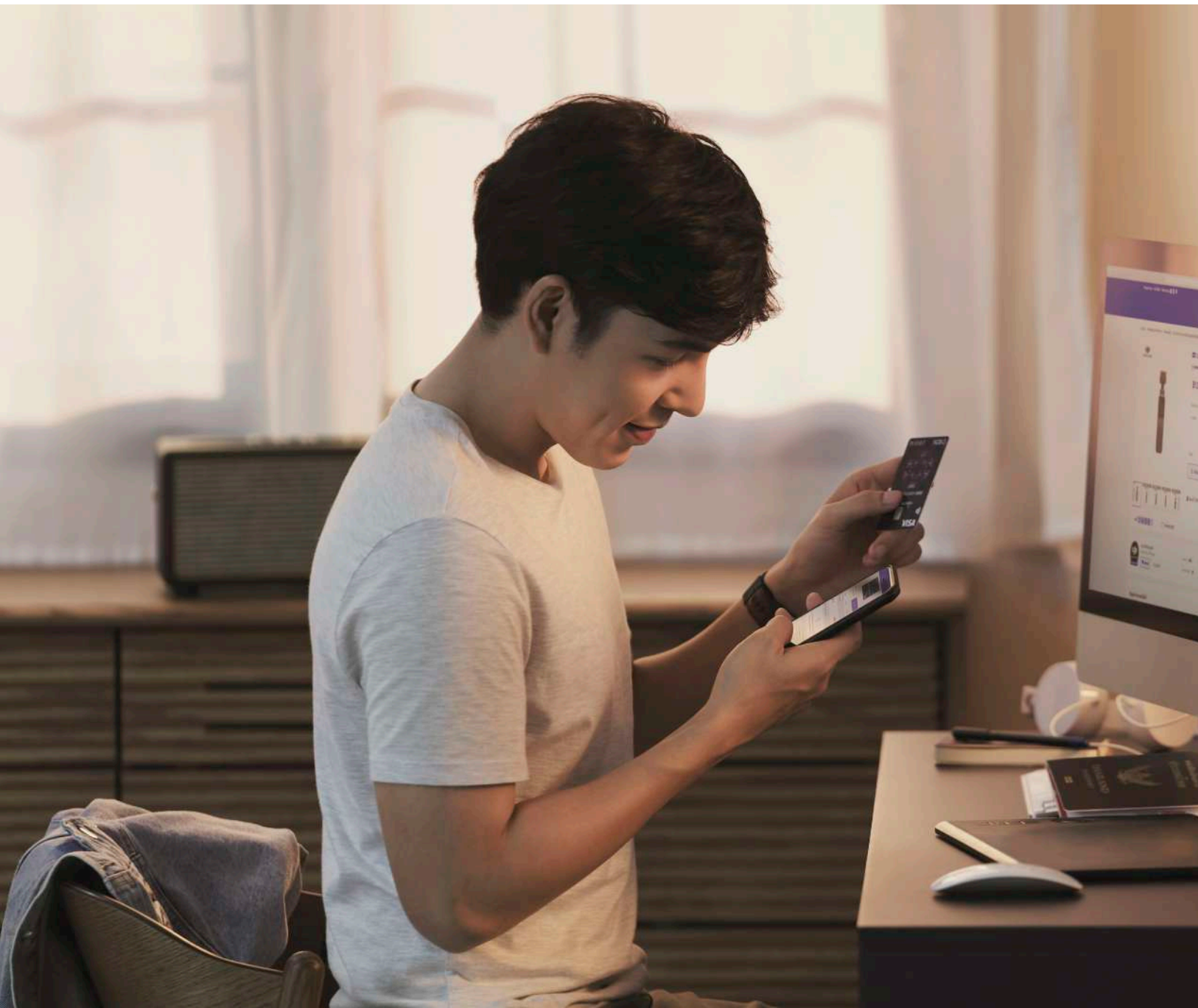


INCLUSIVE GROWTH

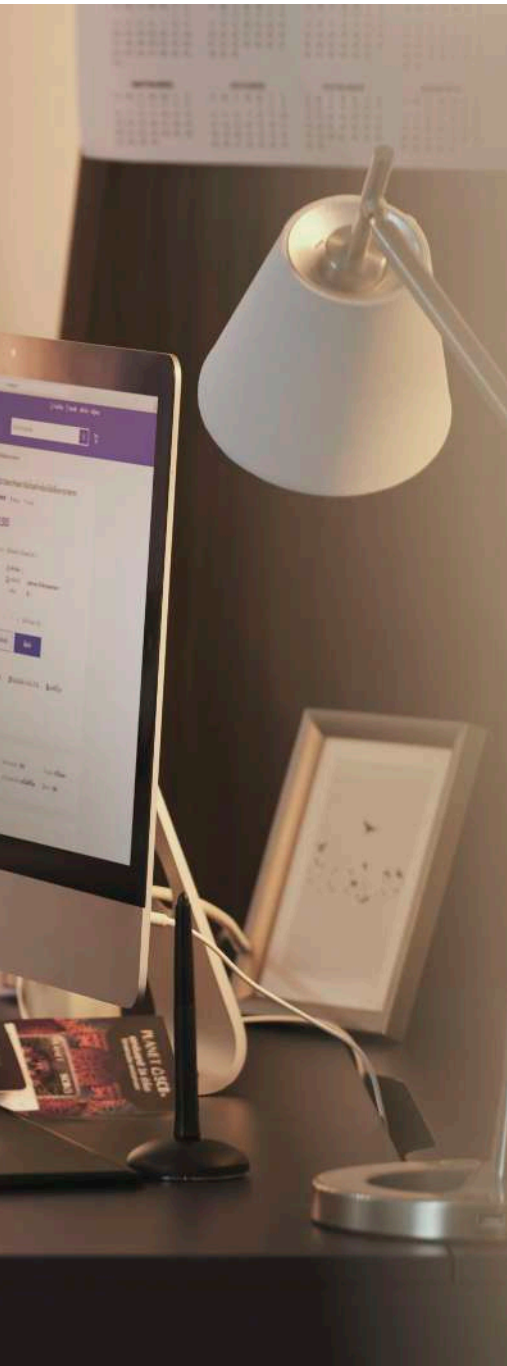


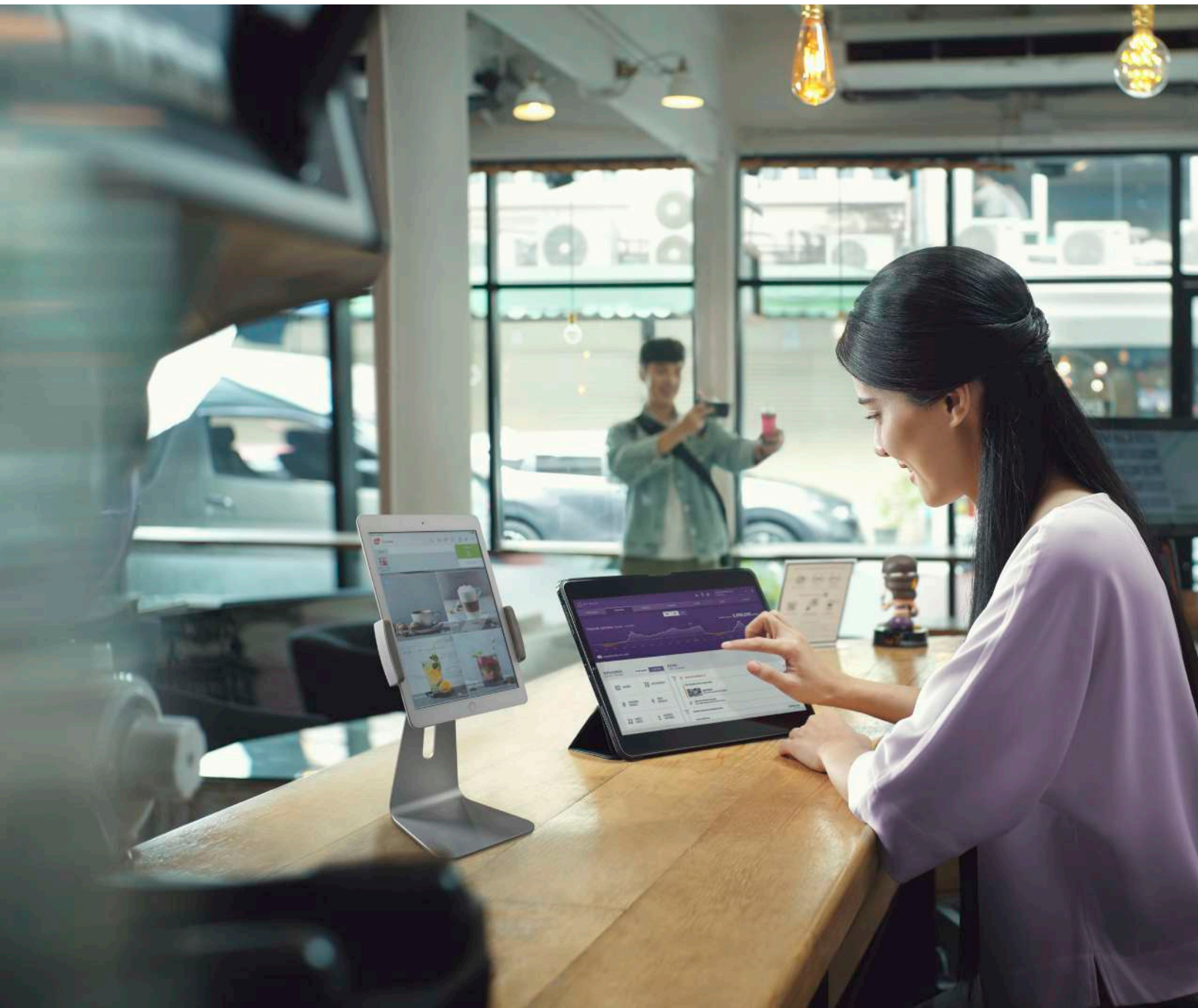
Our Vision:
THE MOST ADMIRED BANK



INNOVATIVE FINANCIAL SOLUTIONS PUT DREAMS WITHIN REACH

We collaborate with leading partners to give our customers the best digital financial services. Because a better banking experience makes it easier to live — and to dream.





EMPOWERING ENTREPRENEURS WITH A TOTAL BANKING SOLUTION

Our platform lets SMEs reach for opportunity.
We offer all kinds of useful business management tools,
to serve Thailand's full spectrum of companies.





LIMITLESS POTENTIAL, WITH BEST-IN-CLASS PRIVATE WEALTH MANAGEMENT

With sound advice, strong solutions and total professionalism, we help high net worth investors flourish.





WITH TRUSTED GLOBAL PARTNERS, WE EXPAND BUSINESS HORIZONS

World-leading partners help us deliver better financial and lifestyle experiences.





DOING BUSINESS BETTER WITH A SUSTAINABILITY MINDSET

We help finance clean energy projects, to protect people and the environment as the economy grows.





A COMMITMENT TO UNIVERSAL FINANCIAL LITERACY

We help build a learning society and teach the importance of financial skills. Spending and saving wisely is crucial to quality of life and a strong economy.



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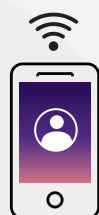
312 Supplementary Information

2019 Highlights

Total assets

2,964

Baht billion



Digital users

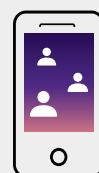
10.5

million

Total loans

2,114

Baht billion



Individual customers

16.4

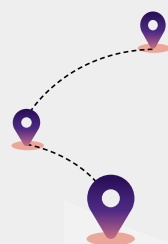
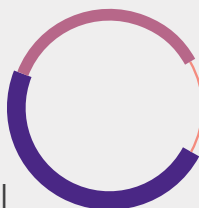
million

Corporate

36%

SME
16%

Retail
48%



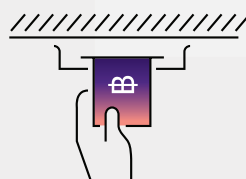
958

branches

Net profit

40.4

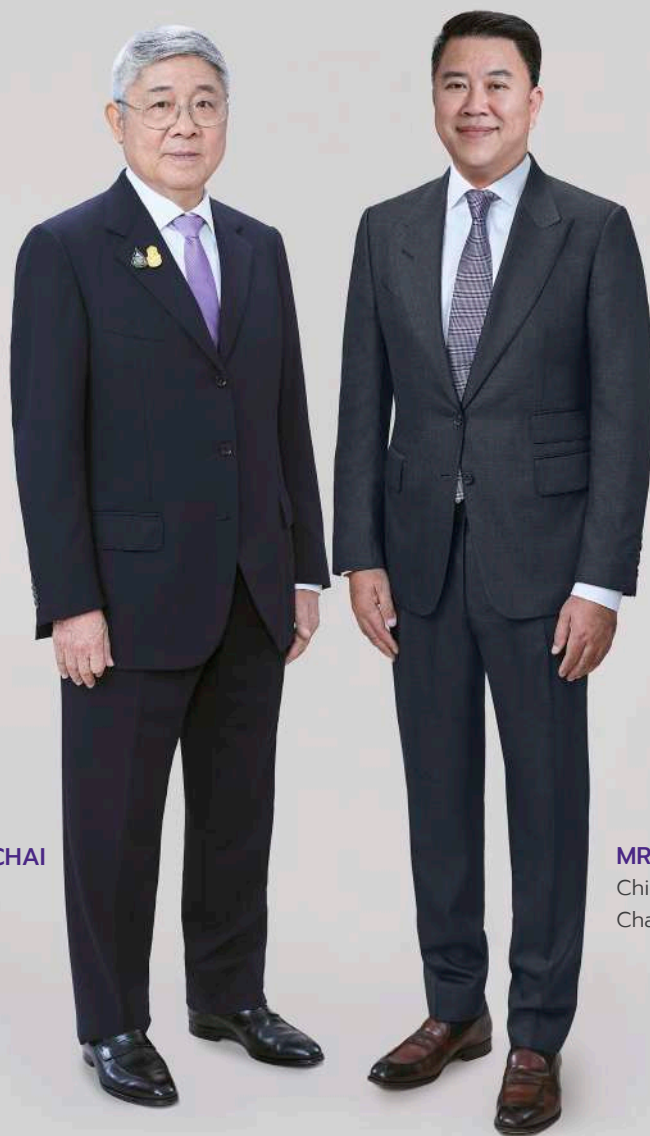
Baht billion



9,372

ATMs

Message from the Board of Directors



DR. VICHIT SURAPHONGCHAI

Chairman of the
Board of Directors

MR. ARTHID NANTHAWITHAYA

Chief Executive Officer and
Chairman of the Executive Committee

Dear Shareholders,

2019 was another challenging year for the Thai commercial banking sector, amid unfavorable economic conditions and a lackluster business environment. Thailand's GDP growth slowed to 2.4% in 2019, compared to 4.2% in the prior year, dragged down by an export slump linked to a slower global economy; the China-U.S. trade war; and steep appreciation of the Thai baht. These factors adversely impacted income, employment, and consumer and entrepreneur confidence, despite multiple economic stimulus measures by the government, cuts in the policy interest rate, and the tourism sector's expansion during the second half of the year. Certainly, commercial banks still faced challenges like competition from other banks and non-bank players, including regional and global fintech companies; rapid changes in customers' behaviors; and a push to achieve rigorous IT security standards and strict compliance with policies, rules and regulations of supervisory bodies.

In 2019, the Bank continued to pursue its SCB Transformation initiative under the "Going Upside Down" strategy, which overhauls its business model and optimizes its technological capabilities. This ongoing effort will tap into new customer acquisition opportunities and leverage customer data to the fullest while simultaneously developing SCB's foundations and people, thereby strengthening competitiveness of the Bank's core business in the new operating environment.

2019 Operational Results

In 2019, SCB implemented several key strategic initiatives that strengthened its position in important ways. Highlights included the strategic partnership with FWD Group to reshape the Bank's life insurance business model; the establishment of a joint venture, SCB-Julius Baer Securities Co., Ltd., as its wealth management arm; and the improvement of online and offline sales channels, which encompassed the upgrade of product offering standards and digital platforms.

The Bank recorded a consolidated net profit of Baht 40,436 million in 2019, an increase of 0.9% yoy, while the pre-provision operating profit improved 29.9%, primarily due to extraordinary gains from the sale of SCB Life Assurance PCL in September 2019 as well as higher net interest income and net fee income, but partly offset by an increase in operating expenses.

Net interest income for 2019 grew at 3.1% yoy to Baht 99,402 million. Despite falling interest rates in 2019, the Bank was able to grow its income base by rebalancing its loan portfolio toward higher margin products. Non-interest income surged 59.3% yoy to Baht 66,696 million, due mainly to a large investment gain from the sale of SCB Life Assurance PCL. Excluding this extraordinary one-off gain, the growth of non-interest income was 2.0% yoy.

Operating expenses rose 9.1% yoy to Baht 70,538 million in 2019, primarily due to one-time personnel expenses associated with a reserve for employee benefits to comply with the new labor law as well as transformation-related costs. Overall, the cost-to-income ratio in 2019 decreased to 42.5%.

As of December 31, 2019, the Bank's gross NPL ratio stood at 3.41%, increasing from the level of 2.85% recorded at the end of 2018. This deterioration reflected both a challenging business environment as economic headwinds intensified in the second half of 2019 and the Bank's prudent loan classification policy. Given current economic uncertainties and the recent trend in asset quality, the Bank set aside total loan loss provisions of Baht 36,211 million for 2019. At the end of 2019, the NPL coverage ratio was maintained at 134.1%.

The Bank maintained a solid capital base. Its total capital funds on a consolidated basis under Basel III were high, at 18.1% of total risk-weighted assets at the end of 2019. As a result of successful completion of the sale of SCB Life Assurance PCL, the Board approved a special dividend payment at Baht 0.75 per share.

Corporate Governance and Sustainability

As the business landscape continued to undergo rapid change, the Bank stayed committed to enhancing its corporate governance to achieve greater efficiency and sustainable growth by fulfilling its responsibility toward its customers, shareholders and other stakeholders. This strong and earnest commitment was reflected in the Bank's numerous laurels in 2019. Among these were the top rating of "Excellent" in the annual corporate governance assessment of Thai listed companies by the Thai Institute of Directors Association (IOD), a distinction that the Bank has earned each year consecutively since 2005. Furthermore, the Bank was listed on the World Index and the Emerging Markets Index of the Dow Jones Sustainability Indices (DJSI) 2019, ranking no. 8 globally in the banking sector and marking its second consecutive year on the DJSI.

Key developments in corporate governance of the Bank in 2019 are as summarized below.

- The Board appointed Dr. Vichit Suraphongchai as Chairman of the Board, effective from April 5, 2019, after Mr. Anand Panyarachun completed his term of office as Director and Chairman of the Board at the 2019 Annual General Meeting of Shareholders. In 2019, qualified persons possessing expertise in diverse fields were appointed by the Board as directors to fill the seats vacated by retiring and resigning directors. These appointees were Mr. Chaovalit Ekabut, Dr. Lackana Leelayouthayotin, Dr. Pailin Chuchottaworn and Miss Jareeporn Jarukornsakul.
- To capitalize on the capabilities built under the SCB Transformation program through the reorganization of the Bank's management structure, the Board approved the appointment of a team of presidents who directly report to the Chief Executive Officer (Mr. Arthid Nanthawithaya) and are jointly responsible and accountable for driving and aligning the Bank's business operations based on established policies and strategies. At present, the President Team consists of Mr. Sarut Ruttanaporn, Dr. Arak Sutivong and Mrs. Apiphan Charoenanusorn.
- The Board held two meetings of independent directors and non-executive directors in 2019 and arranged for the performance assessment of the Board, the Chairman of the Board, individual directors and Board Committees. Opinions gathered from the said meetings and the performance assessment were adopted to improve the Board's oversight performance.
- The Board reviewed the Corporate Governance Policy and the charters of the Board and Board Committees based on the Bank of Thailand's notifications; sustainability criteria of the Dow-Jones Sustainability Indices; the Corporate Governance Code stipulated by the Securities and Exchange Commission; and the Board's policies on stewardship.
- Focusing on the cultivation of risk culture, the Board approved the Bank's Risk Management Policy and exercised oversight to ensure that the Bank followed the established risk framework and the Anti-Corruption and Bribery Policy. The Bank expressly declared its commitment to countering corruption and promoting a culture of zero tolerance of corruption and bribery. On November 10, 2017, the Bank's membership in Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) was recertified for another three years.

2020 Strategy

In 2020, SCB will continue to pursue its "Going Upside Down" strategy, focusing on creating sustainable income streams in parallel with managing expenses efficiently. Top priorities will still be deepening relationships with existing customers, expanding new customer bases, especially digital users, capturing growth opportunities, particularly in wealth management business, developing data analytics capabilities across the organization, and reshaping the business model to position the Bank as a core linkage uniting business entrepreneurs and consumers.

Amid the weak global economy and Thailand's slow paced growth, the Bank will strive to strengthen its credit quality management and assist its customers while focusing on growing the personal and SSME loan portfolios through digital lending platforms that process risk assessment based on customer data in various dimensions. This solution not only enables low-cost credit origination that is accessible anywhere and anytime, but it also matches the lifestyles of today's customers. Another key strategic focus of the Bank is to actively grow its wealth management business. In the past few years, the Bank has invested in overhauling foundations, including developing advisory models, expanding its investment product universe, and building digital tools for wealth management. In the next step, the Bank will additionally integrate artificial intelligence (AI) and robo-advisory services into its wealth management business platforms to offer personalized solutions to customers.

Apart from growing its core business in parallel with expense containment and smart investments, the Bank will accelerate its pursuit of new business opportunities in order to keep up with the digital

banking disruption in the midst of technological developments and rapid changes in consumer behavior by leveraging its experience and capabilities accumulated under the SCB Transformation program. To this end, the Bank has established SCB 10X Co., Ltd. with a main objective to focus on investing in new businesses powered by digital technology, including direct investment, venture builder and business partnership. This movement will ultimately help the Bank gain advanced technological capabilities, new sources of value creation and greater opportunities for growth in the future.

Siam Commercial Bank strongly believes that balancing our value propositions to all stakeholders – customers, employees, shareholders, regulators and society – is the right path to our sustainable growth. In closing, we would like to thank our shareholders for their continued support and our executives and employees for their joint commitment and dedication to the Bank. We will remain committed to achieving the best value for the organization and being "The Most Admired Bank" for all stakeholders.



DR. VICHIT SURAPHONGCHAI
Chairman of the Board of Directors



MR. ARTHID NANTHAWITHAYA
Chief Executive Officer and
Chairman of the Executive Committee

Board of Directors



DR. VICHIT SURAPHONGCHAI

Chairman of the Board and Chairman of the Corporate Social Responsibility Committee

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 SCB as Director and Chairman of the Executive Committee. Presently, Dr. Suraphongchai serves as Chairman of the Board and Chairman of the Corporate Social Responsibility Committee of Siam Commercial Bank PCL and Advisor to the Crown Property Bureau.

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



AIR CHIEF MARSHAL SATITPONG SUKVIOMOL
Director and Member of the Nomination,
Compensation and Corporate Governance
Committee

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 during 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; President Courtier; Board Chairman and Member of the Governance and Nomination Committee of Siam Cement PCL; and Chairman of CPB Equity Co. Ltd. and its groups of companies as being assigned.



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

Mr. Chuaphanich earned a Bachelor of Accounting Degree (Second-Class Honors) and Diploma in auditing from the Faculty of Commerce and Accountancy, Chulalongkorn University, and an Honorary Doctorate Degree in accounting from Kasem Bundit 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.

He has been Chairman of the Audit Committee of the Bank since 2015. Currently, he holds key positions in entities such as Commission Member by Expertise (Accounting) and Chairman of the Audit Committee of the Office of Insurance Commission (OIC); Expert Member (Accounting) on Dumping and Subsidies Committee under the Ministry of Commerce; Member, Public Sector Audit and Evaluation Committee; Commissioner, Securities and Exchange Commission; Chairman of the Thai Institute of Directors Association (IOD); Council Member, Thailand's Private Sector Collective Action Coalition Against Corruption Council (CAC); Chairman, Audit Advisory Panel, Advisory Committee for Fund Raising and Listed Company Oversight, Securities and Exchange Commission (SEC); Member, State Enterprise Board Screening Committee under the Board of State Enterprise Policy Office; Member, State Enterprise Director List Committee, Ministry of Finance; Member, Finance and Property Management Committee, King Mongkut's University of Technology Thonburi; Director, OIC Advanced Insurance Institute; Member of the Mahidol University Internal Audit Committee, Mahidol University Council; Expert Member, Board of Directors, Thailand Arbitration Center, Ministry of Justice; and Director, State Enterprise Policy Office. He also works for several companies in key capacities such as Independent Director, Member of the Audit Committee, and Chairman of the Sustainable Development Committee, Advanced Info Service PCL; Independent Director, Advanced Wireless Network Co., Ltd.; Independent Director, Member of the Audit Committee, and Chairman of the Nomination and Remuneration Committee, Thai Solar Energy PCL; and Independent Director and Chairman of the Audit Committee, Kerry Express (Thailand) PCL.



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 an Honorary Doctorate Degree in engineering from Chulalongkorn University and in production engineering from Mahasarakham University.

He possesses a wealth of professional experience as a top executive of several 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 major governmental organizations.

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 and as Director of SCB 10X Co., Ltd. which is a subsidiary of the Bank, he presently assumes key positions in other entities such as Director and Chairman of the Management Advisory Committee, Siam Cement PCL; Independent Director, Chairman of the Board, and Chairman of the Leadership Development and Compensation Committee, Advanced Info Service PCL; Independent Director, Chairman of the Leadership Development and Compensation Committee, Member of the Nomination and Governance Committee, Member of the Strategic and Organization Review Committee, and Member of the Corporate Social Responsibility Committee for Sustainable Development, Intouch Holdings PCL; Independent Director, Bangkok Dusit Medical Services PCL; and Independent Director, Advanced Wireless Network Co., Ltd. He also holds key positions in several public organizations such as Member, National Strategy Committee; Director, State Enterprise Policy Office; Member, Executive Board for Medical Services, Thai Red Cross Society; Chairman, Committee on Performance Evaluation of Secretary-General of Eastern Economic Corridor Policy Office; and Honorary Advisor, Committee on Policy Framework, Strategy and Roadmap Drafting and Budgeting Framework Drafting for Science, Research and Innovation Initiatives, Office of National Higher Education, Science Research and Innovation Policy Council.



MR. KRIRK VANIKKUL

Independent Director and Chairman of the Risk Oversight Committee

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 been widely recognized for his knowledge and experience in overseeing and managing several national organizations, assuming key positions such as Deputy Governor for Financial Institutions Stability, the Bank of Thailand; Chairman, Government Housing Bank; 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 position as Independent Director and Chairman of the Risk Oversight Committee of the Bank, he presently serves as Executive Board Member, Chulalongkorn Hospital, Thai Red Cross Society; Member of the Council of State, Office of the Council of State; 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. THAWEESEK KOANANTAKOOL
Independent Director and Chairman of the
Technology Committee

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 Public Sector Development Commission (OPDC) 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 Chairman, Internet Thailand PCL; Expert Member on Information Technology, Public Sector Audit and Evaluation Committee; Member, National Economic Reform Committee; Member, National Economic and Social Development Council; Director, Information Technology Projects Under the Initiative of H.R.H. Princess Maha Chakri Sirindhorn Foundation; Chairman, Ratanarajasuda Information Technology Award Foundation; Expert Member of Mahidol University Council and Member of the Mahidol University Internal Audit Committee, Mahidol University; Director and Member of the State Enterprise Board Screening Committee, Board of State Enterprise Policy Office; and Director and Chairman of the Executive Committee, Tradesiam Co., Ltd.



POLICE COLONEL THUMNITHI WANICHTHANOM
Director and Member of the Corporate Social
Responsibility Committee

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 presently holds key positions such as Grand Chamberlain, Bureau of the Royal Household; Director and Deputy Director-General, The Crown Property Bureau; Director of the Office of Privy Purse, Bureau of the Royal Household; Director and Member of the Governance and Nomination Committee, Siam Cement PCL; Vice Chairman, CPB Equity Co., Ltd.; and Chairman and Vice Chairman of groups of companies of CPB Equity Co., Ltd. as assigned.



MR. PRAPAS KONG-IED
 Director and Member of the Corporate
 Social Responsibility Committee

Mr. Kong-Ied received a Bachelor of Laws Degree from Ramkhamhaeng University, and International Tax Program Certificate and Master of Laws Degree (ITP/LL.M.) from Harvard Law School, U.S. He is also a Thai barrister-at-law at the Institute of Legal Education, Thai Bar Association.

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; Director, Don Muang Tollway PCL; and Chairman, National Credit Bureau Co., Ltd.

In addition to his positions as Director and Member of the Corporate Social Responsibility Committee of the Bank, he serves as Director-General, State Enterprise Policy Office, Ministry of Finance; Director, Dhipaya Insurance PCL; and Director, Siam Commercial Foundation.



MR. EKAMOL KIRIWAT
 Independent Director and Member of the
 Audit Committee

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 as Independent Director and Member of the Audit Committee of the Bank since 2012, and he presently also serves as Independent Director of Property Perfect PCL.

**DR. PASU DECHARIN**

Independent Director, Member of the Audit Committee and Member of the Risk Oversight Committee

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.

Formerly, he was the Assistant to the President of Chulalongkorn University; Head of Accountancy Department, Faculty of Commerce and Accountancy, Chulalongkorn University; and Dean of the Faculty of Commerce and Accountancy, Chulalongkorn University. He was also Independent Director and Member of the Audit Committee, Krungthai Car Rent and Lease PCL.

In addition to his positions as Independent Director, Member of the Audit Committee, and Member of the Risk Oversight Committee of the Bank, he serves as Independent Director, Member of the Audit Committee and Member of the Governance and Nomination Committee, Siam Cement PCL; Independent Director and Member of the Audit Committee, Thai Oil PCL; Independent Director, Aksorn Education PCL; Chairman and Independent Director, Warrix Sports Co., Ltd.; and Director, Decharin (2018) Co., Ltd.

**MR. WEERAWONG CHITTMITTRAPAP**

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

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. He held key positions in several companies such as Chairman of the Audit Committee, Thai Airways International PCL; Independent Director and Member of the Audit Committee, Minor International PCL; Independent Director and Member of the Audit Committee, 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, Bangkok Dusit Medical Services PCL; Independent Director and Member of the Corporate Governance Committee, Asset World Corp PCL; and Independent Director, Frasers Property Limited (Singapore).



MR. CHAKKRIT PARAPUNTAKUL

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

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; Chairman of the Board and Member of the Internal Control and Risk Management Committee of Credit Guarantee and Investment Facility (CGIF) established by the Asian Development Bank (ADB); Director and Chairman of the Board of Executive Directors, Krungthai Bank PCL; and Director, PTT Exploration and Production PCL.

In addition to his positions as Director, Member of the Executive Committee and Member of the Nomination, Compensation and Corporate Governance Committee of the Bank, he presently serves as 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; Vice Chairman, Thai Airways International PCL; Independent Director and Member of the Audit Committee, Pinthong Industrial Park Co., Ltd; Chairman, NBD Healthcare Co., Ltd.; Director, Chairman, ASEAN Potash Chaiphum PCL; Director and Chairman of the Audit Committee, Synnex (Thailand) PCL; Independent Director and Member of the Audit Committee, RS PCL; and Board Chairman and Chairman of the Audit Committee, Sabuy Technology PCL.



DR. LACKANA LEELAYOUTHAYOTIN

Independent Director and Member of the Executive Committee

Dr. Leelayouthayotin earned a Bachelor's Degree in science (chemistry) from Chulalongkorn University, a Master's Degree in business administration from Catholic University of Leuven, Belgium, and a Ph.D. in business administration from University of Southern Queensland, Australia.

She possesses a wealth of professional experience in the top echelon of leading organizations including as Director, Cerebos Pacific Co., Ltd.; Director, Tipco F&B Co., Ltd.; Director and Advisor, Cerebos Thailand Ltd.; and Director, Chairman of the Subcommittee on Audit, Member of the Subcommittee on Strategy and Member of the Subcommittee on Audit, Thailand Institute of Nuclear Technology (Public Organization).

In addition to her positions as Independent Director and Member of the Executive Committee of the Bank, she presently serves as Independent Director, Lam Soon (Thailand) PCL; Independent Director, Chairman of the Audit Committee, and Member of the Nomination and Remuneration Committee, Techno Medical PCL; Independent Director and Member of the Audit Committee, Shera PCL; Managing Director, Advisor and Beyond Co., Ltd.; Chairman, Aisance Co., Ltd.; Director, GMM Grammy PCL; Director, Bangchak Retail Co., Ltd.; Member, Recruitment and Promotion of Voluntary Blood Donors Committee, Thai Red Cross Society; Chairman, Voluntary Blood Donors Committee, National Blood Center, Thai Red Cross Society; Member, Fund Raising Committee for Member, Hong Dai Boon Project, Thai Red Cross Society; Chairman, Foundation for Education, Marketing Association of Thailand; Member, Fund for Patients and Hospital Affairs Committee, Somdet Phra Nyanasamvara Somdet Phra Sangharaj Wat Bovoranives Vihara Foundation under Royal Patronage; Advisor, Brand's Suntory (Thailand) Co., Ltd.; and Vice President, Chulalongkorn University Alumni Association.



MR. CHAOVALIT EKABUT
Independent Director and Member of
the Risk Oversight Committee

Mr. Ekabut holds a Bachelor of Engineering Degree from Chulalongkorn University and a Master of Engineering Degree from Asian Institute of Technology.

He formerly served as Vice President, Finance and Investment, Siam Cement PCL and held directorships of several companies in the Siam Cement Group. He was also Director, Chulalongkorn University Intellectual Property Foundation.

In addition to his positions as Independent Director and Member of the Risk Oversight Committee of the Bank, Mr. Ekabut presently serves as Director, SCG Ceramics PCL; Advisor to the President and Chief Executive Officer, Siam Cement PCL; Executive Director, SCG Foundation; Director and Treasurer, Friends of AIT Foundation; and Member of the Executive Committee and Chairman of the Audit Committee, Asian Institute of Technology.



DR. PAILIN CHUCHOTTAWORN
Independent Director, Member of the Executive
Committee and Member of the Technology
Committee

Dr. Chuchottaworn earned a Bachelor of Engineering Degree from Chulalongkorn University (First-Class Honours) and a Master's Degree and a Ph.D. in engineering from Tokyo Institute of Technology.

He formerly worked for several leading companies in various capacities, including as Chief Executive Officer and President, PTT PCL; Director, PTT Exploration and Production PCL; Chairman, IRPC PCL; Advisor to Chairman, Federation of Thai Industries; Expert Member, Public Organization Development and Promotion Commission; Expert Member on the Board of Commissioners, Securities and Exchange Commission; Commissioner, Board of Commissioners, Digital Economy Promotion Agency; and Expert Member, Board of Directors, Ministry of Digital Economy and Society. He was also appointed as Deputy Minister, Ministry of Transport, from November 30, 2017 to July 16, 2019.

In addition to his positions as Independent Director, Member of the Executive Committee and Member of the Technology Committee of the Bank, Dr. Chuchottaworn presently serves as Chairman, Vidyasirimedhi Institute of Science and Technology Council; Chairman, Board of Governors, Kamnoetvidya Science Academy; Chairman, Global Power Synergy PCL; and Director, SCB 10X Co., Ltd.



MISS JAREEPORN JARUKORNSAKUL

Director, Member of the Technology Committee and Member of the Corporate Social Responsibility Committee

Miss Jarukornsakul received a Bachelor's Degree in health science from Mahidol University and a Master's Degree in business administration from Bangkok University. She also achieved an Honorary Doctorate Degree in logistics and supply chain management from Christian University.

She is a co-founder of WHA Corporation PCL. In addition to her positions as Director, Member of the Technology Committee and Member of the Corporate Social Responsibility Committee of the Bank, Miss Jarukornsakul presently is Chairman of the Board, Chairman of the Executive Committee and Chief Executive Officer of WHA Group; Chairman of the Board and Chairman of the Executive Committee, WHA Industrial Development PCL; Chairman of the Board, Chairman of the Executive Committee, Chairman of the Risk Management Committee and Member of the Nomination and Remuneration Committee, WHA Utilities and Power PCL; and Board Chairman and Director of several subsidiary companies under WHA Group.



MR. ARTHID NANTHAWITHAYA

Director, Chief Executive Officer, Chairman of the Executive Committee, Member of the Risk Oversight Committee and Member of the Technology Committee

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 2019, the Bank transformed its management structure to accelerate its journey toward becoming a future bank and appointed Mr. Nanthawithaya as Director, Chief Executive Officer and Chairman of the Executive Committee. He presently also serves as Member of the Risk Oversight Committee and Member of the Technology Committee of the Bank; and Chairman, SCB 10X Co., Ltd.

