank PCL The Siam Commercial Bank PCL and PricewaterhouseCoopers The Siam Commercial Bank PCL
2. Dr. Vichit Suraphongchai	<ul style="list-style-type: none"> • SingularityU Thailand Summit 2018 • Blockchain/ Crypto/ Initial Coin Offering (ICO) • Cyber Security and Technology Risk • Customer Experience and Value Creation 	Exponential Social Enterprise Co., Ltd. and Singularity University The Siam Commercial Bank PCL The Siam Commercial Bank PCL and PricewaterhouseCoopers The Siam Commercial Bank PCL
3. Mr. Prasan Chuaphanich	<ul style="list-style-type: none"> • Bangkok FinTech Fair 2018: SME and Consumer Financial Solutions • Bangkok Sustainable Banking Forum 2018 • SingularityU Thailand Summit 2018 • Blockchain/ Crypto/ Initial Coin Offering (ICO) • Cyber Security and Technology Risk • Customer Experience and Value Creation 	Bank of Thailand Bank of Thailand Exponential Social Enterprise Co., Ltd. and Singularity University The Siam Commercial Bank PCL The Siam Commercial Bank PCL and PricewaterhouseCoopers The Siam Commercial Bank PCL
4. Mr. Kan Trakulhoon	<ul style="list-style-type: none"> • Bangkok FinTech Fair 2018: SME and Consumer Financial Solutions • SingularityU Thailand Summit 2018 • Blockchain/ Crypto/ Initial Coin Offering (ICO) • Customer Experience and Value Creation 	Bank of Thailand Exponential Social Enterprise Co., Ltd. and Singularity University The Siam Commercial Bank PCL The Siam Commercial Bank PCL
5. Mr. Krirk Vanikkul	<ul style="list-style-type: none"> • Bangkok Sustainable Banking Forum 2018 • SingularityU Thailand Summit 2018 • Blockchain/ Crypto/ Initial Coin Offering (ICO) • Cyber Security and Technology Risk • Customer Experience and Value Creation 	Bank of Thailand Exponential Social Enterprise Co., Ltd. and Singularity University The Siam Commercial Bank PCL The Siam Commercial Bank PCL and PricewaterhouseCoopers The Siam Commercial Bank PCL

Name of Director	Course Subject	Organizer
6. Dr. Thaweesak Koanantakool	<ul style="list-style-type: none"> • Board Matters and Trends (BMT) • Bangkok Sustainable Banking Forum 2018 • SingularityU Thailand Summit 2018 • Blockchain/ Crypto/ Initial Coin Offering (ICO) • Cyber Security and Technology Risk • Customer Experience and Value Creation 	Thai Institute of Directors Association Bank of Thailand Exponential Social Enterprise Co., Ltd. and Singularity University The Siam Commercial Bank PCL The Siam Commercial Bank PCL and PricewaterhouseCoopers The Siam Commercial Bank PCL
7. Mrs. Kannikar Chalitaporn	<ul style="list-style-type: none"> • Director Accreditation Program (DAP) • SingularityU Thailand Summit 2018 • Blockchain/ Crypto/ Initial Coin Offering (ICO) • Cyber Security and Technology Risk • Customer Experience and Value Creation 	Thai Institute of Directors Association Exponential Social Enterprise Co., Ltd. and Singularity University The Siam Commercial Bank PCL The Siam Commercial Bank PCL and PricewaterhouseCoopers The Siam Commercial Bank PCL
8. ACM Satitpong Sukvimol	<ul style="list-style-type: none"> • Customer Experience and Value Creation 	The Siam Commercial Bank PCL
9. Pol. Col. Thumnithi Wanichthanom	<ul style="list-style-type: none"> • Customer Experience and Value Creation 	The Siam Commercial Bank PCL
10. Mr. Ekamol Kiriwat	<ul style="list-style-type: none"> • Blockchain/ Crypto/ Initial Coin Offering (ICO) • Cyber Security and Technology Risk • Customer Experience and Value Creation 	The Siam Commercial Bank PCL The Siam Commercial Bank PCL and PricewaterhouseCoopers The Siam Commercial Bank PCL
11. Dr. Pasu Decharin	<ul style="list-style-type: none"> • Leadership Development Program (LDP6) • Customer Experience and Value Creation 	Thai Listed Companies Association The Siam Commercial Bank PCL
12. Mr. Boontuck Wungcharoen	<ul style="list-style-type: none"> • Cyber Security and Technology Risk • Customer Experience and Value Creation 	The Siam Commercial Bank PCL and PricewaterhouseCoopers The Siam Commercial Bank PCL
13. Mr. Weerawong Chittmittrapap	<ul style="list-style-type: none"> • Blockchain/ Crypto/ Initial Coin Offering (ICO) • Customer Experience and Value Creation 	The Siam Commercial Bank PCL The Siam Commercial Bank PCL
14. Mr. Chakkrit Parapuntakul	<ul style="list-style-type: none"> • Bangkok FinTech Fair 2018: SME and Consumer Financial Solutions • Blockchain/ Crypto/ Initial Coin Offering (ICO) • Cyber Security and Technology Risk • Customer Experience and Value Creation 	Bank of Thailand The Siam Commercial Bank PCL The Siam Commercial Bank PCL and PricewaterhouseCoopers The Siam Commercial Bank PCL

Name of Director	Course Subject	Organizer
15. Mr. Prapas Kong-ied	<ul style="list-style-type: none"> • Cyber Security and Technology Risk • Customer Experience and Value Creation 	The Siam Commercial Bank PCL and PricewaterhouseCoopers The Siam Commercial Bank PCL
16. Mr. Arthid Nanthawithaya	<ul style="list-style-type: none"> • SingularityU Thailand Summit 2018 • Blockchain/ Crypto/ Initial Coin Offering (ICO) • Cyber Security and Technology Risk • Customer Experience and Value Creation 	Exponential Social Enterprise Co., Ltd. and Singularity University The Siam Commercial Bank PCL The Siam Commercial Bank PCL and PricewaterhouseCoopers The Siam Commercial Bank PCL
17. Mr. Orapong Thien-Ngern	<ul style="list-style-type: none"> • SingularityU Thailand Summit 2018 • Customer Experience and Value Creation 	Exponential Social Enterprise Co., Ltd. and Singularity University The Siam Commercial Bank PCL

5.13.2 Executive and Employee Development

Preparing employees and executives of the Bank for change amid digital disruption was a key theme of the Bank's people development program in 2018 with an aim to develop new skills and leverage on data and emerging technologies for the best benefits of the Bank and its customers.

SCB Academy was established to function as an open forum where employees can learn and experiment with new ideas together. Executive coaching programs were expanded, and senior executives were invited to share their knowledge with the participants of these programs. Multiple learning and training courses, such as Building on Talent, Digital Transformation, Execution Leadership and Changing Employee Behavior, were designed in collaboration with leading international academic institutions. In addition, Talent Accelerated Program (TAP) was further developed to include a more diverse range of high-potential talents, focusing on projects of which deliverables could be furthered for the Bank's benefit and the development of practical and functional skills for

these talents who will be key drivers of the Bank's digital transformation. New training courses, such as design thinking and agile foundation, were also introduced to foster the desired mindset and practical skills.

A new digital learning platform known as Phon La Muang Dee(gital) was launched on www.phonlamuangdee.com, which is the first platform in Thailand that enables employees to access and learn digital skills according to their preferences from anywhere and at any time. This innovative and advanced platform offers more than 10,000 courses and AI-enabled recommendations of contents and courses that match the needs and learning behaviors of each employee. As part of space and reinforcement learning, knowledge snippets and small quizzes are sent via Line application to learners daily.

Details of executive and employee development in 2018 are shown in the 2018 Sustainability Report.

5.14 Internal Control and Risk Management

The Bank regularly monitors its internal control system and risk management system and annually evaluates the adequacy of the systems, including related-party transactions and prevention of conflicts of interest. The monitoring and evaluation framework is based on the internal control framework developed by The Committee of Sponsoring Organizations of the Treadway Commission (COSO) which encompasses five key components: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities. Details are as elaborated under the section of “Internal Control and Risk Management” of this Annual Report.

5.15 Oversight of Companies in SCB Financial Group

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

The Board of Directors has delegated the Nomination, Compensation and Corporate Governance Committee the authority to oversee the formulation of policies governing the nomination and remuneration of persons with management authority of companies in SCB Financial Group. To enable the alignment between the policies and management guidelines of companies in SCB Financial Group and the Bank’s key policies, the Bank has developed a representative director handbook, which defines the roles and responsibilities of representative directors and provides guidelines for representative directors whose key duty is to protect the rights and interests of the Bank and its shareholders.

The Board of Directors has delegated the Audit Committee to oversee and monitor compliance of companies in SCB Financial Group with the Bank’s policies and review their financial statements to ensure accuracy. Also, to promote transparency and prevent conflicts of interest, the Bank, as the parent company, has established policies and regulations governing transactions among companies in SCB Financial Group to comply with applicable regulatory and legal requirements.

As regards the risk oversight framework, the Bank has delegated the Risk Oversight Committee to control, monitor and oversee risk management practices of all companies in SCB Financial Group to ensure compliance with the SCB Financial Group Risk Management Policy and the Intra-SCB Financial Group Transaction Policy, including regulations of both the Bank and relevant regulators. The Risk Management Committee, which is a management-level committee, is in charge of reviewing such policies and proposing them to the Risk Oversight Committee for endorsement and subsequently to the Board for approval. These policies must be reviewed at least annually or upon significant changes to effectively address associated risks.

5.16 Board Support Unit

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

5.16.1 Audit Function

The Audit Function is an independent and business-neutral unit that has been established to improve and enhance internal control, including policies, practices, and procedures, and to ensure compliance with applicable regulations for SCB Group. Also, the Audit Function conducts regular audits, identifies matters requiring attention, provides advice, and makes improvement recommendations on internal control, risk management systems, and corporate governance practices. The Audit Function is led by Mr. Krieng Wongnongtaey, First Executive Vice President, Chief Audit Officer, who is responsible for ensuring that the roles and responsibilities of the Audit Function are effectively carried out and reports directly to the Audit Committee in an independent manner. The Audit Committee has the authority to consider and approve the appointment, removal, transfer, or dismissal of the Chief Audit Officer, as well as the merit pay of the Chief Audit Officer.

5.16.2 Compliance Function

The Compliance Function serves as the Bank's regulatory center, providing consultation and advice pertaining to regulatory requirements and the Bank's policies, practices, procedures, and controls as well as coordinating with the regulators on behalf of the Bank. The Compliance Function is also in charge of formulating internal policies, rules and regulations that govern the regulatory and legal compliance for all employees and executives of the Bank. It is also responsible for conducting due diligence on persons nominated as directors or executives of the Bank and its subsidiaries to ensure that the nominees possess appropriate qualifications that meet legal and regulatory requirements. The Compliance Function is under the leadership of Mr. Nopadol Mungonchai, Executive Vice President, Head of Compliance, who functionally reports to Senior Executive Vice President, Chief Legal and Control Officer, and independently reports to the Presidents and the Audit Committee in relation to key regulatory compliance matters.

5.16.3 Company Secretary

The Board of Directors has appointed a Company Secretary to act under the provisions of law and as further instructed by the Board of Directors. Currently, Mrs. Siribunchong Uthayophas, Executive Vice President, Head of Corporate Office, is the Company Secretary. The key roles are to support the Board with respect to statutory and supervisory requirements and good corporate governance. Functions of the Company Secretary are shown on the Bank's website (www.scb.co.th) under the "Functions of Company Secretary" section.

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

Annex to the Corporate Governance Report

Changes in the Board and Board Committees

1. Changes in the Board

1.1 ACM Satitpong Sukvimol and Pol.Col. Thumnithi Wanichthanom were appointed as directors of the Bank, effective on 13 June 2018, to fill the seats vacated by the resignation of Dr. Chirayu Isarangkun Na Ayuthaya and M.R. Disnadda Diskul.

1.2 Dr. Pasu Decharin was appointed as a director of the Bank to fill the seat vacated by the resignation of Khunying Jada Wattanasiritham who completed her independent directorship term, effective on 19 October 2018.

1.3 Mr. Boontuck Wungcharoen was appointed as a director of the Bank, effective on 5 June 2018, to fill the seat vacated by the resignation of Dr. Kulpatra Sirodom who completed her independent directorship term.

1.4 Mr. Prapas Kong-ied was appointed as a director of the Bank, effective on 4 July 2018, to fill the seat vacated by the resignation of Dr. Ekniti Nitithanprapas.

1.5 Mr. Orapong Thien-Ngern was appointed as a director of the Bank to fill the seat vacated by the resignation of Mr. Yol Phokasub, whose directorship term shall complete at the AGM No. 195 on 5 April 2018

2. Changes in the Executive Committee

2.1 Mr. Krirk Vanikkul, Dr. Thaweesak Koanantakool, and Mrs. Kannikar Chalitaporn resigned as members of the Executive Committee, effective on 1 July 2018.

2.2 Mr. Kan Trakulhoon and Mr. Boontuck Wungcharoen were appointed as members of the Executive Committee, effective on 1 July 2018.

3. Changes in the Audit Committee

3.1 Khunying Jada Wattanasiritham was appointed as a member of the Audit Committee, effective on 1 May 2018, to fill the seat vacated by the resignation of Dr. Kulpatra Sirodom.

3.2 Dr. Pasu Decharin was appointed as a member of the Audit Committee, effective on 19 October 2018, to fill the seat vacated by the resignation of Khunying Jada Wattanasiritham.

4. Changes in the Nomination, Compensation and Corporate Governance Committee

4.1 Dr. Chirayu Isarangkun Na Ayuthaya resigned as chairman of the Nomination, Compensation and Corporate Governance Committee, effective on 6 April 2018. In addition, Dr. Ekniti Nitithanprapas and Khunying Jada Wattanasiritham resigned as members of the Nomination, Compensation and Corporate Governance Committee, effective on 1 June 2018 and 19 October 2018 respectively.

4.2 ACM Satitpong Sukvimol and Mr. Chakkrit Parapuntakul were appointed as members of the Nomination, Compensation and Corporate Governance Committee, effective on 1 July 2018.

5. The Risk Oversight Committee and the Technology Committee were established on 1 July 2018.

6. Changes in the Corporate Social Responsibility Committee

6.1 Dr. Kulpatra Sirodom, Mr. Chakkrit Parapuntakul, and Khunying Jada Wattanasiritham resigned as members of the Corporate Social Responsibility Committee, effective on 30 April 2018, 1 July 2018, and 19 October 2018 respectively.

6.2 Pol.Col. Thumnithi Wanichthanom and Mr. Prapas Kong-ied were appointed as members of the Corporate Social Responsibility Committee, effective on 1 July 2018 and 4 July 2018 respectively.

Internal Control and Risk Management

Over the past few years the Bank has greatly developed its technology and services, in line with its vision of being the Most Admired Bank, both domestically and regionally. Excellent technology and innovation development processes to achieve the goal of becoming the Most Admired Bank require effective and efficient risk oversight and management, operational compliance, and internal control meeting international standards, both in operations and IT systems. At SCB, the Audit Committee defines policies to oversee the Bank's internal control operations and internal audit, with international standards and practices as references.

The Board of Directors, the Audit Committee, and management set the Bank's internal control based on the Internal Control Practice Guidelines 2013 of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Internal Audit unit assesses the adequacy of the Bank's internal control system, following the Securities and Exchange Commission's assessment form. The assessment of internal control system adequacy is presented for the Audit Committee's consideration and endorsement before approval by the Board of Directors.

According to COSO's internal control practice guidelines, there are five necessary components for internal control, namely: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities. The Bank's activities undertaken under each of these components are outlined below:

1. Control environment

The Bank requires that all business and functional units, including those under the umbrella of the SCB Group, maintain a culture and environment providing for a sound and effective internal control system, together with a commitment by employees at every level to adhere to the principles of integrity and transparency. The Bank is well aware that a sound internal control system is a critical foundation in meeting its business objectives in a sustainable manner – effective and efficient operations, trustworthiness of financial reporting, and regulatory compliance.

1.1 Promoting awareness

The Bank has prepared formal policies and procedures requiring management and staff at every level in the organization to have roles, duties, and responsibilities in maintaining sound internal control. The Bank has established an organizational structure that supports a sound internal control system through clear supervisory lines and scopes of authority and responsibility for management and staff, all of which are under the oversight of the Board of Directors. The Board of Directors is independent from management and exercises oversight over the development and effectiveness of the internal control environment. Over the recent year, management was the overseer after the Board of Directors promoted the development of tools to create a preventive system for business operations to cope with changing risks, as follows:

- Develop an e-learning course to educate and promote awareness among staff at all levels every year, so that they can properly follow the Code of Conduct and Anti-Corruption and Anti-Money Laundering guidelines in performing their duties. Bank staff at all levels must attend and pass the course to ensure that they are well aware of and understand the Code of Conduct and Anti-Corruption and AML Guidelines.

- Promote the Three Lines of Defense management model, which is internationally recognized and emphasized by regulators. The Bank encourages staff and supervisors across the operations of operating units (the first line of defense), supporting units (the second line of defense), and audit units (the third line of defense) to continuously apply the model in performing their duties, from risk assessment to control, monitoring, and assessment. Those at the first line of defense are deemed having the most important role in leading the successful and effective model. The Bank promotes awareness through many activities, including communication with staff and workshops for further execution.
- Communication about case studies concerning non-compliance with law, regulations, corporate policies, and codes of conduct are in place to create staff awareness and prevention of recurrence. Included was the promotion of concrete operations in line with regulating guidelines on the market conduct of financial institutions. The Bank has set a fair customer service policy and strict operational measures covering pre-sale, during-sale, and after-sale processes. The Board of Directors and senior executives have specified persons in charge of overseeing operations, and punishment provisions for inappropriate staff performance. For maximum operational effectiveness, the Bank conducts quality assessment by means of mystery shopping by third parties to ensure that customers receive quality service and are treated fairly. In addition, the Bank reviewed its KPI & Incentives policy to encourage staff at every level to treat customers fairly. The policy covers ways to encourage staff and incentives, establishing key performance indexes or performance measurements, and a staff remuneration process. Policy appropriateness is regularly reviewed, as are integrity and accountability guidelines for every action in line with the Bank's policy.

In 2018, the Bank implemented a No Gift Policy as a guideline for staff and executives at all levels that covered appropriately giving and receiving gifts and other benefits, and attending receptions, meetings, seminars, or company visits. Strict compliance with the policy is required.

1.2 Whistleblowing

The Bank has whistleblower channels to receive complaints and notifications from staff and external stakeholders that may indicate non-compliance with corporate governance, the Code of Conduct, regulations, anti-corruption law and policies, potential fraud, or corrupt practices. The whistleblower channels include a Whistleblower Hotline, an e-mail inbox: whistleblower@scb.co.th, and by writing directly to CEO, head of the Audit Function, or head of the People Function. The Bank has set a clear procedure for complaint management covering confidential fact finding, appointment of a fact finding committee, consideration and approval of punishment, and reporting complaint management results. The results and actions taken were reported to the Audit Committee on a quarterly basis. Suggestions for improvement can also be sent to CEO at ceo@scb.co.th. Such whistleblowing has promoted business integrity, so that management and staff effectively perform their duties with transparency, integrity, fairness, and accountability, and their performance is routinely reviewed so as to gain trust from all stakeholders.

2. Risk assessment

Well aware of the importance of risk management amid changes in both internal and external factors, the Bank considers risk management an essential component in every process of SCB and the SCB Group business operations, which must be connected across all levels. The Board of Directors has set a risk management policy for the SCB Financial Group, which requires compliance by all staff. Risk assessment is in place at every level. For overall risks there is systematical management through the Bank's sub-board committees, while operational risks are under the responsibility of executives in charge of each operation.

In 2018, the Risk Oversight Committee (ROC) was appointed to review the adequacy and effectiveness of overall risk management policies and strategies and acceptable risk levels; ensure senior executives and heads of risk management units' compliance with risk management policies and strategies and acceptable risk levels; and to oversee capital and liquidity management strategies to ensure that the SCB Group's risks are within the endorsed acceptable risk levels. To cope with drastic and rapid technological changes, the Technology Committee was appointed as a sub-committee specifically overseeing IT issues. Its duties are to oversee IT strategies and IT infrastructure architecture to ensure that they are relevant to the Bank's goals and objectives, as well as technology service integration, technological risk management, and promoting best practice regarding technology in line with the Bank's core values. In addition, the Bank also assigned the following sub-board committees with key risk management roles: the Executive Committee and the Audit Committee.

In addition to the above mentioned sub-board committees, the following management committees have also been set up to oversee the Bank's risk management matters: the Risk Management Committee, The Assets and Liabilities Management Committee, The Equity Investment Management Committee, etc.

In risk management, the Bank considers chances of fraud or operational risk, and direct/indirect or potential impacts on its business. Risk management is an essential component in every process of its business operations, which must be connected across all levels and reported to management and concerned committees. The Risk Management Committee reports resolutions from its meetings to the Executive Committee, the Risk Oversight Committee, the Audit Committee, and the Board of Directors on a monthly basis. This is to ensure the Bank's compliance with related regulatory requirements and maintain its capability for coping with unforeseen risks at acceptable levels.

The SCB Group's risk management policy requires that executives manage and monitor key risks to ensure that they are at acceptable levels, and report significant risks to concerned senior executives/committees. For operational risk management, an internal risk control self-assessment (RCSA) was prepared by each unit of the Bank. Bowtie analysis, an easy-to-understand standard tool, has been used to communicate risk management scenarios with pictograms. It explains risk factors, causes and effects, tools for risk control, and the importance of assessment and testing of tools for risk control to constantly ensure their effectiveness to best mitigate risks.

The Bank considered external factors led by changes in the business environment that may affect its business in order to support defining its overall strategy. Risk management units formulate plans to support the Bank's key goals, mainly based on risk management. The Bank has developed a risk materiality assessment process covering all material risks, namely, strategic risk, credit risk, market risk, IRRBB, liquidity risk, operational risk, reputational risk, people risk, and technology risk. The process is reviewed annually to ensure that it is continuously and regularly exercised, with appropriate risk management, controls, and monitoring.

3. Control activities

The Bank has formal policies, regulations, operational procedures, manuals, and instructions, which are reviewed and updated on a regular basis or upon any significant incident or change. These include general controls over the information systems covering data center operations, data networks, systems development and testing, IT system maintenance, and physical and technology security procurement and management.

Further, the Bank specified scopes of duty and approval authorization for executives at each level in the Bank's operational regulations, such as those for procurement, administrative expenses and capital budget, and credit and investment approval. They clearly emphasize the segregation of duties as a key control in maintaining adequate and appropriate

controls over operations at every level within the organization and to maintain a system of checks and balances, particularly for activities prone to risk or giving rise to conflicts of interest.

Because IT systems and data are crucial assets and need careful access and usage for their safety, the Bank has implemented more stringent requirements on the relevancy of IT usage in operational procedures, general IT controls, and information and data usage. In 2018, the Bank established a unit under the Chief Data Officer directly in charge of defining data management strategies and standards and control over information and data access and usage.

The Bank set more stringent regulations for customer information protection and disclosure and protection of inside information about SCB and its customers, as well as other inside information not made public to prevent leakage and misuse by those accessing them for their personal benefit or the benefit of others.

As for people management, the Bank set a people management system and adequate control, monitoring, and assessment systems covering recruitment, remuneration, assignment of duties and responsibilities, skill development, performance, and communications to ensure that staff have the knowledge, capability, and effectiveness relevant to the changing environment both inside and outside the organization.

Following the engagement of an external consultant in 2016 to review the SCB Group's internal control systems and recommend improvements thereto, in line with international standards and practices, the project was completed in early 2017. Consequently, the Audit Committee periodically acknowledged and monitored the progress of corrective actions following recommendations, and all the high-risk issues were completely resolved in 2018.

4. Information and communications

Since 2017, the Bank has developed innovations and IT systems to enhance business competitiveness in terms of effective IT and communications to keep up with new global challenges led by financial technology, a changing business environment, and consumer behaviors rapidly responding to digital trends. The Bank has developed IT systems for constant data communications that 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 IT security in processing transactions and the protection of customers' confidential data, to ensure that its security measures remain sound and appropriate.

4.1 IT systems

The Board of Directors approved and promoted execution following the digitization roadmap to develop innovations for more operational effectiveness and cost savings in business operations with effective IT and communications. This is to achieve the goal of creating the leading digital banking offering in Thailand, which will be a key channel to support and create added business value for SCB and the SCB Group. For example, the Bank works with SCB Abacus on big data management for smart analytics to offer the most useful products and services for business operations, but also uses internal units for the development of integrated data systems for the People Function and people development, and digitization of internal operational systems for more effectiveness, time-savings, and reduced paperwork, etc.

4.2 Communications

The Bank provides internal communication channels for the Bank and the SCB Group to circulate policies, regulations, procedures, manuals, and other essential information. These communications are designed to keep all executives and staff knowledgeable and informed, and to facilitate proper compliance with policies, procedures, and regulations in a timely manner. In addition, the Bank provides a separate special communication channel to enable safe communication for both internal and external parties.

In 2018, the Bank introduced a new channel called “Make No Sense” at <https://makenosense.scb.co.th> for staff to suggest issues that make no sense or suggestions from customers for service improvement.

5. Monitoring activities

The Bank has internal control monitoring and assessment in place to ensure that the internal control system remains effective and efficient, with complete and appropriate monitoring and assessment ability as designed and able to tackle changing risks.

- 5.1 **The Compliance Function** is responsible for reviewing and monitoring all units’ operations within the Bank and the SCB Group to ensure their compliance with important regulations, laws, rules, and regulatory requirements.
- 5.2 **The Audit Function** performs independent assurance and consulting, so that the organization’s internal processes are regulated with sound

governance, risk management, and internal control. The Audit Function also considers the root cause of findings and risks found during audits, which are directly reported for the Audit Committee’s consideration on a monthly basis. Furthermore, the Audit Function also follows up on the implementation of its recommendations to ensure that issues of concern are resolved and improvements are implemented.

The Audit Committee and the Board of Directors have considered the results of internal control adequacy assessment, and discussed actions taken in line with the recommendations for internal control development with the Bank’s management.

The Audit Committee and the Board of Directors’ opinion are that the Bank’s internal control system and risk management system are appropriate and adequate for its business operations. This conclusion was in line with the opinion of the external auditors.

Related Party Transactions

The Bank places great emphasis on safeguarding against misusing internal information for personal gain by directors and staff. Accordingly, the Bank has set policies, rules, and approval procedures for related party transactions, as well as guidelines on related party transaction execution and disclosure to prevent and manage any potential conflicts of interest in a transparent and fair manner.

The Bank's rules and approval procedures for related party transactions and conflicts of interest transactions are as follows:

- Strict compliance with regulations of the Stock Exchange of Thailand, the Securities and Exchange Commission, and notifications of the Capital Market Supervisory Board regarding related party transactions and conflict of interest transactions. In particular, any directors or executives related to a transaction that may lead to a conflict of interest must be excluded from making decisions or consideration regarding such transaction. Furthermore, the Company Secretary must have a formal record of directors or executives related to the issue under consideration in meeting minutes, if applicable.
- Policies on pricing and terms and conditions for transactions between the Bank and related entities are required to be on an arm's length basis and, broadly, on the same terms as those applied to transactions with unrelated third parties.
- The Board of Directors (excluding any director who has a conflict of interest) has approval authority for loans, investments, obligations, or lending-like transactions with the Bank's major shareholders or businesses that are 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)).
- The Bank has also established the Intra-group Transactions policy to ensure compliance

with applicable regulations and to prevent conflicts of interest. SCB is also in compliance with the Joint Policy Statement between the Bank of Thailand and the Securities and Exchange Commission Thailand on Consolidated Supervision of Financial Groups that Operate Fund Management Businesses. In 2018, SCB and Intra-group Transactions comply with the Joint Policy Statement.

Intra-Group Transactions Policy and SCB Group Risk Management Policy

Governance on Intra-Group Transactions

To enhance transparency for intra-group transactions within the SCB Group and to avoid any conflict of interest between SCB and other shareholders in businesses that are not wholly owned by SCB, the Bank has established the Intra-Group Transaction Policy, which has been approved and reviewed annually by the Board of Directors. This policy entails risk management for intra-group transactions and controls for material transactions which are classified into two types of significant transactions, namely, credit transactions (loans, investments, and obligations or lending-like transactions) and non-credit transactions (those other than loans, investments, or obligations). The policy ensures that such transactions comply with regulations and requirements of the Bank of Thailand, the Stock Exchange of Thailand, and the Securities and Exchange Commission, as well as local laws and regulations in the countries that SCB operates.

A key part of this Policy requires that intra-group transactions be executed without special terms and conditions that are materially different from other risk-equivalent transactions. In the absence of equivalent transactions, intra-group transactions must follow standard market practices with enforceable contracts, proper documentation and record keeping, as well as approval authority based on risk and materiality.

Related Party Transaction Trends and Policy Outlook

SCB's emphasis on good governance principles has led to a clear policy on related party transactions to comply with laws, regulations, and notifications of the Stock Exchange of Thailand and the Securities and Exchange Commission on related party transactions, which include the acquisition and disposal of assets of listed companies, as well as compliance with the Bank of Thailand's notifications. SCB's related party transactions may arise as part of its normal business operations for which the Bank has clear and appropriate internal approval measures and procedures.

Information Disclosure

The Bank's policy on disclosure of market-sensitive information focuses on timely, transparent, and adequate disclosure of all material information and prohibits misuse of internal information, either directly or indirectly.

The Bank discloses related party transactions and connected transactions as defined by the Stock Exchange of Thailand in the notes to the financial statements in the Annual Report in accordance with information disclosure requirements and guidelines. Related party transactions are reported to the Audit Committee on a quarterly basis.

In 2018, the Bank did not have related party transactions with sufficient materiality to require disclosure per the Stock Exchange of Thailand's criteria. Information pertaining to other related party transactions is disclosed in the notes to the financial statements.



Nomination, Compensation, and Corporate Governance Committee Report

The Nomination, Compensation, and Corporate Governance (NCCG) Committee comprises four directors, i.e., two independent directors, and two non-executive directors, and is chaired by an independent director. Duties and responsibilities of the NCCG Committee are as set forth in the NCCG Committee Charter and the Bank's Corporate Governance Policy.

In 2018, the NCCG Committee held 12 meetings and undertook the following key activities:

1

Amended the Bank's Articles of Association in relation to minority shareholders' rights to call a meeting of shareholders pursuant to the Public Limited Companies Act B.E. 2535, which was amended in April 2017. The amended Articles of Association were then proposed to the Board for endorsement and the 2018 Annual General Meeting of Shareholders for approval.

2

Reviewed and proposed for the Board's approval the SCB Corporate Governance Policy and the charters of the board committees for alignment with the corporate governance principles applicable to financial institutions as stipulated by the Bank of Thailand and the corporate governance code for listed companies.

3

Reviewed and proposed for the Board's approval the SCB Code of Conduct for alignment with the principles as set forth in the Banking Industry Code of Conduct jointly developed by the Thai Bankers' Association and 15 member banks with the aim of fostering good corporate culture and suitability amid the changing business landscape.

4

Reviewed and proposed for the Board's approval the Conflict of Interest Prevention and Management Policy for Asset Management Business of the SCB Financial Group in a bid to prevent and manage conflicts of interest among the Bank and companies in the SCB Financial Group dealing with asset management as well as to enhance the asset management practices of the SCB Financial Group in pursuit of international standards of transparency.

5

Selected and nominated candidates for directorship from the director pools maintained by the Thai Institute of Directors Association (IOD) and the Bank as well as the lists of candidates proposed by the Bank's directors and shareholders (if available) by taking into account the Board Skill Matrix which illustrates qualifications and diversified traits in terms of knowledge, competence, experience, and education. The NCCG Committee also placed importance on the due diligence process to check each candidate's qualifications prior to obtaining approvals from the Bank of Thailand and subsequently from the Board and/or the shareholders.

6

Determined appropriate compensation for the chairman and members of the Board and board committees based on the assigned scope of duties and responsibilities, the Bank's profits, and overall economic conditions prior to obtaining approvals by the Board and the shareholders. The directors' performance bonuses were capped at 0.5% of the dividend payout, while the amount of directors' bonuses paid as reward for their 2017 performance was Baht 53.96 million, or 0.29% of dividends.

7

Arranged the performance assessment of the Board, including the Chairman of the Board, individual directors, and other board committees. In 2018, the Bank assigned Aon Hewitt (Thailand) Limited, an external consulting firm with experience and expertise in corporate governance, to conduct a board effectiveness assessment. This is in line with the Bank's policy to engage an external consultant in its performance assessment process every three years pursuant to the Corporate Governance Code set forth by the Stock Exchange of Thailand.

8

Considered and recommended for the Board's approval a new organizational structure focusing on customer centricity and collaboration by reorganizing internal functions for greater clarity on accountability.

9

Considered and recommended for the Board's approval rotation among senior executives as part of the Bank's professional development program designed for executives at all levels. In addition to training, job rotation is another important skill development approach for executives to help provide new experiences and insights which encourages continuous development.

10

Arranged for the performance assessment of the Chairman of the Executive Committee, the President and Chief Executive Officer, and senior executives of the Bank against established targets and performance criteria. The NCCG Committee also reviewed management's proposal on the compensation policy and appropriate compensation and benefits for the aforesaid senior executives by considering their assigned scope of duties and responsibilities, performance, general economic conditions, and relevant industry benchmarks, prior to obtaining approval from the Board.



(Mr. Kan Trakulhoon)

Chairman of the Nomination, Compensation and Corporate Governance Committee

Report of the Executive Committee

The Executive Committee has roles, duties and responsibilities of overseeing the management and screening all matters proposed for consideration by the Board of Directors, except those under responsibility or authority of other sub-committees. The Committee also grants approval on matters according to the scope of authority delegated by the Board of Directors and as set forth in the Executive Committee Charter. The Executive Committee comprises four directors, of which two members are executive directors and another two are non-executive directors.

In 2018, the Executive Committee held 41 meetings marking major achievements as follows:

1

Considering and screening strategic plans of the Bank and SCB Financial Group; financial targets; and business plans, including the annual budget to be proposed to the Board of Directors.

2

Considering and granting approval of loans under the scope of the Executive Committee's authority, and screening loans under approval authority of the Board of Directors. The Committee also considered and laid out guidelines to resolve major problem loans, while monitoring the status of major loans on a regular basis, including reports of business impacts caused by unforeseen incidents or nonordinary situations, so as to ensure appropriate management.

3

Considering and granting approval on other important matters, such as investment, financial information disclosure, foreign business, the business of SCB Group companies, and screening matters under approval authority of the Board of Directors.

4

Monitoring and providing recommendations on improvement of operational processes of the Bank to increase its potential to the fullest extent and to achieve its strategic goals "Going Upside Down", aiming for the Bank to be technology-driven and customer-centric.



(Dr. Vichit Suraphongchai)

Chairman of the Executive Committee

Report of the Technology Committee

The Board of Directors established a Technology Committee on June 23, 2018 to help the Board develop and execute optimal long-term strategies on the Bank's deployment of technology and response to technological challenges. The Committee comprises four members: Dr. Thaweesak Koanantakool (Chairman of Technology Committee), Mr. Boontuck Wungcharoen (Independent Director and Committee Member), Mr. Arthid Nanthawithaya (CEO) and Mr. Orapong Thien-Ngern (President). The Committee's secretary is Mr. Colin Richard Dinn (SEVP, Chief Technology Officer)

The duty of the Technology Committee is to oversee the future direction of the Bank's engagement with technology so as to ensure service integrity; alignment with future business goals; strong governance; stability and scalability of services. The Committee's key concerns are planning how to respond to technology-related risks (requiring appropriate risk awareness, management and mitigation); disruption risks (by fintech); and technological requirements in the ongoing SCB Transformation program. The Committee also focuses on other key issues such as data governance (including new legislation on data privacy) and productivity enhancement.

The Technology Committee held four meetings in 2018 and recorded meeting minutes, which were presented to the Board of Directors.

Achievements of the Technology Committee in 2018 (August – December)

The Committee defined their members' roles and responsibilities as supporting the Board of Directors by (i) overseeing technology policies, (ii) shaping the direction of technology strategy and (iii) overseeing technology-related risk, including digital, infrastructure, data, people and process, to align with the Bank's strategies. Its charter was approved by the Nomination, Compensation and Corporate Governance Committee (NCCG) and the Board of Directors in September 2018.

Regarding governance of technology, the Committee provides oversight of technology policies to incorporate standard and new practices as well as compliance with regulations.

The Committee reviewed SCB's technology risk roadmap and execution in 2018 to ensure that appropriate governance and standards were achieved, and technology risk visibility was aligned with the Risk Oversight Committee and Audit Committee.

The Committee emphasized the importance of technology infrastructure, security and human resources to ensure that the Bank's technology supports its operations and service to customers. The Committee also reviewed the Bank's strategy and plan regarding digital expansion so as to enhance the customer experience and provide more efficient delivery of services. Regarding oversight of data security, the Committee focused on data privacy and control of data use and access. It provided guidelines for ongoing improvement in the Bank's data quality and usage.



(Mr. Thaweesak Koanantakool)
Chairman of Technology Committee



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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. The financial statements are prepared in accordance with Thai Financial Reporting Standards, using appropriate accounting policies that are applied on a consistent basis. The financial statements are also prepared after careful consideration and, when applicable, use of appropriate estimates and judgments. All significant information related to the accounting policies and the financial statements, including the conventions and practices used for the preparation of these financial statements, are adequately disclosed in the notes to the financial statements in order to facilitate understanding and use as well as for the benefit of the shareholders and general investors. The financial statements have been audited by independent certified public accountants whose unqualified opinions are stated in the audit report.

The Board of Directors has required the management of the Bank to adopt and maintain effective internal control and risk management systems to provide reasonable assurance on the accuracy, reliability and adequacy of the Bank's accounting; the safeguarding

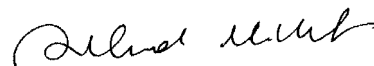
of its assets; and the prevention against fraud and irregularities which have material effects on the accuracy and reliability of the Bank's financial reports.

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

In the context of the nature and scale of the Bank's business, the Board of Directors is of the view that the Bank's overall internal control system is adequate and appropriate, and can provide reasonable assurance that the financial statements of the Bank, including the consolidated financial statements of the Bank and its subsidiaries for the year ended December 31, 2018, which reflect the financial statements and performance of the Bank and its subsidiaries at the said date, are reliable pursuant to applicable financial reporting standards, and are correct, complete and accurate according to accounting standards, related laws and regulations.



(Mr. Anand Panyarachun)
Chairman of the Board



(Mr. Arthid Nanthawithaya)
Chief Executive Officer

Audit Committee Report

The Audit Committee of Siam Commercial Bank PCL is comprised of the following three Independent Directors:

- Mr. Prasan Chuaphanich
Chairman of the Audit Committee
- Mr. Ekamol Kiriwat
Member of the Audit Committee
- Assoc. Prof. Pasu Techarin, Ph.D.
Member of the Audit Committee
- Assoc. Prof. Kulpatra Sirodom, Ph.D.
Member of the Audit Committee
(until April 2018)
- Khunying Jada Wattanasiritham
Member of the Audit Committee
(until October 2018)

Mr. Krieng Wongnongtaey, First Executive Vice President and Head of the Audit Function, serves as 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. This is in line with the Securities and Exchange Commission's guidelines on best practice. The Audit Committee reviewed and encouraged SCB and its subsidiaries' compliance with good corporate governance, an adequate risk management system and internal control, and effective and efficient internal auditing. Importance was placed on defining structures and systematic processes and enhancing the quality of the Bank's internal audits for the internal audit's development toward being a trusted advisor in developing and providing sustainable added value over the long run. Highlights are as follows:

- Fostered a corporate culture in the areas of risk management systems, internal control, and regulatory compliance, and promoted the Three Lines of Defense management model by leveraging IT systems to maximize capabilities across operating functions (the first line of defense), compliance function (the second line of defense), and internal audit function (the third line of defense) for more effective and

efficient operations and compliance control and to prevent activities that are against the law or the Bank's regulations, reducing chances of fraud.

- Upgraded internal audits, focusing on professionalism and trustworthiness of internal auditors for more effective and efficient internal audit performance to keep pace with the business and changing global trends in the digitization era. Internal auditors' readiness and development were promoted so that they have capabilities and skills necessary for professional and effective audit performance to support rapidly changing businesses. Leveraging IT tools and systems was also promoted to increase audit effectiveness to handle a larger volume of data.

In 2018, the Audit Committee held 13 meetings with management and senior executives in charge of concerned functions, in addition to regular meetings with representatives of the Audit and Compliance functions. The Committee also met with external auditors, both with and without management's presence at meetings. Summaries of the deliberations and recommendations of each Audit Committee meeting were presented to the Board of Directors to both inform the Board and, if appropriate, to seek direction on specific matters.