Senior Executive Officers

(As of December 31, 2019)



MR. SARUT RUTTANAPORN
President

Mr. Ruttanaporn was appointed as a President of the Bank on February 5, 2019. Previously, he was a Senior Executive Vice President serving as the Head of Retail Segment and Branch Network.

Mr. Ruttanaporn 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 Markets 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.

MR. ARTHID NANTHAWITHAYA

Chief Executive Officer and Chairman of Executive Committee

(See page 28 for profile)



DR. ARAK SUTIVONG*
President

Dr. Sutivong was appointed as a President of the Bank on February 5, 2019. Previously, he served as the Chief Financial Officer and Chief Strategy Officer of SCB Group. He joined SCB in 2010 and 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 January 21, 2020, Dr. Sutivong was appointed as Chief Executive Officer of SCB 10X Co., Ltd.



MRS. APIPHAN CHAROENANUSORN
President

Mrs. Charoenanusorn was appointed as a President of the Bank on February 5, 2019. Previously, she was 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.



MR. ORAPONG THIEN-NGERN*
President

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; Deputy Secretary-General to the Prime Minister; and General Manager, Microsoft (Thailand).

He was appointed as a President of the Bank on February 5, 2019. Previously, he served as Director and Member of the Technology Committee of the Bank in 2018.

* Mr. Thien-Ngern tendered his resignation from the position of President of the Bank and was appointed as Chief Executive Officer of Digital Ventures Co., Ltd., with effect from January 1, 2020.



DR. JENS LOTTNER
Senior Executive Vice President,
Chief Financial Officer

Dr. Lottner was appointed as Senior Executive Vice President, Chief Financial Officer and Chief Strategy Officer (Acting) on February 5, 2019*. He joined the Bank as Senior Executive Vice President and Chief Transformation Officer in June 2015 and was appointed as Senior Executive Vice President and Chief Data Officer in July 2018. 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.

* Dr. Lottner relinquished the role of Chief Strategy Officer (Acting) on November 1, 2019.



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. In February 2016, he was appointed to the Board and also to 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. He was also a director in SCB Life Assurance PCL. from 2015 to 2019.

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 that further develops and adds 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. THANA THIENACHARIYA**

Senior Executive Vice President, Chief Marketing Officer and Head of External Communication & CSR (Acting)

Mr. Thienachariya was appointed as Senior Executive Vice President, Chief Marketing Officer and Head of External Communication & CSR (Acting) on February 5, 2019. Previously, he served as Senior Executive Vice President, Chief Marketing Officer of Siam Commercial Bank in 2017 and 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.

**MR. NARONG SRICHUKRIN**

Senior Executive Vice President, Chief Wealth Banking Officer

Mr. Srichukrin was appointed as Senior Executive Vice President, Chief Wealth Banking Officer on February 5, 2019. Previously, he was 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.



MRS. PIKUN SRIMAHUNT

Senior Executive Vice President,
Chief SME Banking Officer

Mrs. Srimahunt was appointed as Senior Executive Vice President, Chief SME Banking Officer on February 5, 2019. Previously, she was 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).



MR. WASIN SAIYAWAN

Senior Executive Vice President,
Chief Wholesale Banking Officer

Mr. Saiyawan was appointed as Senior Executive Vice President, Chief Wholesale Banking Officer on February 5, 2019. Previously, he was 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. He became 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.

**MR. SATHIAN LEOWARIN**

Senior Executive Vice President,
Chief Strategy Officer

Prior to joining the Bank as Senior Executive Vice President, Chief Strategy Officer on November 1, 2019, Mr. Leowarin was the CEO of SCB Life Assurance PCL for two years. He accumulated extensive background in finance and banking as Head of Business Strategy & Development (Digital Banking, Bancassurance, Corporate Marketing, Product Development and Business Analytics) at TISCO Financial Group and in hire purchase business for more than 22 years. He also worked at other leading firms, including in a senior position in charge of securities business at Ocean Securities & Finance and in a former position at Siam Commercial Bank.

Mr. Leowarin earned a Bachelor of Business Administration Degree from Ramkhamhaeng University and an M.B.A. from Prince of Songkla University.

Senior Executive Vice President

(As of February 5, 2020)

Ms. Auraratana	Jutimitta
Mr. Chiradej	Chakrabandhu
Mrs. Patraporn	Sirodom
Mr. Tirat	Suwanprateeb

Ms. Kluaymai	Devahastin
Ms. Nartruedi	Punyaratabandhu
Mrs. Nataya	Sukhum
Mrs. Natthakan	Kanpachai

Mr. Nopadol	Mungonchai
Mr. Paiboon	Tangkanokpairaj

Ms. Parichart	Changprai
Mr. Parnu	Chotiprasidhi

Mr. Patrick	Poulier
Ms. Phannee	Prachantrikal

Ms. Pimjai	Tongmee
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Ms. Piyaahpa	Charoenvej
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Mr. Piyasak	Ngernthai
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Mr. Rungsan	Ongsaranakom
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Mr. Rungsi	Vongkitbuncha
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Ms. Ruttaya	Tongrut
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Mrs. Sakara	Asvaraksh
-------------	-----------

Mr. Sakda	Dumnakkaew
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Ms. Salisa	Hanpanich
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Mr. Seksan	Pornpairin
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Mr. Seksom	Intralawan
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Mr. Siri	Ruttanawetwong
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Mrs. Siribunchong	Uthayophas
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Mr. Sirote	Vichayabhai
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Mr. Sittiporn	Thanyarattana
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Mr. Siva	Rkrishnan
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Mr. Somsakul	Vinichbutr
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Ms. Soontharee	Rajitprueksa
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Mr. Srihanath	Lamsam
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Mr. Sutirapan	Sakkawatra
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Mr. Suwan	Chaichanayotinvarachara
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Mr. Tanik	Tarawisid
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Ms. Teerin	Ratanapinyowong
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Mr. Thanawatn	Kittisuwan
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Mr. Theeradate	Sritarachiyanon
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Ms. Veena	Lertnimitr
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Ms. Vipasiri	Chantanumat
--------------	-------------

Mrs. Virasana	Boonyasai
---------------	-----------

Ms. Wannarat	Phanjan
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First Executive Vice President

Ms. Araya	Phuphanich
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Mr. Christian	Roland
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Ms. Jamaree	Ketrakool
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Mr. Kamalkant	Agarwal
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Mr. Kampol	Jantavibool
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Mr. Kiradit	Arromdee
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Mr. Kramol	Pulkes
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Mr. Krieng	Wongnongtaey
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Mr. Manop	Sangiambut
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Mrs. Metinee	Jongsaliswang
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Ms. Pitiporn	Phanaphat
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Mr. Pongsit	Chaichutpornasuk
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Mr. Ralph	Brunner
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Ms. Soramon	Inkatanuvatana
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Mr. Suthipat	Serirat
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Mr. Tse Tiong	Lee
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Mr. Viton	Pornsakulvanich
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Mr. Woraphon	Watunyuta
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Mr. Worawat	Suvagondha
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Dr. Yunyong	Thaicharoen
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Executive Vice President

Mrs. Anisa	Choocharn
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Mrs. Apiradee	Synsukpermpoon
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Mr. Arpat	Vijitakula
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Mr. Artapong	Porndhiti
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Mr. Chalitti	Nuangchamnon
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Ms. Chunpen	Vitchichunthakhron
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Mr. Dan	Oprisa
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Mr. Ekkapol	Apinun
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Mr. Ittiphan	Jearkjirm
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Ms. Jittinun	Chatsiharach
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Mr. Kanin	Rangkla
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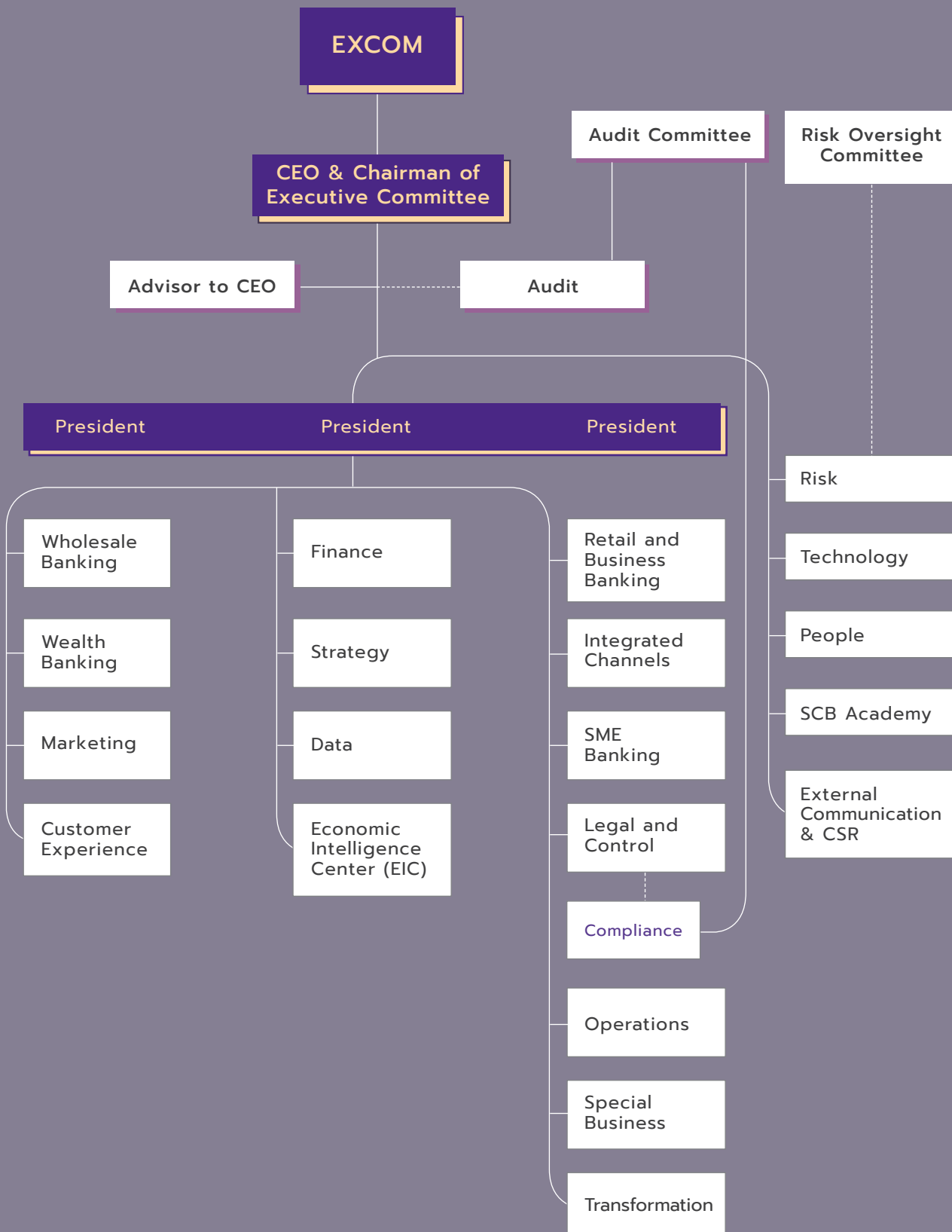
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Governance Structure

As of January 1, 2020



Management Structure





Business Overview

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Awards and Honors in 2019

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Thailand's GDP grew by

2.4% in 2019

the lowest rate
in 5 years



The Thai economy is
expected to expand by

0.4% in 2020

Thai Economy in 2019 and Outlook for 2020

In 2019, Thailand's GDP growth dropped to 2.4%, from 4.2% in 2018, as a result of a contraction in exports caused by the global economic slowdown, U.S.–China trade tensions and the baht's steep appreciation. Private consumption and investment decelerated amid the export sector's slump, steadily dragging on incomes, employment and consumer confidence. However, in the second half of 2019, household spending was bolstered by government stimulus measures and rebounding tourism, which saw a rise in international arrivals, although spending-per-visitor remained on a downtrend.

SCB expects that the Thai economy will grow more slowly in 2020, at 0.4%. The global trade outlook had started to look somewhat better after the U.S. and China agreed in January on a "phase one" deal that dropped some import tariffs imposed during recent bilateral disputes. But the coronavirus outbreak is likely to disrupt economic activity in many countries. SCB therefore projects that Thailand's exports will continue to shrink in 2020, although less severely than last year. Moreover, the epidemic will hit Thailand's tourism sector by reducing the number of international arrivals from China and elsewhere, especially in the first half of 2020.

Private consumption and investment are expected to rise at slower rates in 2020, dragging on domestic demand. Thailand's household consumption will be constrained by slower hiring in the manufacturing sector and tourism-related businesses, farm incomes will be depressed by drought and household debt is expected to soar. Private investment is likely to slow down due to limited domestic purchasing power, high inventories, particularly in the industrial sector, and low industrial capacity utilization. Yet investment will be supported by the rollout of investments in 5G mobile telecom networks. The Thai government will play a bigger role in sustaining economic expansion through infrastructure spending, which is expected to accelerate, despite some delays in the budget process at the beginning of the year.

Besides, the Thai government might undertake an additional stimulus package in 2020, which could help the economy during the year.

In terms of financial conditions, interest rates are projected to remain low throughout 2020. On February 5, Thailand's monetary policy committee (MPC) cut the policy rate to 1.00% to cushion against the negative impact of the coronavirus epidemic and national budget delay. Going forward, it is likely that the MPC will cut the rate to 0.75% so as to support economic slowdown. The baht is projected to be weaker during the first half of 2020 due to the impact of the coronavirus situation, which is likely to reduce Thailand's surplus of trade in both goods and services. Nevertheless, SCB expects the baht to rebound strongly by the end of 2020, trading around 30–31 THB/USD, because Thailand's current account surplus will remain higher than those of other countries in the region.

Despite these challenges, the Thai economy is fundamentally in good condition, as reflected in strong economic indicators, including the current account surplus, sufficient foreign reserves, a high level of capital funds in financial institutions, and the government's capability to authorize additional stimulus schemes if necessary. Nevertheless, significant risks remain, including: 1) the possibility that the coronavirus outbreak could become worse than expected, 2) uncertainty in the trade policies of key economies, 3) geopolitical risks, particularly tensions between the U.S. and Iran, and 4) the financial fragility of Thai households and SMEs, especially those with high debt levels and those affected by technological transformation and fierce business competition.



Industry and Competition Review

In 2019, Thai banks continued to face many challenges mainly from economic slowdown, intensive competition in digital banking, and various regulatory changes, such as Bank of Thailand's recent macroprudential policy on mortgage lending. Some banks started to restructure their activities through merger and acquisition and company spin-offs to enhance long-term prospects.



Thailand's commercial banking sector continued to face many challenges



Comparison of SCB's Performance and the Thai Commercial Banking Sector*
as of December 31, 2019

Unit: Baht billion

Financial statement (consolidated)	Thai Commercial Banking Sector*		Change % yoy	SCB in 2019	SCB's market share in 2019
	2019	2018			
Assets	17,936	17,535	2.3%	2,964	16.5%
Gross loans	12,353	12,128	1.9%	2,114	17.1%
Deposits	12,475	12,077	3.3%	2,159	17.3%
Net profit	209	203	2.9%	40	19.4%

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



In 2019, aggregated net profit for the Thai banking industry increased by

2.9%

yoy

Total loans in the Thai commercial banking sector posted

1.9%

growth yoy in 2019

Total loans in the Thai commercial banking sector posted 1.9% growth yoy in 2019, primarily driven by strong retail demand especially for unsecured loans. Deposits also increased by 3.3% yoy with the major source of growth coming from both fixed and 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 18.2% in 2019, which was higher than the minimum capital required under Basel III rules. The non-performing loan ratio of Thai commercial banks increased marginally to 3.25% while the coverage ratio remained high at 152% in 2019.

In 2019, the aggregate net profit of the Thai banking industry rose by 2.9% yoy due mainly to higher total income with growth in both net interest income and non-NII. Net interest income grew on the back of moderate loan growth despite a contraction in net interest margins from interest rate cuts while non-NII benefited from higher gain on investments of most banks. Some pockets of the industry saw higher provisions as some banks took a precautionary step in light of heightened economic volatility.

Given the current economic uncertainties, Thai commercial banks are likely to remain prudent and maintain a high level of capital to accommodate future regulatory changes from both the new accounting standards (IFRS) and new Basel capital requirements.



SCB's total number of digital customers passed

10 million

at the end of 2019



The Bank's consolidated net profit was Baht

40.4
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 114 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 consistently managed to navigate change to become bigger, better and stronger.

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 30, 2019 were His Majesty King Maha Vajiralongkorn Phra Vajiraklaochaoyuhua (23.53%) (including total share of related party, CPB Equity Co., Ltd.) 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 two major subsidiaries to provide financial solutions that address customers' other specialized needs: SCB Securities Co., Ltd. and SCB Asset Management Co., Ltd. In 2019, the Bank sold its entire stake in SCB Life Assurance PCL. to FWD Group Financial Services Pte. Ltd. Upon successfully closing the share sale, SCB and FWD commenced a long-term distribution agreement to form a business collaboration in life insurance whereby SCB will offer the life insurance products of FWD and SCB Life to the Bank's customers through SCB's distribution channels for a period of 15 years. This bancassurance partnership will combine the strengths of both SCB and FWD to deliver a fresh customer experience, with easy-to-understand products, supported by digital technology.

Additionally, to strengthen our digital and data analytic capabilities, the Bank has set up SCB 10X, a new subsidiary that will focus on finding new areas of growth through enhancement of technological capabilities. SCB 10X along with our subsidiaries Digital Ventures Co., Ltd. and SCB Abacus Co., Ltd., which also focus on technology and data analytics, should lead the Bank toward securing exponential new growth areas that will help ensure long-term sustainability of the SCB Financial Group. The Bank continues to work with our established joint venture partner, Julius Baer, the Switzerland-based leading global private banking group, in providing world-class wealth management services for our ultra-high-net-worth customers.

Share of Revenue by Customer Segment (Consolidated)	2019	2018	2017
Multi-Corporate & Corporate Segment*	16%	20%	20%
SME Segment ** **	11%	13%	14%
Retail & Wealth Segment *	48%	55%	54%
Others ***	25%	12%	12%

* 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 2019

Rapid technological advancement has significantly changed the way banks operate and has caused constant disruption, which is now the industry's new normal. To adapt to these changes, SCB progressed to the last phase of our transformation journey in 2019. This has helped the Bank 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 SCB Transformation Program has already started to add value to the Bank through the process of digitization in various areas, resulting in lower cost to serve. Throughout the year, SCB has continued to add new features to our SCB EASY digital banking platform, with the objective to provide our customers a comprehensive range of services. SCB's total number of digital customers passed 10 million at the end of 2019. The Bank continues to reassess and enhance its distribution 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 local area. By using technology and new capabilities, the Bank has integrated its offline and online channels to create a seamless omnichannel offering.

Digital technology has allowed the Bank to improve internal processes, streamline customer service procedures and create new customer experiences. In 2019, for example, SCB rolled out cross-border payment via QR technology and used Ripple's

blockchain solution to power real-time and cheaper remittance payments. Moreover, advanced technologies together with the Bank's data have been used to create machine learning and optimization models such as product propensity models.

Throughout the year, SCB continued expanding strategic partnerships with business partners, such as leading universities, retail businesses, logistics businesses and banking agents, to create ecosystems and platforms to deliver new customer experiences. Additionally, the Bank built an SME/digital ecosystem to help SME customers grow their business through digital platforms more quickly and sustainably. For example, SCB has partnered with Amazon Global Selling (AGS) to elevate Thai e-commerce to expand international business opportunities. Also, SCB and leading regional e-commerce company Lazada have jointly launched a new digital lending platform to serve Lazada's sellers.

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), which surveys customer satisfaction and the organizational health index (OHI), which evaluates employee engagement. 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.

In 2019, the Bank reported pre-provision operating profit (PPOP) of Baht 95.6 billion, rising 29.9% from the preceding year, driven mainly by a one-time gain from the sale of SCB Life, higher net interest income and higher net fee income but partly offset by higher operating expenses (OPEX). Nevertheless, the Bank set aside higher provisions in 2019, resulting in an annual net profit (based on consolidated financial statements) of Baht 40.4 billion.

Total loans decreased by 1.3% yoy mainly because of loan repayments in the corporate segment. This was in line with the Bank's strategy to optimize its loan portfolio based on risk/return profile. The gross NPL ratio rose yoy to 3.41%. Loan quality deteriorated across all segments, which reflected a challenging business environment as economic headwinds intensified in the second half of 2019. The Bank's coverage ratio remained high at 134.1% at the end of 2019. Moreover, the total capital adequacy ratio under Basel III remained strong, at 18.1% of total risk-weighted assets and 17.0% of common equity Tier 1.

The Bank has maintained its leadership in a broad range of products and services across customer segments and sustained one of the largest networks in the country. At the end of 2019, the Bank had 958 traditional branches, 14 investment centers, 3 business centers, 9,372 ATMs and 68 foreign exchange kiosks.

SCB's 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 continual disruption, which has become the new normal. The competitive landscape and revenue structure of the industry have also undergone significant change. Revenue from the Bank's transaction fees has been in decline as a result of both intense competition and tighter regulations.

To prepare for the industry's challenges, SCB has undergone a wide and deep digital transformation during the past three years. This transformation has had a significant positive impact on consumers' behavior. In 2019, SCB witnessed a surge in digital transactions, which already accounted for 60% of total transactions. Fewer customers visited the branches and only 4% of total transactions were

made through this traditional channel. The Bank plans to continue enhancing digital customer engagement.

With the aspiration to become a technology company that provides banking services, SCB focuses on creating customer-centric platforms to serve customer needs. The Bank will develop new capabilities and utilize technology to deliver the best customer experiences. Once customers are fully engaged in using our digital platforms for financial services, and this banking approach is embedded in their lives, the Bank can grow sustainably and capture more opportunities in the future.

Emerging digital technology allows the Bank to instantly identify customer needs and provide personalized solutions. As more customers interact more frequently through our electronic platforms, especially the mobile apps, the Bank gets a much better understanding of customer behaviors and preferences including location, timing and channel. This data can be used to power artificial intelligence and machine learning. The use of this powerful technology will help the Bank to shape its future business model and customer service approach. SCB plans to move from "platform and partnership" banking toward predictive banking to improve customer experiences and become the customer's financial partner. To achieve this goal, the Bank will continue to invest in technology and keep pace with fast-changing customer behaviors.

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 staffs, 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 talents, 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.
- Growth from lending business: Loan growth is targeted at 3–5% in 2020 as SCB expects the domestic economy to remain fragile. The Bank will continue to balance lending growth with portfolio quality. Public sector investments present an opportunity for the Bank to engage in corporate lending. For medium-size business customers, SCB foresees challenges to the portfolio quality given the relatively weak economic environment. However, while focusing on managing the portfolio quality the Bank will stand by its existing customers to achieve their business goals. The Bank expects to continue growing in the areas of retail personal loans, credit card loans and SSME loans. To achieve this goal, SCB will utilize end-to-end digital lending infrastructure to make the credit approval process fast and convenient as well as to strengthen customer engagement both before and after credit approval. We will capture relevant customer data to design products and services that better address customer needs and facilitate service. The proportion of personal loans that was approved through the digital lending channel was around 20% in 2019 and is expected to increase this year.
- Business under responsible banking direction: SCB aspires to uphold prudent and responsible banking principles, doing business with responsibility toward society and the environment. The Bank will implement responsible lending policies in line with international standards and continue integrating environmental, social and governance (ESG) factors into our business practices. Additionally, our development of digital lending will improve the inclusiveness of financial access for all types of customers, including retail customers, SME customers and any customers without collateral. The Bank will use artificial intelligence (AI) and machine learning to analyze customer data and identify high-quality borrowers in order to provide a personalized interest offering.

In 2020, SCB will continue with our “Going Upside Down” strategy. The Bank aims to create sustainable revenue amid a slowing global economy and achieve cost excellence with the focus on improving our operating model with the following strategic direction:

1. Core business growth: The Bank aims to drive to deliver “The Better Main Bank,” which targets sustaining long-term business growth by rethinking brand identity and differentiation. The Bank will continue to capitalize on the SCB Transformation Program by connecting new capabilities, enhancing strategic partnerships and building ecosystems/platforms to deliver new digital customer experiences. At the same time, this will enable the Bank to capture new revenue streams while lowering the cost base through focusing on:

- Growth from wealth management business: The wealth management business in Thailand has been consistently growing in recent years. To capture this opportunity, the SCB Group, including SCB Asset Management Co., Ltd. and SCB Securities Co., Ltd. aims to enhance wealth management capabilities and the customer experience by creating an investment platform. The platform will offer convenient services and

access to a full range of investment products and wealth advisory. Advanced technologies that include artificial intelligence (AI) and robo-advisor service will be used to deliver personalized offerings and solutions.

- Growth from bancassurance partnership with FWD: Given its low penetration rates, Thailand does have significant potential short-term and long-term growth in the life insurance business. The Bank plans to improve its insurance distribution channels under our new business model. The Bank's bancassurance partnership with FWD will also enhance product capabilities, enabling the Bank to offer a wider range of insurance products to customers.

2. Disruptive business model for exponential growth: The Bank's strategy to become a tech company will continue from the previous year through the digital transformation program. With continual digital disruptions from various sources, the Bank needs to extend new capabilities by constantly updating and upgrading its own digital capabilities. To meet the abrupt changes of the market and customer behavior, the Bank will leverage its current data to understand more about customer needs and to create better engagement. 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 as well as new start-ups, and creating internal capabilities through SCB 10X.

SCB 10X has been set up to enhance the Bank's competitiveness in the long run by focusing on creating business through new capabilities such as blockchain solutions, AI service and 5G service; investing in new technologies and business models; and leveraging relationships with strategic partners that can enhance the Bank's potential. The Bank also places high emphasis on establishing a company culture that suits business practices in the digital era. This will enable SCB to better attract new talents and undertake the trial and error processes necessary for initiating new business innovations that will produce positive outcomes for the Bank.

The combined strengths of Digital Ventures, SCB Abacus and SCB 10X will help reshape the Bank into "the Future Bank" developing sustainable solutions to constant and rapid changes in customer needs.

In addition to the above strategies, SCB is committed to continuously strengthening its people and culture foundations while adhering to proper risk management practices, all of which are critical to the success of the "Going Upside Down" strategy. When it comes to people and culture, the Bank focuses on agility by creating work teams with diverse expertise, fostering a customer-focus mindset and promoting innovation to enlarge the Bank's capabilities.

Key Performance Targets for 2020

The Bank expects to deliver competitive results, reflecting its sustainable performance and resilient strategies. Key performance targets for 2020 are:

- Loan growth of 3–5% (compared to -1.3% in 2019)
- Net interest margin (NIM) of 3.2–3.4% (compared to 3.34% in 2019)
- Non-interest income growth of 7–10%^{1/} (compared to 2.0%^{1/} in 2019)
- Cost-to-income ratio in high-40s (compared to 48.7%^{2/} in 2019)
- NPL ratio of about 3.4% (compared to 3.41% in 2019)
- Coverage ratio of ≥130% (compared to 134% in 2019)
- Credit cost of 1.20–1.30% (compared to 1.27%^{3/} in 2019)

^{1/} Excluding the one-time capital gain from the sale of all shares in SCB Life in 2019.

^{2/} Excluding the one-time gain from the sale of all shares of SCB Life in 2019 and one-time staff costs to comply with the new labor law.

^{3/} Excluding the one-time additional provision of Baht 9.1 billion in 3Q19.

Corporate Segment



SCB Trade Club

In 2020, SCB will continue to focus on diversifying its corporate loan portfolio to reduce concentration risks in 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.
4. Be a part of public sector mega-investment projects and contribute to the country's long-term competitiveness

SME Segment



Manee Free Solution

Due to the weakening in the domestic economy, the Bank will focus on the quality of growth for long-term sustainability. SCB will continue its commitment to support SME customers to achieve their business goals. In 2020, the Bank 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, SCB Business Anywhere and QR Payment as well as 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



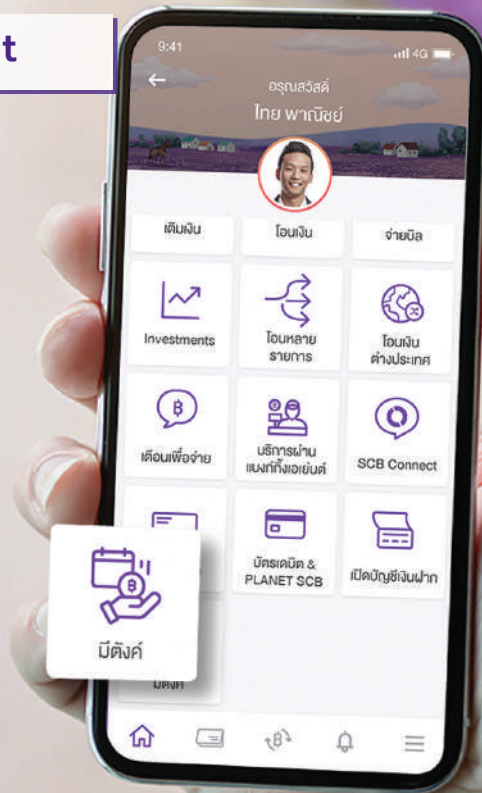
SCB Julius Baer

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 such as a retirement plan, a wide range of alternatives both from SCB Group and the Bank's strategic partners through an open architecture solution and platform, and life insurance products from FWD.
3. Enhance investment platform for the Bank's wealth customers to gain access to wider product and service offerings. Also, bring in artificial intelligence and machine learning tools to help in delivering personalized service solutions to wealth customers.
4. Position SCB Investment Center as one of the key channels for servicing the Bank's wealth customers.
5. 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



SCB EASY App

In response to SCB's long-term digital banking 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 wholly 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 2019, the market's daily average trading value for equities (excluding proprietary trading) was at Baht 46 billion, decreasing by 9% from Baht 51 billion in 2018. This decrease mainly reflected a lower volume of trading by retail investors, whereas foreign investors contributed a higher trading volume than in 2018. This change in the trading mix led to a decline in average trade commissions for the entire industry, however, because the rates charged to foreign investors are generally lower than those charged to retail investors.

Amid fierce competition from new entrants, especially foreign brokers, SCBS had a market share of 3.4%, a slight decrease from 3.7% in 2018. Consequently, the rank of SCBS among the Thai market's 39 brokers dropped to No. 12, from No. 11 in the preceding year.

During 2019, SCBS remained committed to continue improving our customer service and satisfaction to become Thailand's "Most Admired Investment Broker." We enhanced and augmented the customer experience in each of our channels in order to provide the utmost convenience, under the concept "Easy & Smart." SCBS improved its standard brokerage account by upgrading it to become a multifunctional "SCBS Investment Account," providing a broader menu of product and service options. Our new digital onboarding platform, "iOnboard," improved service at every branch of SCB nationwide for any customer wishing to open a new brokerage account. Alternatively, a customer can open an account online via the SCB EASY App or SCBS Let's Invest App. In 2019, SCBS began uplifting our staff of account officers by enhancing their knowledge



and roles toward becoming financial advisors who can better serve high net worth customers.

SCBS continues to develop and provide new digital investing capabilities for our customers. The introduction of a mobile application known as "Easy Invest," for example, now provides 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 2019, SCBS won Best Securities Company Award, Retail Investors in the SET Awards 2019 competition for the second consecutive year. These laurels are a strong testament to the Company's rigorous commitment to providing client service at the highest level of quality.

SCB Asset Management Co., Ltd. (SCBAM)



★
No. 1

Rank in Thailand in
terms of assets under
management (AUM)

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, 2019, SCBAM had sustained its No. 1 rank in Thailand in terms of assets under management (AUM), with total AUM of Baht 1.64 trillion (including mutual funds for resolving financial institution problems), up 11% from the prior year.

Solid investment performance and effective distribution through SCB enabled SCBAM to gain a 19% market share in the mutual fund business, with AUM of Baht 1,022 billion, representing growth in AUM of 7.3% from the prior year, including property funds (Type I) and infrastructure funds with total AUM of Baht 185 billion, as well as real estate investment trusts (REITs) with net asset value of Baht 57 billion under SCBAM trusteeship.

In the Company's private fund business, AUM reached Baht 482 billion at the end of 2019, which amounted to 15.3% growth year-on-year, while in the provident fund business, AUM reached Baht 145 billion at the end of 2019, amounting to 25.3% growth year-on-year.

In 2019, SCBAM won several awards from leading Thai and international publications and institutions, including Best Equity Fund (Equity General) for the SCB SET Index Fund (Accumulation) from Money & Banking magazine; Best Asset Manager (Money Market Funds), Best Asset Manager (Fixed Income Funds) and Best Asset Manager (Balanced Funds) from Alpha Southeast Asia (H.K.); and Top Investment House Asset Manager Thailand (Rank No. 2) and Most Astute Investor Thailand (Rank No. 1) from The Asset (H.K.).

Awards and Honors in 2019



Best Bank in Thailand Awards

- Euromoney (U.K.) (11th year)
- The Asset (H.K.) (11th year)
- FinanceAsia (H.K.) (9th year)
- Asiamoney (H.K.) (5th year)
- Alpha SEA (H.K.) (2nd year)
- Money and Banking (15th year)

SCB was ranked No.1 among Thai commercial banks in the Forbes Global 2000 list by Forbes (U.S.). In addition, SCB was selected from among 175 institutions worldwide as a member of the Dow Jones Sustainability Indices 2019 (DJSI) in the Financial category of the World Index and Emerging Markets Index group for the second consecutive year.

Awards for Excellence in Financial Performance and Management

- Asia's Best CEO from Corporate Governance Asia (H.K.) (3rd consecutive year)
- Asia's Best CFO from Corporate Governance Asia (H.K.) (8th consecutive year)
- Best Investor Relations Company from Corporate Governance Asia (H.K.) (10th consecutive year)
- Best Financial Inclusion Program from International Investor
- Best Corporate Social Responsibility Principles from International Investor
- Financial Management Excellence by the Thailand Management Association

Awards Won by Business Groups

Wholesale Banking Group From The Asset (H.K.)

- Best Domestic Custodian (13th year)
- Best Renminbi Bank (3rd consecutive year)
- Best Service Provider–Trade Finance (Thailand) (2nd year)
- Best Service Provider–Transaction Bank (Thailand) (2nd year)
- Best in Treasury and Working Capital–LLCs
- Best Service Provider–Risk Management (Thailand)
- Best Payments and Collections Solution (for Bangchak)
- Best Payments and Collections Solution (for PTTEP)
- Best Supply Chain Solution (for Grand Asia Steel Processing Center)
- Best Supply Chain Solution (for SCG)
- Editors' Triple Star for Blockchain Solution for Procure-to-Pay (B2P)
- Petrochemical Deal of the Year in the Region (for role as mandated lead arranger on Long Son Petrochemicals Company's \$3.2 billion loan facility)
- Petrochemical Deal of the Year in Vietnam (for role as mandated lead arranger on Long Son Petrochemicals Company's \$3.2 billion loan facility)
- Best Bond Advisor (Domestic)
- Best FIG bond (Siam Commercial Bank \$1 billion dual-tranche fixed rate notes)
- Best Green Bond (BTS Group Holdings' Baht 13 billion multi-tranche senior and unsecured green bond)
- Telecom Deal of the Year in Thailand (for role as financial advisor, global coordinator, domestic bookrunner and lead underwriter and bookrunner on Digital Infrastructure Fund asset acquisition and capital increase)
- Best Corporate and Institutional Advisor (Domestic Bank)
- Best Cross-Border M&A deal (Global Power Synergy's Baht 134.6 billion acquisition of Glow Energy from Engie) (SCB as financial advisor)
- Most Innovative Deal (AIMIRT Industrial Growth Freehold and Leasehold REIT Baht 3.12 billion preferential public offering) (SCB as sole financial advisor and lead underwriter)

From Finance Asia (H.K.)

- Deal of the Year for Thailand (Asset World Corp's \$1.36 billion IPO)
- Best Thailand Deal (Asset World Corp's \$1.36 billion IPO)

From Asiamoney (H.K.)

- Best Local Bank in the Region for BRI (Southeast Asia) (3rd consecutive year)

- Rank No.1 in Thailand Loans Ranking by Bookrunner table
- Thailand Market Leader (Asian banks only) as voted by corporates
- Thailand Best Service (Asian banks only) as voted by corporates
- Market Leader in Thailand (Asian banks only)

From Alpha SEA (H.K.)