Highlights of activities are as follows:

• Review of Financial Reporting

The Audit Committee reviewed SCB's and its subsidiaries' quarterly, half-year, and annual financial statements, including consolidated financial statements, related transactions, and transactions prone to conflict of interest of the SCB Group. The financial statements were prepared in accordance with Thai Financial Reporting Standards (TFRS) and the requirements of the Bank of Thailand and the Securities and Exchange Commission. The Audit Committee regularly met with external auditors and the Bank's finance executives to review material issues, such as the accuracy and completeness of financial statements, significant accounting

adjustments, accounting estimates, the appropriateness of accounting policies, the scope of audits which include key audit matters related to SCB and the SCB Group; correct, complete, and adequate information disclosure; and the independence of the external auditor. The Audit Committee received explanations from auditors and the Bank's finance executives to ensure that the Bank and the SCB Group's financial statements reflected financial transactions and incidents that were material to the Bank and the Group's financial statements and were in accordance with legal requirements and Thai Financial Reporting Standards, were reliable and timely, with adequate information disclosure useful for users of the financial statements.

The Audit Committee also met with auditors without management's presence in one exclusive meeting to discuss the independence of audit performance, information received and audits, particularly material matters in the preparation of financial statements, risk control, and management regarding the Bank's transformation project, and suspicious behavior prone to fraud or violations of the law related to the performance of directors and executives under Section 89/25 of the Securities and Exchange Act, B.E. 2559 (2016). In 2018, the auditors did not discover any material findings or reports of any suspicious behavior.

- **Review of Risk Management**

The Audit Committee reviewed the effectiveness and appropriateness of SCB and the SCB Group's risk management processes, risk management policies, and held monthly meetings with executives in charge of the Risk Management Function to acknowledge risk management guidelines and plans for risks that might affect the performance of SCB and the SCB Group, and to monitor potential risk issues and provide recommendations for improvement. Emphasis was placed on management and staff's readiness to cope with rapidly changing business, cyber security management, big data leveraging, a careful

process to monitor investment under the Bank's transformation project, and management of issues in the public's interest. The Audit Committee encouraged management to systematically prepare data for readiness to cope with various situations.

In 2018, the Audit Committee endorsed the formation of a new committee and practice guidelines: the Risk Oversight Committee (ROC). Its duties are to review the adequacy and effectiveness of overall risk management policies and strategies and acceptable risk levels; ensure senior executives and heads of risk management units' compliance with risk management policies and strategies; and to oversee capital and liquidity management strategies to ensure that the SCB Group's risks are within the endorsed acceptable risk levels.

The Committee and management discussed both internal and external risk factors and significant risk issues, particularly credit risk issues, provision adequacy, and the Bank's credit approval process for large projects/corporate businesses to ensure that SCB and the SCB Group's risk management guidelines and measures are adequately effective in addressing potential risk from current operations and future risk scenarios. The Committee also discussed the adequacy of the risk management systems and procedures under the supervision of the Risk Management Function and the Risk Management Committee for readiness to cope with unanticipated incidents.

- **Internal Control and Audit**

Review the effectiveness of the internal audit system

The Audit Committee considered the adequacy of the internal control system following the COSO framework, which covers the following five areas: 1) control environment, 2) risk assessment, 3) control activities, 4) information and communication, and 5) monitoring activities. Key matters in each area considered are summarized in related sections in this report.

The Audit Committee placed importance on compliance with law, related regulations, and the Three Lines of Defense management model. The Committee considered audit reports presented by the Audit Function on a monthly basis, and reviewed internal control adequacy assessment by management, the external auditors, the Bank of Thailand, and other regulators overseeing the Bank and its subsidiaries. The Committee monitored performance to ensure that corrective actions with respect to critical risk issues were completely taken by management, and root causes were fixed to prevent recurrence, particularly of high-risk issues, fraud, or serious operational errors. The Committee also met with the Audit Committees of key subsidiaries to exchange opinions and to ensure that key risk issues have been audited and monitored.

Following the engagement of an external consultant in 2016 to review the SCB Group's internal control systems and recommend improvements thereto, in line with international standards and practices, the project was completed in early 2017. Consequently, the Committee periodically acknowledged and monitored progress of corrective actions following recommendations, and all the high-risk issues were completely resolved in 2018.

Because information technology is especially crucial to the Bank in the digitization era, the Audit Committee placed particular emphasis on this matter. The Committee regularly met with executives in charge of IT units to acknowledge and monitor issues regarding IT operations to ensure that the Bank is prepared for the digitization era in terms of hardware, software, people development, and recruitment. Since 2017, the Bank has engaged an external consultant to develop a technology risk management framework, so that the Bank has standard guidelines on IT operations. The Committee regularly follows up on the project's progress.

On a quarterly basis, the Committee acknowledged a summary of complaints and notifications, mainly received through the Bank's whistleblower channel, and assessed them for any indication of potential fraud, misconduct, or corrupt practices. Further, the Committee held meetings with units concerned with complaint management to ensure that the complaint management process is appropriate and transparent, and relevant to ever-changing customer behaviors and services.

Overseeing internal audit

In 2018, the Audit Committee considered the independence of internal audit performance, approved the review of the Internal Audit Charter, reviewed the annual strategic plan and audit plan, and approved the annual audit plan. On a monthly basis, the Committee followed up the Audit Function's performance as per the plan and audit findings, provided recommendations, followed up corrective actions on significant issues, so as to promote good corporate governance and increase the effectiveness and efficiency of audit performance.

The Committee also provided recommendations about Audit Function staff training and development plans and recruitment, to upgrade internal audits regarding people, processes, tools, and technology for audit performance, with a focus on the professionalism and trustworthiness of internal auditors for more effective and efficient internal audit performance to keep pace with business and changing global trends in the digitization era. Importance was placed on potential risks with significant impacts on the organization, particularly such emerging risks as cyber risks and risk issues in the public's interest. Leveraging IT tools and systems were also promoted to benefit the internal audit, as well as data analytics as an audit technique and internal auditors' capability and skill development to operate such IT tools and systems.

As a result of the forgoing activities, the Audit Committee concluded that the overall internal control environment of the Bank was appropriate and adequate for the business operations of the Bank and its subsidiaries. This conclusion was in line with the opinion of the external auditors. Further, the Audit Committee was of the opinion that the First Executive Vice President and Head of the Audit Function has appropriately and effectively supervised and monitored the operations of the Audit Function. The annual merit increase was based on the assessment of his performance (see the profile of the First Executive Vice President and Head of Audit Function on page 352).

- **Regulatory Compliance**

The Audit Committee reviewed SCB and its subsidiaries' regulatory compliance with applicable laws and regulations of state regulators such as the Bank of Thailand, the Anti-Money Laundering Office, and the Securities and Exchange Commission, especially regarding the anti-corruption and bribery policy and the anti-money laundering and combating the financing of terrorism (AML/CFT) regulations, through monthly meetings with the executives in charge of Compliance Function. The Committee acknowledged and discussed issues to ensure effective monitoring and control over key regulatory compliance issues of units under SCB and its subsidiaries, and improvements in the operational processes in accordance with the related regulations. The Committee regularly met with the subsidiaries' management to acknowledge their guidelines on operational process improvements and preventive efforts against mistakes and errors that could cause damage to the Bank as a whole.

In 2018, the Committee promoted the Bank's good corporate governance and transparency in line with the financial institutions' compliance guidelines, with an emphasis on market conduct to ensure that customers receive fair and quality services. The Committee met regularly with

management to ensure that the Bank has a fair customer service policy and strict operational measures covering pre-sale, during-sale, and after-sale processes, persons in charge of overseeing the operations, and punishment provisions for inappropriate staff activities.

The Audit Committee regularly reported all critical issues and significant regulatory changes that may affect the Bank's operations to the Board of Directors, and approved the annual compliance report, before submission to the Bank of Thailand and the Securities and Exchange Commission.

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

The Audit Committee reviewed, supervised, and commented on any significant related-party transactions, particularly those that may involve a conflict of interest, in line with regulatory compliance norms, before proposing such transactions to the Board of Directors and/or shareholders, as required. This is to ensure that those transactions are transparent, reasonable, and protect the interests of the Bank and its shareholders. In 2018, the Bank did not have any materially connected transactions to be disclosed in accordance with the regulations of the Stock Exchange of Thailand. The information pertaining to other connected transactions is disclosed in the notes to the financial statements.

- **Annual Consideration and Appointment of External Auditor**

The Audit Committee considers, on an annual basis, the appointment of the Bank's external auditor. Following its recommendation and the Board's endorsement thereof, the shareholders appointed KPMG Phoomchai Audit Ltd. as the auditor for SCB and its subsidiaries at the 2018 Annual General Meeting, although in some countries where the Bank has a presence it was necessary to appoint another firm in accordance with the law in such countries. Recommendations to shareholders were based on the auditor's qualifications, knowledge, capability, audit

experience in the banking industry, audit approach, independence in accordance with ethical requirements by the Federation of Accounting Professions and the requirements of the Securities and Exchange Commission, the quality of the audit over the past year, as well as the appropriateness of audit fees.

- **Others**

In 2018, the Audit Committee revised the Audit Committee Charter as follows:

- Revised the contents of the Audit Committee Charter, following the Institute of Internal Auditors' Model Audit Committee Charter 2017 with four sections: Organizational Principles, Operational Principles, Operational Procedures, and Oversight of the Internal Audit Activity & Other Assurance Providers. For each section, details were added for clear practice guidelines.
- Added requirements following the Bank of Thailand's notification no. FIP10/2561, Re: Financial institutions' corporate governance regarding sub-committees' duties, responsibilities, and components, consequently the Audit Committee also has a role as the SCB Group's Audit Committee.

As in prior years, members of the Audit Committee undertook a self-assessment to enhance the efficiency of the Committee's performance.

The Audit Committee performed its duties as assigned by the Board of Directors and in line with the responsibilities stated in the Audit Committee Charter. It exercised its knowledge and capabilities and adhered to the principles of integrity, prudence, transparency, and independence, and provided constructive comments and recommendations for the equal benefit of stakeholders, with the Bank's and stakeholders' ultimate interest as a priority.

The Audit Committee is of the opinion that the financial statements of SCB and its subsidiaries have been prepared accurately and are complete, with adequate disclosure, in accordance with financial reporting standards. It is also of the opinion that the external auditor is independent and has performed all its duties professionally. The Committee notes that the Bank places a high level of importance on its internal control systems, as well as ensures that the policies, procedures, and systems for risk management are adequate and appropriate for its business operations. Further, the Committee opines that the Bank has sound corporate governance, adequate risk management, and appropriate and effective internal controls and internal audits. The Bank has monitored changes so that it is well prepared to face any potential risks that may arise in the future.



(Mr. Prasan Chuaphanich)

Chairman of the Audit Committee

Management Discussion and Analysis

For the year ended December 31, 2018

Important Disclaimer:

The information contained in this document has been obtained from several sources, and Siam Commercial Bank PCL (the "Bank") cannot confirm, in all cases, the accuracy and completeness of such data, particularly those sourced from outside the Bank. In addition, any forward looking statements are subject to change as market conditions and actual outcomes may differ from forecasts. The Bank makes no representation or warranty of any type whatsoever on the accuracy or completeness of the information contained herein.

Siam Commercial Bank PCL reported (audited) consolidated **net profit** of Baht 40,068 million for 2018, a 7.1% yoy decrease from Baht 43,152 million in 2017. Lower net profit was primarily due to higher operating expenses from new technology investments and customer acquisition initiatives

under the Transformation Program and lower non-interest income from a decline in both net fee income and net insurance premiums. **Total operating income** increased by 1.5% yoy mainly due to net interest income growth of 4.4% yoy driven by higher loan volume and relatively stable net interest margin.

Net Profit and Total Comprehensive Income

Unit: Baht million

Consolidated	2018	2017	% yoy
Net interest income	96,369	92,310	4.4%
Non-interest income	41,855	43,903	-4.7%
Total operating income	138,225	136,212	1.5%
Operating expenses	64,639	57,650	12.1%
Operating profit	73,586	78,562	-6.3%
Impairment loss on loans and debt securities	24,023	25,067	-4.2%
Income tax	9,468	10,291	-8.0%
Non-controlling interests	28	53	-47.8%
Net profit (attributable to shareholders of the Bank)	40,068	43,152	-7.1%
Other comprehensive (loss) income	(4,809)	4,919	NM
Total comprehensive income	35,259	48,071	-26.7%
ROAE	10.8%	12.4%	
ROAA	1.3%	1.5%	

NM denotes "not meaningful"

Share Information

	Unit: Baht		
	2018	2017	% yoy
EPS	11.79	12.69	-7.1%
BVPS	111.80	106.93	4.6%
Closing price	133.50	150.00	-11.0%
Shares outstanding* (Million shares)	3,399	3,399	0.0%
Market capitalization (Baht billion)	453.8	509.9	-11.0%

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

Income Statement for the Year Ended December 31, 2018 (Consolidated basis)

Net Interest Income

	Unit: Baht million		
Consolidated	2018	2017	% yoy
Interest income	129,127	125,113	3.2%
Loans	98,035	95,788	2.3%
Interbank and money market	5,456	5,028	8.5%
Financial leases	12,003	11,024	8.9%
Investments	13,495	13,185	2.3%
Others	138	88	56.5%
Interest expenses	32,758	32,804	-0.1%
Deposits	18,301	19,006	-3.7%
Interbank and money market	1,534	1,218	25.9%
Borrowings	3,012	3,092	-2.6%
Contribution to the Deposit Protection Agency & FIDF	9,735	9,419	3.4%
Others	176	69	154.6%
Net interest income	96,369	92,310	4.4%

- **Net interest income** in 2018 increased by 4.4% yoy to Baht 96,369 million given loan growth of 5.2% yoy and relatively stable net interest margin from effective deposit cost management.

Yield and Cost of Funding

Consolidated	Unit: Percentage	
	2018	2017
Net interest margin	3.21%	3.23%
Yield on earning assets	4.30%	4.38%
Yield on loans	5.27%	5.38%
Yield on interbank and money market	1.57%	1.75%
Yield on investment	2.37%	2.27%
Cost of funds*	1.40%	1.45%
Cost of deposits**	1.31%	1.38%

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

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

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

SCB Interest Rates	Apr 29, 15	May 21, 15	Jul 20, 15	Dec 21, 15	Mar 1, 16	Apr 7, 16	Apr 25, 16	Oct 12, 16	May 16, 17
Lending rate (%)									
MLR	6.625	6.525	6.525	6.525	6.525	6.275	6.275	6.275	6.025
MOR	7.50	7.40	7.37	7.37	7.37	7.37	7.12	7.12	6.87
MRR	8.12	7.82	7.87	7.87	7.87	7.87	7.62	7.62	7.37
Deposit rate* (%)									
Savings rate	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
3-month deposits	0.90-0.95	0.90	0.90	0.90-1.60	0.90	0.90	0.90	0.90	0.90
6-month deposits	1.15-1.20	1.15	1.15	1.15	1.15	1.15	1.15	1.15	1.15
12-month deposits	1.50	1.50	1.50	1.30	1.30	1.30	1.30	1.40	1.40

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

BoT Interest Rates	Nov 30, 11	Jan 25, 12	Oct 17, 12	May 29, 13	Nov 27, 13	Mar 12, 14	Mar 11, 15	Apr 29, 15	Dec 19, 18
Policy rate (%)	3.25	3.00	2.75	2.50	2.25	2.00	1.75	1.50	1.75

Non-Interest Income

Unit: Baht million			
Consolidated	2018	2017	% yoy
Net fee and service income	28,456	30,324	-6.2%
Fee and service income	37,016	36,855	0.4%
Fee and service expenses	8,560	6,531	31.1%
Net insurance premiums	682	2,866	-76.2%
Net earned insurance premiums	50,592	49,232	2.8%
Net insurance claims	49,910	46,366	7.6%
Net fee and insurance premiums	29,138	33,189	-12.2%
Net gain on trading	7,945	7,090	12.1%
Share of profit (loss) from investment in associate	47	(9)	NM
Dividend income	1,211	1,032	17.3%
Other income	584	990	-41.0%
Non-interest income excluding net gain on investments	38,925	42,292	-8.0%
Net gain on investments	2,930	1,611	81.9%
Total non-interest income	41,855	43,903	-4.7%

NM denotes "not meaningful"

- **Non-interest income** decreased by 4.7% yoy to Baht 41,855 million in 2018 despite higher net gain on investments and higher net gain on trading. This decline was due to lower net insurance premiums and lower net fee income from the digital transaction fee waiver and declining mutual fund fees.
- **Net insurance premiums** fell in 2018 because of (1) lower new sales in 2018, (2) a decline in renewal premiums following slow insurance sales in the past few years, and (3) higher surrenders given a

weak economy and maturation of policies sold in prior years which raised net insurance claims. Net insurance premiums are expected to remain weak as these conditions continue to prevail in the near term. To counter this trend and increase sales volume, the Bank plans to shift product mix toward health protection and unit-linked products and expand client coverage by leveraging both traditional branch-based model and digital channels. Digitization/technology at SCB Life will also be uplifted to be aligned with that of SCB.

Net Fee Income Breakdown

Consolidated	Unit: Baht million		
	2018	2017	% yoy
Net fee and service income	28,456	30,324	-6.2%
Bank cards	8,116	7,917	2.5%
GMTS*	5,122	5,296	-3.3%
Bancassurance fee	2,749	2,438	12.7%
Mutual fund	6,228	6,924	-10.1%
Loan related fee	2,781	2,926	-4.9%
Others**	3,460	4,823	-28.3%

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

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

Operating Expenses

Consolidated	Unit: Baht million		
	2018	2017	% yoy
Employee expenses	29,347	27,488	6.8%
Premises and equipment expenses	13,264	11,554	14.8%
Taxes and duties	4,489	4,417	1.6%
Directors' remuneration	100	99	1.4%
Other expenses	17,439	14,092	23.8%
Total operating expenses	64,639	57,650	12.1%
Cost to income ratio	46.8%	42.3%	

- **Operating expenses** increased by 12.1% yoy to Baht 64,639 million in 2018 primarily from new technology investments and customer acquisition initiatives under the Transformation Program. Other expenses were higher as marketing expenses rose to support new customer acquisition, marketing campaigns, and new product launches. Employee expenses went up as a result of annual salary adjustments. An

increase in premises and equipment expenses reflected higher depreciation from the Bank's investment program as well as higher software rental.

With modest top-line growth amid this high investment cycle, cost-to-income ratio reached 46.8% in 2018 which was within the revised target of 45-47% in 2018.

Impairment loss on loans and debt securities

Consolidated	Unit: Baht million		
	2018	2017	% yoy
Impairment loss on loans and debt securities	24,023	25,067	-4.2%
Credit cost (bps)	115	126	
Coverage ratio	146.7%	137.3%	

- In 2018, **impairment loss on loans and debt securities** was set at Baht 24,023 million or 115 bps of total loans. This included additional prudent provisions of around Baht 4 billion booked in 4Q18 to safeguard against external uncertainties,

and at the same time the Bank is shifting its loan portfolio toward unsecured products and digital lending. With a higher level of provisions, coverage ratio improved to 146.7% in 2018 from 137.3% in 2017.

Balance Sheet as of December 31, 2018 (Consolidated Basis)

As of December 31, 2018, the Bank's total assets stood at Baht 3,187 billion, an increase of 5.4% yoy.

Details on the consolidated balance sheets are provided in the following sections:

Loans

By Segment (Consolidated)	Unit: Baht million		
	Dec 31, 18	Dec 31, 17 (Restated)	% yoy
Corporate*	830,586	782,523	6.1%
SME*	341,305	342,411	-0.3%
Retail	968,670	909,798	6.5%
Housing loans**	644,508	630,079	2.3%
Auto loans	203,075	179,933	12.9%
Other loans	121,087	99,786	21.3%
Total loans	2,140,561	2,034,732	5.2%

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

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

As of December 31, 2018, loans (net of deferred revenue) grew yoy mainly driven by corporate and retail segments.

- The 5.2% yoy loan growth was slightly lower than the Bank's loan growth target of 6-8% for 2018.
- Details on changes in loan volume by customer segments are as follows:
 - **Corporate** loans grew by 6.1% yoy mainly from working capital loans.
 - **SME** loans declined by 0.3% yoy.
 - **Retail** loans expanded by 6.5% yoy.

- **Housing loans** increased by 2.3% yoy. Housing loans grew at a slower pace than the overall market as the Bank has adjusted its loan portfolio to achieve the optimal risk-return.
- **Auto loans** rose 12.9% yoy, largely driven by higher car sales.
- **Other loans** (mostly personal loans and credit card receivables) surged 21.3% yoy, following the Bank's strategy to grow high margin loans.

Deposits

Consolidated	Unit: Baht million		
	Dec 31, 18	Dec 31, 17	% yoy
Demand	68,139	78,274	-12.9%
Savings	1,418,782	1,281,892	10.7%
Fixed	672,710	732,291	-8.1%
Less than 6 months	133,341	164,034	-18.7%
6 months and up to 1 year	194,939	176,335	10.6%
Over 1 year	344,430	391,922	-12.1%
Total deposits	2,159,631	2,092,457	3.2%
CASA - current & savings accounts (%)	68.9%	65.0%	
Gross loan to deposit ratio	99.1%	97.2%	
Liquidity ratio (Bank-only)	25.0%	26.9%	

As of December 31, 2018, total **deposits** rose 3.2% yoy from higher savings deposits, while current and fixed deposits declined. The yoy decrease in fixed deposits was due mainly to the

end of the 15-month fixed deposit campaign in 3Q18. As a result, the Bank's CASA proportion further increased to 68.9% at the end of 2018.

Statutory Capital

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

Furthermore, the Bank has recently been classified by the BOT, along with four other major Thai commercial banks, as Domestic Systemically

Important Banks (D-SIBs) which are required to maintain higher minimum Common Equity Tier 1 capital to provide additional stability and resilience. This 1% Higher Loss Absorbency requirement applied to D-SIBs will be phased in starting at 0.5% in 2019 and increasing to 1.0% in 2020.

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

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

Both current and upcoming regulatory changes have been incorporated into SCB long-term capital management plan well in advance. The Bank believes that its strong capital position, which is currently above the minimum regulatory

requirement, together with high loan loss provisions will enable the Bank to withstand any adverse shocks, be it Bank-specific or economy-wide. Also, its strong capital position will facilitate SCB to pursue any future growth opportunities.

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

	Consolidated		Bank-only	
	Dec 31, 18	Dec 31, 17	Dec 31, 18	Dec 31, 17
Unit: Baht million, %				
Statutory Capital				
Common Equity Tier 1/ Tier 1*	326,679	321,939	305,183	299,978
Tier 2 capital	43,793	42,564	42,953	41,754
Total capital	370,472	364,503	348,136	341,732
Risk-weighted assets	2,166,374	2,055,938	2,091,071	1,984,315
Capital Adequacy Ratio	17.1%	17.7%	16.6%	17.2%
Common Equity Tier 1/ Tier 1*	15.1%	15.6%	14.6%	15.1%
Tier 2 capital	2.0%	2.1%	2.0%	2.1%

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

Asset Quality

At the end of December 2018, gross NPLs on a consolidated basis increased slightly yoy to 2.85%. The yoy increase in NPLs was mainly from the qualitative loan classification of one corporate

customer in the mining industry in 3Q18 and a relapse of one corporate customer in the auto parts industry in 4Q18. However, SME loans' asset quality improved yoy.

Unit: Baht million

Consolidated	Dec 31, 18	Dec 31, 17
Non-performing loans (Gross NPLs)	70,389	65,560
Gross NPL ratio	2.85%	2.83%
Non-performing loans (Net NPLs)	35,699	35,592
Net NPL ratio	1.47%	1.56%
Gross NPL ratio by segment/product		
Corporate	2.16%	1.80%
SME	7.97%	8.08%
Retail	2.60%	2.62%
Housing loans	3.13%	3.08%
Auto loans	1.80%	1.82%
Allowance for doubtful accounts and debt restructuring*	103,273	89,990
Total allowance for NPLs (Coverage ratio)	146.7%	137.3%
Credit cost (bps)	115	126
Bank-only	Dec 31, 18	Dec 31, 17
Non-performing loans (Gross NPLs)	69,383	64,537
Non-performing loans (Net NPLs)	35,406	35,289
Gross NPL ratio	2.84%	2.81%
Net NPL ratio	1.47%	1.56%

* Excluding interbank and money market items.

Unit: Baht million

Consolidated	Dec 31, 18		Dec 31, 17	
	Loan and accrued interest	Allowance for doubtful accounts	Loan and accrued interest	Allowance for doubtful accounts
Normal	2,019,500	20,661	1,920,725	19,964
Special mention	53,968	3,500	51,721	3,225
Substandard	23,034	12,831	17,161	7,961
Doubtful	13,246	4,318	13,429	4,163
Doubtful loss	34,147	17,902	35,024	18,206
Total	2,143,895	59,212	2,038,060	53,519
Allowance established in excess of BOT regulations		40,193		32,180
Total allowance		99,405		85,699

Special mention loans increased 4.4% yoy mainly from qualitative loan classification

of some corporate and SME customers.

New NPLs by Segment and by Product

	2018				2017				2018	2017
	4Q18	3Q18	2Q18	1Q18	4Q17	3Q17	2Q17	1Q17		
Total loans	0.48%	0.49%	0.44%	0.41%	0.49%	0.38%	0.45%	0.41%	1.80%	1.71%
Corporate*	0.14%	0.25%	0.02%	0.06%	0.09%	0.01%	0.03%	0.03%	0.46%	0.17%
SME*	0.68%	0.73%	0.68%	0.79%	0.67%	0.58%	1.08%	0.63%	2.90%	2.77%
Housing loans**	0.85%	0.81%	0.93%	0.70%	0.96%	0.70%	0.70%	0.76%	3.26%	3.07%
Auto loans***	0.67%	0.57%	0.51%	0.43%	0.54%	0.50%	0.50%	0.41%	2.10%	1.91%
New NPLs (Baht billion)	11.8	12.2	10.6	9.7	11.4	8.8	10.4	9.1	44.3	39.6

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

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

*** Excludes the cases in which cars were repossessed before the end of the month on the month that loans were classified as NPL.

In 2018, overall new NPL formation trended up slightly from the previous year but remained within the expected range. An increase in new NPLs for corporates was mainly from qualitative loan classification of one corporate customer in the mining industry in 3Q18. New NPL formation for SMEs increased percentage-wise because of SME Loan contraction but declined yoy in absolute terms. New NPL formation for mortgages was

concentrated among old vintage loans and the self-employed segment. As the Bank's underwriting standards have been tightened in the past few years, new NPLs from housing loans are expected to show improvement.

Despite several external uncertainties, the Bank expects the NPL ratio for 2019 to be below 3%.

Sources and Uses of Funds

As of December 31, 2018, deposits accounted for 67.8% of SCB's funding base. Other major sources of funds were: 11.9% from shareholders' equity, 8.7% from liabilities under insurance contracts recorded by the Bank's insurance subsidiary (SCB Life Assurance

PCL), 4.5% from interbank borrowings, and 3.4% from debt issuance. As of December 31, 2018, the funds were deployed as follows: 67.2% for loans, 17.8% for investments in securities, 11.9% for interbank and money market lending, and 1.5% held in cash.

Additional Financial Information

Unit: Baht million, %

Consolidated	Dec 31, 18	Dec 31, 17	% yoy
Loans by sector	2,140,561	2,034,732	5.2%
Agricultural and mining	19,798	19,554	1.2%
Manufacturing and commercial	610,341	612,733	-0.4%
Real estate and construction	166,640	149,123	11.7%
Utilities and services	376,276	346,294	8.7%
Housing loans*	552,772	542,564	1.9%
Other loans	414,734	364,464	13.8%
Investment**	568,901	570,371	-0.3%
Trading securities and securities measured at fair value through P/L	13,415	16,193	-17.2%
Available-for-sale securities	432,663	432,064	0.1%
Held-to-maturity securities	120,645	120,671	0.0%
General investments	2,131	1,443	47.7%
Investment in associate	47	0	NM
Debt securities in issue and borrowings	107,561	78,538	37.0%
Bonds	86,694	54,542	58.9%
Subordinated bonds	20,000	20,000	0.0%
Structured notes	607	3,815	-84.1%
Others	260	181	43.4%
NPL breakdown by status (Bank-only)			
Restructured and being serviced	75.1%	66.2%	8.9%
Under negotiation for restructuring	2.9%	5.8%	-2.9%
In litigation	8.4%	15.0%	-6.6%
In foreclosure process	13.6%	13.0%	0.6%
Troubled debt restructured loans	33,493	35,723	-6.2%
Restructured loans which are classified as NPL	10,257	8,595	19.3%
Restructured loans which are not classified as NPL	23,236	27,128	-14.3%

	2018	2017
Yield on loans	5.27%	5.38%
Corporate	4.16%	4.15%
SME	5.93%	6.13%
Retail	6.16%	6.34%
Housing loans	4.99%	5.25%
Auto loans	6.29%	6.36%
Auto loans portfolio		
New car	56.3%	56.3%
Used car	27.3%	26.7%
My Car, My Cash	16.3%	16.9%
NPL reduction methodology		
Repayments, auctions, foreclosures and account closed	52.4%	39.1%
Debt restructuring	7.0%	5.8%
NPL sales***	28.3%	28.9%
Write off	12.3%	26.1%

* Classified by sector/product and excludes retail loans where customers use their home as collateral. (These loans are classified under "Other loans" in accordance with regulatory guidelines). Elsewhere in this report, all housing loans are aggregated under mortgage loans and the balance of these loans at the end of December 31, 2018 and December 31, 2017, was Baht 645 billion and Baht 630 billion, respectively.

** 83.9% were investments in government and state-enterprise securities. The Bank held a high proportion of government securities to fulfill its goal of maintaining, at a bank-only level, a liquidity ratio (liquid assets/deposits) of at least 20%.

*** The Bank sold NPLs of Baht 17.4 billion in 2018 and Baht 11.7 billion in 2017.

Credit Ratings

Credit Ratings of Siam Commercial Bank PCL		December 31, 2018
Moody's Investors Service		
Outlook		Stable
Bank deposits		Baa1/P-2
Senior unsecured MTN		(P) Baa1
Other short term		(P) P-2
S&P Global Ratings		
Counterparty Credit Rating		BBB+/A-2
Outlook		Stable
Senior Unsecured (Long Term)		BBB+
Senior Unsecured (Short Term)		A-2
Fitch Ratings		
<u>Foreign Currency</u>		
Long Term Issuer Default Rating		BBB+
Short Term Issuer Default Rating		F2
Outlook		Stable
Senior Unsecured		BBB+
Viability Rating		bbb+
<u>National</u>		
Long Term Rating		AA+(tha)
Short Term Rating		F1+(tha)
Outlook		Stable
Subordinated Debenture		AA(thai)

5-Year: Key Financial Statistics

Financial Status (Consolidated)

As of December 31,

Unit: Billion Baht

	2014	2015	2016	2017	2018
Total Assets	2,699.7	2,774.3	2,913.0	3,024.0	3,187.3
- Loans	1,777.1	1,833.4	1,939.0	2,034.7	2,140.6
- Less allowance for doubtful accounts	-59.0	-64.8	-77.4	-90.0	-103.3
- Net loans	1,718.1	1,768.6	1,861.7	1,944.7	2,037.3
- Investment-net	502.8	537.0	590.9	570.4	568.9
- Properties for sale, net	9.7	10.6	11.6	11.3	13.4
Total liabilities	2,413.4	2,466.6	2,578.7	2,660.3	2,806.4
- Deposits	1,895.3	1,890.7	2,026.3	2,092.5	2,159.6
- Borrowings	113.9	121.2	106.8	78.5	107.6
Total shareholders' equity	286.3	307.7	334.3	363.8	381.0

Financial Results (Consolidated)

For the year ended December 31,

Unit: Billion Baht

	2014	2015	2016	2017	2018
Interest income	123.4	122.5	122.4	125.1	129.1
Less interest expenses	42.3	39.6	34.0	32.8	32.8
Net interest income	81.1	82.8	88.4	92.3	96.4
Non-interest income	47.0	54.4	44.9	43.9	41.9
Total income	128.1	137.3	133.3	136.2	138.2
Less operating expenses	48.1	48.8	51.6	57.7	64.6
Income before impairment loss of loans and debt securities	80.0	88.5	81.7	78.6	73.6
Less impairment loss of loans and debt securities	13.2	29.7	22.5	25.1	24.0
Less income tax and non-controlling interest	13.5	11.6	11.6	10.3	9.5
Net profit	53.3	47.2	47.6	43.2	40.1
(attributable to shareholders of the Bank)					

Key Financial Ratios (Consolidated)

Unit: Percent

	2014	2015	2016	2017	2018
Profitability ratio					
Return on assets (ROA)	2.0	1.7	1.7	1.5	1.3
Return on equity (ROE)	20.1	15.9	14.8	12.4	10.8
Net interest margin (NIM)	3.3	3.2	3.3	3.2	3.2
Non interest income to total income	36.7	39.7	33.7	32.2	30.3
Efficiency ratio					
Cost income ratio	37.5	35.6	38.7	42.3	46.8
Cost to assets	1.8	1.8	1.8	1.9	2.1
Financial ratio					
Equity to assets	10.6	11.1	11.5	12.0	11.9
Loans to deposits	93.8	97.0	95.7	97.2	99.1
Capital adequacy ratio ^{1/}					
Total capital to risk assets	17.0	17.3	17.7	17.7	17.1
Tier 1 capital to risk assets	13.7	14.1	14.8	15.6	15.1
Tier 2 capital to risk assets	3.3	3.2	2.9	2.1	2.0
Asset quality ratio					
Non-performing loans to total loans	2.11	2.89	2.67	2.83	2.85
Total allowance to non-performing loans	138.1	109.8	134.3	137.3	146.7
Total allowance to total loans	3.3	3.5	4.0	4.4	4.8
Accrued interest to total loans	0.2	0.2	0.2	0.2	0.2

Share Information ^{2/}

	2014	2015	2016	2017	2018
Earnings per share - EPS (Baht)	15.69	13.88	14.01	12.69	11.79
Book value per share (Baht)	83.94	90.45	98.28	106.93	111.80
Dividend per share ^{3/} (Baht)	6.00	5.50	5.50	5.50	5.50
Market capitalization (Billion Baht)	618.6	406.2	518.3	509.9	453.8
Number of shares (Million)	3,399	3,399	3,399	3,399	3,399

^{1/} Figures are disclosed under Basel III framework.^{2/} The Bank's share includes ordinary shares and preferred shares.^{3/} Dividend per share in 2018 as proposed to the Annual General Meeting of Shareholders in April 2019. (Interim dividend Baht 1.50 per share)

Independent Auditor's Report

To the Shareholders of The Siam Commercial Bank Public Company Limited

Opinion

I have audited the 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 2018, the consolidated and the Bank's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying 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 2018 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated and the Bank's Financial Statements section of my report. I am independent of the Group and the Bank in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the consolidated and the Bank's financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the consolidated and the Bank's financial statements of the current period. These matters were addressed in the context of my audit of the consolidated and the Bank's financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Allowance for doubtful accounts on loans to customers

For disclosures related to credit risk of loans to customers and allowance for doubtful accounts, refer to notes 3.5, 4.1 and 11.

The key audit matter

The allowance for doubtful accounts on loans to customers is considered a Key Audit Matter as it requires the application of judgments and use of subjective assumptions over both the timing of recognition, and the estimation of the amount of the allowance of certain loans and portfolios of loans to customers.

As at 31 December 2018, loans to customers recorded in the consolidated and the Bank's financial statements amounted to Baht 2,170 billion and Baht 2,154 billion (approximately 68.1% and 75.3% of total assets), against which allowances for doubtful accounts of Baht 99 billion and Baht 99 billion, respectively, were provided.

Management has established a control framework over the estimation process of the allowance for doubtful accounts which includes governance procedures, management review and approval, and controls to ensure the integrity of data used in the process. The allowance for doubtful accounts is in accordance with the Bank of Thailand's guidelines which require the Bank to perform both quantitative and qualitative reviews of loans as an ongoing process. Within this framework:

- Individual assessments are made by management of loan grading and classification. Collateral valuation estimates are used in determining allowance for Non-Performing Loans.
 - The allowances are assessed on a portfolio basis for certain portfolios with similar risk characteristics. Expected Loss Model methodologies incorporating assumptions such as customer behavior and repayment abilities are selected, approved and applied to portfolios of loans of a similar nature and risk profile.
-

How the matter was addressed in the audit

In planning my audit procedures I performed a risk assessment by considering internal and external factors which could affect the performance of individual customers, industry sectors, customer segments, or which could influence the judgments and estimates.

My audit procedures included testing the design and operating effectiveness of selected controls surrounding the credit and impairment process.

I performed credit review procedures for a sample of loans, including a detailed review of the individual credit profile and other relevant information, from which I formed my own independent assessment. My sample included individually large exposures, loans subject to restructuring and reschedule, as well as a selection of loans identified in my risk assessment.

I used my own credit specialists to test model parameter assumptions and methodologies, including a review of reconciliations of data to underlying systems and back-testing results.

Valuation of financial instruments in the statement of financial position

For disclosures related to financial instruments and fair values, refer to notes 3.3, 3.26, 3.27, 4, 5, 8 and 9.

The key audit matter

The valuation of financial instruments is considered a Key Audit Matter due to the degree of complexity involved in valuing certain level 2 instruments and the significance of judgment and estimates involved.

As at 31 December 2018, financial assets measured at fair value in the consolidated and the Bank's financial statements amounted to Baht 487 billion and Baht 301 billion, respectively. Financial liabilities measured at fair value in the consolidated and the Bank's financial statements amounted to Baht 36 billion and Baht 36 billion, respectively. As at 31 December 2018, financial assets measured at fair value classified as level 2 in the consolidated and the Bank's financial statements amounted to Baht 465 billion and Baht 294 billion, respectively. Financial liabilities measured at fair value classified as level 2 in the consolidated and the Bank's financial statements amounted to Baht 36 billion and Baht 36 billion, respectively.

There is a risk that financial instruments classified as "level 2" in the fair value hierarchy, may be mispriced in the statement of financial position because they are not based on objective external prices or, where these are not easily observable, the best estimate of what they may be.

How the matter was addressed in the audit

In planning my audit procedures I performed a risk assessment by considering the factors which could affect the fair value of financial instruments, both in terms of the inputs used for valuation and the appropriateness of valuation techniques applied.

For a sample of financial instruments, I checked that pricing inputs used were externally sourced and were correctly input into pricing models, including an assessment of the liquidity of prices, where applicable. I used my own valuation specialists to assess that the models were appropriate and tested the fair value of a sample of the Group and the Bank's debt securities and derivative positions independently and compared their valuation to the Group and the Bank's valuation.

Valuation of Life Insurance Policy Reserves

For disclosures related to Life Insurance Policy Reserves, refer to notes 3.29, 4.6 and 23.

The key audit matter

The valuation of life insurance policy reserves is considered a Key Audit Matter as it involves significant complex and subjective judgments about future events, applying actuarial methodologies and assumptions, which could materially affect the amount of the recorded liability and expense.

As at 31 December 2018, liabilities under insurance contracts recorded by the subsidiary in the consolidated financial statements amounted to Baht 278 billion, mainly comprising long-term technical reserves (approximately 99.7% of liabilities under insurance contracts).

How the matter was addressed in the audit

In planning my audit procedures I performed a risk assessment by considering factors which could affect the major valuation assumptions and controls framework over data input. These major assumptions include economic assumptions such as investment returns and discount rates and non-economic assumptions such as mortality and persistency.

In performing my audit procedures, I used my own actuarial specialists in assessing the methodology and assumptions used in calculating the reserves and testing the significant inputs included evaluating the design, implementation and operating effectiveness of selected controls over the actuarial assumptions and the valuation process.

I considered, in particular, the validity of management's liability adequacy testing, including assessing the reasonableness of the projected cash flows, discount rate and of the assumptions adopted in the context of company experience, specific product features and industry practice. The discount rates adopted by management are consistent with market practice.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and the Bank's financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and Bank's financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and Bank's financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and Bank's financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

Responsibilities of Management and Those Charged with Governance for the Consolidated and the Bank's Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated and the Bank's financial statements in accordance with TFRSs, 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.

In preparing the consolidated and the Bank's financial statements, management is responsible for assessing the Group's and the Bank's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank

or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated and the Bank's Financial Statements

My objectives are to obtain reasonable assurance about whether the consolidated and the Bank's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and the Bank's financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the consolidated and the Bank's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Bank's internal control.

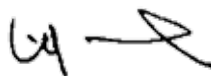
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and the Bank's financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and the Bank's financial statements, including the disclosures, and whether the consolidated and the Bank's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope

and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the consolidated and the Bank's financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.



(Winid Silamongkol)
Certified Public Accountant
Registration No. 3378

KPMG Phoomchai Audit Ltd.
Bangkok
21 February 2019

Statement of financial position

The Siam Commercial Bank Public Company Limited and its Subsidiaries

(in thousand Baht)

Assets	Note	Consolidated		The Bank	
		31 December		31 December	
		2018	2017	2018	2017
Cash		47,116,872	40,797,176	46,443,366	40,591,037
Interbank and money market items, net	7	377,904,575	316,733,080	362,033,032	303,476,880
Derivative assets	8	41,682,825	43,499,427	41,533,759	46,035,173
Investments, net	9	568,853,597	570,370,844	272,994,919	299,032,913
Investments in subsidiaries and associate, net	10	47,391	-	18,988,748	18,016,700
Loans to customers and accrued interest receivables, net	11				
Loans to customers		2,170,100,801	2,059,948,448	2,154,332,379	2,046,282,647
Accrued interest receivables		3,334,205	3,328,131	3,028,442	2,963,859
Total loans to customers and accrued interest receivables		2,173,435,006	2,063,276,579	2,157,360,821	2,049,246,506
Less deferred revenue		(29,540,202)	(25,216,416)	(29,540,202)	(25,216,417)
Less allowance for doubtful accounts	11.9	(99,404,677)	(85,699,301)	(98,646,744)	(84,936,081)
Less revaluation allowance for debt restructuring	12	(3,867,951)	(4,291,141)	(3,867,951)	(4,291,141)
Total loans to customers and accrued interest receivables, net		2,040,622,176	1,948,069,721	2,025,305,924	1,934,802,867
Properties for sale, net	14	13,449,583	11,283,644	13,445,838	11,280,102
Premises and equipment, net	15	43,206,362	44,164,383	41,707,339	42,890,983
Goodwill and other intangible assets, net	16	25,491,592	18,107,161	15,697,382	8,778,161
Assets pending transfer	17	2,232,926	2,234,515	2,429,931	2,300,059
Deferred tax assets	44	197,811	110,753	106,779	25,740
Other assets, net	18	26,533,915	28,661,317	19,440,025	18,401,385
Total assets		3,187,339,625	3,024,032,021	2,860,127,042	2,725,632,000

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

(in thousand Baht)

Liabilities and shareholders' equity	Note	Consolidated		The Bank	
		31 December		31 December	
		2018	2017	2018	2017
Liabilities					
Deposits	19	2,159,630,551	2,092,457,200	2,156,936,065	2,087,890,289
Interbank and money market items	20	142,528,617	108,573,192	145,599,164	110,911,960
Liability payable on demand		13,944,143	23,670,751	13,942,883	23,670,230
Liabilities to deliver security	3.11	1,144	59,900	-	-
Derivative liabilities	8	36,483,008	44,984,107	36,798,917	44,620,824
Debt issued and borrowings	21	107,560,901	78,538,067	106,065,393	75,379,761
Provisions	22	9,426,568	7,729,706	8,922,840	7,340,382
Liabilities under insurance contracts	23	278,220,199	248,244,534	-	-
Liabilities pending transfer	24	19,675,994	14,615,892	19,435,132	14,488,352
Deferred tax liabilities	44	423,164	3,589,507	-	2,559,950
Other liabilities	25	38,462,288	37,806,171	31,240,768	29,802,716
Total liabilities		2,806,356,577	2,660,269,027	2,518,941,162	2,396,664,464

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

(in thousand Baht)

		Consolidated		The Bank	
		31 December		31 December	
Liabilities and shareholders' equity	Note	2018	2017	2018	2017
Shareholders' equity					
Share capital	27				
Authorised share capital					
3,582,842,660 preferred shares of Baht 10 each		35,828,427	35,838,257	35,828,427	35,838,257
3,417,157,340 common shares of Baht 10 each		34,171,573	34,161,743	34,171,573	34,161,743
Issued and paid-up share capital					
3,718,303 preferred shares of Baht 10 each		37,183	37,850	37,183	37,850
3,395,473,895 common shares of Baht 10 each		33,954,739	33,954,072	33,954,739	33,954,072
Premium on share capital					
Premium on preferred shares		14,541	14,802	14,541	14,802
Premium on common shares		11,109,650	11,109,389	11,109,650	11,109,389
Other reserves	28	15,668,579	19,985,092	16,535,798	18,654,960
Retained earnings					
Appropriated					
Legal reserve	28	7,000,000	7,000,000	7,000,000	7,000,000
Unappropriated		312,241,904	291,362,368	272,533,969	258,196,463
Total owners of the company		380,026,596	363,463,573	341,185,880	328,967,536
Non-controlling interests		956,452	299,421	-	-
Total shareholders' equity		380,983,048	363,762,994	341,185,880	328,967,536
Total liabilities and shareholders' equity		3,187,339,625	3,024,032,021	2,860,127,042	2,725,632,000



(Mr. Arthid Nanthawithaya)
Chief Executive Officer

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

Statement of profit or loss and other comprehensive income

The Siam Commercial Bank Public Company Limited and its Subsidiaries

(in thousand Baht)

	Note	Consolidated		The Bank	
		For the year ended 31 December		For the year ended 31 December	
		2018	2017	2018	2017
Interest income	37	129,127,210	125,113,063	118,470,269	115,630,594
Interest expenses	38	32,757,797	32,803,548	32,701,604	32,766,978
Net interest income		96,369,413	92,309,515	85,768,665	82,863,616
Fee and service income	39	37,016,121	36,854,858	36,681,937	37,424,662
Fee and service expenses	39	8,559,783	6,530,982	7,354,816	5,337,478
Net fee and service income	39	28,456,338	30,323,876	29,327,121	32,087,184
Net gain on trading	40	7,944,828	7,089,951	7,764,554	6,888,659
Net gain on investments	41	2,930,164	1,610,763	2,705,633	704,314
Share of profit (loss) from investment in associate	10.2	47,391	(8,949)	-	-
Dividend income		1,211,013	1,032,097	1,509,738	3,349,891
Net earned insurance premiums		50,591,839	49,231,848	-	-
Other operating income		583,655	989,649	282,587	681,923
Total operating income		188,134,641	182,578,750	127,358,298	126,575,587
Net insurance claims		49,909,813	46,366,273	-	-
Net operating income		138,224,828	136,212,477	127,358,298	126,575,587
Other operating expenses					
Employee expenses		29,347,037	27,488,330	25,969,307	24,207,823
Directors' remuneration		100,332	98,940	89,238	91,635
Premises and equipment expenses		13,263,885	11,553,836	12,318,209	10,744,254
Taxes and duties		4,488,694	4,417,007	4,138,577	4,050,500
Other expenses	42	17,438,800	14,091,949	19,812,844	16,349,431
Total operating expenses		64,638,748	57,650,062	62,328,175	55,443,643
Impairment loss on loans and debt securities	43	24,022,741	25,066,653	24,001,551	25,030,000
Profit from operation before income tax expense		49,563,339	53,495,762	41,028,572	46,101,944
Income tax expenses	44	9,468,272	10,291,148	7,553,082	8,247,976
Net profit		40,095,067	43,204,614	33,475,490	37,853,968

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

Statement of profit or loss and other comprehensive income

The Siam Commercial Bank Public Company Limited and its Subsidiaries

(in thousand Baht)

	Note	Consolidated		The Bank	
		For the year ended 31 December		For the year ended 31 December	
		2018	2017	2018	2017
Other comprehensive income (loss)					
<i>Items that will be reclassified subsequently to profit or loss</i>					
(Losses) gains on remeasuring available-for-sale investments		(5,374,535)	6,079,641	(2,308,856)	717,378
Losses arising from translating the financial statements of a foreign operation		(15,236)	(204,089)	-	-
Share of other comprehensive income of associate (using equity method)		-	72	-	-
Changes in hedge reserve		319,201	370,849	1	51,202
Income tax relating to components of other comprehensive income (loss) will be reclassified subsequently to profit or loss	44	1,011,067	(1,290,097)	461,771	(153,716)
		(4,059,503)	4,956,376	(1,847,084)	614,864
<i>Items that will not be reclassified to profit or loss</i>					
Actuarial losses on defined benefit plans	22	(959,880)	-	(893,131)	-
Income tax relating to components of other comprehensive income (loss) will not be reclassified subsequently to profit or loss	44	191,976	-	178,626	-
		(767,904)	-	(714,505)	-
Total other comprehensive (loss) income, net of income tax		(4,827,407)	4,956,376	(2,561,589)	614,864
Total comprehensive income		35,267,660	48,160,990	30,913,901	38,468,832

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

Statement of profit or loss and other comprehensive income

The Siam Commercial Bank Public Company Limited and its Subsidiaries

(in thousand Baht)

	<i>Note</i>	Consolidated		The Bank	
		For the year ended 31 December		For the year ended 31 December	
		2018	2017	2018	2017
Net profit attributable to:					
Owners of the company		40,067,556	43,151,904	33,475,490	37,853,968
Non-controlling interests		27,511	52,710	-	-
Total comprehensive income attributable to:					
Owners of the company		35,258,592	48,070,604	30,913,901	38,468,832
Non-controlling interests		9,068	90,386	-	-
Earnings per share of the parent company					
Basic earnings per share (in Baht)	45	11.79	12.69	9.85	11.14



(Mr. Arthid Nanthawithaya)
Chief Executive Officer

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

(in thousand Baht)

	Consolidated														
	Other reserves														
	Issued and paid-up share capital	Premium on share capital		Gains (losses) on remeasuring available-for-sale investments	Losses arising from translating the financial statements of a foreign operation	Changes in hedge reserve	Changes in revaluation surplus	Others	Total other reserves	Retained earnings		Total owners of the company	Non-controlling interests	Total shareholders' equity	
		Preferred shares	Common shares							Preferred shares	Common shares				Legal reserve
Note	Preferred shares	Common shares	Preferred shares	Common shares											
Year ended															
31 December 2018															
Balance at 1 January 2018	37,850	33,954,072	14,802	11,109,389	6,014,558	(330,032)	335,172	16,329,890	(2,364,496)	19,985,092	7,000,000	291,362,368	363,463,573	299,421	363,762,994
Dividend paid	29	-	-	-	-	-	-	-	-	-	-	(18,695,557)	(18,695,557)	-	(18,695,557)
Conversion of preferred shares to common shares		(667)		261	-	-	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests without a change in control		-	-	-	3	-	-	-	(15)	(12)	-	-	(12)	(37)	(49)
Non-controlling interests arising on acquisition of subsidiary		-	-	-	-	-	-	-	-	-	-	-	-	648,000	648,000
Net profit		-	-	-	-	-	-	-	-	-	-	40,067,556	40,067,556	27,511	40,095,067
Other comprehensive (loss) income		-	-	-	(4,279,327)	(15,236)	253,247	-	-	(4,041,316)	-	(767,648)	(4,808,964)	(18,443)	(4,827,407)
Total comprehensive (loss) income		-	-	-	(4,279,327)	(15,236)	253,247	-	-	(4,041,316)	-	39,299,908	35,258,592	9,068	35,267,660
Transfer to retained earnings		-	-	-	-	-	-	(275,185)	-	(275,185)	-	275,185	-	-	-
Balance at 31 December 2018	37,183	33,954,739	14,541	11,109,650	1,735,234	(345,268)	588,419	16,054,705	(2,364,511)	15,668,579	7,000,000	312,241,904	380,026,596	956,452	380,983,048

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

(in thousand Baht)

	Consolidated																
	Note	Other reserves															
		Issued and paid-up share capital		Premium on share capital		Gains on re-measuring available-for-sale investments	Losses arising from translating the financial statements of a foreign operation	Share of other comprehensive income of associate (using equity method)	Changes in hedge reserve	Changes in revaluation surplus	Others	Total other reserves	Retained earnings		Non-controlling interests	Total shareholders' equity	
		Preferred shares	Common shares	Preferred shares	Common shares								Legal reserve	Unappropriated			
Year ended 31 December 2017																	
Balance at 1 January 2017		38,903	33,953,019	15,213	11,108,978	1,186,362	(125,943)	(72)	40,608	16,605,336	(2,364,207)	15,342,084	7,000,000	266,630,575	334,088,772	209,450	334,298,222
Dividend paid	29	-	-	-	-	-	-	-	-	-	-	-	-	(18,695,557)	(18,695,557)	-	(18,695,557)
Conversion of preferred shares to common shares		(1,053)	1,053	(411)	411	-	-	-	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests without a change in control		-	-	-	-	40	-	-	3	-	(289)	(246)	-	-	(246)	(415)	(661)
Net profit		-	-	-	-	-	-	-	-	-	-	-	-	43,151,904	43,151,904	52,710	43,204,614
Other comprehensive income (loss)		-	-	-	-	4,828,156	(204,089)	72	294,561	-	-	4,918,700	-	-	4,918,700	37,676	4,956,376
Total comprehensive income (loss)		-	-	-	-	4,828,156	(204,089)	72	294,561	-	-	4,918,700	-	43,151,904	48,070,604	90,386	48,160,990
Transfer to retained earnings		-	-	-	-	-	-	-	-	(275,446)	-	(275,446)	-	-	-	-	-
Balance at 31 December 2017		37,850	33,954,072	14,802	11,109,389	6,014,558	(330,032)	-	335,172	16,329,890	(2,364,496)	19,985,092	7,000,000	291,362,368	363,463,573	299,421	363,762,994

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

(in thousand Baht)

	The Bank											
	Note	Issued and paid-up share capital					Other reserves					
		Preferred shares		Common shares		Premium on share capital	Gains (losses) on remeasuring available-for-sale investments	Changes in hedge reserve	Changes in revaluation surplus	Total other reserves	Retained earnings	
		Preferred shares	Common shares	Preferred shares	Common shares	Legal reserve					Unappropriated	Total shareholders' equity
Year ended 31 December 2018												
Balance at 1 January 2018		37,850	33,954,072	14,802	11,109,389	2,899,569	(8)	15,755,399	18,654,960	7,000,000	258,196,463	328,967,536
Dividend paid	29	-	-	-	-	-	-	-	-	-	(18,695,557)	(18,695,557)
Conversion of preferred shares to common shares		(667)	667	(261)	261	-	-	-	-	-	-	-
Net profit		-	-	-	-	-	-	-	-	-	33,475,490	33,475,490
Other comprehensive loss		-	-	-	-	(1,847,084)	-	-	(1,847,084)	-	(714,505)	(2,561,589)
Total comprehensive (loss) income		-	-	-	-	(1,847,084)	-	-	(1,847,084)	-	32,760,985	30,913,901
Transfer to retained earnings		-	-	-	-	-	-	(272,078)	(272,078)	-	272,078	-
Balance at 31 December 2018		37,183	33,954,739	14,541	11,109,650	1,052,485	(8)	15,483,321	16,535,798	7,000,000	272,533,969	341,185,880

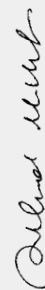
The accompanying notes are an integral part of these financial statements.

Statement of changes in equity

The Siam Commercial Bank Public Company Limited and its Subsidiaries

(in thousand Baht)

	Note	The Bank										
		Issued and paid-up share capital		Premium on share capital		Gains on remeasuring available-for-sale investments	Other reserves				Total shareholders' equity	
							Changes in hedge reserve	Changes in revaluation surplus	Total other reserves	Retained earnings		
		Preferred shares	Common shares	Preferred shares	Common shares	Legal reserve				Unappropriated		
Year ended 31 December 2017												
Balance at 1 January 2017		38,903	33,953,019	15,213	11,108,978	2,325,667	(40,970)	16,027,739	18,312,436	7,000,000	238,765,712	309,194,261
Dividend paid	29	-	-	-	-	-	-	-	-	-	(18,695,557)	(18,695,557)
Conversion of preferred shares to common shares		(1,053)	1,053	(411)	411	-	-	-	-	-	-	-
Net profit		-	-	-	-	-	-	-	-	-	37,853,968	37,853,968
Other comprehensive income		-	-	-	-	573,902	40,962	-	614,864	-	-	614,864
Total comprehensive income		-	-	-	-	573,902	40,962	-	614,864	-	37,853,968	38,468,832
Transfer to retained earnings		-	-	-	-	-	-	(272,340)	(272,340)	-	272,340	-
Balance at 31 December 2017		37,850	33,954,072	14,802	11,109,389	2,899,569	(8)	15,755,399	18,654,960	7,000,000	258,196,463	328,967,536



(Mr. Arthid Nanthawithaya)
Chief Executive Officer

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

(in thousand Baht)

	Consolidated		The Bank	
	For the year ended 31 December		For the year ended 31 December	
	2018	2017	2018	2017
<i>Cash flows from operating activities</i>				
Profit from operating before income tax expense	49,563,339	53,495,762	41,028,572	46,101,944
<i>Adjustments to reconcile profit from operation before income tax expense to cash receipts (payments) from operating activities</i>				
Depreciation and amortisation	4,756,762	3,271,861	4,539,874	3,103,600
Impairment loss on loans and debt securities	27,135,420	27,497,266	27,114,229	27,460,613
Losses on impairment of properties for sale	113,537	12,411	113,740	11,304
Losses (gains) on sale of premises and equipment	58,172	(24,479)	47,016	(21,405)
Net (gain) loss on trading	(3,611,121)	3,084,349	(3,270,367)	2,685,110
Net gain on investments	(2,930,164)	(1,610,763)	(2,705,633)	(704,314)
Share of (profit) loss from investment in associate	(47,391)	8,949	-	-
	75,038,554	85,735,356	66,867,431	78,636,852
Net interest income	(96,369,413)	(92,309,515)	(85,768,665)	(82,863,616)
Dividend income	(1,211,013)	(1,032,097)	(1,509,738)	(3,349,891)
Proceeds from interest	128,256,968	126,765,200	117,763,427	116,837,369
Interest paid	(32,051,579)	(33,262,642)	(31,978,303)	(33,211,538)
Proceeds from dividend	1,206,093	1,028,378	1,341,219	2,303,359
Income tax paid	(10,444,731)	(10,793,147)	(8,299,732)	(8,604,425)
Profit from operation before changes in operating assets and liabilities	64,424,879	76,131,533	58,415,639	69,748,110
<i>(Increase) decrease in operating assets</i>				
Interbank and money market items	(61,042,863)	(59,424,924)	(58,544,492)	(59,585,388)
Derivative assets	6,035,619	7,527,791	7,477,509	7,061,739
Investment in securities for trading	2,561,484	14,543,299	(2,282,221)	19,682,058
Loans to customers	(130,352,187)	(118,710,261)	(128,223,088)	(116,824,562)
Properties for sale	8,408,329	8,512,888	8,408,329	8,512,888
Other assets	2,338,067	2,984,061	(980,456)	7,282,392

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

(in thousand Baht)

	Consolidated		The Bank	
	For the year ended 31 December		For the year ended 31 December	
	2018	2017	2018	2017
Cash flows from operating activities				
<i>Increase (decrease) in operating liabilities</i>				
Deposits	67,173,351	66,185,085	69,045,776	66,436,687
Interbank and money market items	33,955,425	7,620,033	34,687,204	7,133,035
Liability payable on demand	(9,726,608)	13,144,432	(9,727,347)	13,148,481
Liabilities to deliver security	(58,756)	9,306	-	-
Derivative liabilities	(8,664,851)	(8,005,015)	(7,943,116)	(9,742,892)
Short-term debt issued and borrowings	27,146,655	(36,174,269)	28,809,454	(39,147,291)
Liabilities under insurance contracts	29,975,665	31,250,087	-	-
Other liabilities	4,787,746	359,863	5,205,560	(1,017,702)
Net cash from (used in) operating activities	36,961,955	5,953,909	4,348,751	(27,312,445)
Cash flows from investing activities				
Acquisition of available-for-sale securities	(403,574,752)	(516,878,010)	(253,321,752)	(376,873,023)
Proceeds from sale of available-for-sale securities	400,100,243	528,910,230	281,317,455	421,918,513
Acquisition of held-to-maturity securities	(3,940,521)	(669,600)	(607,321)	(669,600)
Proceeds from redemption of held-to-maturity securities	3,516,127	1,707,990	1,544,398	1,900,898
Acquisition of general securities	(1,068,871)	(243,070)	(1,060,894)	(234,570)
Proceeds from sale of general securities	1,330,155	30,208	1,330,155	30,208
Acquisition of investments in subsidiaries and/or associate	-	-	(972,049)	(457,553)
Acquisition of premises and equipment	(2,349,751)	(5,768,414)	(1,990,002)	(5,644,363)
Proceeds from sale of premises and equipment	194,717	83,694	177,435	78,654
Acquisition of intangible assets	(9,033,139)	(5,367,363)	(8,464,665)	(5,216,555)
Net cash (used in) from investing activities	(14,825,792)	1,805,665	17,952,760	34,832,609

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

(in thousand Baht)

	Consolidated		The Bank	
	For the year ended 31 December		For the year ended 31 December	
	2018	2017	2018	2017
Cash flows from financing activities				
Proceeds from long-term debt issued	2,168,000	31,296,938	2,168,000	31,296,938
Repayment of long-term debt issued	-	(20,000,000)	-	(20,000,000)
Proceeds from long-term borrowings	138,213	152,459	138,213	152,459
Repayment of long-term borrowings	(59,838)	-	(59,838)	-
Dividend paid to equity holders of the Bank	(18,695,557)	(18,695,557)	(18,695,557)	(18,695,557)
Non-controlling interests arising on acquisition of subsidiary	648,000	-	-	-
Acquisition of non-controlling interests without a change in control	(49)	(661)	-	-
Net cash used in financing activities	(15,801,231)	(7,246,821)	(16,449,182)	(7,246,160)
Losses arising from translating the financial statements of a foreign operation	(15,236)	(204,089)	-	-
Net increase in cash	6,319,696	308,664	5,852,329	274,004
Cash at 1 January	40,797,176	40,488,512	40,591,037	40,317,033
Cash at 31 December	47,116,872	40,797,176	46,443,366	40,591,037

Supplementary disclosures of cash flow information

Significant non-cash items were as follows:

(Losses) gains on remeasuring available-for-sale investments	(5,374,535)	6,079,641	(2,308,856)	717,378
Losses arising from translating the financial statements of a foreign operation	(15,236)	(204,089)	-	-
Share of other comprehensive income of associate (using equity method)	-	72	-	-
Changes in hedge reserve	319,201	370,849	1	51,202
Actuarial losses on defined benefit plans	(959,880)	-	(893,131)	-
Properties for sale from loan repayment	10,687,805	8,204,517	10,687,805	8,204,517
Losses from foreign exchange revaluation on long-term debt issued	(384,408)	(3,385,277)	(384,408)	(3,385,277)
(Losses) gains from foreign exchange revaluation on banking book derivatives	(979,611)	121,881	(979,611)	121,881



(Mr. Arthid Nanthawithaya)

Chief Executive Officer

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

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2018

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 21 February 2019.

1. General information

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

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

The principal business of the Bank is the provision of financial products and services through its Head Office and branch network in Thailand, its branches in Singapore, Hong Kong, Laos, Vietnam, Shanghai and Cayman Islands and its subsidiaries in Thailand and Cambodia. The Bank also has a sizeable investment in its life insurance subsidiary. Details of the Bank’s subsidiaries as at 31 December 2018 and 2017 are given in note 10.

2. Basis of preparation of the financial statements

(a) Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (FAP); and applicable rules and regulations of the Thai Securities and Exchange Commission; and presented as prescribed by the Bank of Thailand (BoT) notification number Sor Nor Sor 21/2558, directive dated 4 December 2015, regarding “The preparation and announcement of the financial statements of commercial banks and holding companies which are the parent company of a group of companies offering financial services”.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2018. 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 new and revised TFRS which are not yet effective for current periods. The Bank and its subsidiaries have not early adopted these standards in preparing these financial statements. Those new and revised TFRS that are relevant to the Bank and its subsidiaries’ operations are disclosed in note 47.

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2018

(b) Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items.

Items	Measurement bases
Derivatives	Fair value
Trading investments	Fair value
Available-for-sale investments	Fair value
Investments assets held to cover linked liabilities	Fair value
Premises	Revaluation to fair value

(c) Functional and presentation currency

The financial statements are prepared and presented in Thai Baht, which is the Bank and its subsidiaries' functional currency.

(d) Use of judgments and estimates

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the year ending 31 December 2018 is included in the following notes:

Note 8	Derivatives
Note 11.9	Allowance for doubtful accounts
Note 23	Liabilities under insurance contracts

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2018

Long-term technical reserves

Process involved in determining assumptions for long-term technical reserves

The subsidiary determines the long-term technical reserves by using Net Level Premium Valuation which are dependent on assumptions made by the management of the subsidiary such as mortality, morbidity and discount rate that were established at the time when insurance products were designed and as submitted to the Office of Insurance Commission. The assumptions used for calculating the liabilities throughout the life of the contract are generally unchanged. For unit linked contracts, the reserves are calculated as explained in note 3.29.

The subsidiary determines the long-term technical reserves by using mortality rate based on Thai Mortality Table 2017 for insurance products which were designed and as submitted to the Office of Insurance Commission since 1 September 2017 onwards.

The assumptions are reviewed annually to assess whether they reflect actual experience, and where there is an indication that they are not appropriate then the assumption will be revised to reflect actual experience. These assumptions will not be adjusted unless there is further adverse experience.

Process involved in determining assumptions of loss reserve and outstanding claims

The subsidiary determines the loss reserve and outstanding claims in accordance with internationally recognised practices. The assumptions used in the estimation of assets and liabilities are intended to result in provisions which are sufficient to cover any liabilities arising out of insurance contracts to the extent that can be reasonably foreseen.

However, given the uncertainty in establishing a provision for insurance claims, it is possible that the final outcome could prove to be significantly different from the original liability established.

Provision is made at the reporting date for the expected ultimate cost of settlement of all claims incurred in respect of events up to that date, whether reported or not, together with related claims handling expenses, less amounts already paid.

The subsidiary uses past experience and actuarial methods to estimate the ultimate cost of claims.

Process involved in determining premium reserves

The subsidiary determines the premium reserves by using unearned premium reserves which are calculated on a uniform basis for all types of short-term insurance contracts.

Measurement of fair values

A number of the Bank and its subsidiaries' accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets. Details of the methods and assumptions over the measurement of fair values are provided in notes 5 and 15.

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2018

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 associate.

Business combinations

The Bank applies the acquisition method for all business combinations when control is transferred to the Bank, as describe in subsidiaries section, other than those with entities under common control.

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. Any gain on bargain purchase is recognised in profit or loss immediately.

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.

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.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Bank reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Step acquisition

When a business combination is achieved in stages, the Bank's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2018

Subsidiaries

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

Non-controlling interests

At the acquisition date, the Bank measures any non-controlling interests at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Bank's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control

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

Interests in equity - accounted investees

The Bank's interests in equity-accounted investees comprise interests in associate.

Associate is that entity in which the Bank has significant influence, but not control or joint control, over the financial and operating policies.

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

Transactions eliminated on consolidation

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

The consolidated financial statements include the accounts of the Head Office, all domestic and overseas branches and the Bank's subsidiaries. All inter-company transactions and balances within this Group have been eliminated.

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2018

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 investments in subsidiaries and associate. The Bank presents these investments in the statement of financial position as either investments or investments in subsidiaries and associate.

Debt securities and marketable equity securities 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, are classified as trading securities and are stated at fair value. Changes in fair value are recognised in profit or loss as gains on tradings. Interest income on trading securities is recognised using the accrual basis of accounting.

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments 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 investments. 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 cost, less impairment losses, if any.

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the reporting date.

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

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

Valuation allowances are established and recognised in profit or loss, when impairment in the value of investments has occurred.

Assets held to cover linked liabilities

Assets held to cover linked liabilities are the investments in unit trusts under unit-linked contracts as the policy benefits are directly linked to the value of the investments in securities. These investments in securities are stated at fair value.

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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For unit trusts securities which are listed, the fair value is calculated using the last bid price from the Stock Exchange of Thailand (SET) at reporting date. For unit trusts which are non-listed, the fair value is calculated using Net Asset Value at reporting date.

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.

Finance 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.

In addition, the BoT requires banks 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 basis based on recent payment history, ability to generate future cash flows and other qualitative factors and the net present value of proceeds from liquidating collateral, 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. 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.

Notes to the financial statements

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Allowances for doubtful accounts established during the year are recognised as bad debt and doubtful accounts expense in profit or loss. Bad debts recovery is presented net of bad debt and doubtful accounts expense in profit or loss.

Bad debt written off is recorded as a decrease in the allowance for doubtful accounts. Write offs are only made for loans which the Bank has sought collection but has no prospect of further recovery. 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 transfers and debt to equity swaps, 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 (revised 2017) Accounting for Troubled Debt Restructuring.

Subsequent to the troubled debt restructuring, the Bank recalculates the fair value of restructured debt based on the aforementioned discount rates as of the date of the financial statements and makes an adjustment to the valuation of the restructured debt, if the fair value has changed, in accordance with the BoT's criteria. The adjustment in the valuation of restructured debt shall not cause the book value of restructured debt to exceed its value.

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 2017) Impairment of Assets.

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

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3.8 Premises and equipment

Recognition and measurement

Owned assets

Premises and equipment are measured at cost less accumulated depreciation and impairment losses except for land and buildings which are measured at their revalued amounts. The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

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.

Any 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 in profit or loss.

Revalued assets

Revaluations are performed by independent professional valuers 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 as "Revaluation surplus" 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.

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Subsequent costs

The cost of replacing a part of an item of premises and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its subsidiaries, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of premises and equipment are recognised in profit or loss as incurred.

Depreciation

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of assets. The estimated useful lives are as follows:

Premises	20-50 years
Building improvement	10 years
Furniture, fixtures, office equipment, equipment and vehicles	5 years

No depreciation is provided on freehold land or assets under construction.

Depreciation methods, useful lives and residual values are reviewed at each financial year-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.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

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Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Bank and its subsidiaries intend to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets

Other intangible assets which are software licenses that are acquired by the Bank and its subsidiaries and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses.

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 years are as follows:

Software licenses	5 years
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No amortisation is provided on software under installation.

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

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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 and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

The recoverable amount of available-for-sale financial assets is calculated by reference to the fair value.

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

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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 Liabilities to deliver security

The subsidiary records its obligations to return borrowed securities as "liabilities to deliver security" in the statement of financial position.

This represents the subsidiary's liability to return collateral, 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 profit or loss. Fees for borrowing and lending are recognised on an accrual basis.

3.12 Employee benefits

Defined contribution plans

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

Defined benefit plans

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

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

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

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

Other long-term employee benefits

The Bank and its subsidiaries' net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior years. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed when the Bank and its subsidiaries can no longer withdraw the offer of those benefits. If benefits are not expected to be settled, then they are discounted.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Bank and its subsidiaries have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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 a 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 instruments, 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.

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3.15 Share capital

Preferred shares

Preferred 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.

Common shares

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares are recognised as a deduction from equity, net of any tax effects.

3.16 Interest income and interest expenses

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 expenses are 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.

3.17 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 receivables which are outstanding over three months from the due date is made in order to comply with the guidelines of the BoT.

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3.18 Fee and service income

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

3.19 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.

3.20 Net gain on trading

Net gain on trading are recognised based on the remeasurement to fair value of the underlying instruments in profit or loss on an accrual basis.

3.21 Contributions to the Deposit Protection Agency

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

3.22 Income tax

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

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

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

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

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

In determining the amount of current and deferred tax, the Bank and its subsidiaries take into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Bank and its subsidiaries believe that their accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgments about future events. New information may become available that causes the Bank and its subsidiaries to change their judgments regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the year 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. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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.

3.23 Earnings per share

Since 10 May 2009, the conversion option of the preferred shares expired. Therefore, the preferred shares' rights are equivalent to the common shares. Basic earnings per share is calculated by dividing the profit or loss attributable to common shareholders of the Bank by the number of common shares and preferred shares outstanding during the year.

3.24 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.

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3.25 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Bank and its subsidiaries at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognised in profit or loss.

Foreign operations

The assets and liabilities of foreign operations are translated to Thai Baht at the exchange rates at the reporting date.

The revenues and expenses of foreign operations are translated to Thai Baht at rates approximating the exchange rates at the dates of the transactions.

Foreign exchange differences are recognised in other comprehensive income and accumulated in the translation reserve until disposal of the investment, except to extent that the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Bank disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Bank disposes of only part of an associate while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.

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3.26 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.

3.27 Hedging

Cash flow hedges

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion is recognised immediately in profit or loss.

When a hedged forecast transaction occurs and results in the recognition of a financial asset or financial liability, the gain or loss recognised in other comprehensive income does not adjust the initial carrying amount of the asset or liability but remains in equity and is reclassified from equity to profit or loss consistently with the recognition of gains and losses on the asset or liability as a reclassification adjustment.

3.28 Sales of bills of exchange

Sales of bills of exchange, with recourse, 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.

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3.29 Other significant accounting policies of the life insurance subsidiary

3.29.1 Classification of insurance and investment contracts

The subsidiary issues contracts that transfer insurance risk or financial risk or both.

Insurance contracts are those contracts under which the subsidiary accepts significant insurance risk from the insured by agreeing to compensate the insured or other beneficiary if a specified uncertain future event adversely affects the insured or other beneficiary. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

The subsidiary defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least significant level more than the benefits payable if the insured event did not occur.

The deposit component of an insurance contract is unbundled when both of the following conditions are met;

- (1) the deposit component (including any embedded surrender option) can be measured separately (i.e. without taking into account the insurance component); and
- (2) the subsidiary's accounting policies do not otherwise require the recognition of all obligations and rights arising from the deposit component.

Under the above criteria, the subsidiary decided to unbundle the deposit components of the unit-linked contracts.

3.29.2 Recognition and measurement of insurance contracts

Premiums due uncollected

Premiums due and uncollected are carried at anticipated realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in the collection of receivables. The allowance is generally based on collection experience, future expectations of customer payments, and a review of the current status of the premium receivables as at the end of reporting period. Bad debts are written off during the year when they are identified.

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Long-term technical reserves

Long-term technical reserves are a liability for contractual benefits and claims that are expected to be incurred in the future is recorded when the premiums are recognised and is released when benefit and claims are incurred. The liability is measured using assumptions considered to be appropriate for the policies in force. The reserves are calculated by internal actuarial of the subsidiary and using an actuarial method "Net Level Premium Valuation" based on assumptions for mortality, morbidity and discounted interest rate with an explicit allowance for future policy-related expenses that were established at the time when insurance products were designed and as submitted to the Office of Insurance Commission.

For unit linked contracts, the unit reserves are calculated as the value of the underlying asset backing the units relating to the policies and the non-unit reserves are calculated by using Net Level Premium Valuation method.

Loss reserves and outstanding claims

Loss reserves and outstanding claims comprise of provisions for the subsidiary's estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date whether reported or not, and related internal and external claims handling expenses of short-term insurance contracts. Provision for insurance claims are assessed based on the subsidiary's experience and historical data which use actuarial methods and making allowance for claims incurred but not yet reported.

Premium reserve

Premium reserve is unearned premium reserve and is calculated using written premiums for short-term insurance contracts and group insurance in accordance with the pattern of risk underwritten.

Unpaid policy benefits

Unpaid policy benefits represent claims and benefits payable to policyholder in relation to deaths, surrenders, maturities, other payments and policyholder deposits in respect of maturities and including related interest payable. Unpaid policy benefits are recognised at cost.

Due to insured

Due to insured consisted of the advance premium received from insured and the money as the subsidiary has to pay to insured other than the benefit under the insurance policy condition. Due to insured are recognised at cost.

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Premium written and premium earned

Short-term insurance contracts

Premium written is recognised on the inception date and are presented gross of premium ceded and commissions and brokerage expenses.

Premium earned comprises of premium written during the period and change in unearned premium reserves and is recognised as revenue proportionally over the period of coverage.

Long-term insurance contracts

First year premium written is recognised as revenue when the insurance policy is effective (or when premium is received and insurance policy is approved). Renewal premium income is recognised as revenue when premium is due and if the policy is still in force at the end of reporting period. First year premium written and Renewal premium income are presented gross of premium ceded and commissions and brokerage expenses.

Premium received in advance is not recognised until the due date.

Commissions and brokerage expenses

Commissions and brokerage expenses are recognised as expenses when incurred.

Benefits and claims expenses

Benefits and claims expenses consist of benefits, claims and losses adjustment paid during the year, net of subrogation recoveries and changes in provision for short-term insurance claims. These benefits and claims expenses are recognised as expenses when they are incurred or approved or notified or due of benefit payments as mention on insurance policy.

Reinsurance

Assets, liabilities, income and expense arising from reinsurance contracts are presented separately from the assets, liabilities, income and expense from the related insurance contracts because the reinsurance arrangements do not relieve the subsidiary from its direct obligations to its policyholders.

Premium ceded, reinsurer's share of change in unearned premium reserve, commission income and benefits, claims and loss adjustment expenses recovered from reinsurers are recognised as expense or revenue in accordance with the pattern of reinsurance service received when incurred.

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An asset or liability is recognised in the statement of financial position representing reinsurance receivables, reinsurer's share of insurance contract liabilities and reinsurance payables. The net amount is presented in the statement financial position only when the subsidiary has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The measurement of reinsurance assets is consistent with the measurement of the underlying insurance contracts.

Amounts recoverable under reinsurance contracts are assessed for impairment at reporting date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the subsidiary may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the subsidiary will receive from the reinsurer.

Liability adequacy test

Short-term insurance contracts

The liability of the subsidiary under short-term insurance contracts is tested for adequacy by comparing the best estimate of future contractual cash flows with the carrying amount of gross insurance contract provisions for unearned premiums and insurance claims for in-force insurance policies at the end of reporting period by using an actuarial method based on historical claims and expense. Where an expected shortfall is identified, additional provisions are made for unearned premiums or insurance claims and are recognised in profit or loss.

Long-term insurance contracts

The liability of the subsidiary under long-term insurance contracts is tested for adequacy by comparing the best estimate of future contractual cash flows by using current assumptions with the carrying amount of gross insurance contract provisions for long-term technical reserves. Where an expected shortfall is identified, additional provisions are made for long-term technical reserves and are recognised in profit or loss.

An additional provision for liability inadequacy is made where the reserves are calculated by using another actuarial method "Gross Premium Valuation" of insurance policies in-force at the reporting date based on the best estimate basis exceeds the liabilities calculated using the Net Level Premium Reserves method.

The assumptions used in the Gross Premium Valuation is in accordance with the Notification of Office of Insurance Commission regarding Assessment of Assets and Liabilities of Life Insurance Company B.E. 2554 except for discounted interest rate which the subsidiary uses the adjusted current risk-free interest rate for purpose of liability adequacy test in accordance with Life Insurance industry practice.

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2018

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 Risk Oversight Committee, Audit Committee, Asset and Liability Management Committee (ALCO), Risk Management Committee, and Executive Committee, which are collectively responsible for developing, implementing and monitoring the Bank and its subsidiaries risk management policies in specified areas and reporting regularly to the Board of Directors on their activities.

The Bank and its subsidiaries' risk management policies and Internal Capital Adequacy Assessment Policy (ICAAP Policy) are established to identify and analyse the risks faced by the Bank and its subsidiaries, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. These policies are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank and its subsidiaries, through implementing and monitoring appropriate policies, procedures and measures, aim to establish an effective and efficient internal control environment, in which all employees understand their roles and obligations.

The Bank's Audit Committee is responsible for monitoring compliance with the Bank and its subsidiaries' risk management policies and procedures. In addition, 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.

The Bank's Risk Oversight Committee and Risk Management Committee are responsible for monitoring the adequacy of the risk management framework in relation to the risks faced by the Bank and its subsidiaries.

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, letters of guarantee etc.

The Bank and its subsidiaries have established a credit function organisational structure based on a system of checks and balances. Business units are clearly separated from credit approval units. Credit approval authority at each level is assigned to match potential risk or loss levels. Credit risk management policies and frameworks for critical credit risk have been developed and approved by the Board of Directors. For example:

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2018

- Credit policy guide
- Collateral and NPA appraisal policy
- Loan Classification, Provision and Bad Debt Write-Off Policy and Practice
- Credit risk model governance policy
- Credit risk rating for non-retail exposures
- Counterparty risk management policy
- Country risk management policy

Since credit risk varies by type of credit, different risk measurement methods are applied, ranging from basic statistical tools to more advanced ones, to appropriately reflect the credit risk of each type of product/transaction.

The Bank and its subsidiaries have 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 may 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 and its subsidiaries' assets, liabilities, equity and off-financial reporting items.

The Bank and its subsidiaries have established policies for interest rate risk management to ensure that interest rate risk remains within the Bank's risk appetite. The Bank and its subsidiaries use various derivative transactions to manage its own asset and liability positions in order to manage interest rate exposure. The use of derivative transactions is in accordance with the policies and guidelines set by the Board of Directors and the Executive Committee (EXCOM) and is under the oversight and control of the Asset and Liability Management Committee (ALCO).