- Best Equity IPO in Thailand (Asset World Corp's Baht 48 billion (\$1.58 Billion))
- Best REIT PPO in Thailand (Digital Telecoms Infrastructure Fund's Baht 15.8 billion (\$516 million))
- Best Refinance Deal in Southeast Asia (Thai Beverage's Baht 53 billion (\$1.74 billion) Unsubordinated & Unsecured Debt)
- Best LCY Bond Deal in Thailand (Minor International's Baht 33 billion (\$1 billion) Unsubordinated and Unsecured Debentures)

From Euromoney (U.K.)

- Best Domestic Cash Manager in Thailand
- Best Domestic Services in Thailand for non-financial institutions
- Best Bank for Technology in cash management in Thailand
- No. 1 Rank in Market Leaders (Asian banks only)

From Global Finance (U.S.)

- Best Equity Bank in Asia-Pacific for 2019

From Asian Banking and Finance (S.G.)

- Corporate & Investment Bank of the Year (2nd year)
- Equity Deal of the Year (2nd year)
- Debt Deal of the Year (2nd year)

From IFR Asia (H.K.)

- Thailand Capital Markets Deal (2nd consecutive year)
- Asia-Pacific IPO of the Year (Asset World Corp's Baht 48 billion IPO)

From Corporate Treasurer (H.K.)

- Best Trade and Supply Chain House in Thailand

Retail Banking Group

- Best Private Bank from Global Finance (U.S.) (3rd consecutive year)
- Best Wealth Management Bank in Thailand from Alpha SEA (H.K.)
- Best Private Bank for Advisory Services Asia from Professional Wealth Management (U.K.)
- Rank No. 1 Loan Finance from Euromoney (U.K.)
- Rank No. 1 Equity Finance from Euromoney (U.K.)
- Rank No. 1 Securitization from Euromoney (U.K.)

- Best Retail Lending from Money and Banking
- Best Service in Credit Card from Money and Banking

Sustainability, Corporate Social Responsibility and other awards

- Product/Service Excellence, Leadership Excellence and Marketing Excellence Awards from Thailand Management Association (TMA)
- Selected as a member of FTSE4Good Index Series for the FTSE4Good Emerging Index from FTSE Russell
- Received an AA ESG rating for banking business from MSCI
- Received a B rating on Climate Change Program from CDP
- Listed in the Thailand Sustainability Investment (THSI) from Stock Exchange of Thailand (SET)
- Sustainability Disclosure Award from ThaiPat Institute
- Best Financial Inclusion Program from International Investor
- Best Corporate Social Responsibility Principles from International Investor
- Best Consumer Digital Bank in Thailand from Global Finance (U.S.)
- Best Brand Performance on Social Media in "Banking" Category from Thailand Zocial Awards 2019 (6th consecutive year)
- Best Social Media Campaign for "SCB EASY Freenomenon" Campaign from Thailand Zocial Awards 2019
- Received the Leading the Way in Risk Culture Award from RiskMinds International 2019

Affiliated Corporation

- Digital Lending Product of the Year for "Clickcash" by SCB Abacus, from The Asian Banker (H.K.)
- Best Financial Inclusion Initiative for SCB Abacus from Digital Banker (S.G.)
- Best Analytics Solution Provider (SCB Abacus) from Global Banking and Finance Review (U.K.)
- Most Innovative Data Analytics Project Thailand (SCB Abacus) 2018 from the Asset (H.K.)
- Outstanding Securities Company Awards (SCB Securities) from SET
- Best Asset Manager (SCB Asset Management) –Money Market Funds from Alpha SEA (H.K.)
- Best Asset Manager (SCB Asset Management) –Fixed Income Funds from Alpha SEA (H.K.)
- Best Asset Manager (SCB Asset Management) –Balanced Funds from Alpha SEA (H.K.)
- Rank No. 2 among Top Investment House Asset Managers Thailand (SCB Asset Management) from The Asset (H.K.)



Risk Management and Risk Factors

Risk Management and Risk Factors

Risk Management

SCB's strong performance in the past ten 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 tandem 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 model risk, 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 assesses the risk by measuring the impact of interest rate fluctuation on net interest income and economic value of equity (EVE) using interest rate volatility assumption under stress scenarios.
- 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 end-to-end value chain risk and control self-assessment (RCSA) approaches 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 management plan (BCM) to ensure continuity of key activities during any crisis event that may cause a business disruption. 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 model risk, the performance of a model is measured by using statistical quantitative factors including key performance indicators and other quantitative indicators to validate that the employed model is suitable. Qualitative analysis and measurement are also conducted to validate risks arising from usage of a model.
- 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), Recovery Plan 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, Technology Risk Management Policy and Model 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 two levels as specified 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 as well as 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 Involved in Risk Management of the Bank

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 processes:

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 liquidity risk and interest rate risk in the banking book.

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 The Model Risk Management Committee is responsible for validating and overseeing all internal risk models employed by the Bank to ensure that model risk management frameworks perform as expected. The Committee is also responsible for approving models as well as validation of results.

3.2.7 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. 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 (i.e., continuous monitoring of key activities such as suspicious access to customer data). 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.

4.7 Model Risk Management Oversight

The Bank has established a unit responsible for Model Risk Management to have a balance of authority and work independently to validate models and to increase the effectiveness of model usage as the second line of defense and serve to offer consultation, support and validation to the first line of defense. Model risk management oversight covers the validation of models using both quantitative and qualitative approaches to ensure that the usage of models achieves the expected target and controls have been put in place according to model governance to prevent any misuse of models and minimize model risks.

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 and the Chairman of the Executive Committee, 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

Thailand's economy expanded at 2.4% in 2019, the slowest pace in the past five years. The key factors were a slump in the export sector owing to the U.S.-China trade war and the baht's steep appreciation. Shrinking exports dragged on manufacturing output, private investment, employment and wages. The stronger currency also dented tourism and exports. Nevertheless, the government's stimulus package helped steady the domestic economy particularly during the year's second half.

SCB forecasts that Thailand's GDP growth will continue to decelerate in 2020, easing to 0.4%. The outlook for world trade had started to look better in January after the U.S. and China agreed on a "phase one" deal to drop some of the tariffs imposed during recent bilateral disputes. But soon after, the coronavirus epidemic looked set to disrupt economic activity in many countries. The impact will be high during the early period of the outbreak as strict countermeasures are implemented. SCB expects that as a result, exports will continue to contract, although not as sharply as in 2019. The epidemic will also directly affect Thailand's extensive tourism sector by reducing arrivals from China as well as other countries.

As for the domestic economy, growth in private consumption and investment will slow on the back of weaker employment in manufacturing and tourism; lower farm income due to drought; and high household debt. Private investment is likely to slow due to anemic domestic purchasing power, higher inventories and excess capacity in industry. Investment will get some support, however, from capital spending on 5G mobile network infrastructure. The Thai government will play a bigger role in driving the country's economic expansion through its infrastructure projects, despite delays in getting

legislative approval of the national budget. Moreover, the government might undertake an additional stimulus package in 2020, which could aid the economy during the year.

External risks confronting the Thai economy in 2020 include the possibility that the coronavirus impact could become worse than expected; uncertainty in U.S. trade policy vis-à-vis partner countries, especially China and in Europe; and geopolitical risks, particularly the U.S.-Iran conflict which might cause oil prices to soar. As for internal challenges, Thailand faces a growing financial fragility among Thai households and SMEs, especially those with high debts or that are affected by technological transformation and extremely fierce business competition. A potential severe drought in the first half of 2020 is another risk, since a delay in seasonal rain would slash farm output and incomes.

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 Consolidated Group's capital.
- 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 that 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 offsetting 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 country 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.

13 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 maximum exposure 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 2019, Bank-only NPLs stood at Baht 84,349 million, or 3.4%, up in absolute terms from Baht 69,383 million, or 2.8%, in 2018. (Further explanation regarding NPLs is provided in the Management Discussion and Analysis section of this Annual Report.) These NPLs can be classified into four categories: restructured debts 76.1%, debts pending completion of restructuring negotiations 4.9%, debts pending the outcome of legal proceedings 8.6%, and debts pending legal execution 10.4%.

The Bank manages its NPL risk by setting aside adequate loan loss provisions for expected losses. At the end of 2019, the Bank had total loan loss provisions of Baht 113,628 million, covering 134.7% 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 2019, the Bank's obligations from aval and guarantees, liabilities under unmatured import bills, and letters of credit amounted to Baht 53,663 million, down by 33.9% 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 and capital calculation as well as for consideration in credit approval 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 per BOT requirement.

For the choice of appraiser, the Bank is authorized by the Bank of Thailand to use its internal appraiser for loans of any size. According to the policy of the Bank, either an internal appraiser or an external appraiser may be an appropriate choice. The Bank has established a list of qualified criteria for use in selecting any external appraiser in order to be confident that it conforms to professional standards and ethics.

The criteria must be approved by the Risk Management Committee and reviewed annually so that the Acceptance Valuation Assessment Committee (AVA Committee) can use them as a guideline for selecting external valuation companies. The criteria are reviewed every six months.

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 together with the AVA Committee are responsible for monitoring and updating property price movements in the market and reporting them to the Credit Committee annually.

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 30, 2019, the Bank's foreign currency position was net open position of \$-25.34 million (USD equivalent), with VaR of Baht 7.57 million.

2.2. Interest rate risk

Interest rate fluctuation affects the Bank's interest income and expenses as well as economic value of equity. Four main sub-types of interest rate risk are defined as follow:

- 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 deposit 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 30, 2019, VaR of interest rate risk exposure in the trading book was Baht 40.47 million. For the banking book, a 1% increase in interest rates for a period of one year would decrease net interest income by Baht 1.38 billion.

3 Liquidity risk

Liquidity risk is the risk that the Bank may not be able to meet its obligations as they fall due, because of an inability to realize assets or to cover funding requirements at an appropriate price, thus resulting in losses to the Bank.

In order to manage liquidity risk, the Bank has established the Liquidity Risk Management Policy. The policy has been approved by the Board of Directors, with the Assets and Liabilities Management Committee taking an oversight responsibility to ensure compliance with the policy.

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 during 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.

Additionally, the Bank conducts stress testing on a regular basis under scenarios of the Bank of Thailand and the Bank's own scenarios. Stress test results are incorporated into the Bank's contingency funding plan, which establishes scenario-specific action plans and explicit roles and responsibilities for liquidity management in the event of crisis.

The Bank's average of month-end liquidity coverage ratio (LCR) for the 4th quarter of 2019 was 203%, 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 2019, the Bank's liquid assets represented 31% of total deposits, which ensures that there will be adequate liquidity under both normal and crisis situations .

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 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 established a variety of measures to protect customer data throughout its operations during 2018, continually fine-tuned these measures throughout 2019.

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 preventive 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 transaction that could negatively affect the Bank's reputation requires 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 senior management and related committees.

7 People Risk

People risk refers to an organization's exposure to risk 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, is 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 transforming employees and equipping them with the right skills and capabilities for future banking, and engaging them with the work and performance of the functions. 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 in terms of both quality and quantity. Specifically, an organization requires knowledgeable, well-rounded and adaptable people to drive changes within 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.

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 not be sustainable. 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 interrelated 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 emerging risks that may affect business operations in both the short-term (within 1 year) and long-term (3–5 years). Measures are developed to respond, manage and control impacts of these risks accordingly. In 2019, the Bank identified three key emerging risks:

- **Climate Change Risk**

Climate change – including rising temperatures caused by greenhouse gas emissions resulting directly or indirectly from human activities; altered precipitation patterns and rainfall; and more frequent or extreme events such as heatwaves, drought and storms – could adversely impact economic activity and stability of the financial system. Climate change and extreme events result in increasing the risk of business operation disruptions, natural resource and commodity scarcity and physical and financial damage. The Bank has committed to take part in reducing such negative impacts. As a financial institution, the Bank has pledged to take part in driving Thailand toward a low-carbon economy by lending to businesses and projects that help reduce greenhouse gas emissions, such as solar power projects, wind power projects and mass rapid transit projects. In addition, the Bank focuses effort on building a culture of eco-efficiency and fostering environmental awareness among employees to ensure that business is conducted on the basis of environmental protection and conservation.

- **Cybersecurity Risk**

Increasing reliance on advanced technology in the banking industry causes cybersecurity risks to evolve over time and become increasingly sophisticated. This cybersecurity risk could result in shutdown of essential services and critical infrastructure, security breaches and identity theft. A cyberattack could lead to a loss of customer confidence and potentially have a contagion effect in the economy. To achieve a secure digital platform, the Bank has invested in IT infrastructure and

continually strengthened risk management and the three lines of defense framework. In addition, the Bank uplifts employee capabilities, and risk culture is deeply rooted at the corporate level.

- **Artificial Intelligence and Big Data Risk**

The use of artificial intelligence (AI) has transformed the financial industry. AI technologies enable the Bank to deliver more efficient operations, improved products and services and a better customer experience. The complex nature of AI solutions may, however, increase certain types of risks to the Bank, such as those related to data privacy, misuse of data, model risk and reputational risk. The Bank has acknowledged and prepared for the challenges regarding innovation and development in the digital transformation age. The Bank is strengthening its data architecture and infrastructure to ensure security of personally identifiable information (PII) and improving governance and control on the right to access, use and transfer personal data to comply with the new Thai Personal Data Protection Act, which will become effective in mid-2020. In addition, the Bank continues to enhance risk management frameworks such as model risk management framework, information security, data privacy and data protection, and deploy more talents to ensure that the AI and Big Data are used in a meaningful and transparent manner.

- **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.

In September 2017, SCB was designated as one of the Domestic Systemically Important Banks (D-SIBs) by the BOT, which resulted in a requirement to maintain an additional minimum common equity Tier 1 capital as a capital buffer (so-called Higher Loss Absorbency) of 0.5% in 2019, increasing to 1.0% in 2020. This D-SIB buffer is added on top of the capital conservation buffer of 2.50% in 2019.

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%

Moreover, a countercyclical capital buffer (CCyB) of no more than 2.5% is currently being deliberated by the Bank of Thailand, although this additional capital buffer is anticipated to be 0%, given no evidence of excessive credit growth in Thailand. The CCyB will be part of the BOT's macroprudential instruments used to enhance the resilience of the banking sector during periods of stress when losses appear. It is designed to counter pro-cyclicality in the financial system by increasing capital buffer requirements when cyclical systemic risk is judged to be rising. This will help maintain the supply of credit, reduce the downswing of the financial cycle and dampen 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.

The Bank and its Financial Group adopted the Basel III guidelines in January 1, 2013, and they remain in place. 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 the heading "Pillar III Disclosure."

At the end of December 2019, under the Basel III framework, the Bank had total capital of Baht 340 billion (16.5% of risk-weighted assets), of which Baht 317 billion was classified as CET1/Tier 1 capital (15.4% of risk-weighted assets) and Baht 22 billion (1.1% of risk-weighted assets) was classified as Tier 2 capital. For SCB Financial Group, the total capital stood at Baht 375 billion (18.1% of risk-weighted assets), of which Baht 353 billion was classified as CET1/Tier 1 capital (17.0% of risk-weighted assets), and Baht 23 billion (1.1% of risk-weighted assets) was classified as Tier 2 capital.

During the year, the Bank's CET1/Tier 1 capital increased significantly, mainly a result of capital released from the divestment of SCB Life Assurance PCL, as well as the appropriation of net profit. On the other hand, Tier 2 capital declined due to the early redemption of Tier 2 subordinated debentures of Baht 20 billion in September 2019.

Note that if the Bank's 2H19 net profit were to be included in the capital adequacy calculation, CET1/Tier 1 capital would be 18.2% on a bank-only basis and 18.1% 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 at a rate of not less than 30% of its consolidated annual net profit. This is a new dividend policy per the resolution of the Board of Directors' meeting on January 17, 2020. 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 is the only factor under the Bank's control. 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 of 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.

Report of the Risk Oversight Committee

1. Introduction

The Risk Oversight Committee is a sub-board committee appointed by the Board of Directors to oversee risk management. In 2019, there was a change in the committee composition whereby the number of committee members was increased from five to six members, with half consisting of independent directors. The three independent directors were initially Mr. Krirk Vanikkul, Mr. Chaovalit Ekabut, and Mr. Boontuck Wungcharoen. Dr. Pasu Decharin was later appointed to replace Mr. Wungcharoen, who resigned his directorship. The executive members were Mr. Arthid Nanthawithaya, (CEO and Chairman of Executive Committee), Ms. Apiphan Charoenanusorn (President), and Mr. Sarut Ruttanaporn (President), with Mr. Krirk Vanikkul, an independent director, serving as chairman.

2. Duties

The Risk Oversight Committee has the following duties:

- 2.1 Oversee the risk management system, including issues raised by the Risk Management Committee (RMC) for consideration; make recommendations; and propose matters to the Board of Directors.
- 2.2 Ensure that the Bank has an appropriate conceptual framework for risk identification, measurement, control and mitigation, as well as monitoring, to manage different types of risk. The framework shall be concise, easy to understand and have clear accountability.
- 2.3 Promote a risk culture throughout the organization to be at an adequate level without sacrificing operational efficiency.

3. Performance

(March 1, 2019 – December 31, 2019)

The Risk Oversight Committee held 15 meetings. In addition to considering issues proposed by the Risk Management Committee, the Risk Oversight Committee continued to work on the following tasks initiated in 2018:

3.1 Risk Dashboard

In 2018, the Risk Oversight Committee created a framework to assess four types of risk, namely credit risk, liquidity risk, market risk and operational risk. The resulting “Risk Matrix” tool, approved by the Board in 2019, has given the Board a clear overview of the Bank’s overall risk status, which includes identifying sources of risk (identification), how the risk should be measured (measurement), what techniques to use for control and mitigation (control & mitigation), and how to keep track of any type of risk (monitoring). For each type of risk, there is a dashboard that shows details on whether risk indicators are within the Bank’s risk appetite statement and risk tolerance limits. This tool enables the Board to ask precise risk due diligence questions during any part of the accounting cycle in any year for any type of risk. For strategic risk — which is a fifth category of material risk — management has proposed and received board approval to hold two additional meetings devoted to this particular risk, which the Risk Oversight Committee judged to be adequate given the current circumstances.

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

In 2019, the Bank’s management made changes to its non-retail credit process after proposing the issues to be addressed in 2018. The goal is to increase credit-underwriting effectiveness from the perspectives of both the process and the people, by focusing on accountability and having credit officers serve as first-line approvers. In addition to credit quality consideration, the process redesign was founded on the principles of risk culture, customer centricity, innovation, speed and efficiency. Moreover, the redesign effort has been extended to the post-approval process to integrate the entire credit process into a straight-through process for enhanced efficiency in credit monitoring.

In addition to undertaking this process redesign, the Risk Oversight Committee revised the underwriting framework for corporate and collateralized loans as well as improved the NPL resolution process. The Special Business Function has been assigned to address problem loans in both the “preventive” and NPL categories and to review relevant policies to increase the effectiveness of NPL resolution.

3.3 Provisioning

During any period in which the economy faces negative external risk factors that affect customers’ repayment ability, the Risk Oversight Committee has a key duty to ensure the Bank’s safety and soundness while striking a balance with sustaining shareholders’ returns. The Committee has reviewed a framework for setting provisions to absorb potential future losses in the event of an economic downturn. Based on the same principle for calculating expected credit losses under IFRS 9, the provisioning framework requires a forward-looking impact assessment of the portfolio. The Committee has also reviewed and approved various policies related to TFRS 9 accounting standards, which took effect on January 1, 2020, to ensure compliance with the new classification and provisioning standards.

3.4 Other Material Risks

Aside from reviewing processes related to credit risk, which is the Bank’s most material risk, the Risk Oversight Committee also places high emphasis on liquidity risk. The Committee uses the results from severe stress tests performed under a stricter set of assumptions than the Basel standards to set relevant risk indicators and ensure that the Bank can withstand any potential liquidity shortfall.

On the operational risk side, which is deemed material and consequential, the Committee has

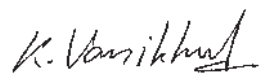
paid close attention to risk monitoring and mitigation, particularly identifying root causes of various incidents so as to prevent problems from reoccurring. The Bank’s aspiration to become a digital bank has made technology risk a primary concern. The Risk Oversight Committee holds joint meetings with the Technology Committee to share and discuss various issues as well as work together to create a dashboard for risk monitoring, which enhances the effectiveness of the “Three Lines of Defense” implementation.

3.5 Risk Culture

Because building a risk culture is of paramount importance, the Risk Oversight Committee has started revamping the credit process to lay down a risk culture foundation at the individual level. The Committee has also assigned the risk management units to consistently raise risk awareness by collecting data on seven types of operational risk, based on incidents reported by employees. In 2019, the tasks of building risk culture primarily revolved around the “Tone from the Top” theme. The Bank’s Operational Risk Management Function received the “Leading the Way in Risk Culture Award” at the RiskMinds International 2019 event that took place in Amsterdam, Netherlands, in December. The award recognized the accomplishments of a team that has inspired risk management change throughout the organization and has driven excellence, leadership and firm-wide risk management innovation.

4. Roadmap for 2020

As an implementation framework, the Committee will focus on strengthening the risk management process of the Bank and its subsidiaries to create long-term benefits for shareholders, customers and depositors.



(Mr. Krirk Vanikkul)

Chairman of the Risk Oversight Committee



Corporate Social Responsibility

SCB Sustainability Report

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Report of the Corporate
Social Responsibility Committee

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SCB Sustainability Report






The Bank integrates sustainability thinking into its business strategy to achieve a balance in three dimensions: organizational growth, environmental responsibility and social development. SCB's sustainability framework rests not only on the context of organizational sustainability, but also considers issues relevant to the banking and financial services industry as well as emerging global trends.

SCB's journey to sustainability is driven by commitments to create economic and social stability while conserving the environment by offering financial solutions that address customer needs in an ever-changing context; improve financial inclusion and financial literacy; as well as create shared value and trust for all groups of stakeholders. This will help SCB achieve its vision of becoming **"the Most Admired Bank."** The Bank's sustainability performance has been

communicated through the annual publication of a sustainability report since 2013.

The 2019 Sustainability Report has been prepared in accordance with the GRI Sustainability Reporting Standards (GRI Standards): Core option and in alignment with the Financial Services Sector Supplement. The contents and boundary of the report are based on SCB's assessment of its material sustainability topic areas with economic, social and environmental impacts from the perspectives of both internal and external stakeholders as identified and prioritized. In addition, the Bank discloses its contributions to the United Nations Sustainable Development Goals (SDGs) in the report. The Bank has also commissioned Deloitte Touche Tohmatsu Jaiyos Audit Company Limited, an accredited independent assurer, to perform limited assurance on selected topics. SCB's sustainability performance in 2019 is as follows:

Highlights of Sustainability Performance in 2019

To be the most... SUSTAINABLE RETURN Company	To be the most... PREFERRED Partner	To be the most... CARING Employer	To be the most... RESPONSIBLE Corporate Citizen	To be the most... PRUDENT Bank
 <p>Shareholders</p> <ul style="list-style-type: none"> Operating income: Baht 166.1 billion Net profit: Baht 40,436 million Return on equity: 10.4% Return on assets: 1.3% 	 <p>Customers</p> <ul style="list-style-type: none"> Number of SCB EASY users increased to 10.5 million 16.4 retail customers 	 <p>Employees</p> <ul style="list-style-type: none"> Organizational Health Index (OHI) at 83% Employee training averaged 68 hours/employee compared to the target of 40 hours/employee Human Capital Return on Investment: 3.87 	 <p>Society and Environment</p> <ul style="list-style-type: none"> Total energy consumption: 45,025 megawatt-hours, 10% reduction from 2018 Scope 1 and Scope 2 greenhouse gas emissions: 12 and 17,767 million tonnes of carbon dioxide equivalent respectively, representing 43% and 13% reduction from 2018 Total tap water purchased 0.35 million m³ or equals to 17% reduction from 2018 Employee volunteer hours equal to 37,229 hours 	 <p>Regulators</p> <ul style="list-style-type: none"> Maintain a "5 Star Excellent" rating in the Corporate Governance Assessment of Thai Listed Companies by the Thai Institute of Directors

For more information about SCB's sustainability performance, please refer to the SCB Sustainability Report 2019.

Report of the Corporate Social Responsibility Committee

Siam Commercial Bank is committed to providing a full spectrum of financial solutions, and we strive for excellence in developing and improving our products and services to serve customer requirements. These efforts are based on our firm belief that sustainable business growth requires not only strong financial performance for shareholders but also taking responsibility for creating value for society at large. This shared value will enhance the Bank's status and help ensure its stable growth, in line with SCB's vision of becoming Thailand's **"Most Admired Bank."** To support SCB's core strategic emphasis on driving social responsibility alongside service excellence, the Bank has laid out three major corporate social responsibility goals:

the Bank has laid out three major corporate social responsibility goals:

- 1** Youth development and learning enhancement
- 2** Quality of life and community development
- 3** Conservation of culture and the environment

The Bank also works closely with the Siam Commercial Foundation in initiating, managing and supporting projects beneficial to society to ensure that these activities run smoothly and to help broaden their long-term impacts. These efforts will support sustainable growth for the Bank.

In 2019, Siam Commercial Bank again earned its place in the globally respected (Dow Jones Sustainability Indices)



In 2019, Siam Commercial Bank earned its place in the globally respected Dow Jones Sustainability Indices, both in the World Index and Emerging Markets Group, for the second consecutive year. This honor affirms the Bank's success in building sustainable development. The Bank also ranked among the Top Ten Sustainability Leaders in the banking segment, among a total of 175 financial institutions entered for assessment. This remarkable success was a result of the joint efforts of all of SCB's units to achieve sustainability in tandem with business growth.

In 2019, the Bank continued to adhere to the principle of building strong foundations favorable for a better quality of life for every member of society. The Bank engaged in corporate social responsibility activities, both directly and in close collaboration with the Siam Commercial Foundation, to drive projects involving youth and learning development, form collaborative networks and ready youngsters for knowledge and skills critical for being citizens in the 21st century. The Bank worked with select partners that have demonstrated clear working processes, and also joined forces with allies in both the public and private sectors to supporting the self-reliance and sustainable growth of communities. These charitable activities are moreover encouraging staff to take part in volunteer activities to help our society.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee is responsible for determining the direction, and overseeing the establishment, of a CSR framework to benefit the economy, society and environment. The framework has prioritized laying foundations, ensuring continuity, expanding networks and strengthening impacts in three major areas comprising: 1) Youth Development and Learning Enhancement; 2) Quality of Life and Community Development; and 3) Conservation of Culture and the Environment. The Bank has worked to continuously instill a volunteer spirit among our staff by encouraging them to adopt a public service mindset and become more socially responsible. SCB staff take part in social activities that provide them with first-hand experience.

Members of the CSR Committee are appointed by the Chairman of the Board of Directors, comprising no less than three members whose terms are equal to their tenure on the Board. As of December 31, 2019, the CSR Committee comprised four members, of which three members were non-executive directors, and one executive director, namely Dr. Vichit Suraphongchai (Chairman of CSR Committee), Pol. Col. Thuminthi Wanichthanom (Director), Mr. Prapas Kong-led (Director), and Mrs. Apiphan Charoenanusorn (President). Outstanding achievements of the CSR Committee in 2019 are hereby listed in this Annual Report.

Activities to Strengthen Our Society

1 Youth Development and Education

One major focus of SCB's efforts for society is youth development. The Bank believes that youngsters are of greatest importance in development of the nation. SCB prioritizes promoting the capabilities of young people to ready them for the changes coming in the 21st century by equipping them with three

core values: critical thinking, communication and collaboration. These skills will empower youngsters to deal with change. By developing both academic knowledge and integrity, young people will help develop society and communities and bring the nation long-term prosperity.

1.1 CONNEXT ED Education Reform, Phase 2 (2018–2022)

Education has long been emphasized by SCB as an important foundation for sustainable social development. In 2016, SCB participated as one of 12 private firms under the Leadership Program for Sustainable Education, working closely with the government and civil society sectors to transform schooling. Under its strategic framework, the initiative aims to improve the nation's core education system, reduce discrimination and develop leadership. Now in its second stage, the project has been working with 65 schools. The Bank applied lessons learned from successful cases it worked on with experts and schools in the previous phase to maximize outcomes at schools under SCB's supervision in an education reform "sandbox" covering the provinces of Sisaket, Rayong and Satun. The project calls for collaboration between local education supervisors and communities in those three provinces working to leverage education system changes through improvements in curriculum and staff training. Working goals were clearly determined to promote and support teachers in changing from a traditional passive learning approach to an active one, encouraging learners to engage in research to keep abreast of emerging technology and to demonstrate favorable behaviors.

Sixty-five schools have adapted seven learning approach modules, comprising:

- A whole school approach, adapted from Lumplaimat School in Buriram Province
- A brain-based learning approach, by Ajarn Pornpilai Lertwicha, Senior Research Scholar
- Montessori approach, of the Association Montessori Internationale (AMI), by Dr. Kannikar Butt

- Lesson study & open approach, by Dr. Maitree Inprasitha
- Research-based learning, by Assoc. Prof. Dr. Suteera Prasertsan
- Holistic education, adapted from Roong Aroon School and Arsom Silp Institute of the Arts
- Research-based learning in community projects, adapted from Satun Kindergarten School, Satun Province

This project has seen active participation by 38 volunteer staff members serving as school partners and working with school directors and teachers at 65 schools, to learn and analyze deep-rooted problems in order to formulate practical action plans. SCB's management and education specialists were also involved in offering strategic advice, recommending action plans and monitoring outcomes to align with plans.

While engaging in the project during 2018–2019, the Bank discovered the benefits of working closely with school directors and teachers to optimize opportunities to promote the new learning concepts. SCB also had opportunities to develop online learning platforms to create a network of teachers participating in the project at the schools. In addition, SCB closely followed up and supported development plans for schools having strong potential in terms of academic achievement. These plans included promoting learning spaces and the development and usage of electronic media for learning and teaching. Schools demonstrating strong potential will be promoted as models for other schools in the same areas to maximize the effectiveness of this learning reform at four other schools.

From outcomes observed during CONNEXT ED Phase 1, SCB has discovered opportunities to disseminate better understanding of educational innovation to benefit society at large. It has therefore incorporated effective learning approaches into an online system offering self-learning access for teachers nationwide so that teachers are able to become more involved in active learning styles that are not just limited

to classrooms. Teachers can design and arrange learning processes focusing on learners, which will allow them to engage in research, problem analysis and solutions. At the initial stage, the online learning system has adopted the systemic innovations of the Lumplaimat School.

1.2 Vidyasirimedthi Institute of Science and Technology (VISTEC)

SCB actively takes part in promoting and supporting the country's development at all levels, from building a strong foundation through to reaching the advanced level. It has helped sponsor establishment of the VISTEC School of Information Science and Technology, one of the five schools of the Vidyasirimedthi Institute of Science and Technology (VISTEC), founded by the PTT Group. This support began with the idea that Thailand should have a world-class higher education institution focusing on science and technology. This institution will help create knowledge excellence and support front-line researchers to prepare Thailand for global competition. The school will help offer educational opportunities for the cream of the crop and build connections between education institutions and the business sector to alleviate burden on the government sector. Therefore, SCB agreed to support and sign a memorandum of understanding with the Power of Innovation for the project to establish VISTEC's School of Information Science and Technology with a budget of Baht 450 million. This project aims to create quality personnel in the area of information science, and to develop new concepts, knowledge and innovations leading to economic progress and the sustainable development of the nation.

In 2019 the Bank collaborated with Siriraj Hospital's Faculty of Medicine to study patients with Alzheimer's disease in order to use artificial intelligence (AI) to build instruments allowing faster, more accurate diagnosis. This should help lower medical costs, providing patients with better access to medical treatment. At present, the project is in the process of collecting patient data.

In addition, the Bank collaborated with the Digital Economy Promotion Agency (DEPA) to build a Thai Natural Language Processing (Thai NLP) Database enabling computers to better understand the Thai language. At present, the project is working on building a database for machine translation and speech emotional recognition.

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

U.REKA is a university-industry collaboration program designed to support deep technology researchers

seeking to create innovations. SCB supports the project financially in the hope of inspiring university students to learn about and develop deep technology. The goal of the U.REKA project is for SCB to help foster a local, sustainable innovation ecology that will enhance Thailand's digital competitiveness. It also aims to introduce novel and significant deep technology having potential to be published as research or academic articles and/or to be patented, to demonstrate theoretical and managerial contributions that can be developed into marketable products or services in the future. The project also helps promote entrepreneurship that enables participants to build their own start-ups.

In 2019, SCB provided sponsorship for research projects at the following universities:

Universities	Projects	Research allowances 2019 (Baht)
King Mongkut's Institute of Technology Ladkrabang	Development of a rice quality assessment tool that uses AI	1,678,000
Thammasat University	Development of a 3D human and computer interaction system	2,019,000
Mahidol University	Development of a chatbot for mental health support.	2,518,000
King Mongkut's University of Technology Thonburi	An initiative to promote and ready Thais for quantum technology.	814,000
Khon Kaen University	Development of scannable video technology through mobile phone cameras	1,291,000

1.4 Youth Development in Science and Technology

SCB collaborates with the National Science and Technology Development Agency in helping the young generation to excel in science and technology by supporting three projects, as follows:

- Junior Science Talent Program (JSTP): This five-year program offers an Enrichment Program, which provides opportunities for 200 secondary school students that show strong potential. In addition, a separate five-year Scholarship Program will offer five scholarships per year to students demonstrating strong potential.

- Young Scientist Competition (YSC): SCB supports secondary school students competing to win awards at the Young Scientist Competition Program to further demonstrate their potential and to provide real-life experience in the global arena. This support will enable young people to create a network of young scientists and offers opportunities for them to study at world-class universities. Recognizing these benefits, SCB provides financial support to seven teams of 21 members each, for a period of five years from 2019.

1.5 SCB Challenge

SCB is proud to have supported and promoted children and youth through the SCB Challenge Program for 14 consecutive years. This competition program emphasizes activities that will allow young people at all academic levels to demonstrate their knowledge, skills, creativity and team-work ability. Students at the secondary school and undergraduate levels are given opportunities to initiate projects beneficial to communities and society at large. Since its inception, 61,850 students from 3,200 education institutions at the primary, secondary and undergraduate levels have taken part in this program.

For 2019, SCB focused on equipping young people with three important skills critical for the 21st century in an effort to ready Thai children for the era of innovation: critical thinking, communication and collaboration. The Bank joined forces with Chulalongkorn University's Faculty of Education to hold workshops to help young people boost those skills and to apply what they have learned to the competition. For students at the secondary school level, SCB collaborated with the Vidyasirimedhi Institute of Science and Technology (VISTEC) to organize a pre-competition activity to let students enhance the three skills and propose solutions for community problems applying technologies related to the

internet of things, healthcare and circular economy. Activities were closely observed in order to improve future efforts.

1.6 New Seed Project

The New Seed Project is an extension of the Youth Development in Science effort sponsored by SCB and the Siam Commercial Foundation, and operated by the National Electronics and Computer Technology Center (NECTEC).

The project aims to provide incubation support programs for young scientists to assist them in creating new technology that benefits society and can be used in everyday life. The program targets secondary and undergraduate level students competing in IT expos nationwide. The project has been continued for seven years during 2012–2019.

Project achievements for 2019 include:

- 1) Science and technology incubator: SCB has joined forces with NECTEC to recruit experts from a wide variety of disciplines to offer advice useful for product designs that will respond to the requirements of consumers. These 29 experts chosen from the government sector, universities and private companies will provide relevant technological and business coaching and advice for young people to help them incubate their science and technology work and bring it into actual usage. The approach will help pave the way for them to become inventors or entrepreneurs in the future.
- 2) Supporting the modification of 14 innovations divided into five categories, comprising 3 projects for agriculture, 3 projects for business and professional support, 4 projects for education and learning, 1 project for services, and 3 projects for entertainment. Among these 14 projects, 12 will be modified to serve as prototypes for real-life usage.

- 3) The development of 65 youngsters to become innovators with analytical skills in user experience, 3Cs (critical thinking, collaboration and communication), management and responsibility.
- 4) A network of 56 young IT people that will serve as volunteer mentors to provide advice to the new participants.

1.7 Provincial NGOs for Youth Development

The Provincial NGOs for Youth Development project allows youngsters to enhance capabilities critical for the 21st century through non-classroom activities, real actions and community problem-solving. The Siam Commercial Foundation provides support to NGOs in nine provinces to manage learning, focusing on three areas:

- 1) Developing skills critical for the 21st century, comprising critical thinking, communication and collaboration.
- 2) Letting young people identify the outstanding characteristics of their communities, which will be adopted as the basis for economic and social development and problem-solving.
- 3) Letting young people engage with their communities to instill responsibility and a spirit of volunteerism.