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2018

As at 31 December 2018 and 2017, significant financial assets and liabilities can be repriced as follows:

(in million Baht)

	Consolidated							
	2018							
	Reprice on demand	Reprice 3 months	Reprice within 3 - 12 months	1 - 5 years	Reprice Over 5 years	Non Performing Loans	Non interest bearing	Total
Financial assets								
Cash	-	-	-	-	-	-	47,117	47,117
Interbank and money market items *	4,397	332,390	4,368	2,517	5,867	-	28,613	378,152
Investments, net	-	35,211	182,033	99,116	227,986	-	24,508	568,854
Loans to customers **	990,271	407,991	176,763	440,849	54,298	70,389	-	2,140,561
Total financial assets	994,668	775,592	363,164	542,482	288,151	70,389	100,238	3,134,684
Financial liabilities								
Deposits	1,433,554	316,934	335,589	5,485	-	-	68,069	2,159,631
Interbank and money market items	8,783	95,185	7,550	22,633	-	-	8,378	142,529
Debt issued and borrowings	-	15,418	43,463	28,420	20,260	-	-	107,561
Total financial liabilities	1,442,337	427,537	386,602	56,538	20,260	-	76,447	2,409,721
Difference	(447,669)	348,055	(23,438)	485,944	267,891	70,389	23,791	724,963

* Before deducting allowance for doubtful accounts amounting to Baht 247 million

** Net of deferred revenue

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2018

(in million Baht)

	Consolidated							Total
	Reprice on demand	Reprice within 3 months	Reprice within 3 - 12 months	Reprice within 1 - 5 years	Reprice Over 5 years	Non Performing Loans	Non interest bearing	
Financial assets								
Cash	-	-	-	-	-	-	40,797	40,797
Interbank and money market								
items *	15,180	270,023	3,629	2,018	4,648	-	21,465	316,963
Investments, net	-	84,337	144,281	98,655	212,727	-	30,371	570,371
Loans to customers **	967,200	385,341	180,035	399,538	37,058	65,560	-	2,034,732
Total financial assets	982,380	739,701	327,945	500,211	254,433	65,560	92,633	2,962,863
Financial liabilities								
Deposits	1,300,295	317,140	375,980	20,826	-	-	78,216	2,092,457
Interbank and money market								
items	13,381	69,062	2,444	3,899	12,920	-	6,867	108,573
Debt issued and borrowings	-	4,371	127	24,773	49,267	-	-	78,538
Total financial liabilities	1,313,676	390,573	378,551	49,498	62,187	-	85,083	2,279,568
Difference	(331,296)	349,128	(50,606)	450,713	192,246	65,560	7,550	683,295

* Before deducting allowance for doubtful accounts amounting to Baht 230 million

**Net of deferred revenue

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2018

(in million Baht)

	The Bank							
	2018							Total
	Reprice on demand	Reprice within 3 months	Reprice within 3 - 12 months	Reprice within 1 - 5 years	Reprice over 5 years	Non Performing Loans	Non interest bearing	
Financial assets								
Cash	-	-	-	-	-	-	46,443	46,443
Interbank and money market items *	2,146	331,717	340	1,329	-	-	26,748	362,280
Investments, net	-	30,772	165,556	48,180	19,590	-	8,897	272,995
Loans to customers **	977,909	407,991	176,763	438,449	54,298	69,383	-	2,124,793
Total financial assets	980,055	770,480	342,659	487,958	73,888	69,383	82,088	2,806,511
Financial liabilities								
Deposits	1,432,850	316,294	335,589	5,485	-	-	66,718	2,156,936
Interbank and money market items	10,256	96,707	7,550	22,633	-	-	8,453	145,599
Debt issued and borrowings	-	14,821	41,918	29,066	20,260	-	-	106,065
Total financial liabilities	1,443,106	427,822	385,057	57,184	20,260	-	75,171	2,408,600
Difference	(463,051)	342,658	(42,398)	430,774	53,628	69,383	6,917	397,911

* Before deducting allowance for doubtful accounts amounting to Baht 247 million

** Net of deferred revenue

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2018

(in million Baht)

	The Bank							Total
	Reprice on demand	Reprice 3 months	Reprice within 3 - 12 months	Reprice 1 - 5 years	2017 Reprice over 5 years	Non Performing Loans	Non interest bearing	
Financial assets								
Cash	-	-	-	-	-	-	40,591	40,591
Interbank and money market items *	13,170	269,439	763	-	-	-	20,335	303,707
Investments, net	-	80,917	142,249	55,541	10,414	-	9,912	299,033
Loans to customers **	956,586	385,341	180,035	397,509	37,058	64,537	-	2,021,066
Total financial assets	969,756	735,697	323,047	453,050	47,472	64,537	70,838	2,664,397
Financial liabilities								
Deposits	1,296,985	316,925	375,976	20,826	-	-	77,178	2,087,890
Interbank and money market items	14,436	69,062	2,444	3,899	13,820	-	7,251	110,912
Debt issued and borrowings	-	556	127	25,430	49,267	-	-	75,380
Total financial liabilities	1,311,421	386,543	378,547	50,155	63,087	-	84,429	2,274,182
Difference	(341,665)	349,154	(55,500)	402,895	(15,615)	64,537	(13,591)	390,215

* Before deducting allowance for doubtful accounts amounting to Baht 230 million

** Net of deferred revenue

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2018

As at 31 December 2018 and 2017, interest earning and interest bearing financial instruments were as follows:

	Consolidated					
	2018			2017		
	Average	Interest	Average	Average	Interest	Average
	(in million Baht)		rate	(in million Baht)		rate
			(%)			(%)
Interbank and money market items, net (Assets)	347,319	5,456	1.6	286,995	5,028	1.8
Investments, net	569,612	13,495	2.4	580,479	13,185	2.3
Loans to customers *	2,087,646	110,038	5.3	1,986,890	106,812	5.4
Deposits	2,126,044	18,301	0.9	2,059,365	19,006	0.9
Interbank and money market items (Liabilities)	125,551	1,534	1.2	104,763	1,218	1.2
Debt issued and borrowings	93,049	3,012	3.2	92,688	3,091	3.3

	The Bank					
	2018			2017		
	Average	Interest	Average	Average	Interest	Average
	(in million Baht)		rate	(in million Baht)		rate
			(%)			(%)
Interbank and money market items, net (Assets)	332,755	5,000	1.5	273,689	4,583	1.7
Investments, net	286,014	4,212	1.5	331,055	4,969	1.5
Loans to customers *	2,072,929	109,120	5.3	1,974,166	105,991	5.4
Deposits	2,122,413	18,282	0.9	2,054,672	18,984	0.9
Interbank and money market items (Liabilities)	128,256	1,579	1.2	107,345	1,245	1.2
Debt issued and borrowings	90,723	2,930	3.2	91,016	3,050	3.4

* Net of deferred revenue

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2018

4.3 Foreign exchange risk

Foreign exchange risk is the risk that occurs from changes in exchange rates 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 2018 and 2017, financial assets and liabilities denominated in various currencies as follows:

(in million Baht)

	Consolidated				
	USD	EUR	2018 JPY	SGD	Others
Financial assets					
Cash	1,021	181	105	40	280
Interbank and money market items *	39,072	247	503	436	2,052
Investments, net	17,465	5,616	5,937	882	508
Loans to customers **	81,747	5,804	148	11,074	2,098
Accrued interest receivables	243	11	-	5	5
Total financial assets	139,548	11,859	6,693	12,437	4,943
Financial liabilities					
Deposits	49,526	1,510	430	17	1,871
Interbank and money market items	5,168	111	-	-	507
Debt issued and borrowings	53,479	18	-	-	411
Other liabilities	570	-	-	-	8
Total financial liabilities	108,743	1,639	430	17	2,797
On-financial reporting items, net	30,805	10,220	6,263	12,420	2,146
Off-financial reporting items - contingencies					
(currency swap contracts)	(18,855)	(1,529)	(6,439)	(11,980)	(984)

* Before deducting allowance for doubtful accounts

** Net of deferred revenue

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2018

(in million Baht)

	Consolidated				
	USD	EUR	2017 JPY	SGD	Others
Financial assets					
Cash	592	204	98	38	307
Interbank and money market items*	22,605	298	537	585	2,518
Investments, net	11,555	2,238	871	756	331
Loans to customers**	98,360	5,512	217	11,527	1,435
Accrued interest receivables	186	14	-	4	4
Total financial assets	133,298	8,266	1,723	12,910	4,595
Financial liabilities					
Deposits	48,108	1,125	542	2	1,410
Interbank and money market items	8,250	271	-	-	546
Debt issued and borrowings	53,785	20	-	-	-
Other liabilities	476	-	-	-	4
Total financial liabilities	110,619	1,416	542	2	1,960
On-financial reporting items, net	22,679	6,850	1,181	12,908	2,635
Off-financial reporting items - contingencies					
(currency swap contracts)	(8,589)	(7,461)	780	(12,584)	(1,047)

* Before deducting allowance for doubtful accounts

** Net of deferred revenue

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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(in million Baht)

	The Bank				
	USD	EUR	2018 JPY	SGD	Others
Financial assets					
Cash	368	181	105	40	280
Interbank and money market items *	33,710	247	503	436	2,042
Investments, net	9,352	33	5,937	882	508
Loans to customers **	78,818	5,804	148	11,074	2,098
Accrued interest receivables	228	11	-	5	5
Total financial assets	122,476	6,276	6,693	12,437	4,933
Financial liabilities					
Deposits	43,034	1,510	430	17	1,866
Interbank and money market items	5,376	111	-	-	475
Debt issued and borrowings	54,124	18	-	-	411
Other liabilities	569	-	-	-	8
Total financial liabilities	103,103	1,639	430	17	2,760
On-financial reporting items, net	19,373	4,637	6,263	12,420	2,173
Off-financial reporting items -					
contingencies					
(currency swap contracts)	(11,871)	(3,797)	(6,439)	(11,980)	(984)

* Before deducting allowance for doubtful accounts

** Net of deferred revenue

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2018

(in million Baht)

	The Bank				
	USD	EUR	2017 JPY	SGD	Others
Financial assets					
Cash	394	204	98	38	306
Interbank and money market items *	17,355	298	537	585	2,498
Investments, net	2,566	3	871	756	331
Loans to customers **	95,802	5,512	217	11,527	1,435
Accrued interest receivables	172	14	-	4	4
Total financial assets	116,289	6,031	1,723	12,910	4,574
Financial liabilities					
Deposits	42,648	1,125	542	2	1,390
Interbank and money market items	8,315	271	-	-	546
Debt issued and borrowings	54,442	20	-	-	-
Other liabilities	475	-	-	-	4
Total financial liabilities	105,880	1,416	542	2	1,940
On-financial reporting items, net	10,409	4,615	1,181	12,908	2,634
Off-financial reporting items - contingencies					
(currency swap contracts)	(1,973)	(5,939)	780	(12,584)	(1,047)

* Before deducting allowance for doubtful accounts

** Net of deferred revenue

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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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 earning or fluctuations in the value of financial assets. The Bank and its subsidiaries have policies to manage the risk by maintaining long-term equity investments and investing in growth potential equities and/or those intended to support the business. The Bank has established the Policy that only companies within the Financial Group that are engaged in the financial business with specific supervisory bodies and those permitted to engage in portfolio management can initiate action with respect to equity investments, as allowed under applicable regulations. The Bank has closely managed and monitored market situations to provide information for management to monitor the risk to the Bank. (Further details of equity investments are provided under notes 9 and 10).

4.5 Liquidity risk

Liquidity risk is the risk that the Bank is unable to honor its obligations upon maturity because it cannot liquidate assets or raise sufficient funds on reasonable terms, which may create losses.

To manage the underlying liquidity risk, the Bank has laid out a Liquidity Risk Management Policy which is approved by the Board of Directors. The Asset and Liability Management Committee is responsible for ensuring that liquidity risk management complies with the policy.

Additionally, the Bank has implemented a system to handle daily liquidity management in both Baht and foreign currencies. The system applies various risk management tools, such as daily net liquidity position reports for both remaining time to maturity and behavioral adjustment basis, net liquidity position by currency and others. Moreover, the Bank sets risk limits and requires daily reporting of liquidity risk exposure to management to ensure that liquidity risk remains within the Bank's risk appetite.

The Bank also regularly performs stress testing under scenarios set out by the Bank of Thailand and the Bank. Results from the test are used as part of the formulation of a Contingency Funding Plan. The plan sets out appropriate guidelines under various circumstances and clearly specifies roles and responsibilities for liquidity management under critical situations.

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2018

As at 31 December 2018 and 2017, financial assets and liabilities were classified according to their contractual maturity as follows:

(in million Baht)

	Consolidated							
	2018							Total
	Maturity on demand	Maturity within 3 months	Maturity within 3 - 12 months	Maturity within 1 - 5 years	Maturity over 5 years	Non Performing Loans	No maturity	
Financial assets								
Cash	-	-	-	-	-	-	47,117	47,117
Interbank and money market items*	51,607	313,083	4,445	2,517	6,500	-	-	378,152
Investments, net**	-	29,288	165,691	47,551	20,557	-	10,902	273,989
Loans to customers***	202,836	327,793	223,087	662,421	654,035	70,389	-	2,140,561
Accrued interest receivables	-	3,334	-	-	-	-	-	3,334
Total financial assets	254,443	673,498	393,223	712,489	681,092	70,389	58,019	2,843,153
Financial liabilities								
Deposits	1,486,921	320,963	340,038	11,709	-	-	-	2,159,631
Interbank and money market items	18,013	81,578	5,950	28,538	8,450	-	-	142,529
Debt issued and borrowings	-	15,419	43,462	28,420	20,260	-	-	107,561
Other liabilities	-	2,431	2,210	310	-	-	-	4,951
Total financial liabilities	1,504,934	420,391	391,660	68,977	28,710	-	-	2,414,672
Net liquidity gap	(1,250,491)	253,107	1,563	643,512	652,382	70,389	58,019	428,481

* Before deducting allowance for doubtful accounts amounting to Baht 247 million

** Investments of the life insurance subsidiary which are held primarily in relation to insurance contract liabilities, are not presented in the table

***Net of deferred revenue

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2018

(in million Baht)

	Consolidated							
	2017							Total
	Maturity on demand	Maturity within 3 months	Maturity within 3 - 12 months	Maturity within 1 - 5 years	Maturity over 5 years	Non Performing Loans	No maturity	
Financial assets								
Cash	-	-	-	-	-	-	40,797	40,797
Interbank and money market items*	35,996	269,383	3,037	3,522	5,025	-	-	316,963
Investments, net**	-	80,937	141,856	55,552	10,414	-	17,010	305,769
Loans to customers***	184,635	284,683	202,501	672,588	624,765	65,560	-	2,034,732
Accrued interest receivables	-	3,328	-	-	-	-	-	3,328
Total financial assets	220,631	638,331	347,394	731,662	640,204	65,560	57,807	2,701,589
Financial liabilities								
Deposits	1,360,166	324,417	382,032	25,842	-	-	-	2,092,457
Interbank and money market items	20,248	63,777	2,990	8,638	12,920	-	-	108,573
Debt issued and borrowings	-	4,371	127	24,773	49,267	-	-	78,538
Other liabilities	-	892	3,491	51	-	-	-	4,434
Total financial liabilities	1,380,414	393,457	388,640	59,304	62,187	-	-	2,284,002
Net liquidity gap	(1,159,783)	244,874	(41,246)	672,358	578,017	65,560	57,807	417,587

* Before deducting allowance for doubtful accounts amounting to Baht 230 million

** Investments of the life insurance subsidiary which are held primarily in relation to insurance contract liabilities, are not presented in the table

*** Net of deferred revenue

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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(in million Baht)

	The Bank							
	2018							
	Maturity on demand	Maturity within 3 months	Maturity within 3 - 12 months	Maturity within 1 - 5 years	Maturity over 5 years	Non Performing Loans	No Maturity	Total
Financial assets								
Cash	-	-	-	-	-	-	46,443	46,443
Interbank and money market items*	49,007	311,605	340	1,328	-	-	-	362,280
Investments, net	-	30,772	165,556	48,180	19,590	-	8,897	272,995
Loans to customers**	190,475	327,793	223,087	660,020	654,035	69,383	-	2,124,793
Accrued interest receivables	-	3,028	-	-	-	-	-	3,028
Total financial assets	239,482	673,198	388,983	709,528	673,625	69,383	55,340	2,809,539
Financial liabilities								
Deposits	1,484,867	320,322	340,038	11,709	-	-	-	2,156,936
Interbank and money market items	19,561	81,750	5,950	28,538	9,800	-	-	145,599
Debt issued and borrowings	-	14,821	41,918	29,066	20,260	-	-	106,065
Other liabilities	-	2,488	2,210	310	-	-	-	5,008
Total financial liabilities	1,504,428	419,381	390,116	69,623	30,060	-	-	2,413,608
Net liquidity gap	(1,264,946)	253,817	(1,133)	639,905	643,565	69,383	55,340	395,931

* Before deducting allowance for doubtful accounts amounting to Baht 247 million

** Net of deferred revenue

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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(in million Baht)

	The Bank							
	2017							
	Maturity on demand	Maturity within 3 months	Maturity within 3 - 12 months	Maturity within 1 - 5 years	Maturity over 5 years	Non Performing Loans	No Maturity	Total
Financial assets								
Cash	-	-	-	-	-	-	40,591	40,591
Interbank and money market items*	33,438	268,769	-	1,500	-	-	-	303,707
Investments, net	-	80,917	142,249	55,541	10,414	-	9,912	299,033
Loans to customers**	174,022	284,683	202,501	670,558	624,765	64,537	-	2,021,066
Accrued interest receivables	-	2,964	-	-	-	-	-	2,964
Total financial assets	207,460	637,333	344,750	727,599	635,179	64,537	50,503	2,667,361
Financial liabilities								
Deposits	1,355,818	324,202	382,028	25,842	-	-	-	2,087,890
Interbank and money market items	21,687	63,777	2,990	8,638	13,820	-	-	110,912
Debt issued and borrowings	-	556	127	25,430	49,267	-	-	75,380
Other liabilities	-	891	3,491	51	-	-	-	4,433
Total financial liabilities	1,377,505	389,426	388,636	59,961	63,087	-	-	2,278,615
Net liquidity gap	(1,170,045)	247,907	(43,886)	667,638	572,092	64,537	50,503	388,746

* Before deducting allowance for doubtful accounts amounting to Baht 230 million

** Net of deferred revenue

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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As at 31 December 2018, the liquidity ratio (liquid assets to total deposits) stood at 25.0% on a bank-only basis (2017: 26.9%).

Loans to deposits ratio

As at 31 December 2018 and 2017, the loans to deposits ratio in the consolidated financial statements were as follows:

	(%)	
	2018	2017
Gross loans to deposits ratio (Consolidated financial statements)	99.1	97.2

The Bank will disclose the Liquidity Coverage Ratio (LCR) information under Bank of Thailand Notification number Sor Nor Sor 2/2561 dated 25 January 2018 on the Liquidity coverage ratio disclosure standards was as follows:

Location of disclosure	The Bank's website under Investor Relations section at https://www.scb.co.th/en/investor-relations/financial-information.html
Date of disclosure	Within 4 months after the year end date as indicated in the BoT notification

The disclosure for the year ended 31 December 2018 will be provided on or before 30 April 2019 on the Bank's website as noted above.

4.6 Insurance risk

Risk of loss resulting from unexpected events, deviations from actuarial assumptions, the magnitude and timing of claims, policyholder behavior, expenses and mispricing.

Product design and mispricing risk

Product design and mispricing risk refers to potential defects in the development process of a particular insurance product, inadequate assessment of risk and/or inaccurate assumptions used to price insurance product.

All new products must be approved by the Product Approval Committee (PAC) which is composed of members of the subsidiary's Executive Management and other stakeholders. The PAC, to the best of its liability, ensures the soundness and appropriateness of new products' pricing and design.

Pricing assumptions are periodically reviewed to incorporate the latest experience and reflect the prevailing economic and business environment.

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Once a product is launched, both performance and actuarial experience are monitored and reported on a regular basis to ensure appropriate actions are triggered if and when deemed necessary.

Underwriting risks

Underwriting risk arises from inaccurate assessment of the risks entailed in writing of an insurance policy.

The subsidiary has an underwriting process that classifies applicants into risk categories based on their medical history, health condition, occupation, etc. Coverage and premium can vary across categories, reflecting different levels of risk.

Mortality and morbidity risk

Mortality and morbidity risk refers to the possibility that the frequency or severity of claims arising from insurance contracts exceeds the level assumed when the products were priced.

The subsidiary can be exposed to high claims from policyholders resulting from changes in their life and health expectancy or from catastrophic events, whether natural or man-made.

Claim trends are monitored on an ongoing basis. Exposure in excess of retention limits is ceded to reinsurers. Mortality and morbidity experience is monitored to ensure that the subsidiary's assumptions are appropriate.

Policyholder behavior risk

Risk that arises from policyholders' acts to discontinue/reduce contributions or surrender request prior to maturity of the contract, or to falsely obtain a particular insurance coverage or claims some benefit to which they are not otherwise entitled to.

Persistency is regularly monitored through reports and comprehensive analysis.

An underwriting process and claim management are also designed to detect and minimise fraudulent behavior from policyholders.

Concentration of insurance risk

Concentrations of risk may arise where a particular event or a series of events could impact heavily upon the subsidiary's insurance contract liabilities.

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A majority of the subsidiary's contracts are life insurance non-par contracts with guaranteed benefits. The amount of risk to which the subsidiary is exposed depends on the level of guarantees inherent in the contracts and the current interest rate. The changes in interest rate will not cause a change to the amount of the liability, unless the change is material enough to trigger a liability adequacy test adjustment.

As at 31 December 2018, the discount interest rates for the purpose of the liability adequacy test, in accordance with industry practice, is the weighted average of past eight quarters of the zero coupon Thailand government bond yield curve plus an illiquidity premium for various tenors as prescribed by the regulator. The illiquidity premium is in line with an industry practice (i.e. ranging between 26 - 43 basis points) (2017: 25 - 42 basis points). Management monitors the sensitivity to change in interest rates on an ongoing basis. A decrease of 23 basis points as at the end of the year 2018 (2017: 8 basis points) from current market interest rates would not trigger any liability adequacy test reserves.

Capital management of life insurance subsidiary

The subsidiary's capital management policy is to maintain a strong capital base to meet policyholders' obligations and the requirements of the Office of Insurance Commission, to create shareholder value, deliver sustainable returns to shareholders and to support future business growth.

In accordance with the requirements of the Office of Insurance Commission, all insurers are required to maintain a minimum at least 140% of capital adequacy requirement (CAR) to meet policyholders' obligations. The CAR applies a risk-based approach to capital adequacy and is determined by the sum of the aggregate of the total risk requirement of all insurance funds established and maintained by the insurer. It is the subsidiary's policy to hold capital levels in excess of CAR.

The subsidiary's objectives in managing capital are to safeguard the subsidiary's ability to continue as a going concern in order to protect policyholders and to provide returns for shareholders and benefits for the stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain an optimum capital structure, the subsidiary may adjust the amount of dividends paid to shareholders, return capital to shareholders, and issue new shares, among others.

There were no changes in the subsidiary's approach to capital management during the year.

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5. Fair value of assets and liabilities

The Bank and its subsidiaries have an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and reports directly to the chief financial officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Bank's Audit Committee.

When measuring the fair value of an asset or a liability, the Bank and its subsidiaries use observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Bank and its subsidiaries recognise transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between levels of the fair value hierarchy during the year ended 31 December 2018.

Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

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5.1 Financial instruments measured at fair value

The fair value of financial instruments measured at fair value in the consolidated and the Bank statement of financial position were as follows:

(in million Baht)

	Consolidated			The Bank		
	Level 1	Fair value Level 2	Total	Level 1	Fair value Level 2	Total
2018						
Financial assets						
Derivative assets						
- Foreign exchange rate	-	25,364	25,364	-	25,242	25,242
- Interest rate	-	15,590	15,590	-	15,035	15,035
- Others	-	101	101	-	629	629
Total	-	41,055	41,055	-	40,906	40,906
Investments						
- Trading securities	1,968	11,447	13,415	-	11,411	11,411
- Available-for-sale securities	20,389	412,274	432,663	6,785	242,013	248,798
Total	22,357	423,721	446,078	6,785	253,424	260,209
Total financial assets	22,357	464,776	487,133	6,785	294,330	301,115
Financial liabilities						
Derivative liabilities						
- Foreign exchange rate	-	21,002	21,002	-	21,450	21,450
- Interest rate	-	14,136	14,136	-	14,076	14,076
- Others	116	557	673	-	601	601
Total financial liabilities	116	35,695	35,811	-	36,127	36,127

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(in million Baht)

	Consolidated			The Bank		
	Fair value			Fair value		
	Level 1	Level 2	Total	Level 1	Level 2	Total
2017						
Financial assets						
Derivative assets						
- Foreign exchange rate	-	26,362	26,362	-	26,728	26,728
- Interest rate	-	15,749	15,749	-	15,583	15,583
- Others	-	195	195	-	2,531	2,531
Total	-	42,306	42,306	-	44,842	44,842
Investments						
- Trading securities	7,066	9,127	16,193	-	9,101	9,101
- Available-for-sale securities	21,863	410,201	432,064	8,482	268,383	276,865
Total	28,929	419,328	448,257	8,482	277,484	285,966
Total financial assets	28,929	461,634	490,563	8,482	322,326	330,808
Financial liabilities						
Derivative liabilities						
- Foreign exchange rate	-	24,526	24,526	-	27,519	27,519
- Interest rate	-	14,398	14,398	-	14,351	14,351
- Others	278	5,524	5,802	-	2,493	2,493
Total financial liabilities	278	44,448	44,726	-	44,363	44,363

The Bank and its subsidiaries determine Level 2 fair values for debt securities using quoted market prices for identical or similar instruments in active markets or other inputs that are observable market data.

Level 2 fair values for over-the-counter derivative financial instruments are derived using broker quotes in active markets. Fair values reflect the credit risk of the counterparty.

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5.2 Financial instruments not measured at fair value

Fair value hierarchy of financial instruments which are not measured at fair value and for which there is a significant difference with carrying amount as at 31 December 2018 and 2017 were as follows:

(in million Baht)

	Consolidated		The Bank	
	Carrying amount	Fair value Level 2	Carrying amount	Fair value Level 2
2018				
Financial assets				
Derivative assets	628	409	628	409
Held-to-maturity securities	120,645	131,527	10,675	11,479
Financial liabilities				
Derivative liabilities	672	490	672	490

(in million Baht)

	Consolidated		The Bank	
	Carrying amount	Fair value Level 2	Carrying amount	Fair value Level 2
2017				
Financial assets				
Derivative assets	1,193	692	1,193	692
Held-to-maturity securities	120,671	134,404	11,637	12,749
Financial liabilities				
Derivative liabilities	258	285	258	285

Notes to the financial statements

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The following methods and assumptions are used in estimating fair market values of financial instruments as disclosed herein:

Interbank and money market items (Assets): Fair value calculated based on present value of estimated cash flows, using the current interest rate in the money market.

Derivatives:

The fair values of derivatives are obtained from quoted market prices in active markets, where available. 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:

The following methodologies are used to determine the fair value of securities held by the Bank.

- The fair value of debt securities is estimated based on the Thai Bond Market Association's last average bid price. In situations where no auction prices are available, the fair value is estimated based on the last executed price. For debt securities with no active market price, the fair value is estimated based on the yield curve of debt securities plus a risk premium.
- The bidding prices at The Stock Exchange of Thailand on the last business day of the year are used to estimate the fair value of listed private sector equity securities and listed unit trust.
- The fair value of non-listed 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 year. 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:

- For variable-rate loans that are repriced frequently and have no significant change in credit risk, fair values are based on carrying amount.
- Fair values of other loans are estimated using discounted cash flow analyses, using market interest rates or the fair value of collateral. There is no significant difference with the carrying amount.

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Deposits and interbank and money market items (Liabilities):	<ul style="list-style-type: none"> - The carrying amount disclosed for deposits which are payable on demand by the depositor, are equal to the fair value 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 and its subsidiaries' assets, liabilities and certain off-financial reporting items as calculated in accordance with regulatory practices. The Bank and its subsidiaries' capital amounts and classifications are also subject to qualitative judgments by the Bank of Thailand as to components, risk weightings, and other factors. These capital and regulatory requirements are subject to change, as considered necessary by the Bank of Thailand.

The Bank maintains its capital fund in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk weighted assets in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand. As announced by the BoT in its circulars dated 8 November 2012 and 8 May 2015, the Bank is required to calculate its Capital Fund in accordance with Basel III. As at 31 December 2018 and 2017, the Consolidated Supervision group and the Bank's total capital funds were categorised as follows:

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(in million Baht)

	Basel III	
	Consolidated Supervision	
	2018	2017
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	287,738	265,905
Disclosed reserves		
Other comprehensive income	15,944	20,476
Other owner changes items	(2,365)	(2,365)
Capital deduction items on CET1	(26,754)	(14,193)
Total Tier 1 capital	326,679	321,939
Tier 2 capital		
Subordinated debt	20,000	20,000
Allowance for classified assets of "normal" category	23,793	22,564
Total Tier 2 capital	43,793	42,564
Total capital funds	370,472	364,503
Total risk weighted assets	2,166,374	2,055,938

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(%)

	The BoT's regulation minimum requirement*	2018	The BoT's regulation minimum requirement*	2017
Total capital / Total risk weighted assets	10.375	17.1	9.75	17.7
Total Tier 1 capital / Total risk weighted assets	7.875	15.1	7.25	15.6
Total Tier 1 common equity / Total risk weighted assets	6.375	15.1	5.75	15.6
Total Tier 2 capital / Total risk weighted assets		2.0		2.1

* Conservation buffer requires additional Common Equity Tier 1 of 0.625% per annum from 1 January 2016 onwards until reaching 2.50% in 2019

(in million Baht)

	2018	2017
Capital after deducting capital add-on arising from Single Lending Limit	370,472	363,997
Capital ratio after deducting capital add-on arising from Single Lending Limit (%)	17.1	17.7

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(in million Baht)

	Basel III	
	The Bank	
	2018	2017
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	258,691	242,348
Other comprehensive income	13,985	16,596
Capital deduction items on CET1	(19,609)	(11,082)
Total Tier 1 capital	305,183	299,978
Tier 2 capital		
Subordinated debt	20,000	20,000
Allowance for classified assets of "normal" category	22,953	21,754
Total Tier 2 capital	42,953	41,754
Total capital funds	348,136	341,732
Total risk weighted assets	2,091,071	1,984,315

(%)

	The BoT's regulation minimum requirement*	2018	The BoT's regulation minimum requirement*	2017
Total capital / Total risk weighted assets	10.375	16.6	9.75	17.2
Total Tier 1 capital / Total risk weighted assets	7.875	14.6	7.25	15.1
Total Tier 1 common equity / Total risk weighted assets	6.375	14.6	5.75	15.1
Total Tier 2 capital / Total risk weighted assets		2.0		2.1

* Conservation buffer requires additional Common Equity Tier 1 of 0.625% per annum from 1 January 2016 onwards until reaching 2.5% in 2019

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(in million Baht)

	2018	2017
Capital after deducting capital add-on arising from Single Lending Limit	348,136	341,029
Capital ratio after deducting capital add-on arising from Single Lending Limit (%)	16.6	17.2

Disclosures of capital maintenance information under Bank of Thailand Notification number Sor Nor Sor 4/2556 dated 2 May 2013 on the Public Disclosures of Capital Maintenance for Commercial Banks and Bank of Thailand Notification number Sor Nor Sor 5/2556 dated 2 May 2013 on the Public Disclosures of Capital Maintenance for Financial Group, were as follows:

Location of disclosure	The Bank's website under Investor Relations section at https://www.scb.co.th/en/investor-relations/financial-information.html
Date of disclosure	Within 4 months after the year end date as indicated in the BoT notification
Information as of	31 December 2018

The disclosure for the year ended 31 December 2018 will be provided on or before 30 April 2019 on the Bank's website as noted above.

Capital management

The Bank and its subsidiaries policies are to maintain a strong capital base so as to provide a cushion against future uncertainties, engender market confidence in the Bank's robustness and to support business growth. Further, the impact of the level of capital on shareholders' returns is also considered together with the need to maintain a balance between the higher returns that might be possible with higher gearing and the advantages and security afforded by a sound capital position.

The Bank and its subsidiaries have complied with BoT imposed capital requirements throughout the year and, as noted in the table above, its capital level is well in excess of the minimum requirements.

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7. Interbank and money market items, net (Assets)

As at 31 December 2018 and 2017, interbank and money market items, net (Assets) were as follows:

(in million Baht)

	Consolidated					
	2018			2017		
	Demand	Time	Total	Demand	Time	Total
Domestic items:						
Bank of Thailand and Financial Institutions Development Fund	17,929	289,585	307,514	13,731	241,439	255,170
Commercial banks	3,258	13,665	16,923	1,824	20,303	22,127
Other financial institutions*	823	8,944	9,767	1,325	10,206	11,531
Total	22,010	312,194	334,204	16,880	271,948	288,828
Add accrued interest receivables	-	794	794	-	651	651
Less allowance for doubtful accounts	-	(124)	(124)	-	(163)	(163)
Total domestic items	22,010	312,864	334,874	16,880	272,436	289,316
Foreign items:						
US Dollar	25,191	13,539	38,730	14,244	8,284	22,528
Japanese Yen	503	-	503	537	-	537
Euro	247	-	247	298	-	298
Other currencies	3,656	-	3,656	4,037	70	4,107
Total	29,597	13,539	43,136	19,116	8,354	27,470
Add accrued interest receivables	-	18	18	-	14	14
Less allowance for doubtful accounts	-	(123)	(123)	-	(67)	(67)
Total foreign items	29,597	13,434	43,031	19,116	8,301	27,417
Total domestic and foreign items	51,607	326,298	377,905	35,996	280,737	316,733

* Other financial institutions represent 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

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(in million Baht)

	The Bank					
	Demand	2018 Time	Total	Demand	2017 Time	Total
Domestic items:						
Bank of Thailand and Financial						
Institutions Development Fund	17,929	289,585	307,514	13,731	241,439	255,170
Commercial banks	2,422	4,395	6,817	1,602	11,553	13,155
Other financial institutions*	1,124	8,944	10,068	1,325	11,706	13,031
Total	21,475	302,924	324,399	16,658	264,698	281,356
Add accrued interest receivables	-	100	100	-	72	72
Less allowance for doubtful accounts	-	(124)	(124)	-	(163)	(163)
Total domestic items	21,475	302,900	324,375	16,658	264,607	281,265
Foreign items:						
US Dollar	23,137	10,242	33,379	11,926	5,424	17,350
Japanese Yen	503	-	503	537	-	537
Euro	247	-	247	298	-	298
Other currencies	3,645	-	3,645	4,019	70	4,089
Total	27,532	10,242	37,774	16,780	5,494	22,274
Add accrued interest receivables	-	7	7	-	5	5
Less allowance for doubtful accounts	-	(123)	(123)	-	(67)	(67)
Total foreign items	27,532	10,126	37,658	16,780	5,432	22,212
Total domestic and foreign items	49,007	313,026	362,033	33,438	270,039	303,477

* Other financial institutions represent 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

As at 31 December 2018, the Bank and its subsidiaries had restricted on interbank and money market items of Baht 1,264 million (2017: Baht 1,166 million).

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8. Derivatives

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 notional amount of 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.

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As at 31 December 2018 and 2017, the notional amount of derivatives was as follows:

(in million Baht)

	Consolidated			
	2018			Total
	Notional amount			
	Less than 1 year	Within 1 - 5 years	More than 5 years	
Forward exchange contracts	1,169,594	21,705	1,948	1,193,247
Currency swap contracts	101,712	307,835	151,452	560,999
Interest rate swap contracts	647,429	1,279,355	383,705	2,310,489
Equity derivatives	4,888	2,317	-	7,205
Commodity derivatives	563	-	-	563

(in million Baht)

	Consolidated			
	2017			Total
	Notional amount			
	Less than 1 year	Within 1 - 5 years	More than 5 years	
Forward exchange contracts	1,239,306	20,297	13,128	1,272,731
Currency swap contracts	174,908	282,595	164,862	622,365
Interest rate swap contracts	547,982	1,180,473	356,081	2,084,536
Equity derivatives	4,648	7,257	-	11,905
Commodity derivatives	706	-	-	706

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(in million Baht)

	The Bank			
	2018			
	Less than 1 year	Notional amount Within 1 - 5 years	More than 5 years	Total
Forward exchange contracts	1,169,594	21,705	1,948	1,193,247
Currency swap contracts	103,010	314,225	148,481	565,716
Interest rate swap contracts	641,829	1,259,200	385,338	2,286,367
Equity derivatives	7,251	3,159	-	10,410
Commodity derivatives	563	-	-	563

(in million Baht)

	The Bank			
	2017			
	Less than 1 year	Notional amount Within 1 - 5 years	More than 5 years	Total
Forward exchange contracts	1,239,138	20,297	13,128	1,272,563
Currency swap contracts	174,908	289,152	166,933	630,993
Interest rate swap contracts	547,282	1,170,472	356,982	2,074,736
Equity derivatives	7,171	7,257	-	14,428
Commodity derivatives	706	-	-	706

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8.1 Trading book derivatives

As at 31 December 2018 and 2017, fair value and notional amount classified by type of risk were as follows:

(in million Baht)

Type of risk	Consolidated					
	2018			2017		
	Fair value Assets	Liabilities	Notional amount	Fair value Assets	Liabilities	Notional amount
Foreign exchange rate	25,364	21,002	1,645,232	26,362	24,526	1,761,757
Interest rate	15,590	14,136	2,247,376	15,749	14,398	2,002,122
Equity derivatives	83	656	7,205	135	5,741	11,905
Commodity derivatives	18	17	563	60	61	706
Total	41,055	35,811	3,900,376	42,306	44,726	3,776,490

(in million Baht)

Type of risk	The Bank					
	2018			2017		
	Fair value Assets	Liabilities	Notional Amount	Fair value Assets	Liabilities	Notional amount
Foreign exchange rate	25,242	21,450	1,649,949	26,728	27,519	1,770,217
Interest rate	15,035	14,076	2,223,254	15,583	14,351	1,992,322
Equity derivatives	611	584	10,410	2,471	2,432	14,428
Commodity derivatives	18	17	563	60	61	706
Total	40,906	36,127	3,884,176	44,842	44,363	3,777,673

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8.2 Banking book derivatives

As at 31 December 2018 and 2017, carrying amount and notional amount classified by type of risk were as follows:

(in million Baht)

Type of risk	Consolidated and the Bank					
	2018			2017		
	Carrying amount Assets	Liabilities	Notional amount	Carrying amount Assets	Liabilities	Notional Amount
Foreign exchange rate	628	672	109,014	1,193	258	133,339
Interest rate ⁽¹⁾	112	51	63,113	189	31	82,414
Total	740	723	172,127	1,382	289	215,753

(1) Carrying amount at the end of the year for interest rate swap contracts held for banking book are accrued interest receivables or payables based on the contracts. Accrued interest receivables are presented as a part of "Other assets" and accrued interest payables are presented as a part of "Other liabilities" in the consolidated and the Bank's financial statements.

The carrying amount of derivative assets and liabilities for trading book derivatives is based on fair value and banking book derivatives is based on an accrual basis in accordance with the accounting policy disclosed in note 3.26.