Some of the outstanding achievements of these projects were as follows:

1. **Youth development:** Some 1,681 youngsters joining the project showed improvement in skills critical for the 21st century (critical thinking, communication and collaboration) and other skills, such as project management, emotional intelligence, responsibility and problem solving. However, these young people will need improvement in their analytical skills. Parents and relevant parties assessing the young people participating in the project have found that they have changed in a positive way, such as recovering from drug addiction, reducing mobile

phone usage, building leadership ability, increasing engagement in activities, developing esprit de corps, becoming more responsible, becoming better team players, and becoming less aggressive.

2. **Successful projects carried out by young people:** Young people were allowed to carry out 306 community development projects that helped solve community problems related to natural resources and environment, local culture and wisdom, education, occupations, health care and community development. These projects have continued until present.
3. **Knowledge and communication:** The Siam Commercial Foundation has documented lessons learned from these youth development projects for publication on its website and through social media. The lessons can offer useful experiences and views on the approaches for instilling critical skills for the 21st century adopted by mentors. This type of information is useful for other youth development networks, such as networks of scholars, academia, artists, politicians, educational institutions, parents, etc.

1.8 Youth Development in Local Communities

In Phase 3 of its Youth Development Projects in Local Communities (4 Regions), the Siam Commercial Foundation worked with SCB in collaboration with Thailand Science Research and Innovation (TSRI) to support research projects in five municipal sub-district offices in Surin Province, comprising the Mueang Kae, Kantuatramuan, Salak Dai, Nong E Yor and Nong Sanit Subdistricts. The project examined the formats, systems and mechanisms applied to child and youth development. These projects have been supported by 68 mentors working as researchers to promote learning among 300 young people through 22 community projects. These efforts will help to synthesize knowledge and identify successful cases to improve child and youth development. The outcomes of the projects will be used to determine local education management for equitable education, and target children and youths aged 2–21 years

that have been excluded from the formal education system in Surin Province. The project has been expanded to cover 25 other local administrative offices in Surin Province, with expanded collaboration by the Equitable Education Fund, Surin Education Assembly, Area Education Management Committee of Surin Province, and Surin Provincial Administrative Organization to strengthen capabilities for 81 local staff members for mentoring roles and to coach youngsters on community projects. These efforts will help improve and develop mechanisms applied to child and youth development at the subdistrict, district and provincial levels. It will encourage participation by all relevant segments, allowing them to take advantage of information for planning problem solving approaches, reducing gaps, alleviating poverty, and assisting children and youths excluded from the formal education system. Children are, therefore, offered opportunities to create plans for their lives, recognize challenges, dare to think, make decisions, and take real action for self-learning. These efforts will furnish them with the life and occupation skills necessary for happy lives and positive behavioral changes.

The results of a survey of the 25 target local administrative organizations in 2019 found that among 400 children and youths leaving schools before completion, 99 of them were willing to continue their education, and 301 of them required vocational development. The project is in the process of holding child and youth development camps in 2020 using a budget from the Equitable Education Fund and the Surin Provincial Administrative Organization.

2 Quality of Life and the Environment

SCB firmly believes that improvement in quality of life and the environment will offer a stable foundation for the advancement of our society. The Bank has therefore prioritized developing quality of life for people in communities and conserving the environment. SCB has supported external agencies in organizing campaigns to build awareness, disseminated knowledge or supported staff members in initiating and participating in volunteer projects. With a firm commitment to consuming natural resources for optimal benefit with the least impact on the environment, the Bank has launched campaigns encouraging its staff to save energy, reduce plastic usage and preserve the environment.



2.1 Say No to Plastic

Realizing the importance of caring for the environment, SCB holds campaigns to raise awareness among staff of everyday efforts by changing behaviors in order to reduce, refrain from, or stop consuming plastic bottled water and to use personal bottles. Having carried out the project for two years, the Bank was able to reduce plastic bottle usage from 18,000 bottles per month to just 2,400, or by 86 percent. This success can be adopted into practice

Blood Donation Campaign with the Thai Red Cross Society

During past 23 years collected



500 million cc



Helping save

3.8 million patients

In 2019, SCB collected



63.8 million cc

Helping save



478,500 patients

From



159,500 donors

by its branch network and business partners. The project has been expanded to cover reduction in plastic bag usage as the Bank firmly believes that changing behavior to discourage using plastic bottles and bags will help solve environmental problems in a sustainable manner.

2.2 Blood Donation Campaign with the Thai Red Cross Society

SCB has presented more than 500 million cc of blood to the Thai Red Cross Society as part of its ongoing efforts to support the Society's blood donation campaigns, which have continued for 23 years in a row and saved 3.8 million patients. Taking advantage of its close relationship with the government and private sectors, the Bank has been successful in collecting and delivering to the Red Cross the largest amount of blood of any financial institution, helping save many lives. In 2019, SCB presented 63.8 million cc of blood to the Thai Red Cross Society from 159,500 donors, helping save the lives of 478,500 patients. SCB organized blood donation campaigns with the National Blood Center

through ten mobile blood donation vehicles presented by the Bank to the Thai Red Cross Society; through activities on World Blood Donor Day; and through other activities in 16 provinces. The Bank also raised awareness to create the correct perceptions and motivate its staff and members of the public to join in donating blood.

2.3 Disaster Relief Effort and Northeastern Region Support Project

SCB takes immediate action whenever there is any national disaster in Thailand, supporting people that suffer from calamities. Being a large firm with a full commitment to corporate social responsibility, SCB always sends support to disaster victims, allowing them to quickly resume normal life. In August 2019, the Podul and Kajiki tropical storms swept across Thailand causing torrential flooding and landslides in 32 provinces and affecting many people. In response, SCB and the Siam Commercial Foundation supported the following disaster relief efforts:

1. **Survival Packages:** Goods necessary for daily life were provided to affected families to help alleviate suffering and support morale. SCB joined forces with a network of agencies at both the national and local levels to offer emergency support. Through this effort, 500 survival bags were presented to the Khon Kaen Governor; 300 bags to members of the Senate for delivery to disaster victims in Roi Et; and another 100 bags to the Selaphum Rescue Team for disaster victims in Roi Et. SCB executives and SCB's team of volunteers under the Royal Volunteer Spirit Program (904 VorPorRor) also packed another 2,000 survival bags, of which 1,000 bags were delivered to the Royal Thai Air Force for those affected in Phitsanulok Province and Ubon Ratchathani Province; 500 bags to the Ministry of Industry; and another 500 bags to other agencies. In addition, SCB's team of volunteers under the Royal Volunteer Spirit Program (904 VorPorRor) joined forces with the Princess Pa Foundation to pack 11,500 survival packages at the 11th Infantry Regiment in Bangkhen District, Bangkok for disaster victims in Thailand's Northeastern region.
2. **Northeastern Region Support Project:** SCB undertook the following relief efforts to support affected people:
 - 1) **Home Rehabilitation Program:** Assistance was provided to those in special need, such as the elderly, disabled and underprivileged people, by working with the Social Development and Human Security Office in Ubon Ratchathani Province and Yasothon Province to repair 138 homes.
 - 2) **Book Donation to School Libraries:** After many schools in the area were damaged by floods, SCB presented books to 312 schools in Ubon Ratchathani Province and Roi Et Province to help rehabilitate their libraries.
 - 3) **Providing Rice Seeds:** SCB provided 1,760 sacks of RD61 paddy rice seed for 370 farmers

in Selaphum District of Roi Et Province for consumption and use for off-season paddy field planting and future crops. Communities in the areas have also set up seed banks to ensure that farmers will have seed reserves available year-round.

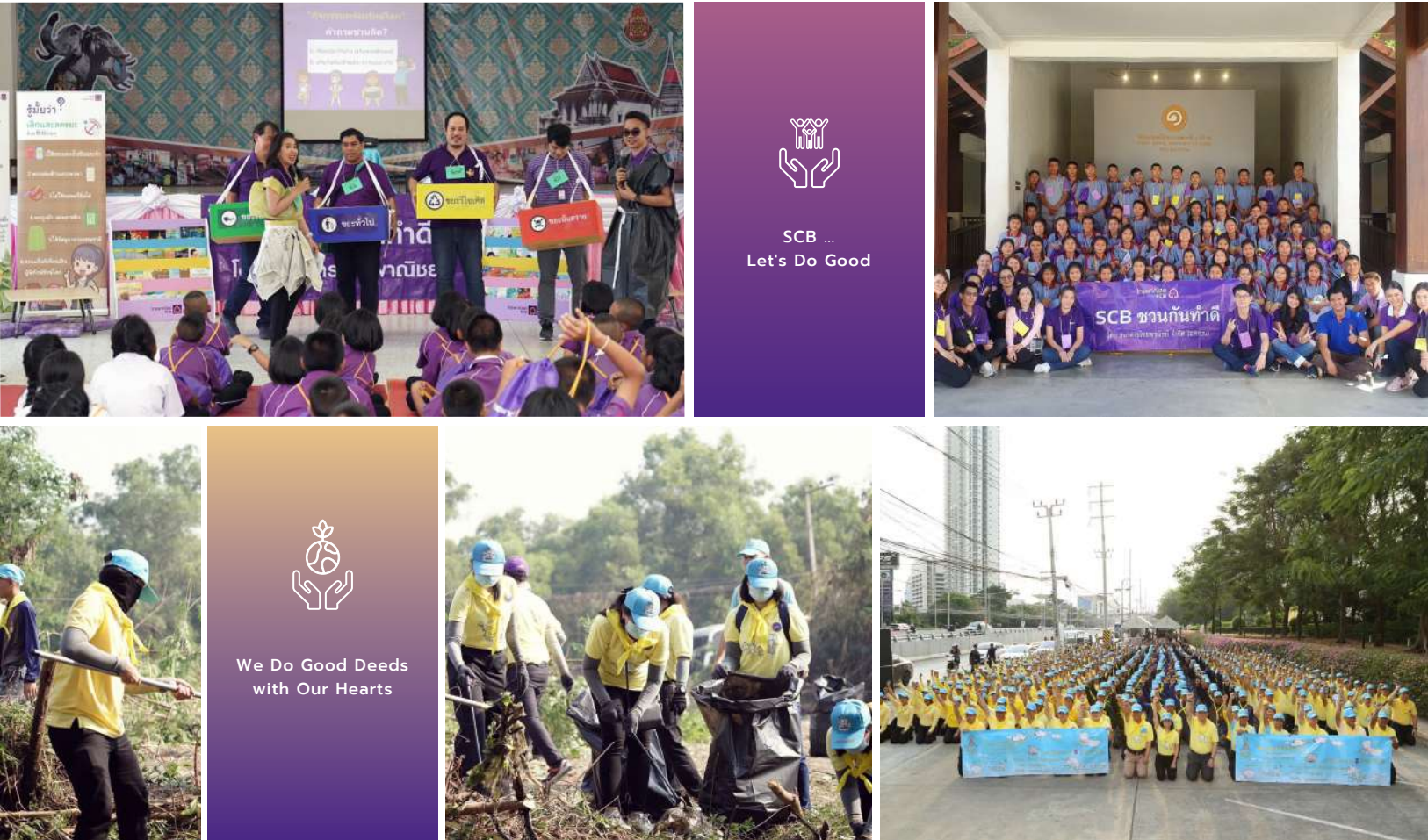
3 Cultivating Volunteerism

With a strong commitment to supporting charitable activities for good causes, SCB encourages its staff to develop awareness of mutual support and social responsibility by allowing them to initiate CSR activities and gain direct experience in these efforts. In 2019, 45 projects were initiated in 25 provinces, with 7,310 staff members taking part.

3.1 904 VorPorRor Royal Volunteer Spirit Program

SCB recognized the great kindness shown in Royal initiation of the Royal Volunteer Spirit Scheme (904 VorPorRor): We Do Good Deeds with Our Hearts, in the hope of encouraging Thais from every walk of life to unite, collaborate and take part in public services benefiting society, so as to develop a better life for Thai people and continue the legacy of the program. Some 2,425 SCB executives and staff participated in three categories of volunteer activities, comprising volunteering for development, volunteering for natural disasters, and volunteering for ad hoc projects, in alignment with His Majesty the King's guidance.

In 2019, SCB, in collaboration with the government sector – comprising district offices, the Royal Thai Air Force, the Royal Thai Navy and the Royal Thai Army – engaged in 15 volunteer projects by performing public services, removing weeds and picking up garbage in communities in Bangkok's Don Muang and Chatuchak districts. Volunteers also joined hands in making landscape improvements in four provinces, namely Bangkok, Nonthaburi, Pathumthani and Saraburi, and took part in an urgent project to help pack survival bags for disaster victims.



3.2 SCB...Let's Do Good

The SCB...Let's Do Good project is a key project that seeks to promote trends, values and a culture of caring for one another, as well as sharing, social responsibility and a volunteer spirit in the mindset of SCB staff. The effort serves to extend SCB's firm commitment to doing good deeds for society and communities. Staff are encouraged to dedicate their personal time to take part in volunteer activities based on community requirements. In 2019, more than 7,310 staff members from both regional offices and the head office took part in 45 CSR projects, such as:

- Promoting financial literacy among children.
- School projects involving landscape improvement.
- The renovation of classrooms, libraries and playgrounds to increase safety.

- Tree planting activities.
- The Say No to Plastic project encouraging staff to reduce plastic usage, to protect the environment.
- Beach cleaning by staff from branches in seaside areas to help raise awareness of the environment and improve the landscape.
- Volunteering for public and community services, such as cleaning public areas and religious premises.
- Cremation ceremonies for those donating their bodies for science education.
- And many more activities.

(Dr. Vichit Suraphongchai)

Chairman of the Corporate Social Responsibility Committee



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Corporate Governance Report for 2019

The Board of Directors of the Siam Commercial Bank PCL (“the Bank” or “SCB”) recognizes the importance of corporate governance (CG) and is determined to ensure that SCB’s business governance is efficient, transparent, and fair to all stakeholders in order to bolster the trust of all stakeholders — shareholders, customers, employees, business partners, debtors, 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 2019 for its corporate governance and sustainability excellence are:

- The Bank was listed on the World Index and the Emerging Markets Index of the Dow Jones Sustainability Indices 2019, ranked 8th globally in the banking sector.

- The Bank achieved the top level “Excellent” rating in the 2019 CG assessment of Thai Listed Companies by the Thai Institute of Directors Association (IOD), marking its 15th consecutive year for this recognition since 2005.

- The Bank was rated as “Outstanding” (score range of 98-100) in the Thai Investors Association’s assessment of shareholder meetings, continuing its achievement record since 2009.

Additionally, the Board decided that the corporate governance principles applicable to financial institutions as stipulated by the Bank of Thailand 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 that the Bank’s Corporate Governance Policy should be reviewed at least annually to ensure alignment with the CG Code.

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 selected as a member of the Dow Jones Sustainability Indices 2019



for the World Index and the Emerging Markets Index

ranking
8th
in the banking sector

The Bank achieved the top level



★
“Excellent”
rating in the 2019
CG assessment by the
Thai Institute of Directors
Association (IOD)

15th
consecutive
year
for this recognition
since 2005

The Bank was rated as “Outstanding”



98-100 score

in the Thai Investors Association’s assessment of shareholder meetings, continuing SCB’s achievement record since 2009

1

The vision, core values, and codes of conduct applicable to the Bank, its directors, executives and employees of the Bank:

- Vision: To be “The Most Admired Bank.” 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 and Environment: The Most RESPONSIBLE Corporate Citizen
- o Regulators: The Most PRUDENT Bank

- Core values: The Bank’s core values are known as CRIS, which stands for Customer centricity, Risk culture, Innovation and Speed.

The Board has regularly reviewed the Code of Business Conduct, the Code of Conduct for Directors, Executives and Employees, and the Supplier Code of Conduct.

2

Corporate governance structure of the Bank: The policy clearly enumerates authority, roles and responsibilities of the Board; meetings of the Board; composition of the Board committees tenure of directors; nomination and election of directors; onboarding programs for new directors; development programs for directors; holding of positions in other companies/entities by the directors and senior executives; composition, roles and duties of Board committees; separation of positions between the Chairman of the Board and the 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 for key positions; 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 implements internal controls such as prevention against the use of inside information by directors and employees, connected transactions and conflicts of interest as well as conflict-of-interest reporting of directors and persons with management authority, and the Anti-Corruption and Bribery Policy.

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.

2019 Corporate Governance

The Bank’s corporate governance practices in 2019 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 right 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 meetings, e.g., payment of dividends, appointment or removal of directors, determination of directors’ remuneration, appointment of auditors, determination of audit

fees, amendment to 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 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 2019, The Bank arranged the Annual General Meeting of Shareholders ("AGM") No. 196 on April 4, 2019 and the Extraordinary General Meeting of Shareholders No. 1/2019 ("EGM") on August 6, 2019. 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 corporate 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 notices of shareholder meetings and their accompanying documents, the Bank posted the notices of the shareholder meetings, accompanying documents, and proxy forms in both Thai and English on its website on March 4, 2019 (30 days prior to the meeting date) for the AGM and on July 9, 2019 (28 days prior to the meeting date) for the EGM. The Bank assigned Thailand Securities Depository Company Limited (TSD), which is its securities registrar, to send documents related to these shareholder meetings whereby AGM documents which included the Notice of the AGM and accompanying documents, in both Thai and English, and the 2018 Annual Report (in CD-ROM format) were sent via post to shareholders on March 4, 2019 (21 days prior to the meeting

date) and EGM documents which included the Notice of the EGM and accompanying documents, in both Thai and English, were sent on July 26, 2019 (11 days prior to the meeting date). The notice of each shareholder meeting contained information such as date, time and venue of the meeting (with a map and directions), details of each agenda item including factual background, purposes, rationale, and opinions or recommendations of the Board, accompanying documents, and details of meeting procedures, voting and proxy appointments. The Bank also advertised the notice of each shareholder meeting in Thai daily newspapers for three consecutive days in accordance with law and took other relevant actions as required by law. Shareholders were entitled to receive, upon request, printed copies of the 2019 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 shareholder meeting 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 shareholder meetings 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 shareholder meetings in person. Furthermore, institutional investors such as fund managers and custodians were invited to nominate their representatives to attend the meetings 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 in an equitable manner. The shareholder meetings were 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

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 vote tabulation 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

The Chairman of the Board presided as the chairman of the shareholder meetings. All 16 directors of the Bank attended the 2019 AGM and there were 13 directors (out of a total of 15 directors) attending the EGM. The Chairman of the Board, chairmen of all Board committees, and the Bank's senior executives attended these two shareholder meetings held in 2019 in order to clarify and respond to any questions or issues raised by shareholders. In addition, the auditor of the Bank attended the 2019 AGM to provide information related to the Bank's financial statements.

7

Multimedia presentations were used at the meetings. The chairman of the meeting allowed shareholders to ask questions, express opinions and make recommendations as appropriate 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 meetings and the votes cast under each agenda item. Additionally, the meetings proceeded in accordance with the announced agenda, and the Bank did not reorder, add or revise any agenda items, and did not modify previously issued information at the meetings nor proposed any other agenda that had not been specified in the notice of each shareholder meeting.

8

Following the meeting adjournment, the resolutions adopted at each shareholder meeting 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 dates. In addition, the minutes of the AGM and the EGM in Thai and English were submitted to the Stock Exchange of Thailand and made available on the Bank's website on April 18, 2019 and August 20, 2019 respectively (within 14 days from the meeting dates) 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 meetings, 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, abstention, and unentitled votes on each agenda item that required voting.

1.2 Dividend Payment

The Bank has a policy to pay dividends at the rate of, at a minimum, 30 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 and to adequately preserve capital for its future business needs. 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 2019 AGM, the meeting resolved to approve the dividend payment from the Bank's 2018 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 46.7 percent of the 2018 consolidated annual net profit. Such dividend payment complies with the Dividend Policy of the Bank, and its details are as summarized below:

1

The interim dividend was paid at the rate of Baht 1.50 per share to holders of the Bank's preferred and ordinary shares on September 20, 2018 (30 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 May 3, 2019 (29 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 to provide shareholders with useful information to support their decisions on the election of qualified candidates as directors of the Bank. 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 2019 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 of 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 welfare according to the Bank's rules. The Nomination, Compensation and Corporate Governance Committee is delegated to make recommendations on remuneration of directors and members of Board committees and the director's bonus to the Board prior to proposing such remuneration and bonus 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 directors 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 each 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 to the explicit criteria published on the Bank's website. Shareholders may submit their proposals on agenda and candidates for directorship including questions items to the Company Secretary in advance of the meeting 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 decisions on these proposals 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 2019 AGM three months prior to the end of the Bank's accounting period, i.e., from September 1 to November 30, 2018. 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 shareholder meetings (AGM and EGM) held in 2019, the Proxy Form B indicating specific details of a proxy appointment was delivered to shareholders together with the notices of the meetings. 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 meetings. Shareholders were given all 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 AGM and the EGM held in 2019, 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 PDAs 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 a major financial institution with a long heritage of service to the country as the first Thai bank, SCB recognizes the importance of a guiding framework that bespeaks its responsibility toward all stakeholders.

The Bank's framework for responsibility toward stakeholders is elaborated in the 2019 Sustainability Report and is summarized below:

Customers:



The Bank exists to serve all segments of customers who encompass the entire spectrum of Thai society by offering a broad range of products and services that meet their needs via its digital and electronic channels, branch network, and other direct channels, namely SME Business Centers and SCB Investment Centers. Our overriding aim is to provide services as the most preferred partner for customers by offering products and services that truly match the needs of customers through systematic processes and simultaneously adhering to market conduct and rigorous standards governing confidentiality and security of customer data. To raise the awareness of employees at all levels, the Bank has specified these matters in the Employee Code of Conduct, arranged training and communication programs to emphasize the importance of confidentiality and security of customer data, and strengthened their strict compliance with applicable policies and guidelines.

In 2019, the Bank continued to actively promote compliance with market conduct among its employees by communicating and sharing market conduct knowledge across the organization while implementing an ongoing monitoring system. The Bank measures its success in this regard through regular customer surveys and has consistently attained top satisfaction scores from such surveys.

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 vision.

The Bank has developed an employee capability development roadmap which incorporates various training programs, such as design thinking for innovation, digital transformation, and mindset

change management, to foster 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, e.g., Design Thinking for Innovation, Digital Transformation, Mindset Change management.

With regard to employee compensation, it is the Bank's policy to align pay with the Bank's short-term and long-term performance and ensure that compensation 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 which are then deployed into individual KPIs for employees. 360-degree assessment was also integrated as a tool to identify suitable development roadmaps for executives. 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.

Further, the Bank applied job-value factors and conducted a compensation survey to identify industry and cross-industry benchmarks to use as baselines 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, 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 Human Rights Policy, employees are entitled to join labor unions and representatives of the labor unions are offered opportunities to meet with the human resources function to promote labor relations and collaboration for the

best benefits of the organization. Also, employees 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 offerings. 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, which enumerates that 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 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 2019 based on the organizational health index (OHI) benchmarks. According to the survey results, employees viewed that the Bank operated effectively and the average score rated by employees was 83 percent. The Bank believes that, similar to a performance evaluation, its organizational health should be regularly assessed and dynamically managed and 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. Details about the Bank's strategy, performance and risk management are described in this Annual Report.

Community and Environment:



The Bank aspires to always operate in an ethical way as a model corporate citizen with an emphasis on 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 local youth as they are the foundation and drivers of the country's sustainable growth. 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 arranged diverse CSR activities to encourage 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 youth, students, new graduates, farmers and communities in remote areas that lack financial knowledge.

In light of the important role of financial institutions in economic activities as a mechanism for capital mobilization and allocation to businesses and mega-investment projects underpinning economic growth, the Bank is aware that lending and product/service offerings that are based solely on financial risk and returns without proper consideration of social and environmental risks or effective planning and management could be detrimental to the nation's economy. Recognizing such threat, the assessment of social and environmental risks has been integrated into the credit underwriting policy and processes applicable to large corporate customers under the Bank's responsible lending framework. Specifically, the Bank has an exclusion list and a risk rating process that serve as tools for screening projects based on the social and environmental risk categorization. Further, the Bank has a sector-specific guide that additionally requires credit applicants in particular industries to fulfill certain conditions in order to obtain financing from the Bank. In parallel, the Bank is determined to operate in accordance with effective environmental standards, laws and regulations, and implements workplace safety and environment 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 a successful internal campaign to reduce plastic bottle waste, which has become a major environmental problem,

and planned to replicate this 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 Bank has enforced its "Supplier Code of Conduct" that requires all business partners of the Bank to, in writing, acknowledge applicable policies and desired practices before working with the Bank as well as to strictly comply with the SCB Supplier Code of Conduct. In assessing and selecting suppliers and vendors, the Bank takes into account not only 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 that have been convicted of or involved with corruption and prefers business partners that maintain a high standard of environmental and social impact management. 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 Bank also encourages all 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. The SCB Supplier Code of Conduct is communicated to its business partners at the Vendor Communication Day which is held annually.

Competitors:



The Bank treats its competitors ethically, with transparency. It 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 the perspectives of both internal and external stakeholders and developed a sustainability report that was based on the GRI Sustainability Reporting Standards (GRI Standards): Core Option and the Financial Services Sector Supplement (FSSS). In this connection, the Bank identified 14 material sustainability topics as follows: 1) Digital Transformation, 2) Customer Experience, 3) Financial Inclusion, 4) Talent Attraction & Retention, 5) Culture and Mindset, 6) Responsible Lending, 7) Green Finance, 8) Climate Change Risks, 9) Operational Eco-Efficiency, 10) Financial Literacy, 11) Community and Society Empowerment, 12) Governance and Risk Management, 13) Data Governance and Cyber Security, and 14) Public Policy Advocacy. Details of approach and management each material sustainability topic are described in the 2019 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, including its aspiration to promote a culture of zero tolerance of 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. The Bank's CAC membership is scheduled for re-certification in 2020.

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. This 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 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 2019, the Bank continued to strictly uphold 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 key stakeholders 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 Customer 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 has established 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 (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 presented to the Audit Committee every quarter.

It is the Bank’s policy to maintain strict confidentiality to protect whistle-blowing employees from retaliation or adverse consequences. An independent investigation team will be set up to investigate any reported issue or suspicious behavior. If there are proven grounds for a complaint, the matter will be escalated in accordance with the following procedure:

- Employees submit opinions, reports, grievances, 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 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.

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





Company Secretary

The Siam Commercial Bank PCL.
9th Floor, Zone C,
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, employees 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 enunciated in 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 2019 are shown in the "Report of Holdings of SCB Ordinary Shares by SCB Directors and Members of Senior Management" section of this Annual Report.


In 2019, 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	82
Meetings with securities analysts	4
Investor conference	12
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 Chief Executive Officer, the Presidents, 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.
19th Floor, Zone B,
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. The qualifications are also reviewed by the Bank of Thailand and the Securities and Exchange Commission (SEC). The Audit Committee 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 2019, the total audit fees of the Bank and its subsidiaries were Baht 31.4 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, i.e., special audits and examination of banking returns
- Examination of foreign exchange booths
- Review of fixed asset revaluation
- Review of transfer pricing for transactions with related companies or entities
- Tax services

Non-audit fees were Baht 20.3 million, of which Baht 11.9 million was paid in the fiscal year of 2019 while the outstanding amount of Baht 8.4 million will be paid in 2020.

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 as specified below 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 2019, the Board consisted 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 serving as 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 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 2019, the Bank had 17 directors. 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 were two women and 15 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 is considered beneficial and relevant to the Bank's business. Composition of the Board is as follows:

- The 10 independent directors (representing 58.82 percent of the total directors): Mr. Prasan Chuaphanich, Mr. Kan Trakulhoon, Mr. Krirk Vanikkul, Dr. Thaweesak Koanantakool, Mr. Ekamol Kiriwat, Mr. Weerawong Chittmittrapap, Dr. Pasu Decharin, Dr. Pailin Chuchottaworn, Dr. Lackana Leelayouthayotin, and Mr. Chaovalit Ekabut.
- An executive director (representing 5.88 percent of the total directors): Mr. Arthid Nanthawithaya.
- The six non-executive directors (representing 35.29 percent of the total directors): Dr. Vichit Suraphongchai, ACM Satitpong Sukvimol, Pol. Col. Thumnithi Wanichthanom, Mr. Chakkrit Parapuntakul, Mr. Prapas Kong-ied, and Miss Jareeporn Jarukornsakul.

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 2019)

Name	Position	Date of Appointment	Number of Years in Directorship
1. Dr. Vichit Suraphongchai	Chairman of the Board and Chairman of the Corporate Social Responsibility Committee	10 December 1999	20 years 1 month
2. Mr. Prasan Chuaphanich	Independent Director and Chairman of the Audit Committee	4 April 2013	6 years 9 months
3. Mr. Kan Trakulhoon	Independent Director, Chairman of the Nomination, Compensation and Corporate Governance Committee, and Member of the Executive Committee	5 April 2016	3 years 9 months
4. Mr. Krirk Vanikkul	Independent Director and Chairman of the Risk Oversight Committee	1 November 2015	4 years 2 months
5. Dr. Thaweesak Koanantakool	Independent Director and Chairman of the Technology Committee	5 April 2016	3 years 9 months
6. ACM Satitpong Sukvimol	Director and Member of the Nomination, Compensation and Corporate Governance Committee	13 June 2018	1 year 7 months
7. Pol. Col. Thumnithi Wanichthanom	Director and Member of the Corporate Social Responsibility Committee	13 June 2018	1 year 7 months
8. Mr. Prapas Kong-led	Director and Member of the Corporate Social Responsibility Committee	4 July 2018	1 year 6 months
9. Mr. Ekamol Kiriwat	Independent Director and Member of the Audit Committee	5 April 2011	8 years 9 months
10. Dr. Pasu Decharin	Independent Director, Member of the Audit Committee, and Member of the Risk Oversight Committee	19 October 2018	1 year 2 months
11. Mr. Weerawong Chittmittrapap	Independent Director and Member of the Nomination, Compensation and Corporate Governance Committee	22 September 2014	5 years 3 months
12. Mr. Chakkrit Parapuntakul	Director, Member of the Executive Committee, and Member of the Nomination, Compensation and Corporate Governance Committee	25 November 2015	4 years 1 month
13. Dr. Lackana Leelayouthayotin	Independent Director and Member of the Executive Committee	5 April 2019	9 months
14. Mr. Chaovalit Ekabut	Independent Director and Member of the Risk Oversight Committee	5 April 2019	9 months
15. Dr. Pailin Chuchottaworn	Independent Director, Member of the Executive Committee, and Member of the Technology Committee	19 September 2019	3 months
16. Miss Jareeporn Jarukornsakul	Director	21 November 2019	1 month
17. Mr. Arthid Nanthawithaya	Director, Chief Executive Officer, Chairman of the Executive Committee, Member of the Risk Oversight Committee, and Member of the Technology Committee	2 April 2015	4 years 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 promote transparency and compliance with corporate governance principles and notifications governing corporate governance of financial institutions, the Bank has limited the office term of independent directors to nine consecutive years and may allow for, provided that there are reasonable grounds, the continuation of their tenure for one additional term at a maximum. At the 2020 AGM, there is an independent director whose tenure will reach the nine-year limit, namely Mr. Ekamol Kiriwat.

With regard to the tenure of directors on 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 positions and authority of the Chairman of the Board, the Chief Executive Officer and the Presidents are clearly segregated, and the positions of the Chairman of the Board and the Chief Executive Officer are assumed by different individuals, to enhance performance effectiveness, governance and transparency as detailed below.

Chairman of the Board – Pursuant to the Bank's Corporate Governance Policy, the Chairman of the Board must be an independent director or a non-executive director. The Chairman of the Board is not involved in the Bank's routine management. This 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 oversee the Board's

adherence to the corporate governance principles; 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 meetings. Another key role of the Chairman is to ensure that the Bank's governance practices comply with the adopted policies.

Chief Executive Officer – The Chief Executive Officer is the Bank's top-ranking executive, who is chiefly responsible for directing and driving the Bank's business and operations toward the policies, strategies and goals as set forth by the Board, recommending alternatives and strategies that are fit for the changing business environment to achieve sustainable growth, considering and approving matters according to the Bank's regulations and as assigned by the Board and/or the Board Committees. The Chief Executive Officer shall also assume responsibility for building corporate culture.

Presidents – Presidents are senior executives who directly report to the Chief Executive Officer. At present, the Bank has three Presidents and they are collectively responsible and accountable for managing and stewarding the Bank in alignment with the established policies and strategies. The roles and duties of the Presidents also include formulating policies and strategies and making decisions on key matters that are interconnected and require the orchestration of interdepartmental efforts.

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 in Thailand and other countries (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 and/or an authorized 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 its compliance with relevant laws and regulations. The Company Secretary will report changes in positions held by each director 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 (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 objectives, Articles of Association, and the resolutions of the Board and 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 and mission and

approved the Bank's 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 Chief Executive Officer, the Presidents and persons with management authority; establishing structures and processes for sound risk management, audit, compliance and internal control systems; and reviewing such structures and processes regularly. Details on the duties, 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 conduct. 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 Committees

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.

Meetings of each Board committee are held in accordance with the criteria specified in the charter of each Board committee and the Corporate Governance Policy and are scheduled in advance for the entire year. 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 and/or authority of other specific committees, and approving credit requests, investments and matters that are within the scope of authority delegated by the Board and stipulated in the charter of the Executive Committee.

As of 31 December 2019, the Executive Committee consisted of five directors of the Bank, namely Mr. Arthid Nanthawithaya (Director and Chairman of the Executive Committee), Mr. Kan Trakulhoon (Independent Director), Mr. Chakkrit Parapuntakul (Director), Dr. Pailin Chuchottaworn (Independent Director), and Dr. Lackana Leelayouthayotin (Independent Director). Their tenure on the Executive Committee is concurrent with their directorships. Performance of the Executive Committee in 2019 is described in the Executive Committee Report in this Annual Report.

- **Audit Committee**

The Audit Committee's scope of duties and responsibilities encompasses financial reporting, internal control, internal audit, and oversight of compliance with regulations, codes of ethics, codes of conduct, and risk management principles. These duties and responsibilities include, among others, 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 SCB Financial Group; and to perform other duties as stipulated in the charter of the Audit Committee. Another major duty 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 SCB Financial Group.

As of December 31, 2019, the Audit Committee consisted of three independent directors of the Bank, namely Mr. Prasan Chuaphanich (Chairman of the Audit Committee and Independent Director), Mr. Ekamol Kiriwat (Independent Director), and Dr. Pasu Decharin (Independent Director). 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 2019 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 propose 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 duties 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 2019, the Nomination, Compensation and Corporate Governance Committee consisted 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 (Director), Mr. Weerawong Chittmittapap (Independent Director), and Mr. Chakkrit Parapuntakul (Director). 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 2019 is shown in the Nomination, Compensation and Corporate Governance Committee Report in this Annual Report.

• Risk Oversight Committee

The Risk Oversight Committee's duties and responsibilities are 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 the Chief Risk Officer.

To promote independence, the Bank ensures that at least half of the total members of the Risk Oversight Committee are independent directors and non-executive directors. As of December 31, 2019, the Risk Oversight Committee consisted of six members, i.e., three independent directors, one executive director, and two executives, namely Mr. Krirk Vanikkul (Chairman of the Risk Oversight Committee and Independent Director), Mr. Chaovalit Ekabut (Independent Director), Mr. Pasu Decharin (Independent Director), Mr. Arthid Nanthawithaya (Director, Chief Executive Officer, and Chairman of the Executive Committee), Mrs. Apiphan Charoenanusorn (President), and Mr. Sarut Ruttanaporn (President). 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 2019 is shown in the Risk Oversight Committee Report in this Annual Report.

• Technology Committee

The Technology Committee's duties and responsibilities are to steward 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, are involved by the Technology Committee in the technology risk management process.

The Bank has prescribed that the Technology Committee must consist of at least four members who are directors and/or executives of the Bank and most of them must possess knowledge, expertise and insight in the field of technology with business and risk acumen. As of December 31, 2019, the Technology Committee consisted of four members,

i.e., two independent directors, one executive director, and one executive, namely Dr. Thaweesak Koanantakool (Chairman of the Technology Committee and Independent Director), Dr. Pailin Chuchottaworn (Independent Director), Mr. Arthid Nanthawithaya (Director, Chief Executive Officer, and Chairman of the Executive Committee), and Dr. Arak Sutivong (President). 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 2019 is shown in the Technology 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, 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 Bank has prescribed that the Corporate Social Responsibility Committee must consist of at least three directors. Their tenure on the Corporate Social Responsibility Committee is concurrent with their directorships. As of December 31, 2019, the Corporate Social Responsibility Committee consisted of four members, i.e., three directors and one executive, namely Dr. Vichit Suraphongchai (Chairman of the Board and Chairman of the Corporate Social Responsibility Committee), Pol. Col. Thumnithi Wanichthanom (Director), Mr. Prapas Kong-led (Director), and Mrs. Apiphan Charoenanusorn (President). Performance of the Corporate Social Responsibility Committee in 2019 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 Assets and Liabilities Management Committee, the Risk 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 the Presidents. 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, making decisions on major projects of the Bank, fostering corporate culture, and exercising oversight to ensure alignment of internal and external communication with the Bank's strategy. In 2019, the Management Committee held 43 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 2019, the Assets and Liabilities Management Committee held 12 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 Finan-

cial 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 establishing the Model Risk Management Committee (MRMC) in charge of risk model approvals. 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 2019, the Risk Management Committee held 13 meetings.