As at 31 December 2018 and 2017, the proportions, determined based on the notional amount of derivatives contracts divided by type of counterparty were as follows:

(%)

Counterparty	Consolidated		The Bank	
	2018	2017	2018	2017
Financial institutions	71.04	79.97	70.57	79.64
Affiliated companies	-	-	0.38	0.44
Third parties	28.96	20.03	29.05	19.92

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9. Investments, net

9.1 Classification of investments in securities

As at 31 December 2018 and 2017, the investments in securities of the Bank and its subsidiaries were classified as follows:

(in million Baht)

	Consolidated		The Bank	
	2018 Fair value	2017 Fair value	2018 Fair value	2017 Fair value
Trading securities				
Government and state enterprise securities	9,974	9,089	9,944	9,063
Corporate debt securities	1,473	38	1,467	38
Domestic equity securities	1,968	7,066	-	-
Total	13,415	16,193	11,411	9,101

(in million Baht)

	Consolidated		The Bank	
	2018 Fair value	2017 Fair value	2018 Fair value	2017 Fair value
Available-for-sale securities				
Government and state enterprise securities	348,508	362,079	228,742	265,702
Corporate debt securities	39,497	37,224	-	-
Foreign debt securities	24,249	10,898	13,271	2,681
Domestic equity securities	18,528	20,248	4,904	6,867
Foreign equity securities	1,881	1,615	1,881	1,615
Total	432,663	432,064	248,798	276,865

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(in million Baht)

	Consolidated		The Bank	
	2018 Cost / Amortised cost	2017 Cost / Amortised cost	2018 Cost / Amortised cost	2017 Cost / Amortised cost
Held-to-maturity securities				
Government and state enterprise securities	119,074	119,125	10,072	10,992
Corporate debt securities	68	36	364	399
Foreign debt securities	239	246	239	246
Other securities	1,300	1,300	-	-
Total	120,681	120,707	10,675	11,637
Less allowance for impairment	(36)	(36)	-	-
Total	120,645	120,671	10,675	11,637

(in million Baht)

	Consolidated		The Bank	
	2018 Cost	2017 Cost	2018 Cost	2017 Cost
General investments				
Domestic non-marketable equity securities	1,023	1,092	1,003	1,079
Foreign non-marketable equity securities	1,296	532	1,296	532
Total	2,319	1,624	2,299	1,611
Less allowance for impairment	(188)	(181)	(188)	(181)
Total	2,131	1,443	2,111	1,430
Total investments, net	568,854	570,371	272,995	299,033

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9.2 Unrealised gains (losses) on available-for-sale securities and held-to-maturity securities

As at 31 December 2018 and 2017, unrealised gains (losses) on available-for-sale securities and held-to-maturity securities were as follows:

(in million Baht)

Type of securities	Consolidated							
	2018				2017			
	Amortised cost	Unrealised gains	Unrealised losses	Fair value	Amortised cost	Unrealised gains	Unrealised losses	Fair value
Available-for-sale securities	430,342*	5,955	(3,634)	432,663	424,496*	9,201	(1,633)	432,064
Held-to-maturity securities	120,645*	10,945	(63)	131,527	120,671*	13,739	(6)	134,404
Total	550,987	16,900	(3,697)	564,190	545,167	22,940	(1,639)	566,468

(in million Baht)

Type of securities	The Bank							
	2018				2017			
	Amortised cost	Unrealised gains	Unrealised losses	Fair value	Amortised cost	Unrealised gains	Unrealised losses	Fair value
Available-for-sale securities	247,609*	1,882	(693)	248,798	273,496*	3,412	(43)	276,865
Held-to-maturity securities	10,675*	804	-	11,479	11,637*	1,112	-	12,749
Total	258,284	2,686	(693)	260,277	285,133	4,524	(43)	289,614

* Net of allowance for impairment

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9.3 Investments in companies with holding of 10% and upwards

As at 31 December 2018 and 2017, investments in mutual funds and financial services companies as well as other companies, other than subsidiaries and associate, of which the Bank and its subsidiaries hold 10% or more of the fund or the paid-up capital in each company, classified by industry, were as follows:

(in million Baht)

	Consolidated			The Bank		
	Number of companies	2018	2017	Number of companies	2018	2017
Mutual funds and financial services	2	-	-	2	-	-
Others	8-9	216	226	7-8	216	226
		216	226		216	226

9.4 Investments in companies with problems in their financial positions

As at 31 December 2018, 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 cost exceeds the market value of respective securities. The aggregate cost of these securities is Baht 59 million (2017: Baht 59 million).

10. Investments in subsidiaries and associate, net

10.1 Type of investments in subsidiaries and associate

As at 31 December 2018 and 2017, the Bank and its subsidiaries had an investment in associate, net of impairment provisions, as follows:

					Consolidated			
					Investment value			
	Type of business	Type of share	Direct and indirect shareholding		Cost method		Equity method	
			2018	2017	2018	2017	2018	2017
			(%)		(in million Baht)			
Associate								
Sahaviriya Steel Industries PCL*	Steel industry	Common	40.2	-	-	-	47	-
Total investments in associate, net					-	-	47	-

* On 28 March 2018, the Bank acquired common shares in Sahaviriya Steel Industries Public Company Limited through a debt-to-equity swap under a rehabilitation plan.

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As at 31 December 2018 and 2017, the Bank had investments in subsidiaries and associate, net of impairment provisions and dividend income for the years, as follows:

	The Bank								
	Type of business	Type of share	Investment value				Dividend income		
			Direct shareholding	Cost method					
			2018 (%)	2017 (%)	2018 (in million Baht)	2017 (in million Baht)	2018 (in million Baht)	2017 (in million Baht)	
Subsidiaries									
Finance & Insurance									
Cambodian Commercial Bank Ltd.	Banking	Common	100.0	100.0	2,688	2,688	130	959	
Rutchayothin Assets Management Co., Ltd.	Asset management	Common	100.0	100.0	25	25	-	-	
SCB Securities Co., Ltd.	Securities	Common	100.0	100.0	2,207	2,207	12	533	
SCB-Julius Baer Securities Co., Ltd.*	Securities	Common	60.0	-	972	-	-	-	
SCB Asset Management Co., Ltd.	Asset management	Common	100.0	100.0	222	222	474	1,094	
Siam Commercial Leasing PCL**	Collection	Common	99.4	99.4	1,533	1,533	-	-	
SCB Life Assurance PCL	Life insurance	Common	99.2	99.2	12,540	12,540	-	-	
Services									
SCB Training Centre Co., Ltd.	Training center	Common	100.0	100.0	390	390	-	-	
Siam Phitiwat Co., Ltd. **	Appraisal services	Common	100.0	100.0	10	10	-	-	
SCB Plus Co., Ltd.	Collection	Common	100.0	100.0	1	1	423	327	
SCB Protect Co., Ltd.	Non-life insurance broker	Common	100.0	100.0	2	2	10	-	
SCB Abacus Co., Ltd.	Data analytics	Common	100.0	100.0	10	10	-	-	
Other									
Sor. Or. Kor. PCL**	Commercial	Common	99.7	99.7	583	583	-	-	

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			The Bank					
	Type of business	Type of share	Direct shareholding		Investment value Cost method		Dividend income	
			2018	2017	2018	2017	2018	2017
			(%)		(in million Baht)			
Indirect subsidiaries								
Mahisorn Co., Ltd. ***	Property management	Common	-	-	-	-	-	-
Digital Ventures Co., Ltd. ****	Financial technology and venture capital	Common	-	-	-	-	-	-
SCB-Julius Baer (Singapore) Pte.Ltd. *****	Securities	Common	-	-	-	-	-	-
Associate								
Sahaviriya Steel Industries PCL*****	Steel industry	Common	40.2	-	-	-	-	-
Total					21,183	20,211	1,049	2,913
Less allowance for impairment					(2,194)	(2,194)		
Total investments in subsidiaries and associate, net					18,989	18,017		

* Newly established in 2018. The Company changed its name from SCB-Julius Baer Co., Ltd. to SCB-Julius Baer Securities Co., Ltd. in September 2018.

** The Company is under liquidation

*** Subsidiary of SCB Plus Co., Ltd. (100% shareholding)

**** Subsidiary of SCB Securities Co., Ltd. (100% shareholding)

***** Subsidiary of SCB-Julius Baer Securities Co., Ltd. (100% shareholding)

***** On 28 March 2018, the Bank acquired common shares in Sahaviriya Steel Industries Public Company Limited through a debt-to-equity swap under a rehabilitation plan.

All subsidiaries and associate were registered and operate in Thailand except for the Cambodian Commercial Bank Ltd. and SCB-Julius Baer (Singapore) Pte. Ltd., which were registered and operate in Cambodia and Singapore, respectively.

Notes to the financial statements

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10.2 The summarised financial information of the associate was as follows:

(in million Baht)

	2018		
	(Unaudited)		
	Total assets	Total liabilities	Equity
Steel industry	24,714	63,640	(38,926)
	24,714	63,640	(38,926)

(in million Baht)

	For the year ended 31 December 2018		
	(Unaudited)		
	Revenue	Expenses	Net profit
Steel industry	23,651	23,533	118
	23,651	23,533	118

(in million Baht)

	Sahaviriya Steel Industries PCL	
	2018	2017
For the year ended 31 December		
Carrying amount of interests in associate		
Group's share of:		
- Profit from continuing operations	47	-
- Total comprehensive income	47	-

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10.3 Interest in unconsolidated structured entity arising in the normal course of business

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

The provision of funds is in the form of loans which are on normal business terms. These loans are managed in the same way as all other loans. The outstanding loans to these structured entities as of 31 December 2018 and 2017 amounted to Baht 6,797 million and Baht 6,184 million, respectively.

11. Loans to customers and accrued interest receivables, net

11.1 Classified by product as at 31 December 2018 and 2017

(in million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
Overdrafts	99,514	101,065	98,985	100,536
Loans	1,436,866	1,401,337	1,422,820	1,389,019
Bills	334,411	297,401	334,411	297,401
Finance leases	232,155	204,877	232,155	204,877
Others	67,155	55,268	65,962	54,449
Less deferred revenue	(29,540)	(25,216)	(29,540)	(25,216)
Total loans to customers, net	2,140,561	2,034,732	2,124,793	2,021,066
Add accrued interest receivables	3,334	3,328	3,028	2,964
Total loans to customers and accrued interest receivables, net	2,143,895	2,038,060	2,127,821	2,024,030
Less allowance for doubtful accounts				
- allowance established per BoT regulations				
- Individual approach	(51,914)	(46,752)	(51,165)	(45,998)
- Collective approach	(7,298)	(6,767)	(7,298)	(6,767)
- allowance established in excess of BoT minimum regulations	(40,193)	(32,180)	(40,184)	(32,171)
Less revaluation allowance for debt restructuring	(3,868)	(4,291)	(3,868)	(4,291)
Total	2,040,622	1,948,070	2,025,306	1,934,803

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11.2 Classified by currency and residential status of customers as at 31 December 2018 and 2017

(in million Baht)

	Consolidated					
	Domestic	2018 Foreign	Total	Domestic	2017 Foreign	Total
Baht	2,012,890	26,800	2,039,690	1,892,701	24,980	1,917,681
US Dollar	35,593	46,154	81,747	42,333	56,027	98,360
Other currencies	5,990	13,134	19,124	6,812	11,879	18,691
Total			2,140,561			2,034,732

(in million Baht)

	The Bank					
	Domestic	2018 Foreign	Total	Domestic	2017 Foreign	Total
Baht	2,000,051	26,800	2,026,851	1,881,593	24,980	1,906,573
US Dollar	35,593	43,225	78,818	42,333	53,469	95,802
Other currencies	5,990	13,134	19,124	6,812	11,879	18,691
Total			2,124,793			2,021,066

Notes to the financial statements

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11.3 Classified by business type and quality of loan classification as at 31 December 2018 and 2017

(in million Baht)

	Consolidated											
	2018						2017					
	Normal	Special Mention	Sub- Standard	Doubtful	Loss	Total *	Normal	Special Mention	Sub- Standard	Doubtful	Loss	Total *
Agriculture and mining	17,071	195	2,074	126	332	19,798	16,625	2,290	336	124	179	19,554
Manufacturing and												
commercial	558,753	19,315	8,819	3,583	19,871	610,341	565,471	16,976	5,043	3,684	21,559	612,733
Real estate and												
construction	158,998	3,278	982	410	2,972	166,640	140,789	3,210	952	655	3,517	149,123
Utilities and services	367,705	2,359	622	1,041	4,549	376,276	338,868	1,493	1,023	1,209	3,701	346,294
Housing loans	526,324	10,795	6,134	5,762	3,757	552,772	514,815	12,329	6,042	5,649	3,729	542,564
Others	387,441	17,938	4,372	2,324	2,659	414,734	340,964	15,342	3,718	2,108	2,332	364,464
Total *	2,016,292	53,880	23,003	13,246	34,140	2,140,561	1,917,532	51,640	17,114	13,429	35,017	2,034,732

(in million Baht)

	The Bank											
	2018						2017					
	Normal	Special Mention	Sub- Standard	Doubtful	Loss	Total *	Normal	Special Mention	Sub- Standard	Doubtful	Loss	Total *
Agriculture and mining	17,024	195	2,074	126	332	19,751	16,571	2,290	336	124	179	19,500
Manufacturing and												
commercial	557,190	19,281	8,819	3,583	19,871	608,744	563,091	16,976	5,043	3,684	21,559	610,353
Real estate and												
construction	158,998	3,278	982	410	2,025	165,693	140,786	3,210	952	655	2,553	148,156
Utilities and services	366,478	2,359	622	1,041	4,549	375,049	338,798	1,493	1,023	1,209	3,701	346,224
Housing loans	526,266	10,795	6,134	5,762	3,757	552,714	514,764	12,329	6,042	5,649	3,729	542,513
Others	375,608	17,938	4,372	2,324	2,600	402,842	330,879	15,342	3,718	2,108	2,273	354,320
Total *	2,001,564	53,846	23,003	13,246	33,134	2,124,793	1,904,889	51,640	17,114	13,429	33,994	2,021,066

* Net of deferred revenue, excludes accrued interest receivables

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11.4 Finance leases

As at 31 December 2018 and 2017, finance leases were as follows:

(in million Baht)

	Consolidated and the Bank							
	2018				2017			
	Amount due				Amount due			
	Less than 1 year	1-5 years	Over 5 years	Total	Less than 1 year	1-5 years	Over 5 years	Total
Total of gross investments in the lease	62,426	158,195	11,534	232,155	58,153	140,118	6,606	204,877
Less deferred revenue				(29,126)				(24,997)
Present value of the lease payments				203,029				179,880
Allowance for doubtful accounts				(7,298)				(6,767)
Finance leases, net				195,731				173,113

11.5 Loans to listed companies identified for delisting

(in million Baht)

	Consolidated and the Bank							
	2018				2017			
	Loans and				Loans and			
	accrued				accrued			
	No. of	interest	Amount of	No. of	interest	Amount of		
companies	receivables*	Collateral provision	companies	receivables*	Collateral provision			
Listed companies								
identified for delisting	3	10,996	5,449	8,291	2	12,045	5,914	9,771

* Including loans to financial institutions but excluding other expenses

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11.6 Non-Performing Loans

As at 31 December 2018 and 2017, the Bank used the guidelines specified in the BoT's notification dated 10 June 2016 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:

(in million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
Non-Performing Loans (net of allowance for doubtful accounts)	35,699	35,592	35,406	35,289
% of Non-Performing Loans to total loans (net)	1.5	1.6	1.5	1.6
Non-Performing Loans (gross)	70,389	65,560	69,383	64,537
% of Non-Performing Loans to total loans	2.9	2.8	2.8	2.8

As at 31 December 2018, Rutchayothin Assets Management Co., Ltd. which is a subsidiary of the Bank, had Non-Performing Loans of Baht 421 million (2017: Baht 433 million). However, the Non-Performing Loans based on principal of loan purchased from the Bank and its subsidiaries as at 31 December 2018 was Baht 947 million (2017: Baht 964 million).

11.7 Non-accrual loans

Non-accrual loans, gross, (including loans to financial institutions) as at 31 December 2018 and 2017 were as follows:

(in million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
Loans where recognition of income has been suspended *	61,321	57,988	60,308	56,958
% of loans where recognition of income has been suspended	2.5	2.5	2.5	2.5

* Non-accrual loans as announced by the Notification of the Bank of Thailand number Sor Nor Sor 20/2558

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11.8 Classified assets

The Bank and its subsidiaries had classified assets as at 31 December 2018 and 2017 as follows:

(in million Baht)

	Consolidated					
	2018					
	Loans and accrued interest receivables*	Loans to financial institutions and accrued interest receivables	Investments	Properties for sale	Other assets	Total
Normal	2,019,500	327,545	-	-	19	2,347,064
Special Mention	53,968	-	-	-	5	53,973
Sub-Standard	23,034	-	-	-	3	23,037
Doubtful	13,246	-	-	-	5	13,251
Doubtful Loss	34,147	-	4,091	559	1,012	39,809
	2,143,895	327,545	4,091	559	1,044	2,477,134

(in million Baht)

	Consolidated					
	2017					
	Loans and accrued interest receivables*	Loans to financial institutions and accrued interest receivables	Investments	Properties for sale	Other assets	Total
Normal	1,920,725	281,672	-	-	16	2,202,413
Special Mention	51,721	-	-	-	4	51,725
Sub-Standard	17,161	-	-	-	3	17,164
Doubtful	13,429	-	-	-	6	13,435
Doubtful Loss	35,024	-	2,051	444	1,096	38,615
	2,038,060	281,672	2,051	444	1,125	2,323,352

* Net of deferred revenue

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(in million Baht)

The Bank						
2018						
	Loans and accrued interest receivables*	Loans to financial institutions and accrued interest receivables	Investments	Properties for sale	Other assets	Total
Normal	2,004,473	318,081	-	-	19	2,322,573
Special Mention	53,934	-	-	-	5	53,939
Sub-Standard	23,034	-	-	-	3	23,037
Doubtful	13,246	-	-	-	5	13,251
Doubtful Loss	33,134	-	3,208	556	984	37,882
	2,127,821	318,081	3,208	556	1,016	2,450,682

(in million Baht)

The Bank						
2017						
	Loans and accrued interest receivables*	Loans to financial institutions and accrued interest receivables	Investments	Properties for sale	Other assets	Total
Normal	1,907,725	274,343	-	-	16	2,182,084
Special Mention	51,721	-	-	-	4	51,725
Sub-Standard	17,161	-	-	-	3	17,164
Doubtful	13,429	-	-	-	6	13,435
Doubtful Loss	33,994	-	2,550	441	1,073	38,058
	2,024,030	274,343	2,550	441	1,102	2,302,466

* Net of deferred revenue

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11.9 Allowance for doubtful accounts

11.9.1 Loans classified by quality as at 31 December 2018 and 2017 (inclusive of accrued interest receivables)

	Consolidated					(in million Baht)	
	2018						
	Individual approach (All loans except for finance leases) Net amount used to		% used for setting the allowance	Collective approach (Finance leases)			
	Loans and accrued interest receivables	allowance for doubtful accounts		Allowance for doubtful accounts***	Loans and accrued interest receivables	Allowance for doubtful accounts***	Total
Minimum allowance of							
BoT regulations							
- Normal	1,832,982	1,790,588*	1	17,788	186,518	2,873	20,661
- Special Mention	41,113	40,176*	2	803	12,855	2,697	3,500
- Sub-Standard	21,718	12,189**	100	12,189	1,316	642	12,831
- Doubtful	12,682	4,057**	100	4,057	564	261	4,318
- Doubtful Loss	32,371	17,077**	100	17,077	1,776	825	17,902
Total	1,940,866	1,864,087		51,914	203,029	7,298	59,212
Allowance established in excess of BoT regulations							40,193
Total							99,405

* Net of cash and near cash collateral

** Net of PV cashflow from loan receivables including sale of collateral

*** Excluding revaluation allowance for troubled debt restructuring

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(in million Baht)

		Consolidated				
		2017				
		Individual approach (All loans except for finance leases) Net amount used to		Collective approach (Finance leases)		
		Loans and accrued interest receivables	% used for setting the allowance	Allowance for doubtful accounts***	Loans and accrued interest receivables	Allowance for doubtful accounts***
						Total
Minimum allowance of						
BoT regulations						
- Normal		1,754,409	1,727,479*	1	17,173	2,791
- Special Mention		41,422	40,650*	2	813	2,412
- Sub-Standard		16,222	7,488**	100	7,488	473
- Doubtful		12,807	3,855**	100	3,855	308
- Doubtful Loss		33,320	17,423**	100	17,423	783
Total		1,858,180	1,796,895		46,752	6,767
Allowance established in excess of BoT regulations						
Total						32,180
						85,699

* Net of cash and near cash collateral

*** Net of PV cashflow from loan receivables including sale of collateral

*** Excluding revaluation allowance for troubled debt restructuring

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(in million Baht)

	The Bank					
	2018					
	Individual approach (All loans except for finance leases) Net amount			Collective approach (Finance leases)		
	Loans and accrued interest receivables	% used for allowance setting the allowance	used to set the allowance for doubtful accounts	Allowance for doubtful accounts***	Loans and accrued interest receivables	Allowance for doubtful accounts***
Minimum allowance of						Total
BoT regulations						
- Normal	1,817,955		1,775,859*	1	17,759	2,873
- Special Mention	41,079		40,142*	2	803	2,697
- Sub-Standard	21,718		12,189**	100	12,189	642
- Doubtful	12,682		4,057**	100	4,057	261
- Doubtful Loss	31,358		16,357**	100	16,357	825
Total	1,924,792		1,848,604		51,165	203,029
Allowance established in excess of BoT regulations						58,463
Total						40,184
						98,647

* Net of cash and near cash collateral

** Net of PV cashflow from loan receivables including sale of collateral

*** Excluding revaluation allowance for troubled debt restructuring

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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(in million Baht)

	The Bank					
	2017			2017		
	Individual approach (All loans except for finance leases)			Collective approach (Finance leases)		
	Loans and accrued interest receivables	Net amount used to set the allowance for doubtful accounts	% used for setting the allowance	Allowance for doubtful accounts***	Loans and accrued interest receivables	Allowance for doubtful accounts***
Minimum allowance of						
BoT regulations						
- Normal	1,741,409	1,714,836*	1	17,148	166,316	2,791
- Special Mention	41,422	40,650*	2	813	10,299	2,412
- Sub-Standard	16,222	7,488**	100	7,488	939	473
- Doubtful	12,807	3,855**	100	3,855	622	308
- Doubtful Loss	32,290	16,694**	100	16,694	1,704	783
Total	1,844,150	1,783,523		45,998	179,880	6,767
Allowance established in excess of BoT regulations						
Total						32,171
						84,936

* Net of cash and near cash collateral

** Net of PV cashflow from loan receivables including sale of collateral

*** Excluding revaluation allowance for troubled debt restructuring

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Following an assessment of the ultimate collectability of the Bank's consolidated loan portfolio, the management of the Bank and its subsidiaries believe that the allowance for doubtful accounts established was adequate as at 31 December 2018 and 2017 and in compliance with the BoT's guidelines, including an assessment for "Possible Impaired Loans", as directed by them. The aggregate allowance is based on both quantitative criteria noted above and qualitative criteria that reflects management judgment.

11.9.2 Changes to the allowance for doubtful accounts

As at 31 December 2018 and 2017, the changes to the allowance for doubtful accounts were as follows:

(in million Baht)

	Consolidated						
	2018						Total
	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss	Allowance established in excess of BoT regulations	
As at 1 January 2018	19,964	3,225	7,961	4,163	18,206	32,180	85,699
Bad debt and doubtful accounts	697	275	4,870	155	13,298	7,756	27,051
Bad debts written off	-	-	-	-	(13,602)	-	(13,602)
Others	-	-	-	-	-	257	257
As at 31 December 2018	20,661	3,500	12,831	4,318	17,902	40,193	99,405

(in million Baht)

	Consolidated						
	2017						Total
	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss	Allowance established in excess of BoT regulations	
As at 1 January 2017	19,184	3,000	9,654	3,153	15,641	22,721	73,353
Bad debt and doubtful accounts	783	225	(1,693)	1,010	17,640	9,817	27,782
Bad debts written off	-	-	-	-	(15,075)	-	(15,075)
Others	(3)	-	-	-	-	(358)	(361)
As at 31 December 2017	19,964	3,225	7,961	4,163	18,206	32,180	85,699

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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(in million Baht)

The Bank							
2018							
	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss	Allowance established in excess of BoT regulations	Total
As at 1 January 2018	19,939	3,225	7,961	4,163	17,477	32,171	84,936
Bad debt and doubtful accounts	693	275	4,870	155	13,307	7,756	27,056
Bad debts written off	-	-	-	-	(13,602)	-	(13,602)
Others	-	-	-	-	-	257	257
As at 31 December 2018	20,632	3,500	12,831	4,318	17,182	40,184	98,647

(in million Baht)

The Bank							
2017							
	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss	Allowance established in excess of BoT regulations	Total
As at 1 January 2017	19,155	3,000	9,654	3,153	14,946	22,716	72,624
Bad debt and doubtful accounts	784	225	(1,693)	1,010	17,606	9,813	27,745
Bad debts written off	-	-	-	-	(15,075)	-	(15,075)
Others	-	-	-	-	-	(358)	(358)
As at 31 December 2017	19,939	3,225	7,961	4,163	17,477	32,171	84,936

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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12. Troubled debt restructuring

During the years ended 31 December 2018 and 2017, troubled debt restructuring was as follows:

(in million Baht)

Types of debt restructuring	Consolidated and the Bank							
	Outstanding debts							
	No. of accounts		Before debt restructuring		After debt restructuring		Loss on debt restructuring	
	2018	2017	2018	2017	2018	2017	2018	2017
Debt restructuring in various forms	3	12	328	153	321	124	-	-
Changes of repayment conditions	3,215	8,634	7,727	10,954	7,597	10,681	18	18
Total	3,218	8,646	8,055	11,107	7,918	10,805	18	18

As at 31 December 2018 and 2017, the Bank and its subsidiaries had outstanding balances relating to troubled debt restructured loans were as follows:

	Consolidated and the Bank			
	2018		2017	
	No. of accounts	Outstanding debts	No. of accounts	Outstanding debts
		(in million Baht)		(in million Baht)
Restructured loans which were classified as NPL	1,540	10,257	1,804	8,595
Restructured loans which were not classified as NPL	13,196	23,236	13,307	27,128
Total	14,736	33,493	15,111	35,723

Notes to the financial statements

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Supplementary information relating to restructured loans for the years ended 31 December 2018 and 2017 were as follows:

(in million Baht)

	Consolidated and the Bank	
	2018	2017
Interest income recognised in the statement of profit or loss and other comprehensive income	1,021	1,153

Revaluation allowance for debt restructuring

As at 31 December 2018 and 2017, the changes to the revaluation allowance for debt restructuring was as follows:

(in million Baht)

	Consolidated and the Bank	
	2018	2017
At 1 January	4,291	4,004
(Decrease) increase during the year	(423)	287
At 31 December	3,868	4,291

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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 Asset Management Co., Ltd. were as follows:

Rutchayothin Assets Management Co., Ltd. Statement of cash flows

(in million Baht)

	For the year ended 31 December	
	2018 (Unaudited)	2017 (Audited)
Cash flows from operating activities		
Profit (loss) from operating before income tax expense	1	(46)
<i>Adjustments to reconcile profit (loss) from operating before income tax to cash receipts (payments) from operating activities</i>		
(Reversal) impairment loss on loans and debt securities	(9)	36
Losses on impairment of properties for sale	-	1
Net interest expenses	6	7
Losses from operating before changes in operating assets and liabilities	(2)	(2)
<i>Decrease in operating assets</i>		
Intercompany and money market items	24	6
Investments	17	26
Other assets	-	1
<i>Increase (decrease) in operating liabilities</i>		
Debt issued and short-term borrowings	(42)	(31)
Other liabilities	3	-
Net cash from operating activities	-	-
Net increase in cash	-	-
Cash at 1 January	-	-
Cash at 31 December	-	-

Notes to the financial statements

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14. Properties for sale, net

As at 31 December 2018 and 2017, the changes to the properties for sale, net were as follows:

(in million Baht)

	Consolidated			
	Beginning balance	2018 Additions/ Transfer in	Disposals/ Transfer out	Ending balance
Foreclosed assets				
Immovable assets	10,890	2,382	(1,582)	11,690
Movable assets	442	7,395	(7,207)	630
Total	11,332	9,777	(8,789)	12,320
Others	396	1,782	(489)	1,689
Total properties for sale	11,728	11,559	(9,278)	14,009
Less allowance for impairment	(444)	(140)	25	(559)
Total properties for sale, net	11,284	11,419	(9,253)	13,450

(in million Baht)

	Consolidated			
	Beginning balance	2017 Additions/ Transfer in	Disposals/ Transfer out	Ending balance
Foreclosed assets				
Immovable assets	11,696	1,094	(1,900)	10,890
Movable assets	389	6,451	(6,398)	442
Total	12,085	7,545	(8,298)	11,332
Others	154	659	(417)	396
Total properties for sale	12,239	8,204	(8,715)	11,728
Less allowance for impairment	(635)	-	191	(444)
Total properties for sale, net	11,604	8,204	(8,524)	11,284

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(in million Baht)

	The Bank			
	2018			Ending balance
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	
Foreclosed assets				
Immovable assets	10,883	2,382	(1,582)	11,683
Movable assets	442	7,395	(7,207)	630
Total	11,325	9,777	(8,789)	12,313
Others	396	1,782	(489)	1,689
Total properties for sale	11,721	11,559	(9,278)	14,002
Less allowance for impairment	(441)	(140)	25	(556)
Total properties for sale, net	11,280	11,419	(9,253)	13,446

(in million Baht)

	The Bank			
	2017			Ending balance
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	
Foreclosed assets				
Immovable assets	11,689	1,094	(1,900)	10,883
Movable assets	389	6,451	(6,398)	442
Total	12,078	7,545	(8,298)	11,325
Others	154	659	(417)	396
Total properties for sale	12,232	8,204	(8,715)	11,721
Less allowance for impairment	(632)	-	191	(441)
Total properties for sale, net	11,600	8,204	(8,524)	11,280

The losses on sale of properties for sale recognised in the consolidated profit or loss for the years ended 31 December 2018 and 2017 were Baht 708 million and Baht 463 million respectively, and for the Bank's profit or loss were Baht 708 million and Baht 462 million, respectively.

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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Immovable assets for sale classified by internal appraisers as at 31 December 2018 and 2017 were as follows:

(in million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
Foreclosed assets				
Immovable assets				
Appraised by internal appraisers	11,690	10,890	11,683	10,883
Total	11,690	10,890	11,683	10,883

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The Siam Commercial Bank Public Company Limited and its Subsidiaries
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(in million Baht)									
Consolidated									
2017									
	Cost			Accumulated depreciation			Allowance for impairment		
	Beginning balance	Additions/Transfer in	Disposals/Transfer out	Ending balance	Beginning balance	Depreciation Disposals	Ending balance	for impairment	Net balance
Land									
Cost	5,849	1	(6)	5,844	-	-	-	(146)	5,698
Appraisal *	13,387	-	-	13,387	-	-	-	-	13,387
Premises and building improvements									
Cost	18,330	1,267	(54)	19,543	(8,581)	(465)	28	(193)	10,332
Appraisal *	9,220	-	-	9,220	(1,856)	(345)	1	-	7,020
Equipment	21,310	3,377	(1,270)	23,417	(16,762)	(1,623)	1,244	-	6,276
Others	330	1,141	(20)	1,451	-	-	-	-	1,451
Total	68,426	5,786	(1,350)	72,862	(27,199)	(2,433)	1,273	(339)	44,164

* Appraisal values are based on valuations completed in 2015 for the Bank and 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 2018 amounted to Baht 18,665 million (2017: Baht 22,954 million).

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2018

(in million Baht)

	The Bank							
	2018							
	Cost		Accumulated depreciation			Allowance		Net balance
	Beginning balance	Additions/Disposals/Transfer in	Ending balance	Beginning balance	Depreciation Disposals	Ending balance	for impairment	
Land								
Cost	5,654	-	(142)	5,512	-	-	(145)	5,367
Appraisal *	12,744	-	(600)	12,144	-	-	-	12,144
Premises and building improvements								
Cost	18,958	1,779	(1,006)	19,731	(8,628)	(608)	825	(8,411)
Appraisal *	9,121	-	(160)	8,961	(2,170)	(340)	42	(2,468)
Equipment	22,511	2,083	(5,396)	19,198	(16,416)	(2,002)	5,313	(13,105)
Others	1,438	249	(1,247)	440	-	-	-	-
Total	70,426	4,111	(8,551)	65,986	(27,214)	(2,950)	6,180	(23,984)
								(295)
								41,707

* Appraisal values are based on valuations completed in 2015

Depreciation presented in the Bank's profit or loss for the years ended 31 December 2018 and 2017 amounted to Baht 2,950 million and Baht 2,343 million, respectively.

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For the year ended 31 December 2018

	The Bank									(in million Baht)	
	2017										
	Beginning balance	Cost		Disposals/ Transfer out	Ending balance	Beginning balance	Accumulated depreciation		Ending balance		Allowance for impairment
Additions/ Transfer in			Depreciation				Disposals				
Land											
Cost	5,654	-	-	5,654	-	-	-	-	(145)	5,509	
Appraisal *	12,744	-	-	12,744	-	-	-	-	-	12,744	
Premises and building improvements											
Cost	17,770	1,227	(39)	18,958	(8,204)	(439)	15	(8,628)	(176)	10,154	
Appraisal *	9,121	-	-	9,121	(1,829)	(341)	-	(2,170)	-	6,951	
Equipment	20,410	3,312	(1,211)	22,511	(16,030)	(1,563)	1,177	(16,416)	-	6,095	
Others	332	1,107	(1)	1,438	-	-	-	-	-	1,438	
Total	66,031	5,646	(1,251)	70,426	(26,063)	(2,343)	1,192	(27,214)	(321)	42,891	

* Appraisal values are based on valuations completed in 2015

The gross amount of the Bank's fully depreciated premises and equipment that were still in use as at 31 December 2018 amounted to Baht 18,265 million (2017: Baht 22,207 million).

The fair value of land and premises was determined by external independent property valuers with appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The fair value of land and premises was determined by the independent valuers using the market approach for land and the depreciated replacement cost approach for premises, all of which are categorised as Level 3 in the fair value hierarchy.

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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16. Goodwill and other intangible assets, net

As at 31 December 2018 and 2017, the changes to the goodwill and other intangible assets, net were as follows:

	Consolidated										(in million Baht)
	2018										
	Cost				Accumulated amortisation				Allowance for		
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Ending balance	Beginning balance	Amortisations	Disposals	Ending balance	impairment	Net balance	
Goodwill	10,135	-	-	10,135	-	-	-	-	-	10,135	
Software licenses	10,075	5,897	(68)	15,904	(5,789)	(1,639)	51	(7,377)	(9)	8,518	
Software under installation	3,688	3,396	(246)	6,838	-	-	-	-	-	6,838	
Others	9	1	-	10	(8)	(1)	-	(9)	-	1	
Total	23,907	9,294	(314)	32,887	(5,797)	(1,640)	51	(7,386)	(9)	25,492	

Amortisation presented in the consolidated profit or loss for the years ended 31 December 2018 and 2017 amounted to Baht 1,640 million and Baht 773 million, respectively.

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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Consolidated										(in million Baht)
2017										
	Cost			Accumulated amortisation			Allowance		Net	
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Ending balance	Beginning balance	Disposals	Ending balance	for impairment		
Goodwill	10,135	-	-	10,135	-	-	-	-	-	10,135
Software licenses	7,120	3,490	(535)	10,075	(5,293)	(772)	(5,789)	(3)	(3)	4,283
Software under installation	1,645	2,050	(7)	3,688	-	-	-	-	-	3,688
Others	8	1	-	9	(7)	(1)	(8)	-	-	1
Total	18,908	5,541	(542)	23,907	(5,300)	(773)	(5,797)	(3)	(3)	18,107

The gross amount of the Bank and its subsidiaries' fully amortised intangible assets that were still in use as at 31 December 2018 amounted to Baht 4,667 million (2017: Baht 4,344 million).

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The Siam Commercial Bank Public Company Limited and its Subsidiaries
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(in million Baht)

	The Bank						
	2018						
	Cost			Accumulated amortisation			
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Ending balance	Beginning balance	Amortisations	Disposals
Goodwill	1,270	-	-	1,270	-	-	-
Software licenses	9,307	5,429	-	14,736	(5,371)	(1,545)	-
Software under installation	3,572	3,165	(130)	6,607	-	-	-
Total	14,149	8,594	(130)	22,613	(5,371)	(1,545)	-
Total							

Amortisation presented in the Bank's profit or loss for the years ended 31 December 2018 and 2017 amounted to Baht 1,545 million and Baht 701 million, respectively.

	The Bank						
	2017						
	Cost			Accumulated amortisation			
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Ending balance	Beginning balance	Amortisations	Disposals
Goodwill	1,270	-	-	1,270	-	-	-
Software licenses	6,223	3,348	(264)	9,307	(4,751)	(701)	81
Software under installation	1,523	2,049	-	3,572	-	-	-
Total	9,016	5,397	(264)	14,149	(4,751)	(701)	81
Total							

The gross amount of the Bank's fully amortised intangible assets that were still in use as at 31 December 2018 amounted to Baht 4,521 million (2017: Baht 4,222 million).

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17. Assets pending transfer

As at 31 December 2018 and 2017, assets pending transfer were as follows:

(in million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
Sundry receivables	1,315	621	1,512	686
Pending for E-Banking receivables	-	1,155	-	1,155
Others	918	459	918	459
Total	2,233	2,235	2,430	2,300

18. Other assets, net

As at 31 December 2018 and 2017, other assets, net were as follows:

(in million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
Collateral per Credit Support Annex	5,262	7,115	5,613	7,093
Receivables from sale of NPL	4,569	575	4,569	575
Securities business receivables and receivables from clearing house	4,279	7,024	-	-
Prepaid expenses	2,682	3,149	2,752	3,075
Accrued interest on investment and interest rate derivatives	2,291	2,025	717	650
Accrued service income	1,132	1,273	1,399	1,857
Net inter-account balance	642	1,950	629	1,949
Others	5,677	5,550	3,761	3,202
Total	26,534	28,661	19,440	18,401

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19. Deposits

19.1 Classified by product as at 31 December 2018 and 2017

(in million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
Demand	68,139	78,274	66,797	77,235
Savings	1,418,782	1,281,892	1,418,070	1,278,583
Fixed				
- Less than 6 months	133,341	164,034	132,819	163,819
- 6 months and less than 1 year	194,939	176,335	194,820	176,331
- Over 1 year	344,430	391,922	344,430	391,922
Total	2,159,631	2,092,457	2,156,936	2,087,890

19.2 Classified by currency and residence of customer as at 31 December 2018 and 2017

(in million Baht)

	Consolidated					
	2018			2017		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	2,105,644	633	2,106,277	2,040,698	572	2,041,270
US Dollar	35,683	13,843	49,526	35,865	12,243	48,108
Other currencies	2,580	1,248	3,828	2,335	744	3,079
Total	2,143,907	15,724	2,159,631	2,078,898	13,559	2,092,457

(in million Baht)

	The Bank					
	2018			2017		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	2,109,464	615	2,110,079	2,041,620	563	2,042,183
US Dollar	35,683	7,351	43,034	35,865	6,783	42,648
Other currencies	2,580	1,243	3,823	2,335	724	3,059
Total	2,147,727	9,209	2,156,936	2,079,820	8,070	2,087,890

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20. Interbank and money market items (Liabilities)

As at 31 December 2018 and 2017, interbank and money market items (Liabilities) were as follows:

(in million Baht)

	Consolidated					
	2018			2017		
	Demand	Time	Total	Demand	Time	Total
Domestic items:						
Bank of Thailand and Financial						
Institutions Development Fund	-	-	-	-	1,921	1,921
Commercial banks	4,386	38,200	42,586	2,688	29,600	32,288
Specialised financial institutions*	89	71,093	71,182	99	40,229	40,328
Other financial institutions**	9,954	10,011	19,965	14,223	8,185	22,408
Total domestic items	14,429	119,304	133,733	17,010	79,935	96,945
Foreign items:						
US Dollar	463	4,705	5,168	406	7,844	8,250
Euro	111	-	111	271	-	271
Other currencies	3,010	507	3,517	2,561	546	3,107
Total foreign items	3,584	5,212	8,796	3,238	8,390	11,628
Total domestic and foreign items	18,013	124,516	142,529	20,248	88,325	108,573

* Specialised financial institutions represent 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 represent 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

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(in million Baht)

	The Bank					
	2018			2017		
	Demand	Time	Total	Demand	Time	Total
Domestic items:						
Bank of Thailand and Financial Institutions Development Fund	-	-	-	-	1,921	1,921
Commercial banks	4,386	38,200	42,586	2,688	29,600	32,288
Specialised financial institutions*	89	71,093	71,182	99	40,229	40,328
Other financial institutions **	11,494	11,360	22,854	15,590	9,085	24,675
Total domestic items	15,969	120,653	136,622	18,377	80,835	99,212
Foreign items:						
US Dollar	466	4,910	5,376	471	7,844	8,315
Euro	111	-	111	271	-	271
Other currencies	3,015	475	3,490	2,568	546	3,114
Total foreign items	3,592	5,385	8,977	3,310	8,390	11,700
Total domestic and foreign items	19,561	126,038	145,599	21,687	89,225	110,912

* Specialised financial institutions represent 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 represent 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

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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21. Debt issued and borrowings

As at 31 December 2018 and 2017, debt issued and borrowings were as follows:

(in million Baht)

	Interest rate (%)	Year of maturity	Consolidated					
			Domestic	2018 Foreign	Total	Domestic	2017 Foreign	Total
Bonds								
- US Dollar	2.75 - 3.50	2019 - 2023	726	52,753	53,479	715	53,070	53,785
- Baht	1.90	2019 - 2020	32,786	-	32,786	737	-	737
- Others	-	2019	429	-	429	20	-	20
Subordinated bonds								
- Baht	4.65	2024	20,000	-	20,000	20,000	-	20,000
Structured notes								
- Baht	1.36 - 1.84	2019	607	-	607	3,815	-	3,815
Others			260	-	260	181	-	181
Total			54,808	52,753	107,561	25,468	53,070	78,538

(in million Baht)

	Interest rate (%)	Year of maturity	The Bank					
			Domestic	2018 Foreign	Total	Domestic	2017 Foreign	Total
Bonds								
- US Dollar	2.75 - 3.50	2019 - 2023	726	53,398	54,124	715	53,727	54,442
- Baht	-	2019 - 2020	31,252	-	31,252	737	-	737
- Others	-	2019	429	-	429	20	-	20
Subordinated bonds								
- Baht	4.65	2024	20,000	-	20,000	20,000	-	20,000
Others			260	-	260	181	-	181
Total			52,667	53,398	106,065	21,653	53,727	75,380

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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22. Provisions

As at 31 December 2018 and 2017, provisions were as follows:

(in million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
Reserve for pension and gratuity	6,360	4,904	5,859	4,527
Reserve for reward points	2,978	2,712	2,975	2,705
Others	89	114	89	108
Total	9,427	7,730	8,923	7,340

Pension and other post-retirement employee benefits

The Bank and its subsidiaries operate a number of pension and post-retirement benefit plans including both defined contribution plans and defined benefit plans. All defined benefit plans are unfunded.