- **Equity Investment Management Committee**

The Equity Investment Management Committee's responsibilities are to consider, review, provide opinions on, and approve the Bank's equity investments, the equity investment policy, risk position, and investment-related operational processes and personnel. In 2019, the Equity Investment Management Committee held 14 meetings.

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 Chief Executive Officer

may propose agenda items 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, meeting agenda, and supporting documents are sent to all directors at least five days prior to the meeting date, unless an urgent meeting is required to protect the Bank's rights or benefits, so that directors may have sufficient time to study such information, unless an urgent necessity requires otherwise. Directors can request additional information through the Company Secretary.

At each Board meeting, all Presidents are invited to attend the meeting and make a presentation 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 should be present during the voting procedure.

In 2019, there were 16 Board meetings, consisting of 12 meetings that were originally included in the annual Board meeting calendar and four extra meetings. The meeting attendance of the Board was 91 percent, and the meeting attendance of most directors was above 75 percent, which is in compliance with the charter of the Board prescribing that directors shall attend at least 75 percent of the total Board meetings unless there is an overriding and reasonable necessity. In addition, the Bank arranged two non-executive directors' meetings (chaired by the chairman of the Audit Committee) to provide a forum for non-executive directors to discuss issues of their interest. Details of individual directors' meeting attendance in 2019 are as shown in Table 2.

Table 2 Individual Directors' Meeting Attendance in 2019

Unit : Meeting

Name	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. Dr. Vichit Suraphongchai	12/12	4/4	8/8	-	-	-	-	9/9	2/2
2. Mr. Prasan Chuaphanich	12/12	3/4	-	13/13	-	-	-	-	2/2
3. Mr. Kan Trakulhoon	12/12	4/4	30/31	-	13/13	-	-	-	2/2
4. Mr. Krirk Vanikkul	11/12	4/4	-	-	-	15/15	-	-	2/2
5. Dr. Thaweesak Koanantakool	12/12	3/4	-	-	-	-	10/10	-	2/2
6. ACM Satitpong Sukvimol	11/12	0/4	-	-	10/13	-	-	-	1/2
7. Pol. Col. Thumnithi Wanichthanom	12/12	0/4	-	-	-	-	-	7/9	1/2
8. Mr. Prapas Kong-led	12/12	3/4	-	-	-	-	-	6/9	2/2
9. Mr. Ekamol Kiriwat	11/12	3/4	-	13/13	-	-	-	-	2/2
10. Dr. Pasu Decharin	11/12	2/4	-	12/13	-	4/5	2/2	-	2/2
11. Mr. Weerawong Chittmittrapap	12/12	3/4	-	-	13/13	-	-	-	2/2
12. Mr. Chakkrit Parapuntakul	12/12	3/4	27/28	-	12/13	6/6	-	-	2/2
13. Dr. Lackana Leelayouthayotin	8/8	1/2	22/23	-	-	-	-	-	1/1
14. Mr. Chaovalit Ekabut	8/8	2/2	-	-	-	9/9	-	-	1/1
15. Mr. Pailin Chuchottaworn	3/3	-	7/7	-	-	-	2/2	-	0/0
16. Miss Jareeporn Jarukornsakul	1/1	-	-	-	-	-	-	-	0/0
17. Mr. Arthid Nanthawithaya	12/12	4/4	30/31	-	-	11/15	-	1/1	2/2
18. Mr. Anand Panyarachun	3/3	2/2	-	-	-	-	-	-	1/1
19. Mrs. Kannikar Chalitaporn	3/3	2/2	-	-	-	5/6	-	3/3	1/1
20. Mr. Boontuck Wungcharoen	5/7	4/4	2/2	-	-	8/10	3/6	-	1/1
21. Mr. Orapong Thien-Ngern	0/1	-	-	-	-	-	-	-	-

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 has hired an external consulting firm that has experience and expertise in corporate governance to conduct the Board assessment process every three years since 2012. In 2019, the Board assessment was divided into four parts: 1) Board assessment, 2) Board committee assessment, 3) Individual director assessment, and 4) Board Chairman assessment. Self-evaluation and cross-evaluation were applied to the Board assessment and the individual director assessment. Details are as follows:

1

Board Assessment — Assessment topics were: 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

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 meetings 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.

4

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

Average rating of the four sections under the 2019 Board assessment was very good, i.e., the performance of the Board, Board committees, individual directors, and Chairman of the Board generally exceeded 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 performance assessment of the Chief Executive Officer is conducted by the Nomination, Compensation and Corporate Governance Committee and is referred to the Board for approval. For the Presidents and senior executives at Executive Vice President level and above, their performance is assessed by the Chief Executive Officer against the predetermined criteria and the assessment results will be proposed to the Nomination, Compensation and Corporate Governance Committee and subsequently the Board for approval. These performance assessments are conducted annually.

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), the nominations proposed by each director, the directors' acceptance of re-appointment offers, and the nominations by 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 positions of Chief Executive Officer, Presidents, 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.

The Bank's succession planning classifies key positions into two categories, i.e., 1) critical positions and strategic positions, and 2) succession plans for all of these positions are systematically developed in accordance with the Bank's well-defined processes.

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 2019 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 2019, the annual remuneration paid to 26 directors (inclusive of nine directors who resigned during 2019) totaled Baht 39.91 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 2018 dividend at Baht 5.50 per share or Baht 18,696 million in total, the directors' bonus for 2018 was set at Baht 53.98 million in total or 0.29 percent of the dividend.

Remuneration of the Board committees in 2019 as approved by the 2019 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
Risk Oversight Committee		
• Chairman	45,000	15,000
• Member	30,000	10,000
Technology 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: Executive directors and senior executives of the Bank do not receive remuneration for serving on Board committees.

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

Table 3 Details of Monetary Remuneration for Individual Directors in 2019*

(Unit: Million Baht)

Name	Board of Directors	Executive Committee	Audit Committee	Nomination, Compensation and Corporate Governance Committee	Risk Oversight Committee	Technology Committee	Corporate Social Responsibility Committee	Directors' bonus for 2018 performance
1. Dr. Vichit Suraphongchai	1.64	-	-	-	-	-	0.49	3.27
2. Mr. Prasan Chuaphanich	1.20	-	1.09	-	-	-	-	3.27
3. Mr. Kan Trakulhoon	1.20	3.60	-	0.74	-	-	-	3.27
4. Mr. Krirk Vanikkul	1.20	-	-	-	0.77	-	-	3.27
5. Mr. Thaweesak Koanantakool	1.20	-	-	-	-	0.69	-	3.27
6. ACM Satitpong Sukvimol	1.20	-	-	0.46	-	-	-	1.81
7. Pol. Col. Thumnithi Wanichthanom	1.20	-	-	-	-	-	0.43	1.81
8. Mr. Prapas Kong-led	1.20	-	-	-	-	-	0.42	1.63
9. Mr. Ekamol Kiriwat	1.20	-	0.73	-	-	-	-	3.27
10. Mr. Pasu Decharin	1.20	-	0.72	-	0.20	0.09	-	0.66
11. Mr. Weerawong Chittmittrapap **	1.20	-	-	0.49	-	-	-	3.27
12. Mr. Chakkrit Parapuntakul	1.20	3.44	-	0.48	0.15	-	-	3.27
13. Miss Lackana Leelayouthayotin	0.89	2.66	-	-	-	-	-	-
14. Mr. Chaovalit Ekabut	0.89	-	-	-	0.36	-	-	-
15. Mr. Pailin Chuchottaworn	0.34	1.02	-	-	-	0.12	-	-
16. Miss Jareeporn Jarukornsakul	0.13	-	-	-	-	-	-	-
17. Mr. Arthid Nanthawithaya	1.20	-	-	-	-	-	-	3.27
18. Mr. Anand Panyarachun	0.47	-	-	-	-	-	-	4.91
19. Dr. Chirayu Isarangkun Na Ayuthaya	-	-	-	-	-	-	-	0.85
20. Khunying Jada Wattanasiritham	-	-	-	-	-	-	-	2.61
21. M.R. Disnadda Diskul	-	-	-	-	-	-	-	0.27
22. Dr. Kulpatra Sirodom	-	-	-	-	-	-	-	1.07
23. Mr. Ekniti Nitithanprapas	-	-	-	-	-	-	-	1.35
24. Mrs. Kannikar Chalitaporn	0.31	-	-	-	0.14	-	0.19	3.27
25. Mr. Boontuck Wungcharoen	0.63	0.13	-	-	0.27	0.22	-	1.88
26. Mr. Orapong Thien-Ngern	0.11	-	-	-	-	-	-	2.43
Total	19.81	10.85	2.54	2.17	1.89	1.12	1.53	53.98

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

** Mr. Weerawong Chittmittrapap received remuneration of Baht 0.65 million for serving as an independent director of a subsidiary of the Bank between January 1, 2019 and September 26, 2019.

5.11.2 Executive Remuneration

The Nomination, Compensation and Corporate Governance Committee is responsible for proposing remuneration for executives, including the Chief Executive Officer, the Presidents 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, exclusive of the persons holding the position of manager or equivalent and higher in the accounting or finance departments." In 2019, the number of the Bank's executives based on this definition was six (inclusive of one executive who resigned and changed his position during the year), and collectively they received remuneration in the form of salaries, bonuses, and allowances of Baht 163.85 million. On the other hand, the term "executives" according to the definition of the Bank of Thailand refers to executives at Executive Vice President level and higher. In 2019, the number of Bank's executives based on the Bank of Thailand's definition was 95 (inclusive of six executives who resigned during the year), and collectively they received remuneration in the form of monthly salaries, bonuses and allowances of Baht 1,318.96 million.



5.11.3 Other Benefits for Directors and Executives

Directors and executives of the Bank are entitled to receive other welfare and benefits in accordance with the Bank's regulations. Directors are entitled to 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 2019, non-executive directors of the Bank received welfare benefits (medical benefits, annual medical check-up, and life insurance) of Baht 0.46 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 2019, the Bank's provident fund contribution for six executives (inclusive of one executive who resigned and changed his position during the year) as defined by the Securities and Exchange Commission was Baht 4.13 million in total, while the provident fund contribution for 95 executives (inclusive of six executives who resigned during the year) as defined by the Bank of Thailand, i.e., Executive Vice President level and higher, was Baht 47.83 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 information that is important and vital for their performance as directors such as 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 2019 are shown in Table 4.

Table 4 Participation of the Bank's Directors in Training Courses and Development Programs in 2019

Name of Director	Course Subject	Organizer
1. Dr. Vichit Suraphongchai	<ul style="list-style-type: none"> Exclusive Workshop for SCB Boardroom: Vision-Driven Purpose 	The Siam Commercial Bank PCL and Thai Institute of Directors Association (IOD)
2. Mr. Prasan Chuaphanich	<ul style="list-style-type: none"> Australian Governance Summit 2019 Cyber Resilience for Directors of Financial Institutions National Director Conference 2019 Bangkok Sustainable Banking Forum 2019 	Thai Institute of Directors Association (IOD) Bank of Thailand Thai Institute of Directors Association (IOD) Bank of Thailand
3. Mr. Kan Trakulhoon	<ul style="list-style-type: none"> Exponential Manufacturing Thailand 2019 Cyber Resilience for Directors of Financial Institutions Exclusive Workshop for SCB Boardroom: Vision-Driven Purpose Bangkok Sustainable Banking Forum 2019 	Singularity University, U.S.A. Bank of Thailand The Siam Commercial Bank PCL and Thai Institute of Directors Association (IOD) Bank of Thailand
4. Mr. Krirk Vanikkul	<ul style="list-style-type: none"> Cyber Resilience for Directors of Financial Institutions Exclusive Workshop for SCB Boardroom: Vision-Driven Purpose Solving Banking Crisis Bangkok Sustainable Banking Forum 2019 	Bank of Thailand The Siam Commercial Bank PCL and Thai Institute of Directors Association (IOD) Bank of Thailand Bank of Thailand
5. Dr. Thaweesak Koanantakool	<ul style="list-style-type: none"> Cyber Resilience for Directors of Financial Institutions Collaboration for the Future of Finance National Director Conference 2019 Bangkok Sustainable Banking Forum 2019 	Bank of Thailand Bank of Thailand Thai Institute of Directors Association (IOD) Bank of Thailand
6. Dr. Pasu Decharin	<ul style="list-style-type: none"> Cyber Resilience for Directors of Financial Institutions Exclusive Workshop for SCB Boardroom: Vision-Driven Purpose 	Bank of Thailand The Siam Commercial Bank PCL and Thai Institute of Directors Association (IOD)
7. Mr. Weerawong Chittmittrapap	<ul style="list-style-type: none"> Exclusive Workshop for SCB Boardroom: Vision-Driven Purpose 	The Siam Commercial Bank PCL and Thai Institute of Directors Association (IOD)

Name of Director	Course Subject	Organizer
8. Mr. Chakkrit Parapuntakul	<ul style="list-style-type: none"> Exponential Manufacturing Thailand 2019 Cyber Resilience for Directors of Financial Institutions Need for Change in Disruptive Era: Through the Lens of Financial Institutions 	Singularity University, U.S.A. Bank of Thailand Kao Hoon Newspaper
9. Mr. Prapas Kong-led	<ul style="list-style-type: none"> Cyber Resilience for Directors of Financial Institutions Bangkok Sustainable Banking Forum 2019 Need for Change in Disruptive Era: Through the Lens of Financial Institutions 	Bank of Thailand Bank of Thailand Kao Hoon Newspaper
10. Dr. Lackana Leelayouthayotin	<ul style="list-style-type: none"> Cyber Resilience for Directors of Financial Institutions National Director Conference 2019 Exclusive Workshop for SCB Boardroom: Vision-Driven Purpose 	Bank of Thailand Thai Institute of Directors Association (IOD) The Siam Commercial Bank PCL and Thai Institute of Directors Association (IOD)
11. Mr. Chaovalit Ekabut	<ul style="list-style-type: none"> Cyber Resilience for Directors of Financial Institutions Collaboration for the Future of Finance National Director Conference 2019 Exclusive Workshop for SCB Boardroom: Vision-Driven Purpose Bangkok Sustainable Banking Forum 2019 	Bank of Thailand Bank of Thailand Thai Institute of Directors Association (IOD) The Siam Commercial Bank PCL and Thai Institute of Directors Association (IOD) Bank of Thailand
12. Mr. Arthid Nanthawithaya	<ul style="list-style-type: none"> Exclusive Workshop for SCB Boardroom: Vision-Driven Purpose Bangkok Sustainable Banking Forum 2019 	The Siam Commercial Bank PCL and Thai Institute of Directors Association (IOD) Bank of Thailand

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 roadmap for 2019, which was focused on the development of new skills and the leverage of data and emerging technologies for the best benefits of the Bank and its customers.

The Bank furthered its job skill development programs for employees at all levels to hone their skills and improved important enabling elements such as work processes, tools, and workstations to facilitate the practical and sustainable application of the new skills learned by these employees. To complement these programs, the Bank introduced an executive coach program which allowed executive coaches to directly share knowledge and a career coach program which was designed to offer opportunities for all employees to, by appointment, meet with executives for consultation throughout the year. Readiness of the organization and its leadership for the digital era was one of the Bank's priorities. Therefore, SCB Academy, in partnership with International Institute for Management Development (IMD) furthered the skill acceleration program for a digital era, which had initially been implemented for executives, and expanded it to include employees at all levels and delivered through self-learning, online learning, and action learning. In recognition of the impact of this foundation building program for digital acceleration rolled out to more than 3,000 target employees, EFMD (a leading global accreditation body for educational institutes) bestowed the 2019 Excellence in Practice (EIP) award to SCB Academy and IMD. Additional details about the award is available at <https://efmdglobal.org/EIP2019>.

Besides, the Bank's digital learning platforms on www.phonlamuangdee.com and Line application were well-received, with more than 13,000 learners regularly accessing these online contents. A basic digital literacy certification program was open for all SCB employees and carried out by a world-leading digital literacy assessment center. Employees were also offered access to more than 10,000 courses curated from around the world and there are, to this date, more than 3,000 employees attending self-learning lessons at least four hours each month. Data analytics skill development programs that focused on

practical and real-life application were delivered to data-driven teams in various learning formats such as training by data scientists and data hackathon for accelerated and effective learning.

Details of executive and employee development in 2019 are shown in the 2019 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, to achieve synergy and operational effectiveness.

The Board of Directors has delegated the Nomination, Compensation and Corporate Governance Committee to oversee the formulation of policies governing the nomination and remuneration of persons with management authority of companies in SCB Financial Group and make recommendations to the Board on the appointment of representative directors and top executives of companies in SCB Financial Group. This is to enable the alignment between the policies and management guidelines of companies in SCB Financial Group and the Bank's key policies and to protect the rights and interest of the Bank and its shareholders. In this connection, the Bank has developed a representative director handbook, which defines the roles and responsibilities of representative directors.

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 of companies in SCB Financial Group with an aim of ensuring compliance of the Bank and companies in SCB Financial Group with applicable regulations. 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 the 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 in 2019

1. Dr. Vichit Suraphongchai was appointed as the Chairman of the Board and the Chairman of the Corporate Social Responsibility Committee on April 5, 2019 and resigned as the Chairman of the Executive Committee on April 5, 2019.
2. Dr. Pasu Decharin was appointed as Member of the Risk Oversight Committee on July 18, 2019 and as Member of the Technology Committee on September 26, 2019. He resigned as Member of the Technology Committee on December 1, 2019.
3. Dr. Pailin Chuchottaworn was appointed as Director, Member of the Executive Committee, and Member of the Technology Committee on September 19, 2019.
4. Mr. Chakkrit Parapuntakul was appointed as Member of the Executive Committee on January 18, 2019.
5. Dr. Lackana Leelayouthayotin was appointed as Director and Member of the Executive Committee on April 5, 2019.
6. Mr. Chaovalit Ekabut was appointed as Director and Member of the Risk Oversight Committee on April 5, 2019.
7. Miss Jareeporn Jarukornsakul was appointed as Director on November 21, 2019.
8. Mr. Arthid Nanthawithaya resigned as Member of the Corporate Social Responsibility Committee and Member of the Technology Committee on February 5, 2019 due to the reorganization of the Bank's management structure. He was appointed as the Chairman of the Executive Committee on April 5, 2019 and as Member of the Technology Committee on December 1, 2019.
9. Mr. Anand Panyarachun resigned as the Chairman of the Board on April 4, 2019.
10. Mrs. Kannikar Chalitaporn resigned as Director, Chairman of the Corporate Social Responsibility Committee, and Member of the Risk Oversight Committee on April 4, 2019.
11. Mr. Boontuck Wungcharoen resigned as Member of the Executive Committee on January 14, 2019 and as Director, Member of the Risk Oversight Committee, and Member of the Technology Committee on July 10, 2019.
12. Mr. Orapong Thien-Ngern resigned as Director due to the reorganization of the Bank's management structure on February 5, 2019.

Internal Control and Risk Management

To achieve its goal of becoming “the Most Admired Bank” and to respond proactively to global uncertainties and rapid changes in the economy, customer behaviors and technology, SCB needs effective and efficient risk oversight and management, operational compliance and internal control following international standards, both in operations and IT systems. At SCB, the Audit Committee is responsible for overseeing SCB and the SCB Group’s performance to ensure that it is in compliance with all policies and a sound internal control process. The Internal Audit unit regularly performs the audit of internal controls and reports audit findings to the Audit Committee.

The Board of Directors, the Audit Committee and the 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 Internal Audit Unit presents the assessment of the internal control system 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 is determined that all business and functional units, including those under the umbrella of SCB and 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.

With formal policies and procedures in place, the Bank requires management and staff at every level in the organization to have roles, duties and responsibilities in maintaining sound internal control. The Bank has established a sound internal control structure, with an organizational structure clearly defining 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 oversees the development and effectiveness of the internal control environment.

In 2019, the Bank restructured the organization by appointing four presidents, who have a mission to drive short-term strategy and long-term strategy, including new ways of working across the Bank, a new corporate culture, and a transformative mission to bring sustainable value to all stakeholders. The Bank also restructured the Audit Function’s organizational structure and operations, by separating the Credit Review Division from the Audit Function to ensure independence and promote the principle of good corporate governance. The Credit Review Division reports credit reviews directly to the Audit Committee.

Management, as the overseer after the Board of Directors, have promoted the development of tools to create a preventive system for business operations to cope with changing risks, as follows:

1.1. Promoting a culture of risk awareness

- Develop mandatory e-learning courses to educate and promote awareness among staff at all levels every year, so that they understand their roles and responsibilities, products and processes to prevent damage to the Bank, customers and concerned parties. The Bank also produces videos showing how top management are cultivating the culture of risk awareness.
- Develop a formal policy to promote and drive the Three Lines of Defense 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 evaluation. Those at the first line of defense are deemed to have the most important role in leading a successful and effective model. The Bank promotes awareness through many activities, including communication with staff and workshops for further execution.
- Continuous communication about case studies concerning “non-compliance with law, regulations, corporate policies, and codes of conduct” is in place to raise staff awareness and the prevention of recurrence. Included is the promotion of concrete operations in line with regulatory 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 personnel 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 to set incentives, establishing key performance indexes and performance measurements as well as 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.

The Bank continues its No Gift Policy as a guideline for staff and executives at all levels, covering the appropriate giving and receiving of gifts and other benefits, and attending receptions, meetings, seminars and 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 or indicate 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 the CEO & Chairman of Executive Committee, 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 are reported to the Audit Committee on a quarterly basis. Suggestions for improvement can also be sent to the CEO & Chairman of Executive Committee 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 to gain trust from all stakeholders.

The Bank has gathered customers’ and third parties’ complaints from all channels and conducted deep complaint analysis of root causes to find corrective actions.

2. Risk assessment

Being aware of the importance of risk management amid changes in both internal and external factors affecting businesses, the Bank considers risk management an essential component in every process of SCB and SCB Group business operations, which must be connected across all levels. The Board of Directors has set a Risk Management Policy for SCB and the SCB 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. Key sub-board committees having main roles and responsibilities related to risk management are, namely, the Executive Committee, the Risk Oversight Committee, the Technology 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 2019, the Bank became a member of the Operational Risk Data Exchange Association (ORX) to receive operational risk data from third parties for analysis of risk scenarios, impacts on business operations and internal control, and emerging risks, so that the Bank can prevent them in a timely manner. For an additional layer of prevention, the Bank developed model rule bases to better find ways to detect suspicious incidents.

In risk management, the Bank considers chances of fraud or operational risk, and direct and 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. The Bank applied the Three Lines of Defense management model to increase effectiveness and check accuracy in each process. Hence, there are collaborations among internal functions, from the Board of Directors to employees. An internal risk control self-assessment (RCSA) is a tool for preliminary risk management by each unit. The importance of risk assessment is communicated and risk control tools are regularly tested to 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 and concentration 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.

In 2019, the Bank considered model risks and established a unit to be directly in charge of model risk management and model validation.

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 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.

The Bank has put high importance on information security system development and customer data privacy, with an information security policy in place for acknowledgment and compliance by all SCB and SCB Group staff, including interns and those under temporary contracts, business partners and consultants. Based on the confidentiality-integrity-availability (CIA) principle, the information security policy clearly defines duties and responsibilities for development and usage as well as monitoring policy compliance. The Technology Committee has a duty to screen and support operations to ensure policy compliance, and to review and assess appropriate levels of data security systems to suit the Bank's strategy. The Internal Audit Function has a duty to audit and provide recommendations on improving the effectiveness of cyber security.

The Bank has placed high importance on customer data protection to ensure top security in terms of customer data maintenance and management, with operational guidelines in compliance with the Bank of Thailand's regulations, the Anti-Money Laundering Act, and other related laws. As for the Bank's guidelines on fair customer service, the Bank has prepared and reviewed The Market Conduct Policy,

The Data Privacy and Protection Policy for SCB and the SCB Group, and regulations on confidential customer information protection and customer information disclosure. These regulations cover customer data protection; levels of the Bank's information priority; duties and responsibilities of concerned units in customer data maintenance and management; related approval authorization for using customer data; and technology adoption for customer data protection to ensure that these operations are careful and effective.

As for people development, the Bank has embraced cutting-edge technologies to improve the effectiveness of people development and learning under a comprehensive development plan; encouraged job rotation within the organization for learning opportunities of new skills; promoted cooperation with universities for recruitment opportunities; and encouraged staff to hone and apply their knowledge and skills to benefit society through the Bank's corporate social responsibility (CSR) activities.

The Bank's business operations involve cooperation with a large number of business partners, including through general procurement, IT procurement and building management. To facilitate proper and fair business operations, the Bank places importance on business practice guidelines by introducing an SCB Supplier Code of Conduct as guidelines, and encourages business partners' ethical business practices with respect to labor and human rights, and occupational health, safety and environment.

The Bank communicates the guidelines for business partners' acknowledgment in an annual event called Vendor Communication Day. Each business partner is required to sign acknowledgment and strictly follow the guidelines. The Bank monitors and assesses business partners' compliance with the SCB Supplier Code of Conduct and reserves the right to take any action with them based on the consideration of impacts and damage incurred.

4. Information and communications

The Bank has continuously developed innovations and IT systems, including financial technology and innovations such as artificial intelligence (AI),

blockchain and biometrics, and created a financial ecosystem to enhance the business competitiveness of SCB and the SCB Group in terms of effective IT and communications. The goal is 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 efforts following the digitization roadmap to develop innovations for greater operational effectiveness and cost savings in business operations with effective IT and communications. This is to achieve the goal of perfect digital banking, 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 higher effectiveness, time-savings, reduced paperwork, etc.

As part of the Bank's constant development of the SCB EASY Application to become a total digital banking platform, those efforts in 2019 aimed to improve the app's stability to the highest level, as well as its security and agility to respond to the needs and lifestyles of users nowadays. New features introduced included digital lending with the assistance of AI and wealth management based on machine learning.

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.

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 that is designed and able to tackle changing risks.

- 5.1. The Compliance Function is responsible for reviewing and monitoring the operations of all units within the Bank and the SCB Group to ensure their compliance with important regulations, laws, rules and regulatory requirements.
- 5.2. The Credit Review Function, independently from the credit approval process, is responsible for reviewing credit-related operational processes; following up actions taken with troubled debtors; ensuring the accuracy of debt classification and provision; and non-compliance issues.
- 5.3. 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.

The three functions report directly to the Audit Committee on a monthly basis and follow up on corrective actions to ensure that issues are solved.

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

Related Party Transactions

The Bank places great emphasis on safeguarding against misuse of 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 and the Securities and Exchange Commission, as well as 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 related businesses (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 also complies 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 2019, SCB and intra-group transactions complied 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 where 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 2019, 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 consists of four directors, which are two independent directors and two non-executive directors, and is chaired by an independent director. Key responsibilities of the NCCG Committee are as set forth in the NCCG Committee Charter and the Bank's Corporate Governance Policy.

In 2019, the NCCG Committee held 13 meetings and undertook the following major activities:

1

Reviewed and proposed for the Board's approval the SCB Corporate Governance Policy, the Charter of the Board of Directors and the Charter of the NCCG Committee for alignment with the corporate governance principles applicable to financial institutions as stipulated by the Bank of Thailand, the Corporate Governance Code for Listed Companies, and internationally standardized corporate governance principles, such as the Dow Jones Sustainability Indices, Corporate Governance Report of Thai Listed Companies, and ASEAN CG Scorecard, as well as exercised oversight to ensure compliance with the SCB Corporate Governance Policy.

2

Selected and nominated candidates for directorship from the director pools as well as the lists of candidates proposed by the Bank's directors and shareholders (if any) by taking into account a board skill matrix, which illustrated 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.

3

Considered and proposed for the Board's approval the nominations for the positions of Chairman of the Board, directors and members of the Board Committees.

4

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 performance and overall economic conditions prior to obtaining approvals from the Board and the shareholders. The directors' performance bonus was capped at 0.5% of the dividend payout and the amount of directors' bonus paid as reward for their 2018 performance totaled Baht 53.96 million, or 0.29% of dividends.

5

Arranged the performance assessment of the Board, including the Chairman of the Board, individual directors and Board Committees. In 2019, the Bank revised the board assessment form to engage all directors in the assessment of every Board Committee according to guidelines given by an external consulting firm having extensive experience and expertise in corporate governance with a view to enhancing the board assessment efficiency pursuant to the Corporate Governance Code for Listed Companies as set forth by the Stock Exchange of Thailand.

6

Considered and recommended improvement guidelines for the Bank in relation to the presentation format proposed to the Board and the knowledge development programs for directors based on recommendations of an external consulting firm engaged in the 2019 Board assessment for the purpose of enhancing the performance efficiency of the Board.

7

Considered and proposed for the Board's approval a new management structure, consisting of the Chief Executive Officer and a team of Presidents, which is intended for the optimization of new capabilities created under the SCB Transformation program.

8

Considered and proposed for the Board's approval the reorganization of the Bank and the appointment of senior executives of different functions in alignment with the reorganization to ensure appropriateness, transparency, checks and balances, and management efficiency.

9

Considered and proposed for the Board's approval the 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 that helps executives gain new experience and insights conducive to continuous development.

10

Arranged for the performance assessment of the Chief Executive Officer, the Presidents 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.

11

Exercised oversight and provided recommendations on the review of succession plans for critical positions and strategic positions to facilitate a smooth transition in these key positions.

12

Formulated policies, criteria and procedures for the nomination and compensation of directors and persons with management authority of companies in the SCB Financial Group to ensure that these positions are assumed by individuals who are considered fit and proper in light of the responsibilities and nature of work of these positions, and that the compensation is clearly specified, transparent, and commensurate with associated risks, duties, responsibilities and nature of work.



(Mr. Kan Trakulhoon)

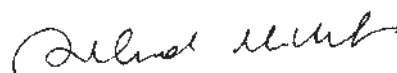
Chairman of the Nomination, Compensation and Corporate Governance Committee

Report of the Executive Committee

The Executive Committee has roles, duties and responsibilities of overseeing the management and screening all matters proposed to the Board of Directors for consideration, except those under responsibility or authority of other committees. The Executive Committee also grants approval on matters according to the scope of authority delegated by the Board of Directors. The Executive Committee consists of five directors, namely an executive director who serves as the Chairman of the Executive Committee, three independent directors and a non-executive director.

In 2019, the Executive Committee held 31 meetings marking major achievements as follows:

1. Considered and screened strategic plans of the Bank and the SCB Financial Group to enable sustainable growth amid a business environment that is challenged by the disruptive forces of economic uncertainties and technological advancement — particularly digital disruption and rapidly changing consumer behaviors — as well as screened financial targets, business plans and annual budget to be proposed to the Board of Directors.
2. Monitored performance and provided recommendations to the management based on the established strategic plans and with particular attention on the delivery of the SCB Transformation program that is aimed to enable holistic transformation of the Bank's work processes and foster a new corporate culture.
3. Considered and granted approvals under its scope of authority and, where applicable, screened for the Board's consideration the Bank's strategic investments, which includes business partnership with leading global and regional companies in related industries and the establishment of subsidiary companies in SCB Financial Group in pursuit of the Bank's aspiration to become a technology-driven bank. Key achievements in 2019 of the Executive Committee were, among others, the sale of SCB Life Assurance Public Company Limited; the long-term distribution agreement made with FWD Group Financial Services Pte. Ltd. on bancassurance product distribution in Thailand; and the establishment of SCB 10X Company Limited as an investment and business development arm for digital technology ventures.
4. Considered and granted approvals under its scope of authority and, where applicable, screened for the Board's consideration the credit requests. The Executive Committee also considered and laid out guidelines to resolve major problem loans as well as monitored the status of major loans on a regular basis, including reports of business impacts caused by unforeseen incidents or non-ordinary situations, so as to ensure appropriate management.
5. Considered and granted approvals under its scope of authority and, where applicable, screened for the Board's consideration the financial results, financial disclosures, risk management, foreign businesses, and businesses of companies in SCB Financial Group by taking into consideration the opinions of other relevant committees.



(Mr. Arthid Nanthawithaya)

CEO & Chairman of Executive Committee

Report of the Technology Committee

The Technology Committee was appointed on June 23, 2018 with the objectives to set direction and supervise SCB's overall technology services to stay relevant to the Bank's future business goals through sound corporate governance, stability and appropriate business resilience, and to support the Board of Directors in defining long-term technology strategies for SCB, because technology is now a key driving force for business in the digital age.

The Technology Committee comprises independent and executive directors as committee members, with the current members as follows:

- 1) Dr. Thaweesak Koanantakool
(Chairman of the Technology Committee)
- 2) Dr. Pailin Chuchottaworn
(Independent Director)
- 3) Mr. Arthid Nanthawithaya
(Chief Executive Officer & Chairman of the Executive Committee)
- 4) Dr. Arak Sutivong
(President)

Dr. Woraphon Watunyuta, First Executive Vice President, Technology Architecture, Security & Risk Function, serves as the secretary to the Technology Committee.

In 2019, there were 10 Technology Committee meetings and 1 meeting with the Risk Oversight Committee (ROC). The Technology Committee reported its performance to the Board of Directors for acknowledgment or to seek corrective guidelines on certain issues as covered by the Report of the Technology Committee in this annual report.

The Technology Committee's Performance (January - December 2019)

The Technology Committee's performance followed its duties and roles in supporting the Board of Directors in overseeing technology policies and processes and defining technology strategy to promote business agility in line with SCB's strategy. The oversight focus was on cloud technology, data management, technology security and risks, technology manpower planning and technology infrastructure.

The Technology Committee provided oversight for technology readiness for compliance with the Personal Data Protection Act and the Cyber Security Act and corporate governance for an agile approach related to technology.

The Technology Committee's oversight covers six areas, namely, 1) speed to market, 2) corporate effectiveness, 3) technology systems and platforms to support and cater to new businesses, 4) customer experience, 5) security and reliability for customers, and 6) sustainability model (corporate and people development).

To keep pace with digital disruption and emerging technologies that are increasingly becoming business fundamentals, the Technology Committee focused on enhancing the Board of Directors' knowledge of technology to broaden their perspectives on guiding business development policies. Such sharing of technology knowledge with the Board covered cyber security and risks, a visit to the SCB Security Operations Center (SOC) with feedback, and cyber security presentations to the Technology Committee and the Risk Oversight Committee.

To ensure that technology oversight covers technology-related risks, there were meetings between the Technology Committee and the Risk Oversight Committee to discuss and share views on technology risk oversight and cooperation between units on the first and second lines of defense following the same set of operational standards.



(Dr. Thaweesak Koanantakool)

Chairman of the 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, 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, 2019, which reflect the financial statement 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.



(Dr. Vichit Suraphongchai)

Chairman of the Board of Directors and
Chairman of the Corporate Social Responsibility
Committee



(Mr. Arthid Nanthawithaya)

CEO & Chairman of Executive Committee

Audit Committee Report

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

1. Mr. Prasan Chuaphanich
Chairman of the Audit Committee
2. Mr. Ekamol Kiriwat
Member of the Audit Committee
3. Assoc. Prof. Pasu Techarin, Ph.D.
Member of the Audit Committee

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 and regulations, 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 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. The internal audit policy included continuous personnel development to promote auditors' 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 2019, 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 Function and Compliance Function. 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 the Audit Committee's performance are as follows:

• Review of Financial Reporting

The Audit Committee reviewed SCB 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; were in accordance with legal requirements and Thai Financial Reporting Standards; were reliable and timely; and provided adequate information disclosure useful for users of the financial statements. In 2019, the Audit Committee reviewed significant new accounting policies effective in 2019 and impacts of the Thai Financial Reporting Standards (TFRS 9), which takes effect for the first time in 2020.

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 new platforms and innovations, 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 2019, 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 and 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 the

readiness of management and staff to cope with rapidly changing business, cyber security management, big data leveraging, a careful process to monitor investment in SCB's transformation projects, 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.

Further to the establishment of the Risk Oversight Committee (ROC) in the previous year, the Audit Committee considered the ROC's comments and recommendations on key issues to ensure that the SCB Group's risks are within the 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, the Risk Management Committee and the Risk Oversight Committee for readiness to cope with unanticipated incidents.

- **Internal Control and Audit**

Reviewed 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.

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. In 2019, the Bank and an external consultant developed a technology risk management framework, so that the Bank has standard guidelines on IT operations.

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 2019, the Audit Committee considered the independence of internal audit performance, approved the review of the Internal Audit Charter, reviewed the annual strategic 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 and 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 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. The leveraging of IT tools and systems was also promoted to benefit and support internal audit performance, including use of data analytics as an audit technique, and capability and skill development of internal auditors to operate such IT tools and systems.

As a result of the activities discussed above, 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 348).

- **Regulatory Compliance Review**

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 the 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 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 2019, 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 to the Board of Directors all critical issues and significant regulatory changes that may affect the Bank's operations, and approved the annual compliance report before its submission to the Bank of Thailand and the Securities and Exchange Commission.

- **Reviews of 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 2019, 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 about other connected transactions is disclosed in the notes to the financial statements.

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

The Audit Committee considers, on an annual basis, the appointment of the Bank's external auditor and audit fees. 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 2019 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 2019, the Audit Committee members 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, 2019

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 40,436 million for 2019. Pre-provision operating profit (PPOP) rose 29.9% from last year driven mainly by a one-time gain from sale of SCB Life, higher net interest

income and higher net fee income but offset by higher operating expenses (OPEX). The Bank set aside provisions of Baht 36,211 million (+50.7% yoy), arising from the slower economy and its consequent potential impact on the Bank's loan portfolio.

Net Profit and Total Comprehensive Income

Unit: Baht million

Consolidated	2019	2018	% yoy
Net interest income	99,402	96,369	3.1%
Non-interest income	66,696	41,855	59.3%
Total operating income	166,098	138,225	20.2%
Operating expenses	70,538	64,639	9.1%
Pre-provision operating profit	95,560	73,586	29.9%
Impairment loss on loans and debt securities	36,211	24,023	50.7%
Income tax	19,098	9,468	101.7%
Non-controlling interests	(185)	28	NM
Net profit (attributable to shareholders of the Bank)	40,436	40,068	0.9%
Other comprehensive income (loss)	19,863	(4,809)	NM
Total comprehensive income	60,300	35,259	71.0%
ROAE	10.4%	10.8%	
ROAA	1.3%	1.3%	

NM denotes "not meaningful"

Share Information

Unit: Baht

	2019	2018	% yoy
EPS	11.90	11.79	0.9%
BVPS	117.78	111.80	5.3%
Closing price	122.00	133.50	-8.6%
Shares outstanding* (Million shares)	3,399	3,399	0.0%
Market capitalization (Baht billion)	414.7	453.8	-8.6%

* Includes both common and preferred shares

Income Statement for the Year Ended December 31, 2019 (Consolidated basis)

Net Interest Income

Unit: Baht million

Consolidated	2019	2018	% yoy
Interest income	135,025	129,127	4.6%
Loans	102,864	98,035	4.9%
Interbank and money market	5,737	5,456	5.1%
Financial leases	13,461	12,003	12.1%
Investments	12,833	13,495	-4.9%
Others	130	138	-6.0%
Interest expenses	35,624	32,758	8.7%
Deposits	20,062	18,301	9.6%
Interbank and money market	1,601	1,534	4.3%
Borrowings	3,625	3,012	20.3%
Contribution to the Deposit Protection Agency & FIDF	10,116	9,735	3.9%
Others	220	176	24.7%
Net interest income	99,402	96,369	3.1%

• **Net interest income** in 2019 increased by 3.1% yoy to Baht 99,402 million due to higher net interest margin following the Bank's strategy to grow high margin

loans. The improved margin was substantial enough to outweigh the effect from the two lending rate cuts in 2019 and a 1.3% yoy decline in loan growth.

Yield and Cost of Funding

Unit: Percentage

Consolidated	2019	2018
Net interest margin	3.34%	3.21%
Yield on earning assets	4.54%	4.30%
Yield on loans	5.47%	5.27%
Yield on interbank and money market	1.41%	1.57%
Yield on investment	2.91%	2.37%
Cost of funds ^{1/}	1.49%	1.40%
Cost of deposits ^{2/}	1.39%	1.31%

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

^{1/} Cost of funds = Interest expenses (including the contribution to DPA & FIDF) / Average interest-bearing liabilities.

^{2/} Cost of deposits includes the contribution to the Deposit Protection Agency and FIDF fee.

SCB Interest Rates	Dec 21, 15	Mar 1, 16	Apr 7, 16	Apr 25, 16	Oct 12, 16	May 16, 17	Jan 4, 19	Aug 15, 19	Nov 8, 19
Lending rate (%)									
MLR	6.525	6.525	6.275	6.275	6.275	6.025	6.025	6.025	6.025
MOR	7.37	7.37	7.37	7.12	7.12	6.87	6.87	6.745	6.745
MRR	7.87	7.87	7.87	7.62	7.62	7.37	7.37	7.12	6.87
Deposit rate* (%)									
Savings rate	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
3-month deposits	0.90-1.60	0.90	0.90	0.90	0.90	0.90	0.90-1.15	0.90-1.15	0.65-0.90
6-month deposits	1.15	1.15	1.15	1.15	1.15	1.15	1.15-1.40	1.15-1.40	0.90-1.15
12-month deposits	1.30	1.30	1.30	1.30	1.40	1.40	1.40-1.65	1.40-1.65	1.15-1.40

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

	Oct 17, 12	May 29, 13	Nov 27, 13	Mar 12, 14	Mar 11, 15	Apr 29, 15	Dec 19, 18	Aug 7, 19	Nov 6, 19
Policy rate (%)	2.75	2.50	2.25	2.00	1.75	1.50	1.75	1.50	1.25

Non-Interest Income

Unit: Baht million

Consolidated	2019	2018	% yoy
Net fee and service income	29,670	28,456	4.3%
<i>Fee and service income</i>	39,103	37,016	5.6%
<i>Fee and service expenses</i>	9,433	8,560	10.2%
Net insurance premiums	(396)	682	NM
<i>Net earned insurance premiums</i>	34,951	50,592	-30.9%
<i>Net insurance claims</i>	35,347	49,910	-29.2%
Net fee and insurance premiums	29,274	29,138	0.5%
Net gain on trading and foreign exchange transactions	6,817	7,945	-14.2%
Share of profit from investment in associate	31	47	-35.1%
Dividend income	627	1,211	-48.2%
Other income	541	584	-7.4%
Non-interest income excluding net gain on investments	37,289	38,925	-4.2%
Net gain on investments	5,383	2,930	83.7%
Net gain on sale of investment in subsidiary	24,024	-	NM
Total non-interest income*	66,696	41,855	59.3%

* Excluding the one-time gain from the sale of SCB Life, non-NII would have increased by 2.0% yoy for 2019.
NM denotes "not meaningful"

- **Non-interest income** increased significantly by 59.3% yoy to Baht 66,696 million in 2019 mainly due to a one-time gain from the sale of SCB Life and higher net fee income from the new income stream generated by the bancassurance

partnership, mutual fund business and loan-related fees. The above increase was partly offset by lower net gain on trading and foreign exchange transactions and negative net insurance premiums.

Non-Interest Income

Unit: Baht million

Consolidated	2019	2018	% yoy
Transactional banking *	14,726	15,761	-6.6%
Lending related **	8,087	7,219	12.0%
Wealth management ***	7,303	6,995	4.4%
Bancassurance	3,641	2,284	59.4%
Recurring income	33,757	32,259	4.6%
Non-recurring and others	33,335	8,914	274.0%
Net insurance premiums	(396)	682	NM
Total non-interest income	66,696	41,855	59.3%

* Including transactional fee, trade and FX income, and others.

** Including loan-related fees and credit cards.

*** Including income from fund management, securities business, and others.

NM denotes "not meaningful"

Operating Expenses

Unit: Baht million

Consolidated	2019	2018	% yoy
Employee expenses	33,281	29,347	13.4%
Premises and equipment expenses	13,894	13,264	4.8%
Taxes and duties	4,627	4,489	3.1%
Directors' remuneration	105	100	5.0%
Other expenses	18,631	17,439	6.8%
Total operating expenses	70,538	64,639	9.1%
Cost to income ratio*	42.5%	46.8%	

* Excluding the one-time gain from the sale of SCB Life and one-time personnel expenses to comply with the new labor law, cost-to-income ratio would have been 48.7% in 2019.

- **Operating expenses** increased by 9.1% yoy to Baht 70,538 million in 2019 primarily due to higher staff cost, higher other expenses from amortization of software license as well as higher premises and equipment expenses which reflected

higher depreciation from the Bank's transformation program. The increase in staff cost consisted of one-time personnel expenses in 1Q19 to comply with the new labor law, annual salary adjustment and re-skilling of workforce required.

Cost-to-income ratio stood at 42.5% in 2019. Excluding the one-time gain from the sale of SCB Life and one-time personnel expenses to comply with the new labor law, cost-to-income ratio would be at 48.7% due to higher staff cost from changing mix of skillsets,

increasing depreciation expenses from transformation projects and IT-related expenses. Efforts are continuing in re-shaping the organization and adjusting the cost structure as more and more customers shift their banking services onto digital channels.

Impairment loss on loans and debt securities

Unit: Baht million

Consolidated	2019	2018	% yoy
Impairment loss on loans and debt securities	36,211	24,023	50.7%
Credit cost (bps)	170	115	

- In 2019, **impairment loss on loans and debt securities** was set at Baht 36,211 million (170 bps of total loans). Out of this amount, Baht 9,100 million was an additional provision on top of the normalized requirement of Baht 27,111 million (127 bps of total loans) in 2019 to prepare for

possible future adverse events amid increasing economic uncertainty. The normalized provision of 127 bps of total loans is higher than the 115 bps recorded in 2018 due to the slower economy.

Balance Sheet as of December 31, 2019 (Consolidated Basis)

As of December 31, 2019, the Bank's total assets fell 7.0% yoy to Baht 2,964 billion due to the divestment of SCB Life and a decline in loan growth. Details on

the consolidated balance sheets are provided in the following sections:

Loans

Unit: Baht million

By Segment (Consolidated)	Dec 31, 19	Dec 31, 18	% yoy
Corporate	755,822	830,586	-9.0%
SME	350,837	341,305	2.8%
Retail	1,007,128	968,670	4.0%
<i>Housing loans*</i>	649,925	644,508	0.8%
<i>Auto loans</i>	219,187	203,075	7.9%
<i>Unsecured loans</i>	135,709	108,978	24.5%
<i>Other loans</i>	2,307	12,109	-80.9%
Total loans	2,113,787	2,140,561	-1.3%

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

Total loans (net of deferred revenue) as of December 31, 2019 decreased by 1.3% yoy. Details on changes in loan volume by customer segment are as follows:

- **Corporate** loans declined 9.0% yoy mainly because of loan repayments. This was in line with the Bank's strategy to optimize its loan portfolio based on the risk/return profile.
- **SME** loans rose 2.8% yoy due largely to more lending to small SME customers following the Bank's strategy to grow high margin loans in targeted customer segments.
- **Retail** loans grew 4.0% yoy with strong growth in high-margin lending products.
 - **Housing loans** increased 0.8% yoy mainly due to higher take-up of My Home, My Cash loans (a personal loan product collateralized by borrowers' properties) despite the BOT's macroprudential measures which took effect on April 1, 2019.
 - **Auto loans** expanded 7.9% yoy, largely driven by strong demand for new cars in the first half of 2019 and My Car, My Cash loans (a personal loan product collateralized by borrowers' automobiles).
 - **Unsecured loans** (personal loans and credit card receivables) surged 24.5% yoy, following the Bank's strategy to grow high-margin loans in targeted customer segments.
 - **Other loans** declined significantly by 80.9% yoy due mainly to deconsolidation of SCB Life's policy loans after its divestment in September 2019.

Deposits

Unit: Baht million

Consolidated	Dec 31, 19	Dec 31, 18	% yoy
Demand	77,549	68,139	13.8%
Savings	1,376,942	1,418,782	-2.9%
Fixed	704,934	672,710	4.8%
<i>Less than 6 months</i>	110,568	133,341	-17.1%
<i>6 months and up to 1 year</i>	244,694	194,939	25.5%
<i>Over 1 year</i>	349,672	344,430	1.5%
Total deposits	2,159,425	2,159,631	0.0%
CASA - current & savings accounts (%)	67.4%	68.9%	
Gross loan to deposit ratio	97.9%	99.1%	
Liquidity ratio (Bank-only)	31.0%	25.0%	

As of December 31, 2019, total **deposits** was relatively flat yoy as higher fixed deposits (boosted by fixed deposit campaigns in 2Q19) were offset by a decline in savings deposits. The Bank's CASA proportion remained stable at 67.4% at the end of December 2019.

The Bank's daily liquidity ratio of 31.0%, as measured by total liquid assets to total deposits (at a bank-only level), was well above the 20% minimum threshold.

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 had been phased in gradually to the common equity Tier 1 capital requirement at the rate of 0.625% p.a. and reached the 2.5% target since January 2019.

Furthermore, the Bank has been designated by the BOT, along with 4 other major Thai commercial banks, as Domestic Systemically Important Banks

(D-SIBs) which resulted in a requirement to maintain an additional common equity Tier 1 (CET1) of 0.5% in 2019 that will increase to 1.0% in 2020. This Higher Loss Absorbency requirement (or D-SIBs buffer) is added on top of the capital conservation buffer of 2.5% to provide additional stability and resilience.

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 the Bank's 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.

The table below shows the Bank's total capital ratios under Basel III at the end of December 2019.

Unit: Baht million, %

	Consolidated		Bank-only	
	Dec 31, 19	Dec 31, 18	Dec 31, 19	Dec 31, 18
Statutory Capital				
Common equity Tier 1/ Tier 1	352,692	326,679	317,312	305,183
Tier 2 capital	22,514	43,793	22,432	42,953
Total capital	375,206	370,472	339,744	348,136
Risk-weighted assets	2,075,492	2,166,374	2,060,169	2,091,071
Capital Adequacy Ratio	18.1%	17.1%	16.5%	16.6%
Common equity Tier 1/ Tier 1	17.0%	15.1%	15.4%	14.6%
Tier 2 capital	1.1%	2.0%	1.1%	2.0%

At the end of December 2019, the Bank's consolidated common equity Tier 1/Tier 1 capital increased significantly yoy, mainly as a result of capital released from the divestment of SCB Life as well as appropriation of net profit. On the other hand, Tier 2 capital declined yoy due

to early redemption of Tier 2 subordinated debentures of Baht 20 billion in 3Q19. Overall, the Bank's capital position remains strong, which enables the Bank to pursue any future growth opportunities.

Asset Quality

At the end of December 2019, **gross NPLs** (on a consolidated basis) increased 21.1% yoy to Baht 85.2 billion and the **gross NPL ratio** rose yoy to 3.41%. Loan quality deteriorated across all segments which reflected a challenging business environment as economic headwinds intensified

in the second half of 2019. Another reason for increased NPLs in this period was the Bank's qualitative loan classification of some corporate and SME customers. The Bank's **coverage ratio** remained high at 134.1% at the end of 2019.

Unit: Baht million, %

Consolidated	Dec 31, 19	Dec 31, 18
Non-performing loans (Gross NPLs)	85,212	70,389
Gross NPL ratio	3.41%	2.85%
Non-performing loans (Net NPLs)	42,761	35,699
Net NPL ratio	1.74%	1.47%
<i>Gross NPL ratio by segment/product</i>		
<i>Corporate</i>	3.56%	2.16%
<i>SME</i>	8.31%	7.97%
<i>Retail</i>	2.90%	2.60%
<i>Housing loans</i>	3.34%	3.13%
<i>Auto loans</i>	2.29%	1.80%
Allowance for doubtful accounts and debt restructuring*	114,272	103,273
Total allowance to NPLs (Coverage ratio)	134.1%	146.7%
Credit cost (bps)	170	115
Bank-only	Dec 31, 19	Dec 31, 18
Non-performing loans (Gross NPLs)	84,349	69,383
Gross NPL ratio	3.38%	2.84%
Non-performing loans (Net NPLs)	42,498	35,406
Net NPL ratio	1.73%	1.47%

* Excluding interbank and money market items.

Unit: Baht million

Consolidated	Dec 31, 19		Dec 31, 18	
	Loan and accrued interest	Allowance for doubtful accounts	Loan and accrued interest	Allowance for doubtful accounts
Normal	1,966,438	20,403	2,019,500	20,661
Special mention	64,996	4,040	53,968	3,500
Substandard	36,234	19,618	23,034	12,831
Doubtful	17,821	6,353	13,246	4,318
Doubtful loss	31,244	16,763	34,147	17,902
Total	2,116,733	67,177	2,143,895	59,212
Allowance established in excess of BOT regulations		43,973		40,193
Total allowance		111,150		99,405

Special mention loans increased by 20.4% yoy in 2019 mainly in the SME and Retail segments,

particularly auto loans, but declined qoq.

New NPLs by Segment and by Product

	2019				2018				2019	2018
	4Q19	3Q19	2Q19	1Q19	4Q18	3Q18	2Q18	1Q18		
Total loans	0.73%	1.02%	0.54%	0.50%	0.48%	0.49%	0.44%	0.41%	2.80%	1.80%
Corporate ^{1/}	0.22%	1.77%	0.25%	0.12%	0.14%	0.25%	0.02%	0.06%	2.51%	0.46%
SME ^{1/}	1.97%	0.90%	0.75%	0.99%	0.68%	0.73%	0.68%	0.79%	4.58%	2.90%
Housing loans ^{2/}	0.78%	0.77%	0.83%	0.76%	0.85%	0.81%	0.93%	0.70%	3.15%	3.26%
Auto loans ^{3/}	0.85%	0.72%	0.68%	0.61%	0.67%	0.57%	0.51%	0.43%	2.85%	2.10%
New NPLs (Baht billion)	18.2	26.2	13.4	12.3	11.8	12.2	10.6	9.7	70.1	44.3

^{1/} In 2Q18, some SME customers experienced sales turnover growth and were reclassified as Corporate customers. Data as of 1Q18 are restated figures.

^{2/} Most of new NPLs in housing loans were 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.

^{3/} Excluding the cases in which cars had been repossessed before the end of the month on the month that loans were classified as NPL.

New NPL formation in 2019 trended up significantly from the previous year across all segments amid the softening economic environment except for housing the loans. In 4Q19, new NPL formation still remained

high due to qualitative classification of some corporate and SME customers as well as deterioration of certain SME and retail portfolios given the conservative standard of the Bank.

Sources and Uses of Funds

As of December 31, 2019, deposits accounted for 72.9% of SCB's funding base. Other major sources of funds were: 13.5% from shareholders' equity, 4.9% from interbank borrowings, and

2.6% from debt issuance. Uses of funds for this same period were: 71.3% for loans, 14.6% for interbank and money market lending, 10.5% for investments in securities, and 1.6% held in cash.

Additional Financial Information

Unit: Baht million, %

Consolidated	Dec 31, 19	Dec 31, 18	% yoy
Loans by sector	2,113,787	2,140,561	-13%
Agricultural and mining	16,820	19,798	-15.0%
Manufacturing and commercial	554,901	610,341	-9.1%
Real estate and construction	169,798	166,640	1.9%
Utilities and services	363,278	376,276	-3.5%
Housing loans ^{1/}	544,388	552,772	-1.5%
Other loans	464,602	414,734	12.0%
Investment	312,143	568,901	-45.1%
Trading securities and securities measured at fair value through P/L	29,814	13,415	122.2%
Available-for-sale securities	270,740	432,663	-37.4%
Held-to-maturity securities	7,830	120,645	-93.5%
General investments	3,681	2,131	72.7%
Investment in associate	78	47	64.9%
Debt issued and borrowings	77,952	107,561	-27.5%
Bonds	76,060	86,694	-12.3%
Subordinated bonds	-	20,000	-100.0%
Structured notes	1,596	607	162.9%
Others	296	260	13.8%

^{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, 2019 and December 31, 2018, was Baht 650 billion and Baht 645 billion, respectively.

Unit: Baht million, %

Consolidated	Dec 31, 19	Dec 31, 18	% yoy
NPL breakdown by status (Bank-only)			
Restructured and being serviced	76.1%	75.1%	1.0%
Under negotiation for restructuring	4.9%	2.9%	2.0%
In litigation	8.6%	8.4%	0.2%
In foreclosure process	10.4%	13.6%	-3.2%
Troubled debt restructured loans	40,970	33,493	22.3%
Restructured loans which are classified as NPL	10,166	10,257	-0.9%
Restructured loans which are not classified as NPL	30,804	23,236	32.6%

	2019	2018
Yield on loans	5.47%	5.27%
Corporate	4.23%	4.16%
SME	6.07%	5.93%
Retail	6.41%	6.15%
Housing loans	4.91%	4.99%
Auto loans	6.38%	6.29%
Credit card ^{1/}	15.43%	16.44%
Speedy	21.42%	20.78%
Auto loan portfolio		
New car	56.1%	56.3%
Used car	26.0%	27.4%
My Car, My Cash	17.9%	16.3%
NPL reduction methodology		
Repayments, auctions, foreclosures and account closed	41.3%	52.4%
Debt restructuring	2.5%	7.0%
NPL sales ^{2/}	24.3%	28.3%
Write off	31.9%	12.3%

^{1/} Revolver only^{2/} The Bank sold NPLs of Baht 16.7 billion in 2019 and Baht 17.4 billion in 2018.

Credit Ratings

Credit Ratings of Siam Commercial Bank PCL	December 31, 2019
Moody's Investors Service Outlook Bank deposits Senior unsecured MTN Other short term	Positive Baa1/P-2 (P) Baa1 (P) P-2
S&P Global Ratings Counterparty Credit Rating Outlook Senior Unsecured (Long Term) Senior Unsecured (Short Term)	BBB+/A-2 Stable BBB+ A-2
Fitch Ratings <u>Foreign Currency</u> Long Term Issuer Default Rating Short Term Issuer Default Rating Outlook Senior Unsecured Viability Rating	BBB+ F2 Stable BBB+ bbb+
<u>National</u> Long Term Rating Short Term Rating Outlook Subordinated Debenture	AA+(tha) F1+(tha) Stable AA(thai)

5-Year: Key Financial Statistics

Financial Status (Consolidated)

As of December 31,

Unit: Billion Baht

	2015	2016	2017	2018	2019
Total Assets	2,774.3	2,913.0	3,024.0	3,187.3	2,963.7
Loans*	1,833.4	1,939.0	2,034.7	2,140.6	2,113.8
Loans and accrued interest receivables, net	1,773.2	1,865.8	1,948.1	2,040.6	2,002.5
Total liabilities	2,466.6	2,578.7	2,660.3	2,806.4	2,562.9
Deposits	1,890.7	2,026.3	2,092.5	2,159.6	2,159.4
Total shareholders' equity	307.7	334.3	363.8	381.0	400.8

* After deducting deferred revenue

Financial Results (Consolidated)

For the year ended December 31,

Unit: Billion Baht

	2015	2016	2017	2018	2019
Interest income	122.5	122.4	125.1	129.1	135.0
Less interest expenses	39.6	34.0	32.8	32.8	35.6
Net interest income	82.8	88.4	92.3	96.4	99.4
Non-interest income	54.4	44.9	43.9	41.9	66.7
Total income	137.3	133.3	136.2	138.2	166.1
Less operating expenses	48.8	51.6	57.7	64.6	70.5
Pre-provision operating profit	88.5	81.7	78.6	73.6	95.6
Less impairment loss of loans and debt securities	29.7	22.5	25.1	24.0	36.2
Less income tax and non-controlling interest	11.6	11.6	10.3	9.5	18.9
Net profit (attributable to shareholders of the Bank)	47.2	47.6	43.2	40.1	40.4

Key Financial Ratios (Consolidated)

Unit: Percent

	2015	2016	2017	2018	2019
Profitability ratio					
Return on assets (ROA)	1.7	1.7	1.5	1.3	1.3
Return on equity (ROE)	15.9	14.8	12.4	10.8	10.4
Net interest margin (NIM)	3.2	3.3	3.2	3.2	3.3
Non interest income to total income	39.7	33.7	32.2	30.3	40.2
Efficiency ratio					
Cost to income ratio	35.6	38.7	42.3	46.8	42.5
Cost to assets	1.8	1.8	1.9	2.1	2.3
Financial ratio					
Equity to assets	11.1	11.5	12.0	11.9	13.5
Loans to deposits	97.0	95.7	97.2	99.1	97.9
Capital adequacy ratio ^{1/}					
Total capital to risk assets	17.3	17.7	17.7	17.1	18.1
Tier 1 capital to risk assets	14.1	14.8	15.6	15.1	17.0
Tier 2 capital to risk assets	3.2	2.9	2.1	2.0	1.1
Asset quality ratio					
Non-performing loans to total loans	2.89	2.67	2.83	2.85	3.41
Total allowance to non-performing loans	109.8	134.3	137.3	146.7	134.1
Total allowance to total loans	3.5	4.0	4.4	4.8	5.4

Share Information ^{2/}

	2015	2016	2017	2018	2019
Earnings per share - EPS (Baht)	13.88	14.01	12.69	11.79	11.90
Book value per share (Baht)	90.45	98.28	106.93	111.80	117.78
Dividend per share ^{3/} (Baht)	5.50	5.50	5.50	5.50	6.25
Market capitalization (Billion Baht)	406.2	518.3	509.9	453.8	414.7
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 2019 as proposed to the Annual General Meeting of Shareholders in April 2020. (Interim dividend Baht 1.50 per share and special dividend Baht 0.75 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 2019, 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 2019 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

Refer to notes 3.5, 4.1 and 11 to the financial statements.

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 2019, loans to customers recorded in the consolidated and the Bank's financial statements amounted to Baht 2,147 billion and Baht 2,142 billion (approximately 72.4% and 72.5% of total assets), against which allowance for doubtful accounts in the consolidated and the Bank's financial statements amounted to Baht 111 billion and Baht 111 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

My audit procedures included:

- Performing 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.
- Testing the design and operating effectiveness of selected controls surrounding the credit and impairment process.
- Performing 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.
- Using 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.
- Considering the adequacy of disclosures in accordance with Thai Financial Reporting Standards and the Bank of Thailand notification and guidelines.

Valuation of financial instruments in the statement of financial position

Refer to notes 3.3, 3.31, 3.32, 4, 5, 8 and 9 to the financial statements.

The key audit matter	How the matter was addressed in the audit
<p>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.</p> <p>As at 31 December 2019, financial assets measured at fair value in the consolidated and the Bank's financial statements amounted to Baht 364 billion and Baht 362 billion, respectively. Financial liabilities measured at fair value in the consolidated and the Bank's financial statements amounted to Baht 62 billion and Baht 62 billion, respectively which fair values of financial assets and financial liabilities are classified as level 2.</p> <p>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.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> • Performing 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. • Sampling financial instruments and 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. • Considering the adequacy of disclosures in accordance with Thai Financial Reporting Standards and the Bank of Thailand notification and guidelines.

Divestment of Life insurance subsidiary

Refer to note 10.2 to the financial statements.

The key audit matter

On 26 September 2019, the Bank sold all its shares (99.2%) in SCB Life Assurance PCL to FWD Group Financial Services Pte. Ltd ("FWD"). For a total consideration of Baht 92,720 million, of which Baht 75,000 million related to the share sale and Baht 17,720 million related to a long-term Distribution Agreement with FWD.

The Bank recognised net gain on sale of investment in subsidiary of Baht 24,024 million and Baht 61,900 million in the consolidated and the Bank's financial statements, respectively and recognised deferred income from long-term Distribution Agreement amounted to Baht 17,720 million under other liabilities in the consolidated and the Bank's financial statements.

The divestment is considered a Key Audit Matter due to the significance of the accounting and the complexity in share valuation method.

How the matter was addressed in the audit

My audit procedures included:

- Reading the relevant transaction documents to understand the terms and conditions of the divestment.
- Using my own specialist to assess share valuation report related to share valuation and computing the multiples used including references to source data which prepared by external expert engaged by the Bank.
- Obtaining the evidence of consideration received and underlying accounting records.
- Testing the calculation of net gain on sale of investment in subsidiary in the consolidated and the Bank's financial statements.
- Considering the adequacy of disclosures in accordance with Thai Financial Reporting Standards.

Potential impact from adoption TFRS 9

Refer to note 47 to the financial statements.

The key audit matter	How the matter was addressed in the audit
<p>The Group and the Bank are adopting TFRS 9 “Financial Instruments” from 1 January 2020. This new Financial Reporting Standard will affect the classification and measurement of financial assets and liabilities, the impairment of financial assets and hedge accounting; such financial assets and liabilities comprise a substantial portion, approximately 97.0% and 95.9% of the total assets and liabilities of the Group and 97.2% and 96.0% of the total assets and liabilities of the Bank.</p> <p>Management have disclosed the estimation of the impact of TFRS 9, in particular the allowance for doubtful accounts on loans to customers which is based on expected credit losses, in note 47. Management’s estimation of the expected credit losses on loans measured at amortised cost is based on new and complex credit models which are dependent on significant management judgments and estimates including economic forward looking factors and post model adjustments.</p> <p>Due to the significance of the financial assets and liabilities affected by this new TFRS and significant judgments and estimates made by management, I consider this a Key Audit Matter.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> • Performing the risk assessment and the model scoping by considering the size, complexity and credit risk characteristics of each portfolio. • Considering the Group and the Bank’s accounting policies to determine whether these have been set up in accordance with the requirements of TFRS 9 and the relevant Bank of Thailand notification and guidelines. • Testing the design and operating effectiveness of selected controls over governance and model development. • Testing certain key technical decisions, assumptions and model methodologies, where appropriate, including involvement of my own credit risk specialists to inspect model documentation and model validation reports performed by expert engaged by the Bank’s management. • Considering the adequacy of disclosures in accordance with Thai Financial Reporting Standards and the Bank of Thailand notification and guidelines.

Other Information

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.



(Wilai Buranakittisophon)

Certified Public Accountant
Registration No. 3920

KPMG Phoomchai Audit Ltd.
Bangkok
19 February 2020

Statement of financial position

The Siam Commercial Bank Public Company Limited and its Subsidiaries

(in thousand Baht)

		Consolidated 31 December		The Bank 31 December	
Assets	Note	2019	2018	2019	2018
Cash		47,615,159	47,116,872	47,450,329	46,443,366
Interbank and money market items, net	7	433,510,185	377,904,575	427,250,921	362,033,032
Derivative assets	8	63,132,091	41,682,825	63,283,308	41,533,759
Investments, net	9	312,065,032	568,853,597	310,504,994	272,994,919
Investments in subsidiaries and associate, net	10	78,148	47,391	6,727,117	18,988,748
Loans to customers and accrued interest receivables, net	11				
Loans to customers		2,146,866,947	2,170,100,801	2,141,954,439	2,154,332,379
Accrued interest receivables		2,946,093	3,334,205	2,920,413	3,028,442
Total loans to customers and accrued interest receivables		2,149,813,040	2,173,435,006	2,144,874,852	2,157,360,821
Less deferred revenue		(33,079,725)	(29,540,202)	(33,078,608)	(29,540,202)
Less allowance for doubtful accounts	11.9	(111,150,371)	(99,404,677)	(110,505,427)	(98,646,744)
Less revaluation allowance for debt restructuring	12	(3,122,081)	(3,867,951)	(3,122,081)	(3,867,951)
Total loans to customers and accrued interest receivables, net		2,002,460,863	2,040,622,176	1,998,168,736	2,025,305,924
Properties for sale, net	14	16,641,789	13,449,583	16,393,154	13,445,838
Premises and equipment, net	15	40,776,524	43,206,362	39,910,623	41,707,339
Goodwill and other intangible assets, net	16	19,186,569	25,491,592	18,450,769	15,697,382
Assets pending transfer	17	1,809,735	2,232,926	1,917,558	2,429,931
Deferred tax assets	44	2,004,629	197,811	1,809,077	106,779
Other assets, net	18	24,465,595	26,533,915	20,580,466	19,440,025
Total assets		2,963,746,319	3,187,339,625	2,952,447,052	2,860,127,042

The accompanying notes form an integral part of the financial statements.

Statement of financial position

The Siam Commercial Bank Public Company Limited and its Subsidiaries

(in thousand Baht)

		Consolidated 31 December		The Bank 31 December	
		2019	2018	2019	2018
Liabilities and shareholders' equity	Note				
Liabilities					
Deposits	19	2,159,425,196	2,159,630,551	2,156,488,855	2,156,936,065
Interbank and money market items	20	145,844,197	142,528,617	145,870,962	145,599,164
Liability payable on demand		11,796,217	13,944,143	11,794,548	13,942,883
Liabilities to deliver security	3.11	18,335	1,144	-	-
Derivative liabilities	8	61,937,343	36,483,008	61,987,555	36,798,917
Debt issued and borrowings	21	77,952,008	107,560,901	76,355,562	106,065,393
Provisions	22	11,409,640	9,426,568	10,997,107	8,922,840
Liabilities under insurance contracts	23	-	278,220,199	-	-
Liabilities pending transfer	24	21,933,486	19,675,994	21,915,093	19,435,132
Deferred tax liabilities	44	138,921	423,164	-	-
Other liabilities	10.2, 25	72,444,505	38,462,288	69,093,197	31,240,768
Total liabilities		2,562,899,848	2,806,356,577	2,554,502,879	2,518,941,162

The accompanying notes form an integral part of the financial statements.

Statement of financial position

The Siam Commercial Bank Public Company Limited and its Subsidiaries

(in thousand Baht)

		Consolidated 31 December		The Bank 31 December	
Shareholders' equity	Note	2019	2018	2019	2018
Share capital	27				
Authorised share capital					
3,582,735,096 preferred shares of Baht 10 each		35,827,351	35,828,427	35,827,351	35,828,427
3,417,264,904 common shares of Baht 10 each		34,172,649	34,171,573	34,172,649	34,171,573
Issued and paid-up share capital					
3,610,739 preferred shares of Baht 10 each		36,107	37,183	36,107	37,183
3,395,581,459 common shares of Baht 10 each		33,955,815	33,954,739	33,955,815	33,954,739
Premium on share capital					
Premium on preferred shares		14,121	14,541	14,121	14,541
Premium on common shares		11,110,070	11,109,650	11,110,070	11,109,650
Other reserves	28	16,169,935	15,668,579	16,135,730	16,535,798
Retained earnings					
Appropriated Legal reserve	28	7,000,000	7,000,000	7,000,000	7,000,000
Unappropriated		332,071,783	312,241,904	329,692,330	272,533,969
Total owners of the company		400,357,831	380,026,596	397,944,173	341,185,880
Non-controlling interests		488,640	956,452	-	-
Total shareholders' equity		400,846,471	380,983,048	397,944,173	341,185,880
Total liabilities and shareholders' equity		2,963,746,319	3,187,339,625	2,952,447,052	2,860,127,042



(Mr. Arthid Nanthawithaya)

CEO & Chairman of Executive Committee

The accompanying notes form an integral part of the financial statements.

Statement of profit or loss and other comprehensive income

The Siam Commercial Bank Public Company Limited and its Subsidiaries

(in thousand Baht)

		Consolidated For the year ended 31 December		The Bank For the year ended 31 December	
	Note	2019	2018	2019	2018
Interest income	37	135,025,196	129,127,210	126,170,944	118,470,269
Interest expenses	38	35,623,651	32,757,797	35,537,905	32,701,604
Net interest income		99,401,545	96,369,413	90,633,039	85,768,665
Fee and service income	39	39,103,281	37,016,121	39,174,566	36,681,937
Fee and service expenses	39	9,433,183	8,559,783	8,327,557	7,354,816
Net fee and service income	39	29,670,098	28,456,338	30,847,009	29,327,121
Net gain on trading and foreign exchange transactions	40	6,816,701	7,944,828	6,579,982	7,764,554
Net gain on investments	41	5,382,879	2,930,164	4,741,734	2,705,633
Net gain on sale of investment in subsidiary	10.2	24,023,848	-	61,899,788	-
Share of profit from investment in associate		30,756	47,391	-	-
Dividend income		627,337	1,211,013	2,217,863	1,509,738
Net earned insurance premiums		34,950,839	50,591,839	-	-
Other operating income		540,736	583,655	373,031	282,587
Total operating income		201,444,739	188,134,641	197,292,446	127,358,298
Net insurance claims		35,346,903	49,909,813	-	-
Net operating income		166,097,836	138,224,828	197,292,446	127,358,298
Other operating expenses					
Employee expenses		33,280,574	29,347,037	29,803,086	25,969,307
Directors' remuneration		105,370	100,332	89,680	89,238
Premises and equipment expenses		13,894,163	13,263,885	12,902,297	12,318,209
Taxes and duties		4,626,728	4,488,694	4,362,186	4,138,577
Other expenses	42	18,630,978	17,438,800	20,656,435	19,812,844

The accompanying notes form an integral part of the 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 For the year ended 31 December		The Bank For the year ended 31 December	
		2019	2018	2019	2018
Total operating expenses		70,537,813	64,638,748	67,813,684	62,328,175
Impairment loss on loans and debt securities	43	36,210,938	24,022,741	36,236,999	24,001,551
Profit from operation before income tax expense		59,349,085	49,563,339	93,241,763	41,028,572
Income tax expenses	44	19,098,182	9,468,272	17,792,258	7,553,082
Net profit		40,250,903	40,095,067	75,449,505	33,475,490
Other comprehensive income (loss)					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Gains (losses) on remeasuring available-for-sale investments		21,921,022	(5,374,535)	5,432	(2,308,856)
Losses arising from translating the financial statements of a foreign operation		(187,958)	(15,236)	-	-
Changes in hedge reserve		3,287,789	319,201	-	1
Income tax relating to components of other comprehensive income (loss) will be reclassified subsequently to profit or loss	44	(5,041,433)	1,011,067	(1,087)	461,771
		19,979,420	(4,059,503)	4,345	(1,847,084)
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Actuarial gains (losses) on defined benefit plans	22	59,643	(959,880)	-	(893,131)

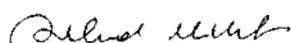
The accompanying notes form an integral part of the financial statements.