Present value of unfunded provisions as at 31 December 2018 and 2017 were as follows:

(in million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
Severance Payment (SP) benefits scheme	5,499	4,041	5,043	3,719
Other schemes	861	863	816	808
Total present value of unfunded provisions	6,360	4,904	5,859	4,527

Defined benefit plan

The Bank and its subsidiaries operate a defined benefit plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Bank and its subsidiaries to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

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The Siam Commercial Bank Public Company Limited and its Subsidiaries
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Movement in the present value of the defined benefit obligations.

(in million Baht)

	Consolidated			
	2018		2017	
	SP	Others	SP	Others
At 1 January	4,041	863	3,728	813
Included in profit or loss:				
Current service cost	564	46	346	35
Interest on obligation	143	31	132	29
Actuarial losses	-	6	-	-
	707	83	478	64
Included in other comprehensive income:				
Actuarial losses (gains)	1,009	(49)	-	-
Others				
Benefits paid	(258)	(36)	(165)	(14)
At 31 December	5,499	861	4,041	863

(in million Baht)

	The Bank			
	2018		2017	
	SP	Others	SP	Others
At 1 January	3,719	808	3,445	761
Included in profit or loss:				
Current service cost	488	34	306	31
Interest on obligation	132	28	122	27
Actuarial losses	-	2	-	-
	620	64	428	58
Included in other comprehensive income:				
Actuarial losses (gains)	945	(52)	-	-
Others				
Benefits paid	(241)	(4)	(154)	(11)
At 31 December	5,043	816	3,719	808

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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Actuarial losses recognised in other comprehensive income arising from:

(in million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
Experience adjustment	695	-	663	-
Demographic assumptions	214	-	197	-
Financial assumptions	51	-	33	-
Total	960	-	893	-

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date.

(%)

	Consolidated		The Bank	
	2018	2017	2018	2017
Discount rate	3.1 - 3.3	3.6	3.3	3.6
Future salary growth	5.5 - 10.0	5.5 - 10.0	5.5 - 10.0	5.5 - 10.0
Medical cost trend rate	4.0	4.0 - 4.8	4.0	4.0 - 4.8
Employee turnover	3.5 - 35.0	3.5 - 35.0	3.5 - 12.0	3.5 - 12.0

Assumptions regarding future mortality have been based on published statistics and mortality tables.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below.

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(in million Baht)

	Consolidated		The Bank	
	Increase	Decrease	Increase	Decrease
At 31 December 2018				
Discount rate (1% movement)	(660)	797	(615)	745
Future salary growth (1% movement)	606	(522)	561	(482)
	Consolidated		The Bank	
	Increase	Decrease	Increase	Decrease
At 31 December 2017				
Discount rate (1% movement)	(571)	697	(528)	646
Future salary growth (1% movement)	489	(421)	444	(382)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Post-employee benefit expenses included in the statement of profit or loss and other comprehensive income for the years ended 31 December 2018 and 2017 were as follows:

(in million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
Recognised in profit or loss:				
Defined contribution plans	1,252	1,147	1,119	1,025
Defined benefit plans	790	542	684	486
Total post-employment benefit expenses	2,042	1,689	1,803	1,511

On 13 December 2018, the National Legislative Assembly passed a bill amending the Labor Protection Act to include a requirement that an employee who is terminated after having been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. The Bank and its subsidiaries will amend its retirement plan in the period in which the amendment will have become law and is announced in the Royal Gazette. As a result of this change, the provision for retirement benefits as at that future period end as well as past service cost recognised during that period in the consolidated financial statements are estimated to increase by an amount of approximately Baht 1.4 - 1.5 billion.

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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23. Liabilities under insurance contracts

As at 31 December 2018 and 2017, liabilities under insurance contracts were as follows:

(in million Baht)

	Consolidated	
	2018	2017
SCB Life Assurance PCL		
Long-term technical reserves	277,247	247,319
Short-term technical reserves	973	926
Total	278,220	248,245

Liabilities under insurance contracts for SCB life Assurance PCL are calculated as described in note 3.29.

Long-term technical reserves

(in million Baht)

	Consolidated	
	2018	2017
At 1 January	247,319	215,958
Reserve increase from new and inforce policies in the year	47,197	43,796
Reserve released for benefit payments, lapse and cancellation in the year	(17,269)	(12,435)
At 31 December	277,247	247,319

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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24. Liabilities pending transfer

As at 31 December 2018 and 2017, liabilities pending transfer were as follows:

(in million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
Other payables	9,113	2,937	8,921	2,853
Pending for payment E-banking	7,093	4,547	7,093	4,547
Unsettled remittance transaction	2,957	6,068	2,957	6,068
Others	513	1,064	464	1,020
Total	19,676	14,616	19,435	14,488

25. Other liabilities

As at 31 December 2018 and 2017, other liabilities were as follows:

(in million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
Accrued expenses	19,912	18,793	16,864	15,730
Other payable per Credit Support Annex	7,425	7,033	6,803	6,949
Accrued interest payable	5,025	4,447	5,072	4,476
Securities business payables and payables to clearing house	4,006	4,172	-	-
Withholding tax payable	807	706	684	583
Margin deposits	638	335	617	311
Others	649	2,320	1,201	1,754
Total	38,462	37,806	31,241	29,803

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26. Advance received from electronic payment

According to the Bank of Thailand (BoT) notification number Sor Nor Chor 7/2561, directive dated 16 April 2018, regarding "Regulations on Service Business relating to Electronic Money (E-Money)" and Sor Nor Chor 8/2561 directive dated 16 April 2018 regarding "Regulations on Service Business relating to Electronic Fund Transfer (EFT)" require the Bank to disclose advance received from E-Money and EFT. As at 31 December 2018, the Bank held Baht 5,946 million in this regard.

27. Share capital

All preferred shares had a period of 10 years, which expired on 10 May 2009. Hence, rights of preferred shareholders has been the same as those of the common shareholders since then.

Holders of preferred shares are entitled to convert the shares they hold into common shares, with the conversion ratio of 1:1. The holders of common shares and preferred shares are entitled to receive dividends as declared, and are entitled to one vote per share at the shareholders' meeting of the Bank.

28. Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Under the Public Companies Act B.E. 2535 Section 116 requires the Bank and its subsidiaries which are public companies shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account ("legal reserve"), until this account reaches an amount not less than 10% of the registered authorised 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

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.

Notes to the financial statements

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Currency translation differences

The currency translation differences account comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Valuation surplus

The valuation surplus account comprises the cumulative net change in the valuation of premises included in the financial statements at valuation until such premises are sold or otherwise disposed of.

Movements in reserves

Movements in reserves are shown in the statement of changes in equity.

29. Dividends

The Board of Directors Meeting held on 21 August 2018 passed a resolution approving an interim dividend payment in respect of the half-year result of 2018 of Baht 1.50 per share, amounting to Baht 5,099 million. The interim dividend was paid to shareholders on 20 September 2018.

At the annual general meeting of the shareholders of the Bank held on 5 April 2018, the shareholders approved the dividend in respect of the Bank result of the year 2017 at Baht 5.50 per share, amounting to Baht 18,696 million. The interim dividend was paid to shareholders on 19 September 2017 of Baht 1.50 per share, amounting to Baht 5,099 million. The remaining dividend of Baht 4.00 per share, amounting to Baht 13,597 million. The remaining dividend was paid to shareholders on 3 May 2018.

At the annual general meeting of the shareholders of the Bank held on 11 April 2017, the shareholders approved the dividend in respect of the Bank result of the year 2016 at Baht 5.50 per share, amounting to Baht 18,696 million. The interim dividend was paid to shareholders on 16 September 2016 of Baht 1.50 per share amounting to Baht 5,099 million. The remaining dividend of Baht 4.00 per share, amounting to Baht 13,597 million. The remaining dividend was paid to shareholders on 9 May 2017.

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30. Assets pledged as collateral and under restriction

As at 31 December 2018 and 2017, assets pledged as collateral and under restriction were as follows:

(in million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
Government securities pledged for life policy reserve	64,381	53,092	-	-
Securities pledged as collateral for repurchase	69,435	26,179	69,435	26,179
Others	79	211	46	156
Total	133,895	79,482	69,481	26,335

31. Contingencies

As at 31 December 2018 and 2017, contingencies were as follows:

(in million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
Avals to bills	7,985	4,195	7,985	4,195
Guarantees of loans	15,049	14,476	14,181	13,757
Liability under unmatured import bills	11,129	6,794	11,129	6,794
Letters of credit	46,994	22,256	46,666	21,779
Other contingencies				
- Amount of unused bank overdrafts	185,210	179,213	184,401	178,446
- Other guarantees	218,814	176,112	217,773	175,127
- Receivables / payables from investments	4,906	3,232	3,239	3,212
- Others	47,869	28,232	45,469	24,032
Total	537,956	434,510	530,843	427,342

As at 31 December 2018, 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 (2017: Baht 3 million).

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The Siam Commercial Bank Public Company Limited and its Subsidiaries
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32. Related parties

For the purposes of these financial statements, parties are considered to be related to the Bank and its subsidiaries if the Bank and its subsidiaries have the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Bank and its subsidiaries and the party are subject to common control or common significant influence. Related parties may be individuals or juristic entities.

The Bank has business transactions with related parties or persons. Interest rate for staff loans under the staff welfare scheme is charged in accordance with the Bank's regulations for such loans. Interest rate and other pricing for other related parties are at the same rate as in the normal course of business with the same business conditions as general customers. For other income and expenses are charged at market price as normal business or the price as stipulated in the agreement. Transactions with related parties or persons were as follows:

32.1 Assets, liabilities and contingencies

Assets, liabilities and contingencies balances with related parties as at 31 December 2018 and 2017 were as follows:

	<i>(in million Baht)</i>			
	Consolidated		The Bank	
	2018	2017	2018	2017
Derivative assets				
Subsidiaries	-	-	628	2,786
Associate	18	-	18	-
Investments				
Subsidiaries	-	-	364	399
Loans*				
Subsidiaries	-	-	-	1,500
Associate	8,844	-	8,844	-
Directors and key executive officers	121	176	121	176
Entities in which the directors, management or close members of their families have significant influence	4,322	5,758	4,322	5,758

* Before deducting allowance for doubtful accounts for consolidated and the Bank amounting to Baht 6,816 million and 6,816 million, respectively (2017: Baht 60 million and Baht 75 million, respectively).

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(in million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
Other assets				
Subsidiaries	-	-	1,769	1,489
Deposits				
Subsidiaries	-	-	5,059	2,095
Associate	416	-	416	-
Major shareholders (more than 10% ownership)	4,824	21,393	4,824	21,393
Directors and key executive officers	1,428	1,434	1,428	1,434
Entities in which the directors, management or close members of their families have significant influence	29,161	39,446	29,161	39,446
Interbank and money market items (liabilities)				
Subsidiaries	-	-	213	54
Derivative liabilities				
Subsidiaries	-	-	446	308
Debt issued and borrowings				
Subsidiaries	-	-	3,183	1,821
Directors and key executive officers	6	23	6	23
Entities in which the directors, management or close members of their families have significant influence	-	1,015	-	1,015
Other liabilities				
Subsidiaries	-	-	633	872
Contingencies				
Subsidiaries	-	-	15,677	17,642
Associate	1,407	-	1,407	-
Related companies (Shareholding through other companies' debt restructuring process)	1	1	1	1
Entities in which the directors, management or close members of their families have significant influence	1,583	2,610	1,583	2,610

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32.2 Income and expenses

Significant income and expenses with related parties for the years ended 31 December 2018 and 2017 were as follows:

(in million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
Interest income				
Subsidiaries	-	-	48	10
Associate	267	-	267	-
Directors and key executive officers	3	5	3	5
Entities in which the directors, management or close members of their families have significant influence	165	198	165	198
Interest expenses				
Subsidiaries	-	-	88	63
Associate	244	-	244	-
Major shareholders (more than 10% ownership)	96	206	96	206
Directors and key executive officers	12	10	12	10
Entities in which the directors, management or close members of their families have significant influence	291	500	291	500
Other income				
Subsidiaries	-	-	8,598	12,487
Other expenses				
Subsidiaries	-	-	3,611	3,475
Major shareholders (more than 10% ownership)	28	24	28	24
Entities in which the directors, management or close members of their families have significant influence	70	65	70	65
(Losses) gains on trading				
Subsidiaries	-	-	(968)	383
Associate	68	-	68	-

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33. Key management personnel compensation

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank and its subsidiaries, holding the position of Executive Vice President or higher.

The Bank and its subsidiaries have 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 and its subsidiaries' regulations.

(in million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
For the year ended 31 December				
Short-term employee benefits	1,748	1,726	1,425	1,422
Post-employment benefits	64	24	62	22
Total	1,812	1,750	1,487	1,444

34. Operating leases

Leases as lessee

The Bank and its subsidiaries lease a number of branch offices rental, foreign exchange booths, ATM rental areas, cars and office equipment under operating lease. The leases typically run for an average period of 5 years, with an option to renew the lease after maturity date.

The rent paid to the lessors are adjusted to market rentals at regular intervals, and the Bank and its subsidiaries do not have an interest in the residual value of the rental assets. As a result, it was determined that substantially all of the risks and rewards of the rental assets are with the lessors.

(a) Future minimum lease payments

As at 31 December 2018 and 2017, the future minimum lease payments under non-cancellable leases were payable as follows.

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(in million Baht)

Type of lease	Period	Consolidated		The Bank	
		2018	2017	2018	2017
Land and/or premises	Within 1 year	2,510	2,310	2,349	2,143
	1 - 5 years	1,497	1,839	1,342	1,692
	Over 5 years	164	192	164	192
Equipment	Within 1 year	101	143	96	143
Vehicles	Within 1 year	298	287	290	277
	1 - 5 years	538	695	523	672

(b) Amount recognised in profit or loss

(in million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
For the year ended 31 December				
Lease expense	5,456	4,715	5,230	4,575

35. Operating segments

As at 31 December 2018 and 2017, 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 three main lines of business: the Corporate Segment which serves corporate and commercial customers; the SME Segment which serves SME customers; the Retail Segment which serves individuals and small businesses. In addition, the Bank has three major subsidiaries: SCB Securities Co., Ltd., SCB Asset Management Co., Ltd. and SCB Life Assurance PCL.

In the information provided below, the results of subsidiaries together with the income from the Banks' interbank and money market and investments, that is not allocated to a specific business unit, are presented under the "Life Insurance" and "Others" column. With respect to fee income earned by subsidiaries, it is allocated to the appropriate line of business (Corporate Segment, SME Segment or Retail Segment) in the Management Discussion and Analysis that accompanies the financial statements but is stated under "Life Insurance" and "Others" in the analysis below. Finally, operating expenses are both direct and indirect business expenses of each line of business as well as allocation of common expenses to these businesses.

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The Bank has determined that the Chief Operating Decision Maker is the Executive Committee. Financial information of the business segments measured on a basis that is consistent with internal reporting was as follows:

(in million Baht)

For the year ended 31 December 2018	Consolidated						Total
	Corporate Segment	SME Segment	Retail Segment	Life Insurance	Others	Elimination	
Net interest income	17,456	14,255	43,210	10,453	10,995	-	96,369
Non-interest income, net	9,181	2,928	23,331	(1,096)	13,401	(5,889)	41,856
Total operating income	26,637	17,183	66,541	9,357	24,396	(5,889)	138,225
Total operating expenses	(7,744)	(7,258)	(40,862)	(2,632)	(10,769)	4,626	(64,639)
Profit before impairment loss and income tax	18,893	9,925	25,679	6,725	13,627	(1,263)	73,586
Impairment loss and income tax							(33,491)
Net profit							40,095

(in million Baht)

For the year ended 31 December 2017	Consolidated						Total
	Corporate Segment	SME Segment	Retail Segment	Life Insurance	Others	Elimination	
Net interest income	16,758	14,744	41,657	9,260	9,891	-	92,310
Non-interest income, net	8,892	2,969	25,322	1,096	12,970	(7,346)	43,903
Total operating income	25,650	17,713	66,979	10,356	22,861	(7,346)	136,213
Total operating expenses	(6,749)	(6,458)	(33,118)	(2,470)	(13,037)	4,182	(57,650)
Profit before impairment loss and income tax	18,901	11,255	33,861	7,886	9,824	(3,164)	78,563
Impairment loss and income tax							(35,358)
Net profit							43,205

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(in million Baht)

	Consolidated						
	2018						Total
	Corporate Segment	SME Segment	Retail Segment	Life Insurance	Others	Elimination	
Loans*	827,258	341,679	955,563	10,699	5,362	-	2,140,561
Total assets	789,777	300,394	910,116	324,439	886,032	(23,418)	3,187,340
Total liabilities	650,433	153,234	1,219,126	285,136	512,512	(14,084)	2,806,357

(in million Baht)

	Consolidated						
	2017						Total
	Corporate Segment	SME Segment	Retail Segment	Life Insurance	Others	Elimination	
Loans*	778,949	343,204	898,648	9,324	4,607	-	2,034,732
Total assets	751,367	303,331	862,857	289,506	836,292	(19,321)	3,024,032
Total liabilities	557,693	149,383	1,217,442	253,400	493,454	(11,103)	2,660,269

* Net of deferred revenue

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36. The financial position and results of operations classified by domestic and foreign business

36.1 As at 31 December 2018 and 2017, the financial position classified by domestic and foreign business was as follows:

(in million Baht)

	Consolidated					
	2018			2017		
	Domestic business	Foreign business	Total	Domestic business	Foreign business	Total
Total assets	3,112,925	74,415	3,187,340	2,949,414	74,618	3,024,032
Interbank and money market items,						
net (Assets)	365,626	12,279	377,905	308,146	8,587	316,733
Investments, net *	567,647	1,254	568,901	569,284	1,087	570,371
Loans to customers and accrued						
interest receivables, net	2,021,528	19,094	2,040,622	1,930,702	17,368	1,948,070
Deposits	2,147,122	12,509	2,159,631	2,079,830	12,627	2,092,457
Interbank and money market items						
(Liabilities)	137,316	5,213	142,529	103,288	5,285	108,573
Debt issued and borrowings	54,808	52,753	107,561	25,468	53,070	78,538

* Includes net investments in subsidiaries and associate

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2018

(in million Baht)

	The Bank					
	2018			2017		
	Domestic business	Foreign business	Total	Domestic business	Foreign business	Total
Total assets	2,794,927	65,200	2,860,127	2,659,167	66,465	2,725,632
Interbank and money market items, net (Assets)	355,127	6,906	362,033	300,095	3,382	303,477
Investments, net *	290,761	1,223	291,984	315,963	1,087	317,050
Loans to customers and accrued interest receivables, net	2,009,126	16,180	2,025,306	1,919,980	14,823	1,934,803
Deposits	2,150,941	5,995	2,156,936	2,080,752	7,138	2,087,890
Interbank and money market items (Liabilities)	140,419	5,180	145,599	105,627	5,285	110,912
Debt issued and borrowings	52,667	53,398	106,065	21,653	53,727	75,380

* Includes net investments in subsidiaries and associate

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2018

36.2 The results of operations classified by domestic and foreign business for the years ended 31 December 2018 and 2017 were as follows:

(in million Baht)

	Consolidated							
	2018				2017			
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
Interest income	127,952	3,691	(2,516)	129,127	124,139	3,101	(2,127)	125,113
Interest expenses	(31,780)	(3,494)	2,516	(32,758)	(31,669)	(3,261)	2,127	(32,803)
Net interest income	96,172	197	-	96,369	92,470	(160)	-	92,310
Net fee and service income	28,296	160	-	28,456	30,210	114	-	30,324
Other operating income	13,348	51	-	13,399	13,542	37	-	13,579
Other operating expenses	(88,287)	(374)	-	(88,661)	(82,251)	(466)	-	(82,717)
Profit before income tax	49,529	34	-	49,563	53,971	(475)	-	53,496
Income tax expenses	(9,382)	(86)	-	(9,468)	(10,251)	(40)	-	(10,291)
Net profit (loss)	40,147	(52)	-	40,095	43,720	(515)	-	43,205

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2018

(in million Baht)

	The Bank							
	2018				2017			
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
Interest income	117,531	3,455	(2,516)	118,470	114,889	2,869	(2,127)	115,631
Interest expenses	(31,757)	(3,461)	2,516	(32,702)	(31,661)	(3,233)	2,127	(32,767)
Net interest income	85,774	(6)	-	85,768	83,228	(364)	-	82,864
Net fee and service income	29,226	101	-	29,327	32,033	54	-	32,087
Other operating income	12,231	32	-	12,263	11,605	20	-	11,625
Other operating expenses	(86,111)	(219)	-	(86,330)	(80,107)	(367)	-	(80,474)
Profit before income tax	41,120	(92)	-	41,028	46,759	(657)	-	46,102
Income tax expenses	(7,508)	(45)	-	(7,553)	(8,240)	(8)	-	(8,248)
Net profit (loss)	33,612	(137)	-	33,475	38,519	(665)	-	37,854

37. Interest income

Interest income included in profit or loss for the years ended 31 December 2018 and 2017 was as follows:

(in million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
Interbank and money market items	5,456	5,028	5,000	4,583
Investments and trading transactions	265	312	265	312
Investments in debt securities	13,230	12,873	3,947	4,657
Loans	98,035	95,788	97,117	94,967
Finance leases	12,003	11,024	12,003	11,024
Others	138	88	138	88
Total	129,127	125,113	118,470	115,631

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2018

38. Interest expenses

Interest expenses included in profit or loss for the years ended 31 December 2018 and 2017 was as follows:

(in million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
Deposits	18,301	19,006	18,282	18,984
Interbank and money market items	1,534	1,218	1,579	1,245
Contributions to Deposit Protection Agency	9,735	9,419	9,735	9,419
Debt issued				
- Debentures	2,004	1,957	2,000	1,987
- Subordinated debentures	930	1,063	930	1,063
Borrowings	78	71	-	-
Others	176	69	176	69
Total	32,758	32,803	32,702	32,767

39. Net fee and service income

Net fee and service income included in profit or loss for the years ended 31 December 2018 and 2017 was as follows:

(in million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
Fee and service income				
- Acceptances, avals and guarantees	1,578	1,768	1,562	1,752
- ATM, Debit cards, Credit Cards and other banking electronic	13,478	12,355	13,494	12,369
- Others	21,960	22,732	21,626	23,304
Total fee and service income	37,016	36,855	36,682	37,425
Fee and service expenses	(8,560)	(6,531)	(7,355)	(5,338)
Net fee and service income	28,456	30,324	29,327	32,087

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2018

40. Net gain on trading

Net gain (loss) on trading included in profit or loss for the years ended 31 December 2018 and 2017 was as follows:

(in million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
Foreign currencies and foreign currency related derivatives	5,439	5,253	6,036	4,983
Interest rate related derivatives	1,776	1,507	1,776	1,507
Debt securities	(75)	440	(80)	353
Equity securities	796	(110)	24	46
Others	9	-	9	-
Total	7,945	7,090	7,765	6,889

41. Net gain on investments

Net gain (loss) on investments included in profit or loss for the years ended 31 December 2018 and 2017 was as follows:

(in million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
Available-for-sale securities	2,343	1,634	1,928	536
Held-to-maturity securities	(191)	(191)	-	-
General investments	766	51	766	51
Investment in subsidiaries and associate	12	117	12	117
Total	2,930	1,611	2,706	704

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2018

42 Other expenses

Other expenses included in profit or loss for the years ended 31 December 2018 and 2017 was as follows:

(in million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
Marketing expenses	8,757	6,701	8,475	6,390
Other service fees	2,115	2,260	5,086	5,108
Software amortisation	1,640	775	1,545	703
Others	4,927	4,356	4,707	4,148
Total	17,439	14,092	19,813	16,349

43. Impairment loss on loans and debt securities

Impairment loss on loans and debt securities and loss on debt restructuring included in profit or loss for the years ended 31 December 2018 and 2017 were as follows:

(in million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
Interbank and money market items	17	43	17	43
Loans to customers *	23,988	25,006	23,967	24,969
Loss on debt restructuring	18	18	18	18
Total	24,023	25,067	24,002	25,030

* Net of bad debts recovery

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2018

44. Income tax

Income tax recognised in profit or loss

(in million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
<i>For the year ended 31 December</i>				
Current tax expense				
Current year	11,519	10,020	9,554	8,046
Deferred tax expense				
Movements in temporary differences	(2,051)	271	(2,001)	202
Total income tax expense	9,468	10,291	7,553	8,248

Income tax recognised in other comprehensive income

(in million Baht)

	Consolidated					
	2018			2017		
<i>For the year ended 31 December</i>	Before tax	Tax income (expense)	Net of tax	Before tax	Tax (expense)	Net of tax
Investments	(5,375)	1,075	(4,300)	6,080	(1,216)	4,864
Derivatives	319	(64)	255	371	(74)	297
Actuarial losses	(960)	192	(768)	-	-	-
Total	(6,016)	1,203	(4,813)	6,451	(1,290)	5,161

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2018

(in million Baht)

For the year ended 31 December	The Bank					
	2018			2017		
	Before tax	Tax income	Net of tax	Before tax	Tax (expense)	Net of Tax
Investments	(2,309)	461	(1,848)	717	(144)	573
Derivatives	-	-	-	51	(10)	41
Actuarial losses	(893)	179	(714)	-	-	-
Total	(3,202)	640	(2,562)	768	(154)	614

Reconciliation of effective tax rate

For the year ended 31 December	Consolidated			
	2018		2017	
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax expense		49,563		53,496
Income tax using the Thai corporation tax rate	20.0	9,913	20.0	10,699
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		(445)		(408)
Total	19.1	9,468	19.2	10,291

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2018

<i>For the year ended 31 December</i>	The Bank			
	2018		2017	
	<i>Rate (%)</i>	<i>(in million Baht)</i>	<i>Rate (%)</i>	<i>(in million Baht)</i>
Profit before income tax expense		41,029		46,102
Income tax using the Thai corporation tax rate	20.0	8,206	20.0	9,220
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		(653)		(972)
Total	18.4	7,553	17.9	8,248

Deferred tax

Deferred tax assets and liabilities as at 31 December 2018 and 2017 were as follows:

(in million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
Deferred tax assets	198	111	107	26
Deferred tax liabilities	(423)	(3,590)	-	(2,560)
Net	(225)	(3,479)	107	(2,534)

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2018

Movements in deferred tax assets and liabilities during for the years ended 31 December 2018 and 2017 were as follows:

(in million Baht)

	Consolidated		
	(Charged) / Credited to:		
	At 1 January 2018	Profit or loss	Other comprehensive income
			At 31 December 2018
Deferred tax assets			
Derivative assets	32	11	-
Investments	23	41	130
Investments in subsidiaries and associate	409	45	-
Loans to customers and accrued interest receivables	830	1,678	-
Properties for sale	89	23	-
Premises and equipment	1	-	-
Other intangible assets	26	(15)	-
Other assets	103	(26)	-
Deposits	10	(10)	-
Derivative liabilities	15	-	54
Provisions	1,547	151	192
Liabilities under insurance contracts	46	(4)	-
Other liabilities	765	47	-
Total	3,896	1,941	376
			6,213

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2018

(in million Baht)

	Consolidated			
	(Charged) / Credited to:			
	At 1 January 2018	Profit or loss	Other comprehensive income	At 31 December 2018
Deferred tax liabilities				
Derivative assets	(110)	(1)	(118)	(229)
Investments	(1,686)	56	945	(685)
Loans to customers and accrued interest receivables	(573)	70	-	(503)
Premises and equipment	(4,989)	6	-	(4,983)
Other assets	(17)	-	-	(17)
Deposits	-	(21)	-	(21)
Total	(7,375)	110	827	(6,438)
Net	(3,479)	2,051	1,203	(225)

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2018

(in million Baht)

	Consolidated		
	(Charged) / Credited to:		
	At 1 January 2017	Profit or loss	Other comprehensive income
	At 31 December 2017		
Deferred tax assets			
Derivative assets	71	(29)	(10)
Investments	451	(2)	(426)
Investments in subsidiaries and associate	409	-	-
Loans to customers and accrued interest receivables	624	206	-
Properties for sale	127	(38)	-
Premises and equipment	1	-	-
Other intangible assets	58	(32)	-
Other assets	421	(318)	-
Deposits	-	10	-
Derivative liabilities	159	(8)	(136)
Provisions	1,497	50	-
Liabilities under insurance contracts	44	2	-
Other liabilities	722	43	-
Total	4,584	(116)	(572)
Deferred tax liabilities			
Derivative assets	(177)	(5)	72
Investments	(803)	(93)	(790)
Loans to customers and accrued interest receivables	(501)	(72)	-
Premises and equipment	(5,001)	12	-
Other assets	(20)	3	-
Total	(6,502)	(155)	(718)
Net	(1,918)	(271)	(1,290)

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2018

(in million Baht)

	The Bank			
	(Charged) / Credited to:			
	At 1 January 2018	Profit or loss	Other comprehensive income	At 31 December 2018
Deferred tax assets				
Derivative assets	32	11	-	43
Investments	9	33	130	172
Investments in subsidiaries and associate	409	45	-	454
Loans to customers and accrued interest receivables	830	1,673	-	2,503
Properties for sale	88	23	-	111
Other intangible assets	26	(17)	-	9
Other assets	82	(26)	-	56
Deposits	10	(10)	-	-
Provisions	1,468	138	179	1,785
Other liabilities	703	56	-	759
Total	3,657	1,926	309	5,892
Deferred tax liabilities				
Investments	(754)	15	331	(408)
Loans to customers and accrued interest receivables	(573)	70	-	(503)
Premises and equipment	(4,847)	11	-	(4,836)
Other assets	(17)	-	-	(17)
Deposits	-	(21)	-	(21)
Total	(6,191)	75	331	(5,785)
Net	(2,534)	2,001	640	107

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2018

(in million Baht)

	The Bank		
	(Charged) / Credited to:		
	At 1 January 2017	Profit or loss	Other comprehensive income
	At 31 December 2017		
Deferred tax assets			
Derivative assets	71	(29)	(10)
Investments	113	-	(104)
Investments in subsidiaries and associate	409	-	-
Loans to customers and accrued interest receivables	624	206	-
Properties for sale	126	(38)	-
Other intangible assets	50	(24)	-
Other assets	403	(321)	-
Deposits	-	10	-
Provisions	1,424	44	-
Other liabilities	676	27	-
Total	3,896	(125)	(114)
Deferred tax liabilities			
Investments	(695)	(19)	(40)
Loans to customers and accrued interest receivables	(501)	(72)	-
Premises and equipment	(4,858)	11	-
Other assets	(20)	3	-
Total	(6,074)	(77)	(40)
Net	(2,178)	(202)	(154)

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2018

45. Basic earnings per share

Basic earnings per share in the consolidated and the Bank's financial statements for the years ended 31 December 2018 and 2017 were calculated as follows:

(in million Baht)

	Consolidated		The Bank	
	2018	2017	2018	2017
Profit attributable to common shareholders of the Bank (basic)	40,068	43,152	33,475	37,854
Number of common and preferred shares outstanding	3,399	3,399	3,399	3,399
Earnings per share (basic) (in Baht)	11.79	12.69	9.85	11.14

46. Events after the reporting period

46.1 On 10 January 2019, the Bank registered the conversion of 33,601 preferred shares to 33,601 common shares with the Ministry of Commerce.

46.2 On 16 January 2019, SCB-Julius Baer Securities Co., Ltd. (the Bank's subsidiary) has fully paid capital to SCB-Julius Baer (Singapore) Pte. Ltd. (100% shareholding) amounted to SGD 8,000,000.

46.3 On 11 February 2019, the Bank issued USD 500 million 5-year senior unsecured debentures with a fixed interest rate of 3.9% per annum and USD 500 million 10-year senior unsecured debentures with a fixed interest rate of 4.4% per annum. Interest is payable semi-annually. Maturity dates of the debentures are 11 February 2024 and 2029, respectively.

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2018

47. Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new and revised TFRS which relevant to the Bank and its subsidiaries' operations are expected to have significant impact on the consolidated and the Bank's financial statements on the date of initial application. Those TFRS become effective for annual financial reporting periods beginning on or after 1 January of the following years.

TFRS	Topic	Effective
TFRS 4 (revised 2018)	Insurance contracts	2019
TFRS 7*	Financial Instruments: Disclosures	2020
TFRS 9*	Financial Instruments	2020
TFRS 15	Revenue from Contracts with Customers	2019
TAS 32*	Financial Instruments: Presentation	2020
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation	2020
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments	2020
TFRIC 22	Foreign Currency Transactions and Advance Consideration	2019

* TFRS - Financial instruments standards

(a) TFRS 15 Revenue from Contracts with Customers

TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled.

The Bank and its subsidiaries have made a preliminary assessment of the potential impact of adopting TFRS 15 on the consolidated and the Bank's financial statements and expects that there will be no material impact on the consolidated and the Bank's financial statements in the period of initial application.

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2018

(b) TFRS - Financial instruments standards

These TFRS establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting.

Management is currently considering the potential impact of adopting TFRS - Financial instruments standards on the consolidated and the Bank's financial statements.



Supplementary Information

Capital Structure

Securities

Registered capital, as of December 31, 2018, stood at Baht 70,000 million and comprised:

3,417,157,340 ordinary shares par value 10 Baht

3,582,842,660 preferred shares par value 10 Baht

Paid-up capital, as of December 31, 2018,

stood at Baht 33,992 million and comprised:

3,395,473,895 ordinary shares par value 10 Baht

Voting right: one vote per share

3,718,303 preferred shares par value 10 Baht

Voting right: one vote per share

Details of Securities

SCB's securities listed on the Stock Exchange of Thailand (SET) are as follows:

1. Ordinary shares
2. Preferred shares

1. Ordinary shares

Amount	3,395,473,895 shares as of December 31, 2018
Issuer	The Siam Commercial Bank Public Company Limited
Registrar	Thailand Securities Depository Company Limited
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

Amount	3,718,303 shares as of December 31, 2018
Issuer	The Siam Commercial Bank Public Company Limited
Registrar	Thailand Securities Depository Company Limited
Preferred share features	Preferential rights conferred to preferred shares have a 10-year validity from the date of the initial payment by the

Ministry of Finance, which reached the expiration date on May 10, 2009. Therefore, the rights of preferred shareholders are now the same as those of ordinary shareholders. Preferred shares can be converted to ordinary shares in accordance with the conversion schedule and procedure specified by the Bank.

Conversion rate Preferred shares can be converted to ordinary shares at the ratio of 1:1.

Conversion price None

Conversion schedule Every quarter on March 31, June 30, September 30, and December 31 of each year.

- For conversion on March 31, requests must be submitted during March 16-30.
- For conversion on June 30, requests must be submitted during June 15-29.
- For conversion on September 30, requests must be submitted during September 15-29.
- For conversion on December 31, requests must be submitted during December 16-30.

If a conversion date falls on a bank holiday, conversion shall be made on the last business day prior to the bank holiday.

Conversion procedure (1) Conversion request forms can be obtained at the Thailand Securities Depository Company Limited or at any securities brokerage.

(2) Conversion request forms can be submitted to the Thailand Securities Depository Company Limited or at any securities brokerage during business hours.

(3) Documents required for conversion are:

1. The Bank's conversion request form;
2. Preferred share certificates or any permissible substitute (as specified by the SET);
3. For an individual, a certified copy of a valid national identity card, foreigner identity card, or passport (whichever is applicable); For a juristic person, a copy of a juristic person certificate issued by the Ministry of Commerce within 1 year of the request submission date, together with a certified copy of a valid national identity card of a director with signing authority.

Place for requesting Conversion (1) Thailand Securities Depository Co., Ltd. or
(2) Brokerage

Future Share Issuance Obligation

The Bank has no future share issuance obligation.

Shareholding through Thai NVDR Co., Ltd (NVDR)

As of December 28, 2018, the Bank had 3,399,192,198 registered and paid-up shares outstanding, of which 343,984,832 shares (or 10.12% of total shares) were held through NVDR. All shares in NVDR were ordinary shares which accounted for 10.13% of total ordinary shares. NVDR has announced that it will abstain from attending and voting at shareholder meetings, except for cases that involve stock delisting from the SET. Investors can obtain the number of the Bank's shares held through NVDR directly from the Stock Exchange of Thailand at www.set.or.th/nvdr.

Note: NVDR, or non-voting depositary receipts, are tradeable financial instruments with claims on underlying shares listed on the SET. Thai NVDR Company Limited is a juristic person holding shares on behalf of foreign investors. This legal structure allows foreign investors to invest in Thai securities without foreign limit restriction.

Policy on Rights Issuance

The Bank has no plan to issue new shares to existing shareholders.

Shareholders

Principal shareholders (as of December 28, 2018)

No.	Name	Ordinary shares	Preferred shares	Total shares	Percentage of shares*
1	His Majesty King Maha Vajiralongkorn Bodindradebayavarangkun	793,832,359	-	793,832,359	23.35
2	VAYUPAK MUTUAL FUND 1	785,298,200	-	785,298,200	23.10
3	THAI NVDR COMPANY LIMITED	343,984,832	-	343,984,832	10.12
4	STATE STREET EUROPE LIMITED	134,367,539	-	134,367,539	3.95
5	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	115,667,822	-	115,667,822	3.40
6	SOCIAL SECURITY OFFICE	86,181,100	-	86,181,100	2.54
7	SE ASIA (TYPE B) NOMINEES LLC	53,865,328	-	53,865,328	1.58
8	NORTRUST NOMINEES LTD-CL AC	48,666,682	-	48,666,682	1.43
9	THE BANK OF NEW YORK MELLON	44,648,300	-	44,648,300	1.31
10	GIC PRIVATE LIMITED	43,593,900	-	43,593,900	1.28
11	OTHERS	945,367,833	3,718,303	949,086,136	27.92
TOTAL ISSUED AND PAID-UP SHARES		3,395,473,895	3,718,303	3,399,192,198	100.00
THAI SHAREHOLDERS		2,546,557,280	3,503,013	2,550,060,293	75.02
FOREIGN SHAREHOLDERS		848,916,615	215,290	849,131,905	24.98

Remark: * Based on issued and paid-up shares (common shares and preferred shares).

Dividend Policy

SCB Dividend Policy

The Bank has a policy of allocating 30-50% of reported consolidated net profits for dividend payments, which are payable in any year of positive profits net of all legal reserves and other reserve requirements, provided that there is no accumulated loss and the Bank maintains sufficient capital to meet legal requirements.

In 2018, the Bank paid dividends at Baht 5.50 per share to ordinary and preferred shareholders with a total amount of Baht 18,696 million, or 43.3%, of the Bank's 2017 consolidated net profits. Dividend payments from the Bank's 2018 profits will be proposed for approval at the Annual General Meeting of Shareholders in April 2019.

Dividend Policies of Subsidiaries

For a subsidiary over which the Bank has full control and is not listed on the Stock Exchange of Thailand (SET), dividends shall be paid at the maximum amount of net profits after appropriation for legal reserves or at an appropriate level given the subsidiary's business requirements.

In the case of a subsidiary being a SET-listed company or a company over which the Bank does not have full control, dividend payment will depend on the individual company's dividend policy and shall comply with applicable laws, rules and regulations.

Debt Securities

At the end of 2018, outstanding debt securities issued by the Bank were as follows:

	Amount	Interest rate	Maturity date
Senior Unsecured Notes	USD 750 million	3.50%	April 2019
Senior Unsecured Notes	USD 400 million	3.20%	July 2022
Senior Unsecured Notes	USD 500 million	2.75%	May 2023
Subordinated Debenture No. 2/2012*	Baht 20 billion	4.65%	2024

* The issuer has the right to early redemption.