Statement of profit or loss and other comprehensive income

The Siam Commercial Bank Public Company Limited and its Subsidiaries

(in thousand Baht)

		Consolidated For the year ended 31 December		The Bank For the year ended 31 December	
	Note	2019	2018	2019	2018
Income tax relating to components of other comprehensive income (loss) will not be reclassified subsequently to profit or loss	44	(11,929)	191,976	-	178,626
		47,714	(767,904)	-	(714,505)
Total other comprehensive income (loss), net of income tax		20,027,134	(4,827,407)	4,345	(2,561,589)
Total comprehensive income		60,278,037	35,267,660	75,453,850	30,913,901
Net profit (loss) attributable to:					
Owners of the company		40,436,350	40,067,556	75,449,505	33,475,490
Non-controlling interests		(185,447)	27,511	-	-
Total comprehensive income (loss) attributable to:					
Owners of the company		60,299,779	35,258,592	75,453,850	30,913,901
Non-controlling interests		(21,742)	9,068	-	-
Earnings per share of the parent company					
Basic earnings per share (in Baht)	45	11.90	11.79	22.20	9.85



(Mr. Arthid Nanthawithaya)
CEO & Chairman of Executive Committee

The accompanying notes form an integral part of the 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	Common shares	Preferred shares	Premium on share capital	Gains (losses) on re-measuring available-for-sale investments	Losses arising from the financial statements of a foreign operation	Changes in hedge reserve	Changes in revaluation surplus	Retained earnings			Total owners of the company	Non-controlling interests	Total shareholders' equity			
									Others	Total other reserves	Legal reserve						
															Unappropriated		
Note	Year ended 31 December 2019	Balance at 1 January 2019	37,183	33,954,739	14,541	11,109,650	1,736,380	(345,268)	588,419	16,053,559	(2,364,511)	15,668,579	7,000,000	312,241,904	380,026,596	956,452	380,983,048
Dividend paid	29	-	-	-	-	-	-	-	-	-	-	-	-	(18,695,557)	(18,695,557)	-	(18,695,557)
Conversion of preferred shares to common shares		(1,076)	1,076	(420)	420	-	-	-	-	-	-	-	-	-	-	-	-
Liquidation of subsidiaries		-	-	-	-	-	-	-	-	-	-	-	-	(7,316)	(7,316)	(435)	(7,751)
Acquisition of non-controlling interests without a change in control		-	-	-	-	-	-	-	-	-	-	-	-	-	-	72,000	72,000
Change in ownership interests in subsidiary with a loss in control		-	-	-	-	(18,068,789)	-	(3,196,882)	(5,340)	2,364,511	(18,906,500)	-	(2,359,171)	(21,265,671)	(517,635)	(21,783,306)	
Net profit (loss)		-	-	-	-	-	-	-	-	-	-	-	-	40,436,350	40,436,350	(185,447)	40,250,903
Other comprehensive income (loss)		-	-	-	-	17,391,713	(184,787)	2,608,463	-	-	19,815,389	-	48,040	19,863,429	163,705	20,027,134	
Total comprehensive income (loss)		-	-	-	-	17,391,713	(184,787)	2,608,463	-	-	19,815,389	-	40,484,390	60,299,779	(21,742)	60,278,037	
Transfer to retained earnings		-	-	-	-	-	-	(407,533)	-	(407,533)	-	-	-	-	-	-	-
Balance at 31 December 2019		36,107	33,955,815	14,121	11,110,070	1,059,304	(530,055)	-	-	15,640,686	-	16,169,935	7,000,000	332,071,783	400,357,831	488,640	400,846,471

The accompanying notes form an integral part of the 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	Common shares	Preferred shares	Premium on share capital	Gains on re-measuring 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 shareholders' interests	Total equity
											Legal reserve	Unappropriated			
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	6,015,704	(330,032)	335,172	16,328,744	(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)	667	(261)	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	1,736,380	(345,268)	588,419	16,053,559	(2,364,511)	15,668,579	7,000,000	312,241,904	380,026,596	956,452	380,983,048

The accompanying notes form an integral part of the financial statements.

Statement of changes in equity

The Siam Commercial Bank Public Company Limited and its Subsidiaries

(in thousand Baht)

The Bank										
Note	Other reserves									
	Issued and paid-up share capital		Premium on share capital		Gains on remeasuring available-for-sale investments	Changes in revaluation surplus	Total other reserves	Retained earnings		Total
								Legal reserve	Unappropriated	
	shareholders' equity									
Year ended 31 December 2019										
Balance at 1 January 2019	37,183	33,954,739	14,541	11,109,650	1,052,477	15,483,321	16,535,798	7,000,000	272,533,969	341,185,880
Dividend paid	-	-	-	-	-	-	-	-	(18,695,557)	(18,695,557)
Conversion of preferred shares to common shares	(1,076)	1,076	(420)	420	-	-	-	-	-	-
Net profit	-	-	-	-	-	-	-	-	75,449,505	75,449,505
Other comprehensive income	-	-	-	-	4,345	-	4,345	-	-	4,345
Total comprehensive income	-	-	-	-	4,345	-	4,345	-	75,449,505	75,453,850
Transfer to retained earnings	-	-	-	-	-	(404,413)	(404,413)	-	404,413	-
Balance at 31 December 2019	36,107	33,955,815	14,121	11,110,070	1,056,822	15,078,908	16,135,730	7,000,000	329,692,330	397,944,173

The accompanying notes form an integral part of the financial statements.

Statement of changes in equity

The Siam Commercial Bank Public Company Limited and its Subsidiaries

(In thousand Baht)

	The Bank									
	Issued and paid-up share capital			Premium on share capital		Other reserves				Total
	Preferred shares	Common shares	Preferred shares	Common shares	Gains on remeasuring available-for-sale investments	Changes in revaluation surplus	Total other reserves	Legal reserve	Unappropriated earnings	shareholders' equity
Note										
Year ended 31 December 2018										
Balance at 1 January 2018	37,850	33,954,072	14,802	11,109,389	2,899,561	15,755,399	18,654,960	7,000,000	258,196,463	328,967,536
Dividend paid	-	-	-	-	-	-	-	-	(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	1,052,477	15,483,321	16,535,798	7,000,000	272,533,969	341,185,880

(Mr. Arthid Nanthawithaya)

CEO & Chairman of Executive Committee

The accompanying notes form an integral part of the financial statements.

Statement of cash flows

The Siam Commercial Bank Public Company Limited and its Subsidiaries

(in thousand Baht)

		Consolidated For the year ended 31 December		The Bank For the year ended 31 December	
	Note	2019	2018	2019	2018
Cash flows from operating activities					
Profit from operation before income tax expense		59,349,085	49,563,339	93,241,763	41,028,572
<i>Adjustments to reconcile profit from operation before income tax expense to cash receipts (payments) from operating activities</i>					
Depreciation and amortisation		6,063,727	4,756,762	5,756,554	4,539,874
Impairment loss on loans and debt securities		39,465,944	27,135,420	39,492,005	27,114,229
Loss on impairment of properties for sale		209,811	113,537	146,326	113,740
Provisions		1,582,425	1,408,839	1,775,749	1,332,451
(Gain) loss on sale of premises and equipment		(11,892)	58,172	(11,735)	47,016
Loss from write-off of premises and equipment		83,989	-	79,334	-
Loss on sale of properties for sale		797,192	594,641	797,232	594,641
Net loss (gain) on trading and foreign exchange transactions		1,899,790	(3,611,121)	2,372,429	(3,270,367)
Net gain on investments		(5,382,879)	(2,930,164)	(4,741,734)	(2,705,633)
Share of profit from investment in associate		(30,756)	(47,391)	-	-
Net gain on sale of investment in subsidiary		(24,023,848)	-	(61,899,788)	-
		80,002,588	77,042,034	77,008,135	68,794,523
Net interest income		(99,401,545)	(96,369,413)	(90,633,039)	(85,768,665)
Dividend income		(627,337)	(1,211,013)	(2,217,863)	(1,509,738)
Proceeds from interest		137,119,241	128,256,968	125,714,196	117,763,427
Interest paid		(34,056,597)	(32,051,579)	(34,054,968)	(31,978,303)

The accompanying notes form an integral part of the financial statements.

Statement of cash flows

The Siam Commercial Bank Public Company Limited and its Subsidiaries

(in thousand Baht)

		Consolidated For the year ended 31 December		The Bank For the year ended 31 December	
	Note	2019	2018	2019	2018
Proceeds from dividend		646,024	1,206,093	2,474,282	1,341,219
Income tax paid		(11,224,200)	(10,444,731)	(8,500,374)	(8,299,732)
Profit from operation before changes in operating assets and liabilities		72,458,174	66,428,359	69,790,369	60,342,731
<i>(Increase) decrease in operating assets</i>					
Interbank and money market items		(69,058,619)	(61,042,863)	(65,105,374)	(58,544,492)
Derivative assets		(29,591,112)	6,035,619	(28,302,851)	7,477,509
Investment in securities for trading		(14,132,432)	2,561,484	(14,022,028)	(2,282,221)
Loans to customers		(26,944,943)	(130,352,187)	(26,570,890)	(128,223,088)
Properties for sale		10,009,782	7,813,688	10,159,119	7,813,688
Other assets		(5,967,349)	2,338,067	(2,386,526)	(980,456)
<i>Increase (decrease) in operating liabilities</i>					
Deposits		(205,355)	67,173,351	(447,210)	69,045,776
Interbank and money market items		3,315,580	33,955,425	271,798	34,687,204
Liability payable on demand		(2,147,926)	(9,726,608)	(2,148,335)	(9,727,347)
Liabilities to deliver security		17,191	(58,756)	-	-
Derivative liabilities		25,967,327	(8,664,851)	25,586,308	(7,943,116)
Short-term debt issued and borrowings		(34,490,687)	27,146,655	(34,564,020)	28,809,454
Liabilities under insurance contracts		8,367,474	29,975,665	-	-
Other liabilities	10.2	36,208,076	3,378,907	29,926,870	3,873,109
Net cash (used in) from operating activities		(26,194,819)	36,961,955	(37,812,770)	4,348,751

The accompanying notes form an integral part of the financial statements.

Statement of cash flows

The Siam Commercial Bank Public Company Limited and its Subsidiaries

(in thousand Baht)

		Consolidated For the year ended 31 December		The Bank For the year ended 31 December	
	Note	2019	2018	2019	2018
Cash flows from investing activities					
Acquisition of available-for-sale securities		(289,452,773)	(403,574,752)	(289,452,773)	(253,321,752)
Proceeds from sale of available-for-sale securities		250,943,397	400,100,243	270,714,376	281,317,455
Acquisition of held-to-maturity securities		(593,002)	(3,940,521)	(593,002)	(607,321)
Proceeds from redemption of held-to-maturity securities		10,973,407	3,516,127	3,112,997	1,544,398
Acquisition of general investments		(2,323,366)	(1,068,871)	(2,318,648)	(1,060,894)
Proceeds from sale of general investments		54,939	1,330,155	54,939	1,330,155
Acquisition of investments in subsidiaries and/or associate		-	-	(348,000)	(972,049)
Proceeds from disposal of subsidiaries, net of cash disposed of	10.2	74,440,000	-	74,440,000	-
Proceeds from liquidation of subsidiaries		77,319	-	77,319	-
Acquisition of premises and equipment		(1,426,230)	(2,349,751)	(1,330,329)	(1,990,002)
Proceeds from sale of premises and equipment		169,842	194,717	10,070	177,435
Acquisition of intangible assets		(6,018,224)	(9,033,139)	(5,510,971)	(8,464,665)
Proceeds from sale of intangible assets		56,899	-	56,899	-
Net cash from (used in) investing activities		36,902,208	(14,825,792)	48,912,877	17,952,760
Cash flows from financing activities					
Proceeds from long-term debt issued		32,459,840	2,168,000	32,459,840	2,168,000
Repayment of long-term debt issued		(23,872,875)	-	(23,872,875)	-
Proceeds from long-term borrowings		116,203	138,213	116,203	138,213

The accompanying notes form an integral part of the financial statements.

Statement of cash flows

The Siam Commercial Bank Public Company Limited and its Subsidiaries

(in thousand Baht)

		Consolidated For the year ended 31 December		The Bank For the year ended 31 December	
	Note	2019	2018	2019	2018
Repayment of long-term borrowings		(80,755)	(59,838)	(80,755)	(59,838)
Repayment of long-term debenture		(20,000)	-	(20,000)	-
Dividend paid to equity holders of the Bank	29	(18,695,557)	(18,695,557)	(18,695,557)	(18,695,557)
Non-controlling interests arising on acquisition of subsidiary		72,000	648,000	-	-
Acquisition of non-controlling interests without a change in control		-	(49)	-	-
Net cash used in financing activities		(10,021,144)	(15,801,231)	(10,093,144)	(16,449,182)
Losses arising from translating the financial statements of a foreign operation		(187,958)	(15,236)	-	-
Net increase in cash		498,287	6,319,696	1,006,963	5,852,329
Cash at 1 January		47,116,872	40,797,176	46,443,366	40,591,037
Cash at 31 December		47,615,159	47,116,872	47,450,329	46,443,366

Supplementary disclosures of cash flow information

Significant non-cash items were as follows:

Gains from foreign exchange revaluation on long-term debt issued	3,308,893	384,408	3,308,893	384,408
Gains (losses) from foreign exchange revaluation on banking book derivatives	65,099	(979,611)	65,099	(979,611)



(Mr. Arthid Nanthawithaya)
CEO & Chairman of Executive Committee

The accompanying notes form an integral part of the financial statements.

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2019

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 19 February 2020.

1. General information

The Siam Commercial Bank Public Company Limited, the “Bank”, is incorporated in Thailand and the Bank’s registered office is 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. Details of the Bank’s subsidiaries as at 31 December 2019 and 2018 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 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”.

New and revised TFRS are effective for annual accounting periods beginning on or after 1 January 2019. The initial application of these new and revised TFRS has resulted in changes in certain of the Bank and its subsidiaries’ accounting policies. There is no material impact on the Bank and its subsidiaries’ financial statements. The Bank and its subsidiaries have initially applied TFRS 15 *Revenue from Contracts with Customers*

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2019

which replaces TAS 18 *Revenue* and related interpretations. The details of accounting policies are disclosed in notes 3.21 and 3.22.

In addition, the Bank and its subsidiaries have not early adopted a number of new and revised TFRS, which are not yet effective for the current period 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.

(b) Functional and presentation currency

The financial statements are prepared in Thai Baht, which is the Bank and its subsidiaries' functional currency.

(c) 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 the Bank and its subsidiaries' accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Information about assumptions and estimation uncertainties at 31 December 2019 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 8 Derivatives
- Note 11.9 Allowance for doubtful accounts
- Note 22 Provisions

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.

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2019

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.

Any contingent consideration is measured at fair value at the date of acquisition, and remeasured at fair value at each reporting date. Subsequent changes in the fair value are recognised in profit or loss.

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 2019

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

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2019

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.

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 gain on trading. 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.

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2019

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.

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.

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2019

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.

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 2016) *Accounting for Troubled Debt Restructuring*.

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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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 stated at the lower of cost or market value 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 2018) *Impairment of Assets*.

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

3.8 Premises and equipment

Recognition and measurement

Owned assets

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.

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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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.

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.

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2019

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.

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.

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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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 - 10 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.

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

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of a financial asset is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised in profit or loss. For financial assets carried at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised in other comprehensive income.

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior periods in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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 Contract liabilities

A contract liability is the obligation to transfer services to the customer. A contract liability is recognised when the Bank and its subsidiaries receive or have an unconditional right to receive non-refundable consideration from the customer before the Bank and its subsidiaries recognise the related revenue.

Notes to the financial statements

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3.13 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.

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 year 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.

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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.

3.14 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.

3.15 Initial recognition

The Bank and its subsidiaries initially recognise the purchase and sale of investments in debt securities on the settlement date. All other financial instruments, including loans to customers, investments in equity securities, 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.

3.16 Measurement of fair values

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 that 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.

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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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 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 or indirectly.
- Level 3: inputs for the asset or liability that are based on unobservable input.

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 2019.

3.17 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.

3.18 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.

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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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.

3.19 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 BoT's guidelines.

3.20 Fee and service income

Fee and service income are recognised when a customer obtains control of the services in an amount that reflects the consideration to which the Bank and its subsidiaries expect to be entitled to. In addition, judgment is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time.

3.21 Commission revenue

The Bank and its subsidiaries act in the capacity of an agent and recognise the net amount of consideration as commission revenue.

3.22 Long-term advances received from customer

Long-term advances received from customer is recognised as revenue when the Bank and its subsidiaries transferred control over the services to the customer.

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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3.23 Dividend income

The Bank is recognised dividend income in profit or loss on the date which the Bank's rights to receive payment is established.

3.24 Net gain on trading and foreign exchange transactions

Net gain on trading and foreign exchange transactions are recognised based on the remeasurement to fair value of the underlying instruments in profit or loss on an accrual basis.

3.25 Contributions to the Deposit Protection Agency

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

3.26 Income tax

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

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

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

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

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

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The Siam Commercial Bank Public Company Limited and its Subsidiaries
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In determining the amount of current and deferred taxes, 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 period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. 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.

3.27 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.

3.28 Related parties

A related party is a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Bank and its subsidiaries; a person or entity that are under common control or under the same significant influence as the Bank and its subsidiaries; or the Bank and its subsidiaries have direct or indirect control or joint control or have significant influence over the financial and managerial decision-making of a person or entity.

Notes to the financial statements

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3.29 Segment reporting

Segment results that are reported to the Executive Committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3.30 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.

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

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the foreign currency translation reserve in equity until disposal of the investment.

3.31 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.

3.32 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.

3.33 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.

Notes to the financial statements

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For the year ended 31 December 2019

3.34 Other significant accounting policies of the life insurance subsidiary which is sold during the year

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 inforce 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

Income and expense arising from reinsurance contracts are presented separately from 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.

Notes to the financial statements

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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, Executive Committee, Audit Committee, Technology Committee, Asset and Liability Management Committee (ALCO), Risk Management Committee, and Equity Investment Management Committee, which are collectively responsible for developing, implementing and monitoring the Bank and its subsidiaries risk management policies in specified areas and reporting regularly to the Board of Directors on their activities.

The Bank's Risk Oversight Committee and Risk Management Committee are responsible for overseeing the adequacy of the risk management framework in relation to the risks faced by the Bank and its subsidiaries.

The Bank's Audit Committee is 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 and its subsidiaries' risk management policies, Internal Capital Adequacy Assessment Policy (ICAAP Policy) and Recovery Plan 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.

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
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- Credit Policy Guide
- Collateral and NPA Appraisal Policy
- Loan Classification, Provision and Bad Debt Write-Off Policy
- Counterparty Risk Management Policy
- Country Risk Management Policy
- Model 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 and Risk Oversight Committee on a monthly basis.

4.2 Interest rate risk

Interest rate fluctuation affects the Bank's interest income and expenses, and economic value of equity. Four main sub-types of interest rate risk are defined as follow:

- 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-financial reporting items where exercising these options might affect the Bank's revenue and costs. For example, an option on three-month deposit 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.

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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As at 31 December 2019 and 2018, significant financial assets and liabilities can be repriced as follows:

(in million Baht)

Consolidated								
2019								
	Reprice on demand	Reprice within 3 months	3 - 12 months	1 - 5 years	Reprice Over 5 years	Non Performing Loans	Non interest bearing	Total
Financial assets								
Cash	-	-	-	-	-	-	47,615	47,615
Interbank and money								
market items*	11,777	388,062	2,869	-	226	-	30,733	433,667
Investments, net	-	86,225	68,042	127,191	22,711	-	7,896	312,065
Loans to customers**	997,389	379,210	209,008	393,255	49,713	85,212	-	2,113,787
Total financial assets	1,009,166	853,497	279,919	520,446	72,650	85,212	86,244	2,907,134
Financial liabilities								
Deposits	1,393,578	368,915	298,642	20,950	-	-	77,340	2,159,425
Interbank and money								
market items	10,449	102,834	7,186	17,696	-	-	7,679	145,844
Debt issued and								
borrowings	-	59,606	17,228	823	295	-	-	77,952
Total financial liabilities	1,404,027	531,355	323,056	39,469	295	-	85,019	2,383,221
Difference	(394,861)	322,142	(43,137)	480,977	72,355	85,212	1,225	523,913

* Before deducting allowance for doubtful accounts amounting to Baht 157 million

** Net of deferred revenue

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The Siam Commercial Bank Public Company Limited and its Subsidiaries
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(in million Baht)

Consolidated								
2018								
	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	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

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The Siam Commercial Bank Public Company Limited and its Subsidiaries
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(in million Baht)

The Bank								
2019								
	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	Total
Financial assets								
Cash	-	-	-	-	-	-	47,450	47,450
Interbank and money								
market items*	11,763	386,518	1,624	-	-	-	27,503	427,408
Investments, net	-	86,198	68,349	127,035	22,712	-	6,211	310,505
Loans to customers**	996,104	378,332	208,197	392,181	49,713	84,349	-	2,108,876
Total financial assets	1,007,867	851,048	278,170	519,216	72,425	84,349	81,164	2,894,239
Financial liabilities								
Deposits	1,391,722	369,189	298,639	20,950	-	-	75,989	2,156,489
Interbank and money								
market items	10,552	102,985	7,186	17,399	-	-	7,749	145,871
Debt issued and								
borrowings	-	58,070	17,168	823	295	-	-	76,356
Total financial liabilities	1,402,274	530,244	322,993	39,172	295	-	83,738	2,378,716
Difference	(394,407)	320,804	(44,823)	480,044	72,130	84,349	(2,574)	515,523

* Before deducting allowance for doubtful accounts amounting to Baht 157 million

** Net of deferred revenue

Notes to the financial statements

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(in million Baht)

The Bank								
2018								
	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	Total
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

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As at 31 December 2019 and 2018, interest earning and interest bearing financial instruments were as follows:

Consolidated						
	2019			2018		
	Average	Interest	Average interest rate	Average	Interest	Average interest rate
	(in million Baht)		(%)	(in million Baht)		(%)
Interbank and money market items, net (Assets)	405,707	5,737	1.4	347,319	5,456	1.6
Investments, net	440,459	12,833	2.9	569,612	13,495	2.4
Loans to customers *	2,127,174	116,325	5.5	2,087,646	110,038	5.3
Deposits	2,159,528	20,062	0.9	2,126,044	18,301	0.9
Interbank and money market items (Liabilities)	144,186	1,601	1.1	125,551	1,534	1.2
Debt issued and borrowings	92,756	3,625	3.9	93,049	3,012	3.2

The Bank						
	2019			2018		
	Average	Interest	Average interest rate	Average	Interest	Average interest rate
	(in million Baht)		(%)	(in million Baht)		(%)
Interbank and money market items, net (Assets)	394,642	5,352	1.4	332,755	5,000	1.5
Investments, net	291,750	5,448	1.9	286,014	4,212	1.5
Loans to customers *	2,116,834	115,240	5.4	2,072,929	109,120	5.3
Deposits	2,156,712	20,034	0.9	2,122,413	18,282	0.9
Interbank and money market items (Liabilities)	145,735	1,637	1.1	128,256	1,579	1.2
Debt issued and borrowings	91,210	3,532	3.9	90,723	2,930	3.2

* Net of deferred revenue

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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 2019 and 2018, financial assets and liabilities denominated in various currencies as follows:

(in million Baht)

Consolidated					
2019					
	USD	EUR	JPY	SGD	Others
Financial assets					
Cash	412	140	89	28	246
Interbank and money market items*	28,823	277	357	210	2,656
Investments, net	6,892	33	5,657	1,225	707
Loans to customers**	67,967	4,687	267	5	4,092
Accrued interest receivables	167	9	-	-	15
Total financial assets	104,261	5,146	6,370	1,468	7,716
Financial liabilities					
Deposits	32,632	1,650	380	38	2,349
Interbank and money market items	4,794	46	-	-	851
Debt issued and borrowings	57,768	-	-	-	-
Other liabilities	712	-	-	-	27
Total financial liabilities	95,906	1,696	380	38	3,227
On-financial reporting items, net	8,355	3,450	5,990	1,430	4,489
Off-financial reporting items - contingencies (currency swap contracts)	(179)	(2,468)	(5,420)	(1,070)	(2,336)

* Before deducting allowance for doubtful accounts

** Net of deferred revenue

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(in million Baht)

Consolidated					
2018					
	USD	EUR	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 2019

(in million Baht)

The Bank					
2019					
	USD	EUR	JPY	SGD	Others
Financial assets					
Cash	263	140	89	28	245
Interbank and money market items *	22,741	277	357	210	2,645
Investments, net	6,891	33	5,657	1,225	677
Loans to customers **	65,450	4,687	267	5	3,825
Accrued interest receivables	156	9	-	-	14
Total financial assets	95,501	5,146	6,370	1,468	7,406
Financial liabilities					
Deposits	26,094	1,650	380	38	2,346
Interbank and money market items	4,967	46	-	-	553
Debt issued and borrowings	57,768	-	-	-	-
Other liabilities	710	-	-	-	24
Total financial liabilities	89,539	1,696	380	38	2,923
On-financial reporting items, net	5,962	3,450	5,990	1,430	4,483
Off-financial reporting items -					
contingencies (currency swap contracts)	(179)	(2,468)	(5,420)	(1,070)	(2,336)

* 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 2019

(in million Baht)

The Bank					
2018					
	USD	EUR	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 2019

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 may not be able to meet their obligations as they fall due, because of an inability to realise assets or to cover funding requirements at an appropriate price, thus resulting in losses to the Bank.

In order to manage liquidity risk, the Bank has established the Liquidity Risk Management Policy. The policy has been approved by the Board of Directors, with the Assets and Liabilities Management Committee taking an oversight responsibility to ensure compliance with the policy.

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.

Additionally, the Bank also conducts stress testing on a regular basis under the BoT's scenarios and the Bank's own scenarios. Stress test results are incorporated into Bank's contingency funding plan which establishes scenario-specific action plans and explicit roles and responsibilities for liquidity management in the event of crisis.

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2019

As at 31 December 2019 and 2018, financial assets and liabilities were classified according to their contractual maturity as follows:

(in million Baht)

Consolidated								
2019								
	Maturity on demand	Maturity within 3 months	3 - 12 months	1 - 5 years	Maturity over 5 years	Non Performing Loans	No maturity	Total
Financial assets								
Cash	-	-	-	-	-	-	47,615	47,615
Interbank and money market items*	46,631	383,091	2,869	-	1,076	-	-	433,667
Investments, net	1,592	86,225	68,042	127,191	22,761	-	6,254	312,065
Loans to customers**	201,193	324,131	209,994	673,582	619,675	85,212	-	2,113,787
Accrued interest receivables	-	2,939	4	3	-	-	-	2,946
Total financial assets	249,416	796,386	280,909	800,776	643,512	85,212	53,869	2,910,080
Financial liabilities								
Deposits	1,454,491	373,924	304,748	26,262	-	-	-	2,159,425
Interbank and money market items	18,828	87,019	7,186	23,261	9,550	-	-	145,844
Debt issued and borrowings	-	17,421	2,242	42,918	15,371	-	-	77,952
Other liabilities	-	3,641	2,355	202	-	-	-	6,198
Total financial liabilities	1,473,319	482,005	316,531	92,643	24,921	-	-	2,389,419
Net liquidity gap	(1,223,903)	314,381	(35,622)	708,133	618,591	85,212	53,869	520,661

* Before deducting allowance for doubtful accounts amounting to Baht 157 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 2019

(in million Baht)

Consolidated								
2018								
	Maturity on demand	Maturity within 3 months	3 - 12 months	1 - 5 years	Maturity over 5 years	Non Performing Loans	No maturity	Total
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

** 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 2019

(in million Baht)

The Bank								
2019								
	Maturity on demand	Maturity within 3 months	3 - 12 months	1 - 5 years	Maturity over 5 years	Non Performing Loans	No maturity	Total
Financial assets								
Cash	-	-	-	-	-	-	47,450	47,450
Interbank and money market items*	44,245	381,538	1,625	-	-	-	-	427,408
Investments, net	1,592	86,198	68,349	127,035	22,712	-	4,619	310,505
Loans to customers**	199,909	323,252	209,183	672,508	619,675	84,349	-	2,108,876
Accrued interest receivables	-	2,920	-	-	-	-	-	2,920
Total financial assets	245,746	793,908	279,157	799,543	642,387	84,349	52,069	2,897,159
Financial liabilities								
Deposits	1,451,285	374,197	304,745	26,262	-	-	-	2,156,489
Interbank and money market items	19,001	87,170	7,186	22,964	9,550	-	-	145,871
Debt issued and borrowings	-	15,885	2,182	42,918	15,371	-	-	76,356
Other liabilities	-	3,635	2,355	198	-	-	-	6,188
Total financial liabilities	1,470,286	480,887	316,468	92,342	24,921	-	-	2,384,904
Net liquidity gap	(1,224,540)	313,021	(37,311)	707,201	617,466	84,349	52,069	512,255

* Before deducting allowance for doubtful accounts amounting to Baht 157 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 2019

(in million Baht)

The Bank								
2018								
	Maturity on demand	Maturity within 3 months	3 - 12 months	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

As at 31 December 2019, the liquidity ratio (liquid assets to total deposits) stood at 31.0% on a bank-only basis (2018: 25.0%).

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2019

Loans to deposits ratio

As at 31 December 2019 and 2018, the loans to deposits ratio in the consolidated financial statements were as follows:

	(%)	
	2019	2018
Gross loans to deposits ratio (Consolidated financial statements)	97.9	99.1

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 2019 will be provided on or before 30 April 2020 on the Bank's website as noted above.

5. Fair value of assets and liabilities

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.

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2019

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		
	Fair value			Fair value		
	Level 1	Level 2	Total	Level 1	Level 2	Total
2019						
Financial assets						
Derivative assets						
- Foreign exchange rate	-	34,989	34,989	-	34,989	34,989
- Interest rate	-	27,573	27,573	-	27,573	27,573
- Others	-	486	486	-	637	637
Total	-	63,048	63,048	-	63,199	63,199
Investments						
- Trading securities	3,192	26,622	29,814	1,592	26,414	28,006
- Available-for-sale securities	952	269,788	270,740	951	269,767	270,718
Total	4,144	296,410	300,554	2,543	296,181	298,724
Total financial assets	4,144	359,458	363,602	2,543	359,380	361,923
Financial liabilities						
Derivative liabilities						
- Foreign exchange rate	-	31,308	31,308	-	31,308	31,308
- Interest rate	-	30,297	30,297	-	30,297	30,297
- Others	-	269	269	-	320	320
Total financial liabilities	-	61,874	61,874	-	61,925	61,925

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2019

(in million Baht)

	Consolidated			The Bank		
	Fair value			Fair value		
	Level 1	Level 2	Total	Level 1	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

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 for financial assets in the form of derivatives and debt instruments.

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2019

5.2 Financial instruments not measured at fair value

Fair value 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 2019 and 2018 were as follows:

(in million Baht)

	Consolidated		The Bank	
	Carrying amount	Fair value Level 2	Carrying amount	Fair value Level 2
2019				
Financial assets				
Derivative assets	84	151	84	151
Held-to-maturity securities	7,830	8,717	8,115	9,002
Financial liabilities				
Derivative liabilities	63	48	63	48

(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

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2019

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:	<p>The following methodologies are used to determine the fair value of securities held by the Bank.</p> <ul style="list-style-type: none"> - The fair value of debt securities is estimated based on the Thai Bond Market Association's last average bid price. In situations where no auction prices are available, the fair value is estimated based on the last executed price. For debt securities with no active market price, the fair value is estimated based on the yield curve of debt securities plus a risk premium. - The bidding prices at The Stock Exchange of Thailand on the last business day of the year are used to estimate the fair value of listed private sector equity securities 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:	<ul style="list-style-type: none"> - For variable-rate loans that are repriced frequently and have no significant change in credit risk, fair values are based on carrying 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.

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2019

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 2019 and 2018, the Consolidated Supervision group and the Bank's total capital funds were categorised as follows:

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2019

(in million Baht)

Basel III		
	Consolidated Supervision	
	2019	2018
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	307,655	287,738
Disclosed reserves		
Other comprehensive income	13,973	15,944
Other owner changes items	-	(2,365)
Capital deduction items on CET1	(21,052)	(26,754)
Total Tier 1 capital	352,692	326,679
Tier 2 capital		
Subordinated debt	-	20,000
Allowance for classified assets of “normal” category	22,514	23,793
Total Tier 2 capital	22,514	43,793
Total capital funds	375,206	370,472
Total risk weighted assets	2,075,492	2,166,374

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2019

(%)

	The BoT's regulation minimum requirement*	2019	The BoT's regulation minimum requirement*	2018
Total capital / Total risk weighted assets	11.5	18.1	10.375	17.1
Total Tier 1 capital / Total risk weighted assets	9.0	17.0	7.875	15.1
Total Tier 1 common equity / Total risk weighted assets	7.5	17.0	6.375	15.1
Total Tier 2 capital / Total risk weighted assets		1.1		2.0

* Conservation buffer requires additional Common Equity Tier 1 of 0.625% per annum from 1 January 2016 onwards until reaching 2.50% in 2019, and a D-SIB Buffer of 0.5% from 1 January 2019 increasing to 1.0% from 1 January 2020 onwards.

(in million Baht)

	2019	2018
Capital after deducting capital add-on arising from Single Lending Limit	375,206	370,472
Capital ratio after deducting capital add-on arising from Single Lending Limit (%)	18.1	17.1

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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(in million Baht)

Basel III		
	The Bank	
	2019	2018
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	271,824	258,691
Other comprehensive income	13,632	13,985
Capital deduction items on CET1	(20,260)	(19,609)
Total Tier 1 capital	317,312	305,183
Tier 2 capital		
Subordinated debt	-	20,000
Allowance for classified assets of "normal" category	22,432	22,953
Total Tier 2 capital	22,432	42,953
Total capital funds	339,744	348,136
Total risk weighted assets	2,060,169	2,091,071

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2019

(%)

	The BoT's regulation minimum requirement*	2019	The BoT's regulation minimum requirement*	2018
Total capital / Total risk weighted assets	11.5	16.5	10.375	16.6
Total Tier 1 capital / Total risk weighted assets	9.0	15.4	7.875	14.6
Total Tier 1 common equity / Total risk weighted assets	7.5	15.4	6.375	14.6
Total Tier 2 capital / Total risk weighted assets		1.1		2.0

* Conservation buffer requires additional Common Equity Tier 1 of 0.625% per annum from 1 January 2016 onwards until reaching 2.5% in 2019, and a D-SIB Buffer of 0.5% from 1 January 2019 increasing to 1.0% from 1 January 2020 onwards.

(in million Baht)

	2019	2018
Capital after deducting capital add-on arising from Single Lending Limit	339,744	348,136
Capital ratio after deducting capital add-on arising from Single Lending Limit (%)	16.5	16.6

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 2019

The disclosure for the year ended 31 December 2019 will be provided on or before 30 April 2020 on the Bank's website as noted above.

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2019

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 period and, as noted in the table above, its capital level is well in excess of the minimum requirements.