Investments of Siam Commercial Bank PCL in Other Companies

As of December 31, 2018 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\$ 75,000,000	750,000	750,000	100.00%	2,687,888,635
2	RUTCHAYOTHIN ASSETS MANAGEMENT CO., LTD. 9 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2544-2477 Fax 0-2544-2165	Asset Management	Ordinary	25,000,000	2,500,000	2,500,000	100.00%	25,000,000
3	SCB SECURITIES CO., LTD. SCB Park Plaza Bldg., Tower 3 East, 2 nd , 20 th -21 st Floor, 19 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2949-1000 Fax 0-2949-1001	Securities Company	Ordinary	2,100,000,000	240,000,000	240,000,000	100.00%	2,207,396,410
4	DIGITAL VENTURES CO.,LTD ⁽²⁾ 2525 Unit 2/1001-1002, 10th Floor, FYI Center Tower (Tower 2) Rama IV Rd., Khlong Toie, Bangkok 10110 Tel: 02-061-6166	Financial Technology and Venture Capital	Ordinary	103,750,000	4,000,000	4,000,000	100.00%	103,750,000
5	SCB PROTECT CO., LTD. SC Tower, 23 rd -25 th Floor, 418 23-25 Fl. Phahon Yothin Rd. Sam Sen Nai, Phaya Thai, Bangkok 10400 Tel: 0-2037-7899	Non-life Insurance Broker	Ordinary	2,000,000	200,000	199,997	100.00%	1,999,970
6	SCB ASSET MANAGEMENT CO., LTD. SCB Park Plaza Bldg., Tower 1 West, 7 th -8 th Floor, 18 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2949-1500 Fax 0-2949-1501	Asset Management	Ordinary	100,000,000	20,000,000	20,000,000	100.00%	221,573,983
7	SCB-JULIUS BAER SECURITIES CO., LTD. 108 Sukumvit Rd., North Klongton, Wattana, Bangkok	Securities Company	Ordinary	1,620,000,000	180,000,000	107,999,999	60.00%	971,999,991
8	SCB-JULIUS BAER (SINGAPORE) PTE. LTD. ^{** (2)} 7 Straits View, #08-10A, Marina One East Tower, Singapore 018936	Securities Company	Ordinary	SGD 1	1	1	60.00%	24

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)
9.	SCB PLUS CO., LTD. G Tower Grand Rama 9, 12 th and 14 th Floor, 9 Rama 9 Rd., Huai Khwang, Huai Khwang, Bangkok 10310 Tel: 0-2792-3800,0-2792-3900 Fax: 0-2255-1565	Collection Company	Ordinary	1,000,000	100,000	100,000	100.00%	1,000,000
10.	SCB TRAINING CENTRE CO., LTD. 9 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2544-1702,1704,1707 Fax 0-2544-1701	Training Center	Ordinary	549,000,000	5,490,000	5,490,000	100.00%	389,504,400
11.	MAHISORN CO., LTD. ⁽¹⁾ SCB Park Plaza, Tower East, 2 nd Floor, 18 th -19 th Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2937-5400 Fax: 0-2937-5438	Property (building) Management	Ordinary	66,949,000	669,490	669,490	100.00%	88,168,273
12.	SCB ABACUS CO., LTD. SCB Park Plaza Bldg., 19, Tower 3 East, 22 nd Floor, 19 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2544-6566	Data Analytics	Ordinary	10,000,000	1,000,000	999,997	100.00%	9,999,970
13.	SCB LIFE ASSURANCE PCL. Capital Tower, All Seasons Place, 3 rd -6 th , 8 th , 17 th Floor, 87/1 Wireless Road, Lumpini, Phatumwan, Bangkok 10330 Tel: 0-2257-9999	Life Insurance	Ordinary	665,000,000	66,500,000	65,949,620	99.17%	12,540,212,195
14.	SIAM PHITIWAT CO., LTD. ⁽³⁾ SCB Park Plaza, Tower A Zone A West, 18 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2795-1800	Appraisal Service	Ordinary	10,000,000	1,000,000	1,000,000	100.00%	10,000,000
15.	SOR.OR.KOR PCL ⁽³⁾ 9 Siam Commercial Bank PCL, Head Office, Rutchayothin, 19 th Floor Zone C, Rutchadapisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2544-2301-4 Fax 0-2544-3317	Commercial	Ordinary	-	597,423,062	595,883,972	99.74%	582,731,604
16.	SIAM COMMERCIAL LEASING PCL ⁽³⁾ SCB Park Plaza Bldg., Tower 2 West, 22 nd Floor, 18 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2949-1800 Fax: 0-2949-1900	Collection Company	Ordinary	5,677,975,020	567,797,502	564,336,277	99.39%	1,533,329,032
17.	SIAM SAT NETWORK CO.,LTD. ^{(2) (3)} SCB Park Plaza Bldg., Tower 2 West, 21 st Floor 18 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900	Sattelite Service	Ordinary	112,500,000	11,250,000	9,182,012	81.62%	-

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)
18.	SIAM TECHNOLOGY SERVICE CO.,LTD. ^{(1) (3)} SCB Park Plaza Bldg., Tower 1 West, 18 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900	Consultant	Ordinary	30,000,000	3,000,000	2,249,993	75.00%	1
19.	SAHAVIRIYA STEEL INDUSTRIES PCL ⁽⁴⁾ Prapawit Bldg., 2 nd -3 rd Floor, 28/1 Surasak Rd., Silom, Bnagrak, Bangkok Tel: 0-2238-3063-82 Fax: 0-2236-8890	Steel Industry	Ordinary	11,113,018,280	11,113,018,280	4,469,534,816	40.22%	1
20.	SIAM MEDIA AND COMMUNICATION CO., LTD. ⁽³⁾ SCB Park Plaza Bldg., Tower 2 West, 17 th -22 nd Floor, 18 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900	Holding Company	Ordinary	700,000,000	7,000,000	2,333,800	33.34%	1
21.	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	97,238	19.45%	13,529,863
22.	SUPERNAP (THAILAND) CO., LTD. Sindhorn Tower 3 Bldg. 18 Fl. 130-132 Wireless Rd. Lumpini, Pathumwan, Bangkok 10330 Tel: 0-3312-5114 Fax: 0-2558-7566	Data Center	Ordinary	1,410,000,000	200,000,000	20,000,000	10.00%	141,000,000
23.	THAI U.S. LEATHER CO., LTD. ⁽³⁾ 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	10.00%	19,375,000
24.	NAVUTI CO., LTD. 920/4 Moo7, Mae Fah Luang, Mae Fah Luang, Chiang Rai 57110 Tel: (053) 767-015 Fax: (053) 767-077	Agribusiness	Ordinary	60,000,000	600,000	60,000	10.00%	6,000,000
25.	THAI OBAYASHI CORP., LTD. Nantawan Bldg., 11 th Floor, 161 Soi Mahadlek Luang 3 Ratchadamri Rd. Lumpini, Pathumwan, Bangkok 10330 Tel: 0-2252-5200 Fax 0-2252-5200	Construction	Ordinary	10,000,000	20,000	2,000	10.00%	61,753,160

Remarks

* In case of indirect investment by bank affiliates, in which the Bank hold more than 30% of theirs shares, the figures will depict the total percentage of shareholding and investment value of the Bank and its affiliates. (under Section 258 of Securities and Exchange Act.)

** In the process of capital injection

(1) Company held jointly by the Bank and a Bank affiliate in which the Bank holds more than 30% of shares.

(2) Company held by a Bank affiliate in which the Bank holds more than 30% of shares.

(3) Discontinued operations, or in process of dissolution or liquidation.

(4) Debt restructuring investment.

Information of the Directors and Executives of the Bank

as of December 31, 2018

Name/Position		Age (yrs)	Education/Training program	% of total shares	Family relationship with director and management	Period	Experience in the past 5 years Position/Company						
1. Mr. Anand Panyarachun - Chairman of the Board - Independent Director		86	<ul style="list-style-type: none">- B.A. (Hons) in Law, Trinity College, University of Cambridge, U.K. <p>Training in 2018</p> <ul style="list-style-type: none">- SingularityU Thailand Summit 2018 by Exponential Social Enterprise Co., Ltd.- Singularity University and Blockchain/Crypto/Initial Coin Offering by The Siam Commercial Bank PCL- Cyber Security and Technology Risk by The Siam Commercial Bank PCL and Pricewaterhouse Coopers (PwC)- Customer Experience and Value Creation by The Siam Commercial Bank PCL	0.00%	None	2008-2015 2009-2017	Past Positions						
							<ul style="list-style-type: none">- Director, Siam Commercial Foundation- Chairman, Green Globe Institute						
							Current Positions in Other Listed Companies						
							1990-Present <ul style="list-style-type: none">- Chairman, Eastern Star Real Estate PCL						
							Current Positions in Non-Listed Companies						
							1990-Present <ul style="list-style-type: none">- Chairman, Cambridge Thai Foundation under the Patronage of Her Majesty the Queen						
							1996-Present <ul style="list-style-type: none">- UNICEF Ambassador in Thailand						
							1996-Present <ul style="list-style-type: none">- Chairman of International Advisory Board, The Carlos P. Romulo Foundation						
							1999-Present <ul style="list-style-type: none">- Honorary International Advisor, the Governors of Dulwich College, London, U.K.						
							2000-Present <ul style="list-style-type: none">- Member of the Advisory Council of Transparency International						
							2003-Present <ul style="list-style-type: none">- Trustee, U Thant Institute						
							2003-Present <ul style="list-style-type: none">- Fellow, Dulwich College, London, U.K.						
							2006-Present <ul style="list-style-type: none">- Consultant, Chevron Asia South Co., Ltd.						
							2013-Present <ul style="list-style-type: none">- Advisor to the Board, Anti-Corruption Organization of Thailand						
							2015-Present <ul style="list-style-type: none">- Honorary Chairman, Operation Smile Foundation						
							2016-Present <ul style="list-style-type: none">- Chairman of the Advisory Council, Vidyasirimedhi Institute of Science and Technology						
							2017-Present <ul style="list-style-type: none">- Honorary Advisor, AIDS-Almost Zero Project, Thai National AIDS Foundation						
							2017-Present <ul style="list-style-type: none">- Honorary Chairman, Green Globe Institute						
							2017-Present <ul style="list-style-type: none">- Fellow, Trinity College Cambridge, U.K.						

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 with director and management	Period	Experience in the past 5 years Position/Company
2. Dr. Vichit Suraphongchai - Director - Chairman of the Executive Committee	73	<ul style="list-style-type: none"> - B.Eng., 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	<p>Past Positions</p> <ul style="list-style-type: none"> - 2008-2015 Director, Siam Commercial Foundation - 1997-2017 Advisor, The Crown Property Bureau - 1999-2017 Director, Kempinski AG - 2006-2017 Director, CPB Equity Co., Ltd. - 2016-2018 Member of Advisory Board, Centre for Asian Philanthropy and Society (CAPS) <p>Current Positions in Other Listed Companies</p> <ul style="list-style-type: none"> - None 	
Training in 2018						
		<ul style="list-style-type: none"> - SingularityU Thailand Summit 2018 by Exponential Social Enterprise Co., Ltd. and Singularity University - Blockchain/Crypto/Initial Coin Offering by The Siam Commercial Bank PCL - Cyber Security and Technology Risk by The Siam Commercial Bank PCL and Pricewaterhouse Coopers (PwC) - Customer Experience and Value Creation by The Siam Commercial Bank PCL 			<p>Current Positions in Non-Listed Companies</p> <ul style="list-style-type: none"> - 2015-Present Chairman, Cycling Track Management Co., Ltd. - 2016-Present Board member, International Advisory Board, The Chubb Group of Companies - 2019-Present Advisor, The Crown Property Bureau 	

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.

Remark: He has been appointed as advisor to The Crown Property Bureau since January 5, 2019.

Current Positions in Other Listed Companies

- Independent Director, Member of the Audit Committee, and Chairman of the Nomination and Remuneration Committee, Thai Solar Energy PCL
- Independent Director and Chairman of the Audit Committee, PTT Global Chemical PCL

Name/Position	Age (yrs)	Education/Training program	% of total shares	Family relationship with director and management	Period	Experience in the past 5 years Position/Company
					2017-Present	- Independent Director, Member of the Audit Committee, and Chairman of the Sustainable Development Committee, Advanced Info Services PCL
Current Positions in Non-Listed Companies						
					2014-Present	- Commission Member by Expertise (Accounting) and Chairman of the Audit Committee, Office of Insurance Commission
					2014-Present	- Expert Member on Accounting, Dumping and Subsidies Committee under the Ministry of Commerce
					2015-Present	- Member of the Finance and Property Management Committee, King Mongkut's University of Technology Thonburi
					2016-Present	- Director, OIC Advanced Insurance Institute
					2016-Present	- Member of the Mahidol University Internal Audit Committee, Mahidol University Council
					2017-Present	- Council Member, Thailand's Private Sector Collective Action Coalition against Corruption Council
					2017-Present	- Chairman, Thai Institute of Directors Association
					2017-Present	- Expert Member on Accounting, Public Sector Audit and Evaluation Committee
					2017-Present	- Advisor, Audit Advisory Panel
						Advisory Committee for Fund Raising and Listed Company Oversight
					2017-Present	Securities and Exchange Commission
					2017-Present	- Independent Director, Advanced Wireless Network Co., Ltd.
					2018-Present	- Member, State Enterprise Director List Committee, Ministry of Finance
					2018-Present	- Member, State Enterprise Board Screening Committee under the Board of State Enterprise Policy Office

He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.

Name/Position	Age (yrs)	Education/Training program	% of total shares	Family relationship with director and management	Period	Experience in the past 5 years Position/Company
4. Mr. Kan Trakulhoon	63	- B.E. (Electrical), First Class Honors, Chulalongkorn University - M.S. (Engineering), The Georgia Institute of Technology, U.S. - M.S. (Management), The Georgia Institute of Technology, U.S. - Honorary Doctorate in Engineering, Chulalongkorn University - Honorary Doctorate in Engineering, Production Engineering Mahasarakham University - Advanced Management Program (AMP), Harvard University, U.S. - Director Certification Program, Thai Institute of Directors Association	-	None	2009-2011 2005-2015 2013-2015 2013-2016	Past Positions - Director, Kubota Corporation (Japan) - President and Chief Executive Officer, Siam Cement PCL - Director, National Science and Technology Development Agency - Director, National Science Technology and Innovation Policy Office (STI) - Director, Advanced Info Services PCL - Member, National Competitiveness Development Committee - Member, National Intellectual Property Policy Committee - Member, Governing Committee of Food Innopolis - Member, Screening Committee for Strengthening and Sustainability of the Local Economy
		Training in 2018 - Bangkok Sustainable Banking Forum 2018 by the Bank of Thailand - SingularityU Thailand Summit 2018 by Exponential Social Enterprise Co., Ltd. and Singularity University - Blockchain/Crypto/Initial Coin Offering by The Siam Commercial Bank PCL - Customer Experience and Value Creation by The Siam Commercial Bank PCL			2017-2018 2017-2018 2017-2018 2017-2018 2017-2018 2017-2018 2017-2018 2017-2018 2017-2018	- Advisor, Strategic National Administration Committee - Member, Eastern Economic Corridor Policy Committee - Member, National Research and Innovation Policy Council - Member, Super Board on National Procurement - Member, National Strategy Preparation for Thailand 4.0 Committee - Member, National Reform Commission on State Administration - Advisor, Industrial and Digital Innovation Park Promotion Committee - Subcommittee for Screening Project according to Regional Development Plan for the Strengthening and Sustainability of the Local Economy (2018 Fiscal Year)

Name/Position	Age (yrs)	Education/Training program	% of total shares	Family relationship with director and management	Period	Experience in the past 5 years Position/Company
Current Positions in Other Listed Companies						
					2006-Present	- Director and Chairman of the Management Advisory Committee, Siam Cement PCL
					2016-Present	- Independent Director, Board Chairman, and Chairman of the Leadership Development and Compensation Committee, Advanced Info Services PCL
					2017-Present	- Independent Director, Chairman of the Leadership Development and Compensation Committee, Member of the Nomination and Governance Committee, Member of the Strategic and Organizational Review Committee, and Member of the Corporate Social Responsibility Committee for Sustainable Development, Intouch Holding PCL
					2017-Present	- Independent Director, Bangkok Dusit Medical Services PCL
Current Positions in Non-Listed Companies						
					2011-Present	- Global Advisor, Kubota Corporation (Japan)
					2013-Present	- Advisor, Federation of Thai Industries
					2013-Present	- Honorary Advisor, Environmental Engineering Association of Thailand
					2013-Present	- Advisor to the Executive Committee, Mahidol University Foundation
					2013-Present	- Executive Board Member, Engineering Division of the Anandamahidol Foundation
					2013-Present	- Member, Advisory Board, Sasin Graduate Institute of Business Administration
					2015-Present	- Member, Advisory Board, Nomura Holding Inc.
					2015-Present	- Executive Board Member, Chulalongkorn Hospital

Name/Position	Age (yrs)	Education/Training program	% of total shares	Family relationship with director and management	Period	Experience in the past 5 years Position/Company
					2015-Present	- Head of Private Sector for Public-Private Partnership Committee on Innovation and Digitalization
					2015-Present	- Head of Private Sector for Public-Private Partnership Committee on Legal Reform and Public Sector System Improvement
					2015-Present	- Member, Public-Private Partnership Committee on Educational Reform and Leadership Development
					2015-Present	- Independent Director, Advanced Wireless Network Co., Ltd.
					2017-Present	- Executive Board Member, Queen Savang Vadhana Memorial Hospital
					2017-Present	- Member, National Strategy Committee
					2018-Present	- Advisor to the Executive Board on Driving Value-Based Economy Towards Thailand 4.0 Policy through Innovation Hub
					2018-Present	- Advisor, Eastern Economic Corridor Policy 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.

He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.

6. Dr. Thaweesak Koanantakool	- B.Sc. (Electrical Engineering), Imperial College, University of London, U.K.	-	None	2010-2016	Past Positions - President, National Science and Technology Development Agency - Vice Chairman, Member of the Executive Committee, and Member of the Risk Management Committee, Internet Thailand PCL - Chairman, T-Net Co., Ltd. - Member, National Reform Steering Assembly - Expert Member, Khon Kaen University Council
	- Ph.D. (Electrical Engineering), Imperial College, University of London, U.K.			2002-2017	
	- Role of the Chairman Program, Thai Institute of Directors Association			2008-2017 2015-2017	
	- Director Certification Program, Thai Institute of Directors Association			2016-2018	
Training in 2018					
	- Board Matters and Trends, Thai Institute of Directors Association			2018-Present	
	- Bangkok Sustainable Banking Forum 2018 by the Bank of Thailand			2003-Present	
	- SingularityU Thailand Summit 2018 by Exponential Social Enterprise Co., Ltd.			2005-Present	
	and Singularity University			2016-Present	

Name/Position	Age (yrs)	Education/Training program	% of total shares	Family relationship with director and management	Period	Experience in the past 5 years Position/Company
		- Blockchain/Crypto/Initial Coin Offering by The Siam Commercial Bank PCL			2016-Present	- Expert Member of Mahidol University Council and Member of the Mahidol University Internal Audit Committee, Mahidol University
		- Cyber Security and Technology Risk by The Siam Commercial Bank PCL and PricewaterhouseCoopers (PwC)			2017-Present	- Expert Member on Information Technology, Public Sector Audit and Evaluation Committee
		- Customer Experience and Value Creation by The Siam Commercial Bank PCL			2017-Present	- Member, National Economic Reform Committee
					2017-Present	- Member, National Economic and Social Development Board
					2017-Present	- Member of Advisory Panel, SCB Abacus Co., Ltd.
					2017-Present	- Chairman, Foundation for Research in Information Technology
					2018-Present	- Director and Member of the State Enterprise Board Screening Committee, Board of State Enterprise Policy Office

He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.

Name/Position	Age (yrs)	Education/Training program	% of total shares	Family relationship with director and management	Period	Experience in the past 5 years Position/Company
7. Mrs. Kannikar Chalitaporn	71	- B.B.A. (Business), University of Colorado, U.S. - Advanced Management Program (AMP), Harvard University, U.S. - Role of the Chairman Program, Thai Institute of Directors Association	-	0.00%		Past Positions - Advisor to the Voluntary Blood Donors Committee, National Blood Center, Thai Red Cross Society - Member, Recruitment and Promotion of Voluntary Blood Donors Committee, Thai Red Cross Society - President, The Siam Commercial Bank PCL - Director, Mrigadayavan Palace Foundation - Advisor, Fund Raising Sub-Committee, Kidney Foundation of Thailand
		Training in 2018 - Director Accreditation Program, Thai Institute of Directors Association - SingularityU Thailand Summit 2018 by Exponential Social Enterprise Co., Ltd. - Singularity University and Singularity University - Blockchain/Crypto/Initial Coin Offering by The Siam Commercial Bank PCL - Cyber Security and Technology Risk by The Siam Commercial Bank PCL and PricewaterhouseCoopers (PwC) - Customer Experience and Value Creation by The Siam Commercial Bank PCL				Current Positions in Other Listed Companies 2016-Present - Vice Chairman and Chief Advisor to the Executive Committee, Osotspa PCL 2018-Present - Chairman, Index Living Mall PCL Current Positions in Non-Listed Companies 2008-Present - Chairman, Siam Commercial Foundation

She does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.

Name/Position	Age (yrs)	Education/Training program	% of total shares	Family relationship with director and management	Period	Experience in the past 5 years Position/Company
8. ACM. Satitpong Sukvimol	69	- B.A. in Mass Communication, Chiang Mai University	-	None		Past Positions
- Director					2009-2013	- Director, Thai Airways International PCL
- Member of the Nomination, Compensation and Corporate Governance Committee		Training in 2018 - Customer Experience and Value Creation by The Siam Commercial Bank PCL			2012-2016	- Grand Chamberlain/Private Secretary to His Royal Highness the Crown Prince
					2017-2018	- Private Secretary to His Majesty King Maha Vajiralongkorn/Grand Chamberlain, Bureau of the Royal Household
Current Positions in Other Listed Companies						
					2018-Present	- Board Chairman and Member of the Governance and Nomination Committee, Siam Cement PCL
					2018-Present	- Chairman, Deves Insurance PCL
Current Positions in Non-Listed Companies						
					2018-Present	- Chairman and Director-General, The Crown Property Bureau
					2018-Present	- Private Secretary to His Majesty King Maha Vajiralongkorn/Lord Chamberlain, Bureau of the Royal Household
					2018-Present	- Trustee of H.M. Private Property, H.M. Private Property Office
					2018-Present	- Chairman, Banbung Vejchakij Co., Ltd.
					2018-Present	- Chairman, Sriphath Co., Ltd.
					2018-Present	- Chairman, Sridharani Co., Ltd.
					2018-Present	- Chairman, Siam Sindhorn Co., Ltd.
					2018-Present	- Chairman, CPB Equity Co., Ltd.
					2018-Present	- Chairman, Siam Bioscience Co., Ltd.
					2018-Present	- Chairman, Apexcela Co., Ltd.
					2018-Present	- Chairman, Doi Kham Co., Ltd.

He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups

Name/Position	Age (yrs)	Education/Training program	% of total shares	Family relationship with director and management	Period	Experience in the past 5 years Position/Company
9. Pol.Col. Thumnithi Wanichthanom - Director - Member of the Corporate Social Responsibility Committee	60	- B.P.A., Royal Police Cadet Academy - M.P.A., Western Kentucky University, U.S. Training in 2018 - Customer Experience and Value Creation by The Siam Commercial Bank PCL	-	-	1997-2017	Past Positions - Deputy Chamberlain, Personal Affairs Division of His Royal Highness the Crown Prince, Bureau of the Royal Household Current Positions in Other Listed Companies 2018-Present - Director and Member of the Governance and Nomination Committee, Siam Cement PCL 2018-Present - Vice Chairman, Deves Insurance PCL
Current Positions in Non-Listed Companies						
					2017-Present	- Director, Office of the Privy Purse, Bureau of the Royal Household
					2017-Present	- Grand Chamberlain, Bureau of the Royal Household
					2018-Present	- Director and Deputy Director-General, The Crown Property Bureau
					2018-Present	- Chairman, Suvarnachad Co., Ltd.
					2018-Present	- Vice Chairman, Mongkolchai Co., Ltd.
					2018-Present	- Vice Chairman, Banbung Vejchakij Co., Ltd.
					2018-Present	- Vice Chairman, Siam Sindhorn Co., Ltd.
					2018-Present	- Vice Chairman, CPB Equity Co., Ltd.
					2018-Present	- Vice Chairman, Siam Bioscience Co., Ltd.
					2018-Present	- Vice Chairman, Apexcela Co., Ltd.
					2018-Present	- Vice Chairman, Doi Kham Co., Ltd.
					2018-Present	- Vice Chairman, Rajapranugroh Foundation
					2018-Present	- Director, Royal Project Foundation
					2018-Present	- Director, Siam Commercial Foundation

He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.

Name/Position	Age (yrs)	Education/Training program	% of total shares	Family relationship with director and management	Period	Experience in the past 5 years Position/Company
10.Mr. Ekamol Kiriwat - Independent Director - Member of the Audit Committee	73	<ul style="list-style-type: none"> - A.B. (Magna Cum Laude) in Economics, Dartmouth College, U.S. - M.B.A. (Finance), Harvard Graduate School of Business Administration, U.S. - Director Certification Program, Thai Institute of Directors Association 	-	None	2004-2015	Past Positions <ul style="list-style-type: none"> - Chairman, K.C. Property PCL
		Training in 2018 <ul style="list-style-type: none"> - Blockchain/Crypto/Initial Coin Offering by The Siam Commercial Bank PCL - Cyber Security and Technology Risk by The Siam Commercial Bank PCL and PricewaterhouseCoopers (PwC) - Customer Experience and Value Creation by The Siam Commercial Bank PCL 			2015-Present	Current Positions in Other Listed Companies <ul style="list-style-type: none"> - Independent Director, Property Perfect PCL
						Current Positions in Non-Listed Companies <ul style="list-style-type: none"> - None

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 with director and management	Period	Experience in the past 5 years Position/Company
11. Dr. Pasu Decharin - Independent Director - Member of the Audit Committee	50	<ul style="list-style-type: none"> - B.B.A. (General Management) Chulalongkorn University - M.B.A. University of Colorado, Boulder, U.S. - Ph.D.(TechnologyManagement), Asian Institute of Technology - Director Accreditation Program, Thai Institute of Directors Association 	-	None	<p>1990-1990</p> <p>1992-1992 2004-2011</p> <p>2007-2011</p> <p>2014-2018</p>	<p>Past Positions</p> <ul style="list-style-type: none"> - Marketing officer, Thai Ceramic Co., Ltd. - Marketing trainee, Berli Jucker PCL - Assistant to the President of Chulalongkorn University - Head of Accountancy Department, Faculty of Commerce and Accountancy, Chulalongkorn University - Director and Member of the Audit Committee, Islamic Bank of Thailand <p>Current Positions in Other Listed Companies</p> <ul style="list-style-type: none"> 2015-Present - Independent Director, Aksorn Education PCL 2016-Present - Independent Director and Member of the Audit Committee, Krungthai Car Rent and Lease PCL 2018-Present - Independent Director and Member of the Audit Committee, Thai Oil PCL <p>Current Positions in Non-Listed Companies</p> <ul style="list-style-type: none"> 1993-Present - Lecturer, Faculty of Commerce and Accountancy, Chulalongkorn University 2011-Present - Dean, Faculty of Commerce and Accountancy, Chulalongkorn University 2018-Present - Chairman and Independent Director, Warrix Sports Co., Ltd.

He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.

Name/Position	Age (yrs)	Education/Training program	% of total shares	Family relationship with director and management	Period	Experience in the past 5 years Position/Company
12. Mr. Boontuck Wungcharoen	61	- B. Eng. (Chemical Engineering), Chulalongkorn University - M.B.A., New York University, U.S. - Director Accreditation Program, Thai Institute of Directors Association	0.00%	None	1999-2007 1982-2014 2014-2016 2014-2016 2008-2017	Past Positions - Executive Vice President, Kasikorn Bank PCL - Director, Benjaboon Enterprise Co., Ltd. (dissolved and liquidated in 2014) - Chairman, Thai Bankers' Association - Member, National Legislative Assembly - Chief Executive Officer and Director, TMB Bank PCL
- Member of the Risk Oversight Committee		Training in 2018 - Cyber Security and Technology Risk by The Siam Commercial Bank PCL and PricewaterhouseCoopers (PwC)				
- Member of the Technology Committee		- Customer Experience and Value Creation by The Siam Commercial Bank PCL				
					2018-Present	Current Positions in Other Listed Companies - Director, Esso (Thailand) PCL
					2018-Present	Current Positions in Non-Listed Companies - Director, Vice Chairman of the Executive Committee, Member of the Nomination and Remuneration Committee, and Chairman of the Risk Management Committee, Asset World Corp 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.

*** Remark: He has resigned as Member of the Executive Committee since January 14, 2019**

13. Mr. Weerawong Chittmittrapap	60	- LL.B., Chulalongkorn University - LL.M., University of Pennsylvania Law School, U.S. - Barrister-at-Law, Thai Bar Association - Barrister-at-Law, New York State Bar Association - Director Certification Program, Thai Institute of Directors Association - Advanced Executive Program, Capital Market Academy	-	None	2009-2013 2011-2013 1996-2014 1996-2014	Past Positions - Independent Director, Nok Airlines PCL - Independent Director, Minor International PCL - Director, WC&P Holding Co., Ltd. - Chairman, Weerawong, Chinnavat and Peangpanor Limited (Formerly White & Case (Thailand) Limited)
- Independent Director					2006-2014	- Independent Director and Member of the Audit Committee, GMM Grammy PCL
- Member of the Nomination, Compensation and Corporate Governance Committee					2009-2014	- Independent Director and Member of the Audit Committee, Thai Airways International PCL

Training in 2018

- Blockchain/Crypto/Initial Coin Offering by The Siam Commercial Bank PCL

Name/Position	Age (yrs)	Education/Training program	% of total shares	Family relationship with director and management	Period	Experience in the past 5 years Position/Company
		- Customer Experience and Value Creation by The Siam Commercial Bank PCL			2009-2014	- Independent Director and Member of the Audit Committee, Golden Land Property Development PCL
					2013-2014	- Independent Director, Frasers and Neave Limited, Singapore
					2008-2017	- Director, National Power Supply PCL
					2014-2017	- Independent Director and Chairman of the Audit Committee, Thai Airways International PCL
					2015-2017	- Director, Thai Listed Companies Association
Current Positions in Other Listed Companies						
					2001-Present	- Independent Director, Berli Jucker PCL
					2015-Present	- Independent Director and Member of the Audit Committee, Bangkok Dusit Medical Services PCL
					2016-Present	- Independent Director, Big C Supercenter PCL
Current Positions in Non-Listed Companies						
					2004-Present	- Director, Sarasinee Co., Ltd.
					2005-Present	- Director, Punnakhate Co., Ltd.
					2006-Present	- Director, Pitchayarat Co., Ltd.
					2010-Present	- Director, Yaksa Co., Ltd.
					2011-Present	- Independent Director and Chairman of the Nomination, Compensation and Corporate Governance Committee, SCB Life Assurance PCL
					2013-Present	- Independent Director, Frasers Property Limited
					2018-Present	- Independent Director and Member of the Corporate Governance Committee, Asset World Corp 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 with director and management	Period	Experience in the past 5 years Position/Company
14. Mr. Chakkrit Parapuntakul*	59	<ul style="list-style-type: none"> - B.B.A., Thammasat University - M.B.A., Angelo State University, Texas, U.S. - Director Accreditation Program, Thai Institute of Directors Association - Audit Committee Program, Thai Institute of Directors Association - Advanced Executive Program, Capital Market Academy - Senior Executives on Process of Judgment Program, Judicial Training Institute - Ethical Leadership Program, Thai Institute of Directors Association - Board Matters and Trends, Thai Institute of Directors Association 	-	None	2013-2016	Past Positions <ul style="list-style-type: none"> - Independent Director and Member of the Audit Committee, Vichitbhan Palmoil PCL - Director, Krungthai Bank PCL - Director, PTT Exploration and Production PCL - Director-General, Treasury Department - Chairman, Dhanarak Asset Development Co., Ltd. - Director, Real Estate Information Center - Director, Siam Commercial Foundation - Director, Tris Corporation Co., Ltd. - Independent Director and Chairman of the Audit Committee, MPG Corporation PCL
		Training in 2018 <ul style="list-style-type: none"> - Bangkok Sustainable Banking Forum 2018 by the Bank of Thailand - Blockchain/Crypto/Initial Coin Offering by The Siam Commercial Bank PCL - Cyber Security and Technology Risk by The Siam Commercial Bank PCL and PricewaterhouseCoopers (PwC) - Customer Experience and Value Creation by The Siam Commercial Bank PCL 			2017-Present	Current Positions in Other Listed Companies <ul style="list-style-type: none"> - Independent Director, Esso (Thailand) PCL
		<ul style="list-style-type: none"> - Blockchain/Crypto/Initial Coin Offering by The Siam Commercial Bank PCL - Cyber Security and Technology Risk by The Siam Commercial Bank PCL and PricewaterhouseCoopers (PwC) - Customer Experience and Value Creation by The Siam Commercial Bank PCL 			2014-Present	Current Positions in Non-Listed Companies <ul style="list-style-type: none"> - Independent Director and Member of the Audit Committee, Pinthong Industrial Park PCL - Deputy Permanent Secretary, Ministry of Finance - President, Federation of Accounting Professions under the Royal Patronage of His Majesty the King - Chairman, NBD Healthcare Co., Ltd. - Chairman, Vending Corporation Co., Ltd. - Chairman, ASEAN Potash Chaiyaphum 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.

* Remark: He has been appointed as Member of the Executive Committee since January 18, 2019.

Name/Position	Age (yrs)	Education/Training program	% of total shares	Family relationship with director and management	Period	Experience in the past 5 years Position/Company					
15. Mr. Prapas Kong-ied - Director - Member of the Corporate Social Responsibility Committee	56	- LL.B, Ramkhamhaeng University	-	None		Past Positions - Chief Justice, The Criminal Court - Advisor of Law, Ministry of Finance - Director, Government Savings Bank - Chairman, Erawan Hotel PCL - Director, Krung Thai Law Firm Co., Ltd. - Inspector General, Ministry of Finance - Deputy Permanent Secretary, Ministry of Finance - Director, Don Muang Tollway PCL - Director-General, Public Debt Management Office					
		- Barrister-at-Law, Thai Bar Association									
		- International Tax Program Certificate and Master of Laws (ITP/LL.M.), Harvard Law School University, U.S.									
		- Director Certification Program, Thai Institute of Directors Association									
		- Audit Committee Programs, Thai Institute of Directors Association									
		- Financial Institutions Governance Program, Thai Institute of Directors Association									
		- Financial Statements for Directors, Thai Institute of Directors Association									
		- Role of the Nomination and Governance Committee, Thai Institute of Directors Association									
		- Role of the Compensation Committee, Thai Institute of Directors Association									
		- Advanced Executive Program, Capital Market Academy									
		- Diploma, National Defence College									
		- Senior Executives on Process of Judgment Program, Judicial Training Institute									
		- Leadership Program, Thailand Energy Academy									
		Current Positions in Other Listed Companies									
		- Director, Dhipaya Insurance PCL									
Current Positions in Non-Listed Companies											
- Director-General, State Enterprise Policy Office											
- Director, Siam Commercial Foundation											
- Chairman, National Credit Bureau Co., Ltd.											

Name/Position	Age (yrs)	Education/Training program	% of total shares	Family relationship with director and management	Period	Experience in the past 5 years Position/Company
		<ul style="list-style-type: none"> - Advanced Master of Management Program, Graduate School of Public Administration, National Institute of Development Administration - Advanced Executive Financial and Fiscal Management Program, The Comptroller General's Department, Ministry of Finance 				
		Training in 2018 <ul style="list-style-type: none"> - Cyber Security and Technology Risk by The Siam Commercial Bank PCL and PricewaterhouseCoopers (PwC) - Customer Experience and Value Creation by The Siam Commercial Bank PCL - Executive Program on National Anti-Corruption Strategy by the Office of the National Anti-Corruption Commission 				

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 with director and management	Period	Experience in the past 5 years Position/Company
16. Mr. Arthid Nanthawithaya* - President and Chief Executive Officer - Member of the Executive Committee - Member of the Corporate Social Responsibility Committee - Member of the Technology Committee - Member of the Risk Oversight Committee	51	- B.A. (Economics), Chulalongkorn University - M.B.A. (Finance), Sasin Graduate Institute of Business Administration - Director Accreditation Program, Thai Institute of Directors Association - Advanced Executive Program, Capital Market Academy - Leadership Program, Office of Justice Affairs - Leadership Program, Thailand Energy Academy - Diploma, National Defence College, The Joint State-Private Sector Course - Advanced Executive Program on Bangkok Metropolitan Development - Advanced Executive Program, Institute of Business and Industrial Development	-	None	2009-2015 2009-2015 2009-2015 2014-2015	Past Positions - Chairman, SCB Securities Co., Ltd. - Director and Chairman of the Investment Committee, SCB Life Assurance PCL - Vice Chairman, Vinasiam Bank - Director, CAT Telecom PCL Current Positions in Other Listed Companies - None Current Positions in Non-Listed Companies 2015-Present - Director, Siam Commercial Foundation 2017-Present - Director, Princess Pa Foundation 2017-Present - Chairman, Digital Ventures Co., Ltd. 2018-Present - Chairman, SCB-Julius Baer Securities Co., Ltd. 2018-Present - Director, Electronic Transactions Development Agency (Public Organization) 2018-Present - Director, Mrigadayavan Palace Foundation

Training in 2018

- SingularityU Thailand Summit 2018 by Exponential Social Enterprise Co., Ltd.
- Singularity University and Singularity University Blockchain/Crypto/Initial Coin Offering by The Siam Commercial Bank PCL
- Cyber Security and Technology Risk by The Siam Commercial Bank PCL and PricewaterhouseCoopers (PwC)
- Customer Experience and Value Creation by The Siam Commercial Bank PCL

He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.

*Remark: He has been appointed as Director, Chief Executive Officer, Member of the Executive Committee and Member of the Risk Oversight Committee since February 5, 2019.

Name/Position	Age (yrs)	Education/Training program	% of total shares	Family relationship with director and management	Period	Experience in the past 5 years Position/Company
19. Dr. Arak Sutivong* - Senior Executive Vice President, Chief Financial Officer and Chief Strategy Officer	45	<ul style="list-style-type: none"> - Bachelor of Science in Electrical & Computer Engineering, Carnegie University, U.S. - Master of Science in Electrical & Computer Engineering, Carnegie University, U.S. - Ph. D. in Electrical Engineering, Stanford University, U.S. - Advanced Management Program, Wharton School, University of Pennsylvania, U.S. - Top Executive Program in Commerce and Trade, Commerce Academy 	-	None	2014-2015 2015-2016 2017-2018	Past Positions <ul style="list-style-type: none"> - First Executive Vice President, Head of Wholesale Credit Product and Business Strategy & Development Division - First Executive Vice President, Head of Corporate Strategy Business Development - Senior Executive Vice President, Chief Strategy Officer Current Positions in Other Listed Companies <ul style="list-style-type: none"> - None Current Positions in Non-Listed Companies <ul style="list-style-type: none"> 2016-Present - Director, National ITMX Co., Ltd. 2017-Present - Director, SCB Asset Management Co., Ltd. 2018-Present - Director, SCB Abacus Co., Ltd. 2018-Present - Director, SCB Julius Baer Securities Co., Ltd. 2018-Present - Director, TMA

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.

*Remark: He has been appointed as President since February 5, 2019.

Name/Position	Age (yrs)	Education/Training program	% of total shares	Family relationship with director and management	Period	Experience in the past 5 years Position/Company
20.Mrs. Apiphan Charoenanusorn* - Senior Executive Vice President, Head of Retail Lending Products, Head of Payments and Head of Facility Management	53	- Bachelor in Finance and Accounting (2 nd Class Honors), Chulalongkorn University - M.B.A., Kasetsart University	-	None	2013-2015 2015-2017	Past Positions - First Executive Vice President, Division Head, Retail Operations Division - First Executive Vice President, Head of Operations
Current Positions in Other Listed Companies						
- None						
Current Positions in Non-Listed Companies						
2009-Present - Director and Member of the Audit Committee, SCB Asset Management Co., Ltd.						
2009-Present - Managing Director, SCB Plus Co., Ltd.						
2014-Present - Chairman, SCB Training Centre Co., Ltd.						
2016-Present - Chairman, Mahisorn Co., Ltd.						
2017-Present - Director, SCB Protect Co.,Ltd.						
2017-Present - Director, Digital Ventures Co., Ltd.						

She does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.

***Remark: She has been appointed as President since February 5, 2019.**

Name/Position	Age (yrs)	Education/Training program	% of total shares	Family relationship with director and management	Period	Experience in the past 5 years Position/Company
21. Dr. Jens Lottner* - Senior Executive Vice President, Chief Data Officer	53	- Diploma of Economics, Rheinische Friederich Wilhelms Universitaet, Bonn, Germany - Bachelor of Economics, Technische Universitaet, Dresden, Germany - Master of Economics, Technische Universitaet, Dresden, Germany - Ph.D. in Economics, Technische Universitaet, Dresden, Germany	-	None	2012-2015 2015-2018	Past Positions - Senior Partner and Managing Director, The Boston Consulting Group - Senior Executive Vice President, Chief Transformation Officer Current Positions in Other Listed Companies - None Current Positions in Non-Listed Companies 2018-Present - Director, SCB Life Assurance PCL 2018 Present - Director, SCB Abacus 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.						
*Remark: He has been appointed as Senior Executive Vice President, Chief Financial Officer and Chief Strategy Officer (Acting) since February 5, 2019.						
22. Mr. Anucha Laokwansatit - Senior Executive Vice President, Chief Risk Officer	57	- Bachelor of Finance, San Francisco State University, U.S. - M.B.A. in Financial and International Business, University of Chicago, U.S. - Director Certification Program, Thai Institute of Directors - C.F.A., CFA Institute	-	None	1999-2015	Past Positions - General Manager & Chief Investment Officer, AIA Current Positions in Other Listed Companies - None Current Positions in Non-Listed Companies 2015-Present - Director, SCB Life Assurance PCL 2016-Present - Director, Digital Ventures Co., Ltd.

He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.

Name/Position	Age (yrs)	Education/Training program	% of total shares	Family relationship with director and management	Period	Experience in the past 5 years Position/Company
23. Mrs. Wallaya Kaewrungruang - Senior Executive Vice President, Chief Legal and Control Officer	56	<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. (Scholarship) - Thai Listed Companies Association, Corporate Secretary Development Program - Public Director Institute (PDI), Corporate Governance for Directors and Senior Executive of State Enterprises and Public Organizations - Thai Institute of Directors Association (IOD), Financial Institution Governance Program (FGP) - The Securities and Exchange Commission, Compliance Knowledge for Head of Compliance - National Defense College, National Defense Course for Joint State-Private Sectors (NCD) - Office of the Administrative Court, Administrative Justice for Executives Course (AJE) - The Program for Senior Executives on Justice Administration (BYS) 	-	None	2005-2014 2014-2015	Past Positions <ul style="list-style-type: none"> - Senior Executive Vice President, Managing Director, Compliance & Legal Management Group, Krungthai Bank PCL - Senior Executive Vice President, Chief Legal Officer Current Positions in Other Listed Companies <ul style="list-style-type: none"> - None Current Positions in Non-Listed Companies <ul style="list-style-type: none"> - None

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 with director and management	Period	Experience in the past 5 years Position/Company
24. Mr. Colin Richard Dinn* - Senior Executive Vice President, Chief Technology Officer and Head of Operations	66	- Diploma in Organic and Inorganic Chemistry – Old Swan Technical College - Management Training Program – Midland Bank, covering internal and external residential courses	-	None	2010-2016 2017-2018	Past Positions - Executive Vice President, Operations and Program Delivery, ANZ Bank - Senior Executive Vice President, Chief Technology Officer Current Positions in Other Listed Companies - None Current Positions in Non-Listed Companies 2017-Present - Director, Digital Ventures Co., Ltd. 2017 Present - Director, SCB Abacus 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.						
*Remark: He has been appointed as Senior Executive Vice President, Chief Technology Officer since February 5, 2019.						
25. Mr. Thana Thienachariya* - Senior Executive Vice President, Chief Marketing Officer	49	- Bachelor of Economics (2 nd Honors), Chulalongkorn University - M.B.A. Washington State University, US	-	None	2013-2015 2015-2016	Past Positions - Director and Chief Executive Officer, Southpaw Co., Ltd. - Senior Advisor, Digital Ventures, Siam Commercial Bank PCL Current Positions in Other Listed Companies 2013-Present - Independent Director, Sappe PCL Current Positions in Non-Listed Companies 2014-Present - Director, Aksorn Education PLC 2013-Present - Director, Southpaw Business 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.

***Remark: He has been appointed as Senior Executive Vice President, Chief Marketing Officer and Head of External Communication & CSR (Acting) since February 5, 2019.**

Name/Position	Age (yrs)	Education/Training program	% of total shares	Family relationship with director and management	Period	Experience in the past 5 years Position/Company
26. Mr. Sarunthorn Chutima* - Senior Executive Vice President, Head of Special Business	60	- Bachelor's Degree in Accounting, Chulalongkorn University - M.B.A. Ohio University, U.S. - National Defence College of Thailand (2007) - International Management Program, MIT Sloan Management	0.00%	None		Past Positions - None Current Positions in Other Listed Companies - None Current Positions in Non-Listed Companies 2004-Present - Director, Donmuang International Airport Hotel Co., Ltd. 2008-Present - Director, Nantawan Management Co., Ltd. 2008-Present - Director, Natawan Co., Ltd. 2008-Present - Director, Rattana Court Co., Ltd. 2010-Present - Chairman and Managing Director, Rutchayothin Asset Management Co., Ltd. 2010-Present - Director, Khamtieng Pattana Co., Ltd. 2010-Present - Director, Sarapee Gasikam Co., Ltd. 2013-Present - Chairman, SCB Staff 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.						
*Remark: He has been appointed as Advisor to CEO - Special Business since February 5, 2019.						

27. Ms. Phanporn Kongyingyong - Senior Executive Vice President, Chief People Officer	58	- Bachelor of Business Administration in Accounting, Assumption University - M.B.A. Assumption University - Advanced Strategic Management, International Institute for Management Development (IMD), Switzerland (2011)	-	None	2015-2017	Past Positions - First Executive Vice President, Head of Retail Segment and Branch Network Current Positions in Other Listed Companies - None Current Positions in Non-Listed Companies 2017-Present - Director, Digital Ventures Co., Ltd.
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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.

*Remark: She has been appointed as Senior Executive Vice President, Chief SME Banking Officer since February 5, 2019.

Educational background, work experience and record on attending relevant training programs of personnel responsible for Board's support

Name/Position	Age (yrs)	Education/Training program	% of total shares	Family relationship with director and management	Period	Experience in the past 5 years Position/Company
1. Mr. Krieng Wongnongtaey* - First Executive Vice President, Head of Audit	53	- Bachelor of Business Administration in Accounting, Thammasat University - Master of Accounting, Thammasat University - Advanced Management Program, Wharton, U.S. - Banking and Financial Institution Executive Seminar	-	None	2012-2015	Past Positions - First Executive Vice President, Finance Reporting & Control Finance Group Current Positions in Other Listed Companies - None Current Positions in Non-Listed Companies - None

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.

***Remark: He has been appointed as First Executive Vice President, Chief Audit Officer since February 5, 2019.**

2. Mr. Nopadol Mungonchai - Executive Vice President, Head of Compliance	56	- LLB (Hons), Thammasat University - LL.M in Commercial and Corporate Law, University College London, U.K. - National Defense Course, National Defense College of Thailand - Company Secretary Program (CSP) Director Certification Program (DCP), the Institute of Directors	-	None		Past Positions - None Current Positions in Other Listed Companies - None Current Positions in Non-Listed Companies - None
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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 with director and management	Period	Experience in the past 5 years Position/Company
3. Mrs. Siribunchong Uthayophas - Company Secretary	57	<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	2012-Jun 2015 - Company Secretary, First Senior Vice President, Board Secretariat and Shareholder Services Office 2013-Jun 2016 - Company Secretary, SCB Life Assurance PCL Jul 2015-Jun 2016 - First Senior Vice President, Corporate Office Division Jul 2016-Jul 2018 - Executive Vice President, Corporate Office Division	Past Positions 2012-Jun 2015 - Company Secretary, First Senior Vice President, Board Secretariat and Shareholder Services Office 2013-Jun 2016 - Company Secretary, SCB Life Assurance PCL Jul 2015-Jun 2016 - First Senior Vice President, Corporate Office Division Jul 2016-Jul 2018 - Executive Vice President, Corporate Office Division Current Positions in Other Listed Companies - None Current Positions in Non-Listed Companies - None

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.

Information of Directorship of Executives in Other Companies as of December 31, 2018

NAME	POSITION	COMPANY
1 Mr. Sarut Ruttanaporn* SEVP, Head of Retail Segment and Head of Branch Network * On February 5, 2019, Mr. Sarut Ruttanaporn was appointed as a President of the Bank.	Director Director Director Director	Don Muang International Airport Hotel Co., Ltd. Amata Spring Development Co., Ltd. SCB Life Assurance PCL SCB Asset Management Co., Ltd.
2 Mr. Orapong Thien-Ngern* SEVP, Chief Digital Transformation Officer * On February 5, 2019, Mr. Orapong Thien-Ngern was appointed as a president of the Bank	Chief Executive Officer	Digital Ventures Co., Ltd.
3 Dr. Arak Sutivong* SEVP, Chief Financial Officer and Chief Strategy Officer * On February 5, 2019, Dr. Arak Sutivong was appointed as a President of the Bank.	Director Director Director Director Director	SCB Asset Management Co., Ltd. SCB Abacus Co., Ltd. SCB Julius Baer Securities Co., Ltd. National ITMX Co., Ltd. TMA Co., Ltd.
4 Mrs. Apiphan Charoenanusorn* SEVP, Head of Retail Lending Products, Head of Retail Payments and Head of Facility Management * On February 5, 2019, Mrs. Apiphan Charoenanusorn was appointed as a President of the Bank.	Director and Member of the Audit Committee Managing Director Managing Director Liquidator Chairman Chairman Director Director	SCB Asset Management Co., Ltd. Siam Commercial Leasing PCL SCB Plus Co., Ltd. The Siam Industrial Credit Public Co., Ltd. Mahisorn Co., Ltd. SCB Training Centre Co., Ltd. SCB Protect Co., Ltd. Digital Ventures Co., Ltd.
5 Dr. Jens Lottner* SEVP, Chief Data Officer * On February 5, 2019, Dr. Jens Lottner was appointed as SEVP, Chief Financial Officer and Chief Strategy Officer (Acting).	Director Director	SCB Life Assurance PCL SCB Abacus Co., Ltd.

NAME	POSITION	COMPANY
6 Mr. Sarunthorn Chutima SEVP, Head of Special Business * On February 5, 2019, Mr. Sarunthorn Chutima was appointed as Advisor to CEO - Special Business.	Director Director Director Director Chairman/Managing Director Director Director Director President Cooperative	Nantawan Management Company Ltd. Nantawan Company Ltd. Don Muang International Airport Hotel Co., Ltd. Primus Co., Ltd. Rutchayothin Assets Management Co., Ltd. Kamthieng Development Co., Ltd. Rattana Court Co., Ltd. Sarapee Kasikam Co., Ltd. S.C.B. Staff Savings Co-operative Ltd.
7 Mr. Colin Richard Dinn* SEVP, Chief Technology Officer and Head of Operations * On February 5, 2019, Mr. Colin Dinn was appointed as SEVP, Chief Technology Officer.	Director Director	Digital Ventures Co., Ltd. SCB Abacus Co., Ltd.
8 Mr. Thana Thienachariya* SEVP, Chief Marketing Officer * On February 5, 2019, Mr. Thana Thienachariya was appointed as SEVP, Chief Marketing Officer and Head of External Communication & CSR (Acting).	Director Director Independent Director	Southpaw Business Co.,Ltd. Aksorn Education PLC Sappe PCL
9 Ms. Phanporn Kongyingyong SEVP, Chief People Officer	Director	Digital Ventures Co., Ltd.
10 Mr. Narong Srichukrin* SEVP, Head of Wealth Segment and Head of Wealth Products * On February 5, 2019, Mr. Narong Srichukrin was appointed as SEVP, Chief Wealth Banking Officer.	Director Director Director	SCB Plus Co., Ltd. SCB Life Assurance PCL SCB Julius Baer Securities Co., Ltd.
11 Mr. Wasin Saiyawan* SEVP, Head of Corporate Banking * On February 5, 2019, Mr. Wasin Saiyawan was appointed as SEVP, Chief Wholesale Banking Officer.	Independent Director Director	SCB Securities Co., Ltd. SCB Julius Baer Securities Co., Ltd.
12 Mrs. Pimolpa Suntichok SEVP, Head of Commercial Banking Solutions	Director Director Director Director	TRIS Corporation Limited SCB Securities Co., Ltd. Supernap Thailand Co., Ltd. So Happy Co., Ltd.

	NAME	POSITION	COMPANY
13	Mr. Krieng Wongnongtaey* FEVP, Head of Audit	Liquidator	Siam Multimedia Co., Ltd.
	* On February 5, 2019, Mr. Krieng Wongnongtaey was appointed as FEVP, Chief Audit Officer.		
14	Mr. Kiradit Arromdee FEVP, Credit Product Function	Director Director	Saimake Co., Ltd. SCB Protect Co., Ltd.
15	Mr. Pongsit Chaichutpornasuk FEVP, Financial Crime Division and Safety and Security Division	Director	TOT PCL
16	Mr. Kamalkant Ishwalel Agarwal* FEVP, Head of International Banking	Chairman of Liquidation Board of Director Board of Director	Vinasiam Bank Ltd. ASEAN Finance Corporation Limited Cambodian Commercial Bank Ltd.
	* On February 5, 2019, Mr. Kamalkant Ishwalel Agarwal was appointed as Advisor to CEO - International Banking Business.		
17	Mr. Suthipat Serirat FEVP, Investment Banking and Capital Markets Function	Independent Director	SCB Securities Co., Ltd.
18	Ms. Vorada Thangsurbkul FEVP, Investment Banking Coverage Division	Advisory Board	Trakinvest Pte. Singapore
19	Ms. Auraratana Jutimitta FEVP, Retail Segment Strategy and Planning Division	Director Partner Director Director	Avalant Co., Ltd. AVA Solutions Work Co., Ltd. Avalant Global Co., Ltd. National Digital ID Co., Ltd.
20	Mr. Yunyong Thaicharoen FEVP, Head of Economic Intelligence Center	Director (No Authorized)	Ruamtangfun Co., Ltd.
21	Mr. Trirat Suwanprateeb FEVP, Cloud, Technology Operations and Platforms Function	Partner	Thongrungrueang Registered Ordinary Partnership
22	Ms. Lalitphat Toranavikrai FEVP, Private Banking and First BKK Function	Director	The Crestcent Co., Ltd.
23	Ms. Saranya Vajakul EVP, Financial Planning and Analysis Function	Director	SCB Plus Co., Ltd.

	NAME	POSITION	COMPANY
24	Mr. Ekkapol Apinun EVP, Legal Function and Litigation Division	Director Director Director Director Director	SCB Plus Co., Ltd. Mahisorn Co., Ltd. SCB Training Centre Co., Ltd. Siam Pitiwat Co., Ltd. S.C.B. Staff Savings Co-operative Ltd.
25	Mr. Paiboon Tangkanokpairoj EVP, Prevention & Debt Management Function, Upcountry	Director	Siam Pitiwat Co., Ltd.
26	Mr. Artapong Pornthiti EVP, Investment Banking 2 Division	Director	Premium Management and Consultant Co., Ltd.
27	Mr. Sirote Vichayabhai EVP, Corporate Banking 4 Function	Partner	Wrap Inc.
28	Mr. Tanik Tarawisid EVP, Capital Markets Division	Director	SCB Securities Co., Ltd.
29	Mr. Rungsi Vongkitbuncha EVP, Client Coverage 1.5 Division	Director	UD Drugstore (2001) Co., Ltd.
30	Mr. Somsakul Vinichbutr EVP, Client Coverage 2.1 Division	Partner	Impara Intertrade Limited Partnership
31	Mrs. Virasana Boonyasai EVP, Prevention & Debt Management Division, Bangkok	Director	Rutchayothin Assets Management Co., Ltd.
32	Ms. Veena Lertnimitr EVP, Primary Distribution Division	Director	Sathianwong Co., Ltd.
33	Mrs. Siribunchong Uthayophas EVP, Corporate Office and Company Secretary Function	Director Director	Kler Kaew Korkij Co., Ltd. Krabingern Food Co., Ltd.
34	Ms. Vipasiri Chantanumat EVP, Client Coverage 4.2 Division	Director	VP Professional Co., Ltd.
35	Mrs. Natthakan Kanpachai EVP, Digital & Derivatives Law and Legal Services Division	Director	SCB Abacus Co., Ltd.
36	Mr. Sornchai Suneta EVP, Investment Advisory, CIO Office Function	Director Director	Thai Financial Planners Association CFA Thailand Association
37	Ms. Phannee Prachantrikal EVP, Client Coverage 1.2 Division	Partner	Thepnapha Construction Ltd., Part.

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 as the Management of Subsidiary, Associated and Related Companies under the Names of Board Directors

Name of Director	Subsidiary Company															Related Company			
	The Cambodian Commercial Bank Co., Ltd.	Rutchayothin Assets Management Co., Ltd.	SCB Securities Co., Ltd.	Digital Ventures Co., Ltd.	SCB Protect Co., Ltd.	SCB Asset Management Co., Ltd.	SCB-Julius Baer Securities Co., Ltd.	SCB-Julius Baer (Singapore) Pte. Ltd.	SCB Plus Co., Ltd.	SCB Training Centre Co., Ltd.	Mahisorn Co., Ltd.	SCB Abacus Co., Ltd.	SCB Life Assurance PCL	Siam Phitiwat Co., Ltd. ⁽¹⁾	Sor.Or.Kor PCL ⁽¹⁾	Siam Commercial Leasing PCL ⁽¹⁾	National ITMX Co., Ltd.	Supernap (Thailand) Co., Ltd.	Thai Obayashi corp., Ltd.
1 Mr. Anand Panyarachun																			
2 Dr. Vichit Suraphongchai																			
3 Mrs. Kannikar Chalitaporn																			
4 Mr. Ekamol Kiriwat																			
5 Mr. Prasan Chuaphanich																			
6 Mr. Weerawong Chittmittrapap													//						
7 Mr. Krirk Vanikkul																			
8 Mr. Chakkrit Parapuntakul																			
9 Dr. Thaweesak Koanantakool																			
10 Mr. Kan Trakulhoon																			
11 Mr. Boontuck Wungcharoen																			
12 Air Chief Marshal Satitpong Sukvimol																			
13 Pol. Col. Thumnithi Wanichthanom																			
14 Mr. Prapas Kong-ied																			
15 Mr. Pasu Decharin																			
16 Mr. Arthid Nanthawithaya				X			X												

Remark: X = Chairman

// = Director

/ = Liquidator

⁽¹⁾ = Discontinued Operations, being in process of dissolution or in process of liquidation

Name of Director	Subsidiary Company															Related Company			
	The Cambodian Commercial Bank Co., Ltd.	Rutchayothin Assets Management Co., Ltd.	SCB Securities Co., Ltd.	Digital Ventures Co., Ltd.	SCB Protect Co., Ltd.	SCB Asset Management Co., Ltd.	SCB-Julius Baer Securities Co., Ltd.	SCB-Julius Baer (Singapore) Pte. Ltd.	SCB Plus Co., Ltd.	SCB Training Centre Co., Ltd.	Mahisorn Co., Ltd.	SCB Abacus Co., Ltd.	SCB Life Assurance PCL	Siam Phitiwat Co., Ltd. ⁽¹⁾	Sor.Or.Kor PCL ⁽¹⁾	Siam Commercial Leasing PCL ⁽¹⁾	National ITMX Co., Ltd.	Supernap (Thailand) Co., Ltd.	Thai Obayashi corp., Ltd.
17 Mr. Orapong Thien-ngern	X		//																
18 Mr. Sarunthorn Chutima																			//
19 Mrs. Apiphan Charoenanusorn			//	//	//				X	X	X				/	/			
20 Dr. Arak Sutivong						//	//	//				//						//	
21 Mr. Sarut Ruttanaporn						//							//						
22 Mr. Colin Richard Dinn			//									//							
23 Mr. Narong Srichukrin							//	//	//				//						
24 Mr. Thana Thienachariya																			
25 Ms. Phanporn Kongyingyong			//																
26 Mrs. Pikun Srimahant																			
27 Mrs. Pimolpa Suntichok		X																//	
28 Dr. Jens Lottner												//	//						
29 Mr. Wasin Saiyawan			//				//												
30 Mrs. Wallaya Kaewrungruang																			
31 Mr. Anucha Laokwansatit			//										//						
32 Mr. Patiphan Lerdprasertsiri	//			//															

Remark: X = Chairman

// = Director

/ = Liquidator

⁽¹⁾ = Discontinued Operations, being in process of dissolution or in process of liquidation

Directors of Subsidiary Companies

Name of Director	Subsidiary Company																
	The Cambodian Commercial Bank Co., Ltd.	Rutchayothin Assets Management Co., Ltd.	SCB Securities Co., Ltd.	Digital Ventures Co., Ltd.	SCB Protect Co., Ltd.	SCB Asset Management Co., Ltd.	SCB-Julius Baer Securities Co., Ltd.	SCB-Julius Baer (Singapore) Pte. Ltd.	SCB Plus Co., Ltd.	SCB Training Centre Co., Ltd.	Mahisorn Co., Ltd.	SCB Abacus Co., Ltd.	SCB Life Assurance PCL	Siam Phitiwat Co., Ltd. ⁽¹⁾	Sor.Or.Kor PCL ⁽¹⁾	Siam Commercial Leasing PCL ⁽¹⁾	
1 Mr. Weerawong Chittmittrapap	X												//				
2 Mr. Veerachai Tantikul														//			
3 Mr. Arthid Nanthawithaya				X				X									
4 Mr. Orapong Thien-ngern				//													
5 Mr. Sarunthorn Chutima																	
6 Mrs. Apiphan Charoenanusorn					//	//	//			X	X	X				/	/
7 Dr. Arak Sutivong							//	//	//				//				
8 Mr. Sarut Ruttanaporn							//							//			
9 Mr. Colin Richard Dinn					//								//				
10 Mr. Narong Srichukrin								//	//	//				//			
11 Ms. Phanporn Kongyingyong			//														
12 Mrs. Pimolpa Suntichok		X															
13 Dr. Jens Lottner											//	//					
14 Mr. Wasin Saiyawan			//				//										
15 Mr. Anucha Laokwansatit				//								//					
16 Mr. Kamalkant Agarwal	//																
17 Mr. Kampol Jantavibool		//															
18 Mr. Kiradit Arromdee				//													
19 Mr. Yunyong Thaicharoen					//												
20 Miss Vorada Thangsurbkul							//										
21 Mrs. Natthakan Kanpachai											//						

Remark: X = Chairman

// = Director

/ = Liquidator

⁽¹⁾ = Discontinued Operations, being in process of dissolution or in process of liquidation

Subsidiary Company

Name of Director	The Cambodian Commercial Bank Co., Ltd.	Rutchayothin Assets Management Co., Ltd.	SCB Securities Co., Ltd.	Digital Ventures Co., Ltd.	SCB Protect Co., Ltd.	SCB Asset Management Co., Ltd.	SCB-Julius Baer Securities Co., Ltd.	SCB-Julius Baer (Singapore) Pte. Ltd.	SCB Plus Co., Ltd.	SCB Training Centre Co., Ltd.	Mahisorn Co., Ltd.	SCB Abacus Co., Ltd.	SCB Life Assurance PCL	Siam Phitiwat Co., Ltd. ⁽¹⁾	Sor.Or.Kor PCL ⁽¹⁾	Siam Commercial Leasing PCL ⁽¹⁾
22 Mr. Tanik Tarawisid			//													
23 Mrs. Virasana Boonyasai		//														
24 Miss Veena Lertnimitr			//													
25 Miss Saranya Vajakul									//							
26 Mr. Sakda Dumnakkaew	//		//													
27 Miss Soontharee Rachitpruksa					//											
28 Mr. Ekkapol Apinun									//	//	//			/	/	/
29 Mr. Chalitti Nuangchamnon			//		//	//										
30 Mr. Nuttavuth Punpugdee											//					
31 Miss Darakorn Pipatanakul										//						
32 Mr. Patiphan Lerdprasertsiri	//				//											
33 Miss Pimonrat Reephattanavijitkul					//											
34 Mr. Somphop Amonrattanasak		//								//				/		
35 Mr. Suwadit Disathaporn									//							
36 Miss Jittima Kittikusoltham					//											
37 Mr. Teerapon Tansatcha										//	//					
38 Mr. Dhiramesr Sasiraweeroj																/
39 Mrs. Sasitorn Chaowai										//						
40 Mrs. Angela Bow							//									
41 Mr. Beat Haenggi							//									
42 Mr. Markus Blattmann							//									

Remark: X = Chairman

// = Director

/ = Liquidator

⁽¹⁾ = Discontinued Operations, being in process of dissolution or in process of liquidation

Subsidiary Company

Name of Director	The Cambodian Commercial Bank Co., Ltd.	Rutchayothin Assets Management Co., Ltd.	SCB Securities Co., Ltd.	Digital Ventures Co., Ltd.	SCB Protect Co., Ltd.	SCB Asset Management Co., Ltd.	SCB-Julius Baer Securities Co., Ltd.	SCB-Julius Baer (Singapore) Pte. Ltd.	SCB Plus Co., Ltd.	SCB Training Centre Co., Ltd.	Mahisorn Co., Ltd.	SCB Abacus Co., Ltd.	SCB Life Assurance PCL	Siam Phitiwat Co., Ltd. ⁽¹⁾	Sor.Or.Kor PCL ⁽¹⁾	Siam Commercial Leasing PCL ⁽¹⁾
43 Mr. Rajesh Manwani							//	//								
44 Khunying Jada Wattanasiritham													X			
45 Mrs. Kittiya Todhanakasem						X						X				
46 Mr. Chairat Panthuraamphorn				//												
47 Mr. Chanond Ruangkitya				//												
48 Mr. Na Bhengbhasang Krishnamra	X															
49 Mr. Permpoon Krairiksh	//															
50 Mr. Montree Chotikaprachal															/	
51 Mr. Yuth Worachuttharn					X											
52 Mr. Yothin Pibulkasetkij	//															
53 Mr. Siriwat Vongjarukorn				//												
54 Mrs. Salinee Wongtal						//										
55 Mr. Sakesom Sirungruangdeja														/		
56 Miss Amorntip Chansrichawla													//			
57 Mr. Utid Tamwatin													//			
58 Mrs. Jiralawan Tangitvet							//									
59 Mr. Narongsak Plodmechai						//										
60 Miss Pakaravee Anantathananid	//															
61 Miss Sutapa Amornvivat												//				
62 Mr.Sathian Leowarin													//			

Remark: X = Chairman

// = Director

/ = Liquidator

⁽¹⁾ = Discontinued Operations, being in process of dissolution or in process of liquidation

Report of Holdings of SCB Ordinary Shares by SCB Directors and Members of Senior Management

Name	as at 31 Dec 2018			as at 31 Dec 2017			Change; increase / (decrease)
	Number of shares held by a director or a senior management member	Number of shares held by (a) related person(s)**	Total	Number of shares held by a director or a senior management member	Number of shares held by (a) related person(s)**	Total	
1. Mr. Anand Panyarachun Chairman of the Board and Independent Director	58,127	402,966	461,093	58,127	402,966	461,093	-
2. Dr. Vichit Suraphongchai Director and Chairman of the Executive Committee	-	-	-	-	-	-	-
3. Mr. Prasan Chuaphanich Independent Director and Chairman of the Audit Committee	-	-	-	-	-	-	-
4. Mr. Kan Trakulhoon Independent Director, Chairman of the Nomination, Compensation and Corporate Governance Committee, and Member of the Executive Committee	-	-	-	-	-	-	-
5. Mr. Krirk Vanikkul Independent Director and Chairman of the Risk Oversight Committee	-	50,480	50,480	-	50,480	50,480	-
6. Dr. Thaweesak Koanantakool Independent Director and Chairman of the Technology Committee	-	-	-	-	-	-	-
7. Mrs. Kannikar Chalitaporn Director, Chairman of the Corporate Social Responsibility Committee, and Member of the Risk Oversight Committee	53,000	-	53,000	53,000	-	53,000	-
8. ACM. Satitpong Sukvimol Director and Member of the Nomination, Compensation and Corporate Governance Committee	-	-	-	-	-	-	-
9. Pol. Col. Thumnithi Wanichthanom Director and Member of the Corporate Social Responsibility Committee	-	-	-	-	-	-	-
10. Mr. Ekamol Kiriwat Independent Director and Member of the Audit Committee	-	-	-	-	-	-	-
11. Dr. Pasu Decharin Independent Director and Member of the Audit Committee	-	-	-	-	-	-	-

Name	as at 31 Dec 2018			as at 31 Dec 2017			Change: increase / (decrease)
	Number of shares held by a director or a senior management member	Number of shares held by (a) related person(s)**	Total	Number of shares held by a director or a senior management member	Number of shares held by (a) related person(s)**	Total	
12. Mr. Boontuck Wungcharoen Independent Director, Member of the Executive Committee*, Member of the Risk Oversight Committee, and Member of the Technology Sub-Committee *Remark: He no longer serves on the Executive Committee since 14 January 2019.	100	-	100	-	-	-	-
13. Mr. Weerawong Chittmittrapap Independent Director and Member of the Nomination, Compensation and Corporate Governance Committee	-	-	-	-	-	-	-
14. Mr. Chakkrit Parapuntakul* Director, Member of the Nomination, Compensation and Corporate Governance Committee, and Member of the Risk Oversight Committee *Remark: He has been appointed as Member of the Executive Committee since 18 January 2019.	-	-	-	-	-	-	-
15. Mr. Prapas Kong-ied Director and Member of the Corporate Social Responsibility Committee	-	-	-	-	-	-	-
16. Mr. Arthid Nanthawithaya* President and Chief Executive Officer, Member of the Executive Committee, Member of the Corporate Social Responsibility Committee, Member of the Technology Committee, and Member of the Risk Oversight Committee *Remark: He has been appointed as Director, Chief Executive Officer, Member of the Executive Committee, and Member of the Risk Oversight Committee since 5 February 2019.	-	-	-	-	-	-	-
17. Mr. Orapong Thien-Ngern* Director, Member of the Technology Committee, and Senior Executive Vice President, Chief Digital Transformation Officer *Remark: He has resigned as Director and been appointed as President and Member of the Technology Committee since 5 February 2019.	-	-	-	-	-	-	-

Name	as at 31 Dec 2018			as at 31 Dec 2017			Change: increase / (decrease)
	Number of shares held by a director or a senior management member	Number of shares held by (a) related person(s)**	Total	Number of shares held by a director or a senior management member	Number of shares held by (a) related person(s)**	Total	
18. Mr. Sarut Ruttanaporn* Senior Executive Vice President, Head of Retail Segment and Branch Network *Remark: He has been appointed as President since 5 February 2019.		-	-	-	-	-	-
19. Dr. Arak Sutivong* Senior Executive Vice President, Chief Financial Officer and Chief Strategy Officer *Remark: He has been appointed as President since 5 February 2019.	-	-	-	-	-	-	-
20. Mrs. Apiphan Charoenanusorn* Senior Executive Vice President, Head of Retail Lending Products, Head of Retail Payments, and Head of Facility Management *Remark: She has been appointed as President since 5 February 2019.	-	-	-	-	-	-	-
21. Mr. Anucha Laokwansatit Senior Executive Vice President, Chief Risk Officer	-	-	-	-	-	-	-
22. Mrs. Wallaya Kaewrungruang Senior Executive Vice President, Chief Legal and Control Officer	-	-	-	-	-	-	-
23. Mr. Colin Richard Dinn* Senior Executive Vice President, Chief Technology Officer and Head of Operations *Remark: He has been appointed as Senior Executive Vice President, Chief Technology Officer since 5 February 2019.	-	-	-	-	-	-	-
24. Dr. Jens Lottner* Senior Executive Vice President, Chief Data Officer *Remark: He has been appointed as Senior Executive Vice President, Chief Financial Officer and Chief Strategy Officer (Acting) since 5 February 2019.	-	-	-	-	-	-	-
25. Mr. Thana Thienachariya* Senior Executive Vice President, Chief Marketing Officer *Remark: He has been appointed as Senior Executive Vice President, Chief Marketing Officer and Head of External Communication & CSR (Acting) since 5 February 2019.	-	-	-	-	-	-	-

Name	as at 31 Dec 2018			as at 31 Dec 2017			Change: increase / (decrease)
	Number of shares held by a director or a senior management member	Number of shares held by (a) related person(s)**	Total	Number of shares held by a director or a senior management member	Number of shares held by (a) related person(s)**	Total	
26. Mr. Sarunthorn Chutima* Senior Executive Vice President, Head of Special Business	1,040	4,310	5,350	1,040	4,310	5,350	-
*Remark: He has been appointed as Advisor to CEO – Special Business since 5 February 2019.							
27. Ms. Phanporn Kongyingyong Senior Executive Vice President, Chief People Officer	-	-	-	-	-	-	-
28. Mr. Narong Srichukrin* Senior Executive Vice President, Head of Wealth Segment and Wealth Products	-	-	-	-	-	-	-
*Remark: He has been appointed as Senior Executive Vice President, Chief Wealth Banking Officer since 5 February 2019.							
29. Mrs. Pikun Srimahunt* Senior Executive Vice President, Head of SME Segment	-	-	-	-	-	-	-
*Remark: He has been appointed as Senior Executive Vice President, Chief SME Banking Officer since 5 February 2019.							
30. Mr. Wasin Saiyawan* Senior Executive Vice President, Head of Corporate Banking	-	-	-	-	-	-	-
*Remark: He has been appointed as Senior Executive Vice President, Chief Wholesale Banking Officer since 5 February 2019.							
31. Mrs. Pimolpa Suntichok Senior Executive Vice President, Head of Commercial Banking Solutions	-	-	-	-	-	-	-

Remarks ** Related person(s) of directors or senior management members include(s):

- (1) Spouse or a minor child of a director or senior management member.
- (2) A juristic person in which aggregate shareholding by a director or senior management member and (1) exceeds 30 percent of the total number of voting rights of such juristic person.
- (3) A juristic person in which aggregate shareholding by a director or senior management member and (1) and (2) exceeds 30 percent of the total number of voting rights of such juristic person.
- (4) A juristic person in which a person described under (3) holds its shares and its shareholders in all levels of downward shareholding, beginning from the shareholder in the juristic person under (3), providing that shareholding in each level exceeds 30 percent of the total number of voting rights of the juristic person in the immediate lower level.

Banking Network

as at December 31, 2018

Area Office	44	Offices
Branch, all nationwide	1,019	Branches
Bangkok and its vicinity	429	Branches
Upcountry	590	Branches
Investment Center	14	Branches
Business Center	6	Branches
Service Center	1	Branch
Express	65	Centers
Overseas Branch	6	Branches
Affiliated Bank (Cambodian Commercial Bank)	4	Branches
Representative Office	2	Offices
Business Relation Center	54	Centers
Bangkok and its vicinity	8	Centers
Upcountry	46	Centers
International Trade Service Center	47	Centers
Foreign Exchange Service Center	72	Centers
Bangkok	49	Centers
Tourist locations, Upcountry	23	Centers
ATM	9,621	Machines
Bangkok	2,670	Machines
Upcountry	6,951	Machines

Overseas Branches

Shanghai Branch

General Manager: Ms. June Qiong Fu
 Address: Room74 T15 / 74th Floor,
 Shanghai World Financial Center
 No. 100 Century Avenue,
 Shanghai, P.R. China 200120
 Telephone: +86-2160587708
 Swift: SICOCNSH
 E-Mail: june.fu@scb.co.th

Hong Kong Branch

General Manager: Mr. Theerapan Nunthapolpat
 Address: Suite 3209, 32/F, Jardine House,
 1 Connaught Place, Central,
 Hong Kong
 Telephone: +852-2524-4085
 Fax: +852-2845-0293
 Swift: SICOHKHH
 E-Mail: theerapa@scb.co.th

Singapore Branch

General Manager: Ms. Thira Nuntametha
 Address: 61 Robinson Road #10-03,
 Robinson Centre,
 Singapore 068893
 Telephone: +65-6536-4338
 Fax: +65-6536-4728
 Swift: SICOSGSG
 E-Mail: thira.nuntametha@scb.co.th

Vientiane Branch

General Manager: Mr. Kanok Sakunkhoo
 Address: 117 Lanexang-Samsenthai Road,
 Ban Sisaket, Muang Chanthaburi,
 Vientiane, Lao P.D.R.
 Telephone: +856-21-213-501
 Fax: +856-21-213-502
 Swift: SICOLALA
 E-Mail: kanok@scb.co.th

Cayman Islands Branch

General Manager: Ms. Chau Man Lai
 Address: P.O. Box 705 George Town,
 Grand Cayman, Cayman Islands
 Telephone: +852-2524-4085
 Fax: +852-2845-0293
 Swift: SICOKYKY
 E-Mail: wendy.chau@scb.co.th

Ho Chi Minh Branch

General Director: Ms. Saranya Skontanarak
 Address: Room 605-609, floor 6,
 Kumho Asiana Plaza,
 Saigon, 39 Le Duan Street,
 District 1,
 Ho Chi Minh City, Vietnam
 Telephone: +848-6285-6600
 Fax: +848-3822-6550
 Swift: SICOVNVX
 E-Mail: saranya.skontanarak@scb.co.th

Affiliated Banks

Cambodian Commercial Bank - Head Office - Phnom Penh

Director and
General Manager: Mr. Dara Chiv
Address: 26 Monivong Road, Sangkat
Phsar Thmei 2, Khan Daun Penh,
Phnom Penh, Cambodia
Telephone: +855-23-213-601
+855-23-213-602
+855-23-426-145
Fax: +855-23-426-116
Swift: SICOKHPP
E-Mail: dara.chiv@ccb.com.kh

Cambodian Commercial Bank - Battambang Branch

Branch Manager: Mr. Chhin Chou
Address: 116/117 20 Ausapher Village,
Svay Por, Battambang, Cambodia
Telephone: +855-53-953-313 to 5
Fax: +855-53-952-266
E-Mail: chhin.chou@ccb.com.kh

Cambodian Commercial Bank - Siem Reap Branch

Branch Manager: Mr. Suriyah Termlertmanuswong
Address: No. 130 Sivatha Road, Mondol 1,
Sangkat Svay Dangcum,
Siem Reap District,
Siem Reap Province, Cambodia
Telephone: +855-63-964-392
Fax: +855-63-380-154
E-Mail: suriyah@ccb.com.kh

Cambodian Commercial Bank - Sihanoukville Branch

Branch Manager: Mr. Sophy Nuon
Address: 242 Ekareach Street, Sangkat 2,
Khan Mittapeab, Sihanoukville
Province, Cambodia
Telephone: +855-34-934-777
Fax: +855-34-934-999
E-Mail: sophy.nuon@ccb.com.kh

Representative Offices

Beijing Representative Office

Chief Representative: Ms. Zhu Ying
Address: Units 02-03, Level 15th
China World Office 1
Jianguomenwai Ave,
Chaoyang District,
Beijing, P.R. China
Telephone: +86-1065994996-8
E-Mail: ying.zhu@scb.co.th

Yangon Representative Office

Chief Representative: Ms. Vitita Theeraporn
Address: 17/A Kabar Aye Pagoda Road,
Golden Valley Ward II,
Bahan Township,
Yangon, Myanmar
Telephone: +95-1-540-229
Fax: +95-1-543-667
E-Mail: vitita.theeraporn@scb.co.th

Reference Information

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED

Type of business	Banking
Company registration number	0107536000102
Head office	
Address:	9 Ratchadapisek Road, Jatujak, Bangkok 10900
Website:	www.scb.co.th
Tel:	+66-2544-1000
SCB Call Center	+66-2777-7777
SCB Business Call Center	+66-2722-2222

Registrar

Ordinary and Preferred Shares	The Thailand Securities Depository Company Limited 93 Ratchadapisek Road, Dindaeng Dindaeng, Bangkok 10400 Tel : +66-2009-9000 Fax : +66-2009-9991
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Siam Commercial Bank Subordinated Debentures No. 2/2012, due in 2024, where the issuer has the right to redeem prior to maturity	Siam Commercial Bank Public Company Limited 9 Ratchadapisek Road, Jatujak Bangkok 10900, Thailand Tel : +66-2544-1000
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Senior Unsecured Notes USD 750 million 3.50% due April 2019	Deutsche Bank Trust Company Americas 60 Wall Street, 16th Floor New York, New York 10005 United States
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Senior Unsecured Notes USD 400 million 3.20% due July 2022	Deutsche Bank Luxembourg S.A. 2 Boulevard Konrad Adenauer L-1115 Luxembourg Luxembourg
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Senior Unsecured Notes USD 500 million 2.75% due May 2023	Deutsche Bank Luxembourg S.A. 2 Boulevard Konrad Adenauer L-1115 Luxembourg Luxembourg
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Fiscal Agent

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

Senior Unsecured Notes
USD 400 million 3.20% due July 2022

Deutsche Bank AG, Hong Kong Branch
Level 52, International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

Senior Unsecured Notes
USD 500 million 2.75% due May 2023

Deutsche Bank AG, Hong Kong Branch
Level 52, International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

Auditor

Mr. Winid Silamongkol
or Mr. Charoen Phosamritlert
or Ms. Pantip Gulsantithamrong

Certified Public Accountant (Thailand) Registration No. 3378
Certified Public Accountant (Thailand) Registration No. 4068
Certified Public Accountant (Thailand) Registration No. 4208

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