7. Interbank and money market items, net (Assets)

As at 31 December 2019 and 2018, interbank and money market items, net (Assets) were as follows:

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2019

(in million Baht)

Consolidated						
	2019			2018		
	Demand	Time	Total	Demand	Time	Total
Domestic items:						
Bank of Thailand and Financial						
Institutions Development Fund	19,901	346,882	366,783	17,929	289,585	307,514
Commercial banks	2,269	28,117	30,386	3,258	13,665	16,923
Other financial institutions*	300	2,825	3,125	823	8,944	9,767
Total	22,470	377,824	400,294	22,010	312,194	334,204
Add accrued interest receivables	-	85	85	-	794	794
Less allowance for doubtful						
accounts	-	(100)	(100)	-	(124)	(124)
Total domestic items	22,470	377,809	400,279	22,010	312,864	334,874
Foreign items:						
US Dollar	19,926	8,614	28,540	25,191	13,539	38,730
Japanese Yen	357	-	357	503	-	503
Euro	277	-	277	247	-	247
Other currencies	3,601	497	4,098	3,656	-	3,656
Total	24,161	9,111	33,272	29,597	13,539	43,136
Add accrued interest receivables	-	16	16	-	18	18
Less allowance for doubtful						
accounts	-	(57)	(57)	-	(123)	(123)
Total foreign items	24,161	9,070	33,231	29,597	13,434	43,031
Total domestic and foreign items	46,631	386,879	433,510	51,607	326,298	377,905

* Other financial institutions represent financial institutions which have a license to offer interest bearing 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
For the year ended 31 December 2019

(in million Baht)

The Bank						
	2019			2018		
	Demand	Time	Total	Demand	Time	Total
Domestic items:						
Bank of Thailand and Financial						
Institutions Development Fund	19,901	346,882	366,783	17,929	289,585	307,514
Commercial banks	2,133	28,118	30,251	2,422	4,395	6,817
Other financial institutions*	300	2,825	3,125	1,124	8,944	10,068
Total	22,334	377,825	400,159	21,475	302,924	324,399
Add accrued interest receivables	-	85	85	-	100	100
Less allowance for doubtful						
accounts	-	(100)	(100)	-	(124)	(124)
Total domestic items	22,334	377,810	400,144	21,475	302,900	324,375
Foreign items:						
US Dollar	17,682	4,754	22,436	23,137	10,242	33,379
Japanese Yen	357	-	357	503	-	503
Euro	277	-	277	247	-	247
Other currencies	3,595	492	4,087	3,645	-	3,645
Total	21,911	5,246	27,157	27,532	10,242	37,774
Add accrued interest receivables	-	7	7	-	7	7
Less allowance for doubtful						
accounts	-	(57)	(57)	-	(123)	(123)
Total foreign items	21,911	5,196	27,107	27,532	10,126	37,658
Total domestic and foreign items	44,245	383,006	427,251	49,007	313,026	362,033

* Other financial institutions represent financial institutions which have a license to offer interest bearing 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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As at 31 December 2019, the Bank and its subsidiaries had restricted on interbank and money market items of Baht 1,165 million (2018: Baht 1,264 million).

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.

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2019

As at 31 December 2019 and 2018, the notional amount of derivatives was as follows:

(in million Baht)

Consolidated				
2019				
	Notional amount			
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
Forward exchange contracts	1,389,622	13,794	-	1,403,416
Foreign currency swap contracts	111,977	299,222	128,903	540,102
Interest rate swap contracts	727,545	1,094,745	339,846	2,162,136
Equity derivatives	8,663	386	-	9,049
Commodity derivatives	103	-	-	103

(in million Baht)

Consolidated				
2018				
	Notional amount			
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
Forward exchange contracts	1,169,594	21,705	1,948	1,193,247
Foreign 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

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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(in million Baht)

The Bank				
2019				
	Notional amount			Total
	Less than 1 year	Within 1 - 5 years	More than 5 years	
Forward exchange contracts	1,389,626	13,794	-	1,403,420
Foreign currency swap contracts	111,977	299,222	128,903	540,102
Interest rate swap contracts	727,545	1,094,745	339,846	2,162,136
Equity derivatives	8,969	386	-	9,355
Commodity derivatives	103	-	-	103

(in million Baht)

The Bank				
2018				
	Notional amount			Total
	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
Foreign 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

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2019

8.1 Trading book derivatives

As at 31 December 2019 and 2018, fair value and notional amount classified by type of risk were as follows:

(in million Baht)

Consolidated						
Type of risk	2019			2018		
	Fair value		Notional amount	Fair value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate	34,989	31,308	1,905,097	25,364	21,002	1,645,232
Interest rate	27,573	30,297	2,102,643	15,590	14,136	2,247,376
Equity derivatives	482	265	9,049	83	656	7,205
Commodity derivatives	4	4	103	18	17	563
Total	63,048	61,874	4,016,892	41,055	35,811	3,900,376

(in million Baht)

The Bank						
Type of risk	2019			2018		
	Fair value		Notional Amount	Fair value		Notional amount
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate	34,989	31,308	1,905,101	25,242	21,450	1,649,949
Interest rate	27,573	30,297	2,102,643	15,035	14,076	2,223,254
Equity derivatives	633	316	9,355	611	584	10,410
Commodity derivatives	4	4	103	18	17	563
Total	63,199	61,925	4,017,202	40,906	36,127	3,884,176

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2019

8.2 Banking book derivatives

As at 31 December 2019 and 2018, carrying amount and notional amount classified by type of risk were as follows:

(in million Baht)

Consolidated and the Bank						
Type of risk	2019			2018		
	Carrying amount		Notional amount	Carrying amount		Notional Amount
	Assets	Liabilities		Assets	Liabilities	
Foreign exchange rate	84	63	38,421	628	672	109,014
Interest rate*	455	4	59,493	112	51	63,113
Total	539	67	97,914	740	723	172,127

* 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 3.31.

As at 31 December 2019 and 2018, the proportions, determined based on the notional amount of derivatives contracts divided by type of counterparty were as follows:

(%)

Counterparty	Consolidated		The Bank	
	2019	2018	2019	2018
Financial institutions	75.69	71.04	75.68	70.57
Affiliated companies	-	-	0.05	0.38
Third parties	24.31	28.96	24.27	29.05

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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9. Investments, net

9.1 Classification of investments in securities

As at 31 December 2019 and 2018, the investments in securities of the Bank and its subsidiaries were classified as follows:

(in million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
	Fair value	Fair value	Fair value	Fair value
Trading securities				
Government and state enterprise securities	22,072	9,974	22,040	9,944
Corporate debt securities	4,550	1,473	4,374	1,467
Domestic equity securities	3,192	1,968	1,592	-
Total	29,814	13,415	28,006	11,411

(in million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
	Fair value	Fair value	Fair value	Fair value
Available-for-sale securities				
Government and state enterprise securities	258,768	348,508	258,768	228,742
Corporate debt securities	-	39,497	-	-
Foreign debt securities	10,999	24,249	10,999	13,271
Domestic equity securities	949	18,528	928	4,904
Foreign equity securities	24	1,881	23	1,881
Total	270,740	432,663	270,718	248,798

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2019

(in million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
	Cost / Amortised cost	Cost / Amortised cost	Cost / Amortised cost	Cost / Amortised cost
Held-to-maturity securities				
Government and state enterprise securities	7,586	119,074	7,575	10,072
Corporate debt securities	30	68	326	364
Foreign debt securities	241	239	214	239
Other securities	-	1,300	-	-
Total	7,830	120,681	8,115	10,675
Less allowance for impairment	-	(36)	-	-
Total	7,830	120,645	8,115	10,675

(in million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
	Cost / Amortised cost	Cost / Amortised cost	Cost / Amortised cost	Cost / Amortised cost
General investments				
Domestic non-marketable equity securities	724	1,023	707	1,003
Foreign non-marketable equity securities	3,192	1,296	3,192	1,296
Total	3,916	2,319	3,899	2,299
Less allowance for impairment	(235)	(188)	(233)	(188)
Total	3,681	2,131	3,666	2,111
Total investments, net	312,065	568,854	310,505	272,995

Investments in the consolidated financial statements as at 31 December 2019 reflected the impact from divestment in SCB Life Assurance PCL.

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2019

9.2 Unrealised gains (losses) on available-for-sale securities and held-to-maturity securities

As at 31 December 2019 and 2018, unrealised gains (losses) on available-for-sale securities and held-to-maturity securities were as follows:

(in million Baht)

Consolidated								
Type of securities	2019				2018			
	Amortised cost	Unrealised gains	Unrealised losses	Fair value	Amortised cost	Unrealised gains	Unrealised losses	Fair value
Available-for-sale securities	269,416*	1,525	(201)	270,740	430,342*	5,955	(3,634)	432,663
Held-to-maturity securities	7,830*	887	-	8,717	120,645*	10,945	(63)	131,527
Total	277,246	2,412	(201)	279,457	550,987	16,900	(3,697)	564,190

(in million Baht)

The Bank								
Type of securities	2019				2018			
	Amortised cost	Unrealised gains	Unrealised losses	Fair value	Amortised cost	Unrealised gains	Unrealised losses	Fair value
Available-for-sale securities	269,397*	1,522	(201)	270,718	247,609*	1,882	(693)	248,798
Held-to-maturity securities	8,115*	887	-	9,002	10,675*	804	-	11,479
Total	277,512	2,409	(201)	279,720	258,284	2,686	(693)	260,277

* Net of allowance for impairment

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2019

9.3 Investments in companies with holding of 10% and upwards

As at 31 December 2019 and 2018, 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	2019	2018	Number of companies	2019	2018
Mutual funds and financial services	2	-	-	2	-	-
Others	8-9	343	216	7-8	343	216
		<u>343</u>	<u>216</u>		<u>343</u>	<u>216</u>

9.4 Investments in companies with problems in their financial positions

As at 31 December 2019, 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 276 million (2018: Baht 59 million).

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2019

10. Investments in subsidiaries and associate, net

10.1 Type of investments in subsidiaries and associate

As at 31 December 2019 and 2018, the Bank and its subsidiaries had an investment in associate, net of allowance for impairment were as follows:

		(%)		(in million Baht)				
Consolidated								
	Type of business	Type of share	Direct and indirect shareholding		Investment value			
			2019	2018	Cost method		Equity method	
					2019	2018	2019	2018
Associate								
Sahaviriya Steel Industries PCL*	Steel industry	Common	40.2	40.2	-	-	78	47
Total investments in associate, net					-	-	78	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.

As at 31 December 2019 and 2018, the Bank had investments in subsidiaries and associate, net of allowance for impairment and dividend income for the years were as follows:

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The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2019

(%)

(in million Baht)

The Bank								
	Type of business	Type of share	Direct shareholding		Investment value Cost method		Dividend income for the year	
			2019	2018	2019	2018	2019	2018
Subsidiaries								
Finance & Insurance								
Cambodian Commercial Bank Ltd.	Banking	Common	100.0	100.0	2,688	2,688	100	130
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	185	12
SCB-Julius Baer Securities Co., Ltd.	Securities	Common	60.0	60.0	1,080	972	-	-
SCB Asset Management Co., Ltd.	Asset management	Common	100.0	100.0	222	222	1,353	474
Siam Commercial Leasing PCL*	Collection	Common	-	99.4	-	1,533	-	-
SCB Life Assurance PCL**	Life insurance	Common	-	99.2	-	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	-	10	-	-
SCB Plus Co., Ltd.	Collection	Common	100.0	100.0	1	1	350	423
SCB Protect Co., Ltd.	Non-life insurance broker	Common	100.0	100.0	2	2	-	10
SCB Abacus Co., Ltd.	Data analytics and digital ending	Common	100.0	100.0	250	10	-	-

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The Siam Commercial Bank Public Company Limited and its Subsidiaries
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			(%)	(in million Baht)				
The Bank								
	Type of business	Type of share	Direct shareholding		Investment value Cost method		Dividend income for the year	
			2019	2018	2019	2018	2019	2018
Other								
Sor. Or. Kor. PCL***	Commercial	Common	99.7	99.7	583	583	-	-
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	40.2	-	-	-	-
Total					7,448	21,183	1,988	1,049
Less allowance for impairment					(720)	(2,194)		
Total investments in subsidiaries and associate, net					6,728	18,989		

* The Company was liquidated during 2019.

** On 26 September 2019, the Bank sold all its shares in SCB Life Assurance PCL.

*** 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.

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The Siam Commercial Bank Public Company Limited and its Subsidiaries
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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.

10.2 Divestment in SCB Life Assurance PCL

On 1 July 2019, the Bank entered into a binding Share Sale Agreement with FWD Group Financial Services Pte. Ltd. to sell its entire stake in SCB Life Assurance PCL.

On 6 August 2019, the Extraordinary General Meeting of Shareholders has approved to sell its entire stake in SCB Life Assurance PCL to FWD Group Financial Services Pte. Ltd.

On 26 September 2019, the Bank sold all its shares (99.2%) in SCB Life Assurance PCL. From the shares sold, the Bank has received a total consideration of Baht 92,720 million, of which Baht 75,000 million was the share sale, resulting in net gain on sale of investment in subsidiary of Baht 24,024 million and Baht 61,900 million in the consolidated and the Bank's financial statements, respectively. The Bank entered into a long-term Distribution Agreement with FWD Group Financial Services Pte. Ltd. to offer the life insurance product to the customers through the Bank's distribution channels for a period of 15 years. An amount of Baht 17,720 million from the total consideration has been recorded as deferred income which was included in other liabilities and will be recognised as income over 15 years. The Bank will also receive payments common in bancassurance transactions over the course of the Distribution Agreement.

The financial performance of SCB Life Assurance PCL was included in the consolidated financial statements of the Group up to 26 September 2019. Total revenue and net profit of SCB Life Assurance PCL for the period from 1 January 2019 to 26 September 2019 are Baht 44,698 million and Baht 3,078 million, respectively.

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 at 31 December 2019 and 2018 amounted to Baht 6,737 million and Baht 6,797 million, respectively.

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11. Loans to customers and accrued interest receivables, net

11.1 Classified by product as at 31 December 2019 and 2018.

(in million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Overdrafts	95,888	99,514	95,365	98,985
Loans	1,399,240	1,436,866	1,396,175	1,422,820
Bills	321,640	334,411	321,640	334,411
Finance leases	252,000	232,155	252,000	232,155
Others	78,099	67,155	76,775	65,962
Less deferred revenue	(33,080)	(29,540)	(33,079)	(29,540)
Total loans to customers, net	2,113,787	2,140,561	2,108,876	2,124,793
Add accrued interest receivables	2,946	3,334	2,920	3,028
Total loans to customers and accrued interest receivables, net	2,116,733	2,143,895	2,111,796	2,127,821
Less allowance for doubtful accounts				
- allowance established per BoT regulations				
- Individual approach	(58,631)	(51,914)	(57,990)	(51,165)
- Collective approach	(8,546)	(7,298)	(8,546)	(7,298)
- allowance established in excess of BoT minimum regulations	(43,973)	(40,193)	(43,969)	(40,184)
Less revaluation allowance for debt restructuring	(3,122)	(3,868)	(3,122)	(3,868)
Total	2,002,461	2,040,622	1,998,169	2,025,306

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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11.2 Classified by currency and residence of customer as at 31 December 2019 and 2018.

(in million Baht)

Consolidated						
	2019			2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	2,010,289	26,480	2,036,769	2,012,890	26,800	2,039,690
US Dollar	33,966	34,001	67,967	35,593	46,154	81,747
Other currencies	4,761	4,290	9,051	5,990	13,134	19,124
Total			2,113,787			2,140,561

(in million Baht)

The Bank						
	2019			2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	2,008,162	26,480	2,034,642	2,000,051	26,800	2,026,851
US Dollar	33,966	31,484	65,450	35,593	43,225	78,818
Other currencies	4,761	4,023	8,784	5,990	13,134	19,124
Total			2,108,876			2,124,793

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The Siam Commercial Bank Public Company Limited and its Subsidiaries
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11.3 Classified by business type and quality of loan classification as at 31 December 2019 and 2018.

(in million Baht)

Consolidated												
	2019						2018					
	Special		Sub- Standard	Doubtful		Total *	Special		Sub- Standard	Doubtful		Total *
	Normal	Mention		Doubtful	Loss		Normal	Mention		Doubtful	Loss	
Agriculture and mining	12,726	387	125	165	3,417	16,820	17,071	195	2,074	126	332	19,798
Manufacturing and commercial	499,219	22,273	12,163	5,921	15,325	554,901	558,753	19,315	8,819	3,583	19,871	610,341
Real estate and construction	152,772	4,214	9,734	484	2,594	169,798	158,998	3,278	982	410	2,972	166,640
Utilities and services	353,755	3,382	1,803	1,155	3,183	363,278	367,705	2,359	622	1,041	4,549	376,276
Housing loans	515,944	12,122	6,086	6,850	3,386	544,388	526,324	10,795	6,134	5,762	3,757	552,772
Others	429,295	22,486	6,243	3,246	3,332	464,602	387,441	17,938	4,372	2,324	2,659	414,734
Total *	1,963,711	64,864	36,154	17,821	31,237	2,113,787	2,016,292	53,880	23,003	13,246	34,140	2,140,561

(in million Baht)

The Bank												
	2019						2018					
	Special		Sub- Standard	Doubtful		Total *	Special		Sub- Standard	Doubtful		Total *
	Normal	Mention		Doubtful	Loss		Normal	Mention		Doubtful	Loss	
Agriculture and mining	12,668	387	125	165	3,417	16,762	17,024	195	2,074	126	332	19,751
Manufacturing and commercial	496,853	22,037	12,163	5,921	15,325	552,299	557,190	19,281	8,819	3,583	19,871	608,744
Real estate and construction	152,762	4,214	9,734	484	1,789	168,983	158,998	3,278	982	410	2,025	165,693
Utilities and services	353,755	3,382	1,803	1,155	3,183	363,278	366,478	2,359	622	1,041	4,549	375,049
Housing loans	515,895	12,122	6,086	6,850	3,386	544,339	526,266	10,795	6,134	5,762	3,757	552,714
Others	427,966	22,486	6,243	3,246	3,274	463,215	375,608	17,938	4,372	2,324	2,600	402,842
Total *	1,959,899	64,628	36,154	17,821	30,374	2,108,876	2,001,564	53,846	23,003	13,246	33,134	2,124,793

* Net of deferred revenue, excludes accrued interest receivables

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11.4 Finance leases

As at 31 December 2019 and 2018, finance leases were as follows:

(in million Baht)

Consolidated and the Bank								
	2019				2018			
	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	65,408	170,718	15,874	252,000	62,426	158,195	11,534	232,155
Less deferred revenue				(32,850)				(29,126)
Present value of the lease payments				219,150				203,029
Allowance for doubtful accounts				(8,546)				(7,298)
Finance leases, net				210,604				195,731

11.5 Loans to listed companies identified for delisting

(in million Baht)

Consolidated and the Bank								
	2019				2018			
	Loans and accrued				Loans and accrued			
	No. of companies	interest receivables*	Collateral	Amount of provision	No. of companies	interest receivables*	Collateral	Amount of provision
Listed companies identified for delisting	2	8,408	3,810	3,103	3	10,996	5,449	8,291

* Including loans to financial institutions but excluding other expenses

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11.6 Non-Performing Loans

As at 31 December 2019 and 2018, 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	
	2019	2018	2019	2018
Non-Performing Loans (net of allowance for doubtful accounts)	42,761	35,699	42,498	35,406
% of Non-Performing Loans to total loans (net)	1.7	1.5	1.7	1.5
Non-Performing Loans (gross)	85,212	70,389	84,349	69,383
% of Non-Performing Loans to total loans	3.4	2.9	3.4	2.8

As at 31 December 2019, Rutchayothin Assets Management Co., Ltd. which is a subsidiary of the Bank, had Non-Performing Loans of Baht 374 million (2018: Baht 421 million). However, the Non-Performing Loans based on principal of loan purchased from the Bank and its subsidiaries as at 31 December 2019 was Baht 804 million (2018: Baht 947 million).

11.7 Non-accrual loans

As at 31 December 2019 and 2018, non-accrual loans, gross, (including loans to financial institutions), were as follows:

(in million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Loans where recognition of income has been suspended *	73,170	61,321	72,300	60,308
% of loans where recognition of income has been suspended	2.9	2.5	2.9	2.5

* Non-accrual loans as announced by the Bank of Thailand notification number Sor Nor Sor 20/2558

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11.8 Classified assets

As at 31 December 2019 and 2018, classified assets were as follows:

(in million Baht)

Consolidated						
2019						
	Loans and accrued interest receivables*	Loans to financial institutions and accrued interest receivables	Investments	Properties for sale	Other assets	Total
Normal	1,966,438	385,755	-	-	78	2,352,271
Special Mention	64,996	8	-	-	77	65,081
Sub-Standard	36,234	-	-	-	19	36,253
Doubtful	17,821	-	-	-	18	17,839
Doubtful Loss	31,244	-	944	436	773	33,397
	2,116,733	385,763	944	436	965	2,504,841

(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

* Net of deferred revenue

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(in million Baht)

The Bank						
2019						
	Loans and accrued interest receivables*	Loans to financial institutions and accrued interest receivables	Investments	Properties for sale	Other assets	Total
Normal	1,962,612	385,755	-	-	78	2,348,445
Special Mention	64,755	8	-	-	77	64,840
Sub-Standard	36,234	-	-	-	19	36,253
Doubtful	17,821	-	-	-	18	17,839
Doubtful Loss	30,374	-	1,511	368	688	32,941
	2,111,796	385,763	1,511	368	880	2,500,318

(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

* Net of deferred revenue

Notes to the financial statements

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11.9 Allowance for doubtful accounts

11.9.1 Loans classified by quality as at 31 December 2019 and 2018 (inclusive of accrued interest receivables)

	(in million Baht)	%	(in million Baht)
Consolidated 2019			
	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	Loans and accrued interest receivables
		%used for setting the allowance	Allowance for doubtful accounts***
			Allowance for doubtful accounts***
			Total
Minimum allowance of			
BoT regulations			
- Normal	1,768,195	1,734,439*	1
- Special Mention	49,103	48,122*	2
- Sub-Standard	34,389	18,717**	100
- Doubtful	16,842	5,898**	100
- Doubtful Loss	29,054	15,717**	100
Total	1,897,583	1,822,893	
Allowance established in excess			
of BoT regulations			
Total			

* 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

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	(in million Baht)	%	Consolidated 2018					(in million Baht)
			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***	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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The Siam Commercial Bank Public Company Limited and its Subsidiaries
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	(in million Baht)	%	The Bank 2019					(in million Baht)
			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***	Allowance for doubtful accounts***	Total
Minimum allowance of								
BoT regulations								
- Normal	1,764,369	1,730,625*	1	17,306	198,243	3,069		20,375
- Special Mention	48,862	47,886*	2	958	15,893	3,075		4,033
- Sub-Standard	34,389	18,717**	100	18,717	1,845	901		19,618
- Doubtful	16,842	5,898**	100	5,898	979	455		6,353
- Doubtful Loss	28,184	15,111**	100	15,111	2,190	1,046		16,157
Total	1,892,646	1,818,237		57,990	219,150	8,546		66,536
Allowance established in excess of BoT regulations								43,969
Total								110,505

* 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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The Siam Commercial Bank Public Company Limited and its Subsidiaries
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	(in million Baht)	%	(in million Baht)
	The Bank 2018		
	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	Loans and accrued interest receivables
		%used for setting the allowance	Allowance for doubtful accounts***
			for doubtful accounts***
			Total
Minimum allowance of			
BoT regulations			
- Normal	1,817,955	1,775,859*	1
- Special Mention	41,079	40,142*	2
- Sub-Standard	21,718	12,189**	100
- Doubtful	12,682	4,057**	100
- Doubtful Loss	31,358	16,357**	100
Total	1,924,792	1,848,604	51,165
Allowance established in excess			203,029
of BoT regulations			7,298
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

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The Siam Commercial Bank Public Company Limited and its Subsidiaries
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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 2019 and 2018 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 2019 and 2018, the changes to the allowance for doubtful accounts were as follows:

(in million Baht)

Consolidated 2019							
	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss	Allowance established in excess of BoT regulations	Total
As at 1 January 2019	20,661	3,500	12,831	4,318	17,902	40,193	99,405
Bad debt and doubtful accounts	(256)	540	6,787	2,035	26,640	3,390	39,136
Bad debts written off	-	-	-	-	(27,779)	-	(27,779)
Others	(2)	-	-	-	-	390	388
As at 31 December 2019	20,403	4,040	19,618	6,353	16,763	43,973	111,150

(in million Baht)

Consolidated 2018							
	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss	Allowance established in excess of BoT regulations	Total
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

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(in million Baht)

The Bank 2019

	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss	Allowance established in excess of BoT regulations	Total
As at 1 January 2019	20,632	3,500	12,831	4,318	17,182	40,184	98,647
Bad debt and doubtful accounts	(257)	533	6,787	2,035	26,669	3,395	39,162
Bad debts written off	-	-	-	-	(27,694)	-	(27,694)
Others	-	-	-	-	-	390	390
As at 31 December 2019	20,375	4,033	19,618	6,353	16,157	43,969	110,505

(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

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The Siam Commercial Bank Public Company Limited and its Subsidiaries
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12. Troubled debt restructuring

During the years ended 31 December 2019 and 2018, troubled debt restructuring was as follows:

(in million Baht)

Consolidated and the Bank											
Types of debt restructuring	No. of accounts		Outstanding debts				Transferred assets		Loss on		
			Before debt restructuring		After debt restructuring		Types	Fair value	debt restructuring		
	2019	2018	2019	2018	2019	2018			2019	2018	2018
Debt restructuring in various forms	54	3	149	328	141	321	Immovable properties	1	-	1	-
Changes of repayment conditions	11,576	3,215	21,472	7,727	21,354	7,597		-	-	157	40
Total	11,630	3,218	21,621	8,055	21,495	7,918		1	-	158	40

As at 31 December 2019 and 2018, the Bank and its subsidiaries had outstanding balances relating to troubled debt restructured loans were as follows:

(in million Baht)

Consolidated and the Bank				
	2019		2018	
	No. of accounts	Outstanding debts	No. of accounts	Outstanding debts
Restructured loans which were classified as NPL	1,926	10,166	1,540	10,257
Restructured loans which were not classified as NPL	21,078	30,804	13,196	23,236
Total	23,004	40,970	14,736	33,493

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Supplementary information relating to restructured loans for the years ended 31 December 2019 and 2018 were as follows:

(in million Baht)

	Consolidated and the Bank	
	2019	2018
Interest income recognised in the statement of profit or loss and other comprehensive income	1,037	1,021

Revaluation allowance for debt restructuring

As at 31 December 2019 and 2018, the changes to the revaluation allowance for debt restructuring were as follows:

(in million Baht)

	Consolidated and the Bank	
	2019	2018
Beginning balance	3,868	4,291
Decrease during the year	(746)	(423)
Ending balance	3,122	3,868

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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 statement of cash flows of the AMC in the notes to the financial statements. The statement of cash flows of Rutchayothin Assets Management Co., Ltd. were as follows:

Rutchayothin Assets Management Co., Ltd.
Statement of cash flows

(in million Baht)

	For the year ended 31 December	
	2019	2018
	(Unaudited)	(Audited)
Cash flows from operating activities		
Profit from operating before income tax expense	23	1
<i>Adjustments to reconcile profit from operating before income tax to cash receipts (payments) from operating activities</i>		
Reversal impairment loss on loans and debt securities	(32)	(9)
Net interest expenses	7	6
Losses from operating before changes in operating assets and liabilities	(2)	(2)
<i>(Increase) decrease in operating assets</i>		
Intercompany and money market items	(10)	24
Investments	58	17
<i>(Decrease) increase in operating liabilities</i>		
Debt issued and short-term borrowings	(44)	(42)
Accrued expense	1	-
Other liabilities	(3)	3
Net cash from operating activities	-	-
Net increase in cash	-	-
Cash at 1 January	-	-
Cash at 31 December	-	-

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14. Properties for sale, net

As at 31 December 2019 and 2018, the changes to the properties for sale, net were as follows:

(in million Baht)

Consolidated 2019				
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Ending balance
Foreclosed assets				
Immovable assets	11,690	4,419	(955)	15,154
Movable assets	630	6,701	(6,647)	684
Total	12,320	11,120	(7,602)	15,838
Others	1,689	1,231	(1,680)	1,240
Total properties for sale	14,009	12,351	(9,282)	17,078
Less allowance for impairment	(559)	(210)	333	(436)
Total properties for sale, net	13,450	12,141	(8,949)	16,642

(in million Baht)

Consolidated 2018				
	Beginning balance	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

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(in million Baht)

The Bank 2019				
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Ending balance
Foreclosed assets				
Immovable assets	11,683	4,109	(955)	14,837
Movable assets	630	6,701	(6,647)	684
Total	12,313	10,810	(7,602)	15,521
Others	1,689	1,231	(1,680)	1,240
Total properties for sale	14,002	12,041	(9,282)	16,761
Less allowance for impairment	(556)	(145)	333	(368)
Total properties for sale, net	13,446	11,896	(8,949)	16,393

(in million Baht)

The Bank 2018				
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Ending balance
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

Loss on sale of properties for sale recognised in the consolidated profit or loss for the years ended 31 December 2019 and 2018 were Baht 797 million and Baht 595 million respectively, and for the Bank's profit or loss were Baht 797 million and Baht 595 million, respectively.

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Immovable assets for sale classified by internal appraisers as at 31 December 2019 and 2018 were as follows:

(in million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Foreclosed assets				
Immovable assets Appraised by internal appraisers	15,154	11,690	14,837	11,683
Total	15,154	11,690	14,837	11,683

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15. Premises and equipment, net

As at 31 December 2019 and 2018, the changes to the premises and equipment, net were as follows:

Consolidated 2019													(in million Baht)
		Accumulated depreciation											
		Cost		Decrease from sale of subsidiary					Decrease from sale of subsidiary				
		Beginning balance	Additions/Transfer in	Disposals/Transfer out	Decrease from sale of subsidiary	Ending balance	Beginning balance	Depreciation	Disposals	Decrease from sale of subsidiary	Ending balance	Allowance for impairment	Net balance
Land													
Cost		5,702	346	(309)	(5)	5,734	-	-	-	-	-	(142)	5,592
Appraisal *		12,787	-	(151)	(2)	12,634	-	-	-	-	-	-	12,634
Premises and building improvements													
Cost		20,309	374	(500)	(4)	20,179	(8,812)	(727)	255	3	(9,281)	(144)	10,754
Appraisal *		9,060	-	(55)	(3)	9,002	(2,502)	(336)	17	-	(2,821)	-	6,181
Equipment		20,027	679	(1,087)	(414)	19,205	(13,487)	(2,086)	1,058	152	(14,363)	-	4,842
Others		443	843	(504)	-	782	(8)	-	-	-	(8)	-	774
Total		68,328	2,242	(2,606)	(428)	67,536	(24,809)	(3,149)	1,330	155	(26,473)	(286)	40,777

* Appraisal values are based on valuations completed in 2015 for the Bank and its subsidiaries

Depreciation presented in the consolidated profit or loss for the years ended 31 December 2019 and 2018 amounted to Baht 3,149 million and Baht 3,064 million, respectively.

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(in million Baht)

Consolidated 2018									
Cost				Accumulated depreciation				Allowance for impairment	
Beginning balance	Additions/Transfer in	Disposals/Transfer out	Ending balance	Beginning balance	Depreciation	Disposals	Ending balance		Net balance
Land									
Cost	-	(142)	5,702	-	-	-	-	(146)	5,556
Appraisal *	-	(600)	12,787	-	-	-	-	-	12,787
Premises and building improvements									
Cost	1,788	(1,022)	20,309	(9,018)	(633)	839	(8,812)	(150)	11,347
Appraisal *	-	(160)	9,060	(2,200)	(344)	42	(2,502)	(17)	6,541
Equipment	2,395	(5,785)	20,027	(17,141)	(2,079)	5,733	(13,487)	-	6,540
Others	459	(1,467)	443	-	(8)	-	(8)	-	435
Total	4,642	(9,176)	68,328	(28,359)	(3,064)	6,614	(24,809)	(313)	43,206

* 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 2019 amounted to Baht 18,079 million (2018: Baht 18,665 million).

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(in million Baht)

The Bank 2019									
	Cost			Accumulated depreciation			Allowance for impairment		Net balance
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Ending balance	Beginning balance	Depreciation	Disposals	Ending balance	
Land									
Cost	5,512	346	(210)	5,648	-	-	-	-	5,506
Appraisal *	12,144	-	(2)	12,142	-	-	-	-	12,142
Premises and building improvements									
Cost	19,731	319	(296)	19,754	(8,411)	(698)	139	(8,970)	10,640
Appraisal *	8,961	-	(55)	8,906	(2,468)	(333)	17	(2,784)	6,122
Equipment	19,198	618	(1,039)	18,777	(13,105)	(1,986)	1,029	(14,062)	4,715
Others	440	830	(484)	786	-	-	-	-	786
Total	65,986	2,113	(2,086)	66,013	(23,984)	(3,017)	1,185	(25,816)	39,911

* Appraisal values are based on valuations completed in 2015

Depreciation presented in the Bank's profit or loss for the years ended 31 December 2019 and 2018 amounted to Baht 3,017 million and Baht 2,950 million, respectively.

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(in million Baht)

The Bank 2018									
	Cost			Accumulated depreciation			Allowance for impairment		Net balance
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Ending balance	Beginning balance	Depreciation	Disposals	Ending balance	
Land									
Cost	5,654	-	(142)	5,512	-	-	-	-	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)	11,170
Appraisal *	9,121	-	(160)	8,961	(2,170)	(340)	42	(2,468)	6,493
Equipment	22,511	2,083	(5,396)	19,198	(16,416)	(2,002)	5,313	(13,105)	6,093
Others	1,438	249	(1,247)	440	-	-	-	-	440
Total	70,426	4,111	(8,551)	65,986	(27,214)	(2,950)	6,180	(23,984)	41,707

* 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 2019 amounted to Baht 17,700 million (2018: Baht 18,265 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 2019 and 2018, the changes to the goodwill and other intangible assets, net were as follows:

Consolidated 2019											(in million Baht)	
Cost		Accumulated amortisation										
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Decrease of subsidiary	Ending balance	Beginning balance	Amortisation	Disposals	Decrease of subsidiary	Ending balance	Allowance for impairment	Net balance
Goodwill	10,135	-	-	(8,865)	1,270	-	-	-	-	-	-	1,270
Software licenses	15,904	8,140	(72)	(565)	23,407	(7,377)	(2,852)	8	303	(9,918)	(85)	13,404
Software under installation	6,838	91	(2,253)	(267)	4,409	-	-	-	-	-	-	4,409
Others	10	115	(2)	-	123	(9)	(12)	2	-	(19)	-	104
Total	32,887	8,346	(2,327)	(9,697)	29,209	(7,386)	(2,864)	10	303	(9,937)	(85)	19,187

Amortisation presented in the consolidated profit or loss for the years ended 31 December 2019 and 2018 amounted to Baht 2,864 million and Baht 1,640 million, respectively.

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The Siam Commercial Bank Public Company Limited and its Subsidiaries
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(in million Baht)

Consolidated 2018									
Cost				Accumulated amortisation					
Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Beginning balance	Amortisation	Disposals	Ending balance	Allowance for impairment	Net balance	
10,135	-	-	10,135	-	-	-	-	10,135	
10,075	5,897	(68)	15,904	(5,789)	(1,639)	51	(7,377)	(9)	8,518
3,688	3,396	(246)	6,838	-	-	-	-	-	6,838
9	1	-	10	(8)	(1)	-	(9)	-	1
23,907	9,294	(314)	32,887	(5,797)	(1,640)	51	(7,386)	(9)	25,492

The gross amount of the Bank and its subsidiaries' fully amortised intangible assets that were still in use as at 31 December 2019 amounted to Baht 5,014 million (2018: Baht 4,667 million).

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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(in million Baht)

The Bank 2019								
	Cost			Accumulated amortisation			Ending balance	Net balance
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Ending balance	Beginning balance	Amortisation		
Goodwill	1,270	-	-	1,270	-	-	-	1,270
Software licenses	14,736	7,761	(70)	22,427	(6,916)	(2,698)	7	12,820
Software under installation	6,607	-	(2,246)	4,361	-	-	-	4,361
Total	22,613	7,761	(2,316)	28,058	(6,916)	(2,698)	7	18,451

Amortisation presented in the Bank's profit or loss for the years ended 31 December 2019 and 2018 amounted to Baht 2,698 million and Baht 1,545 million, respectively.

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(in million Baht)

The gross amount of the Bank's fully amortised intangible assets that were still in use as at 31 December 2019 amounted to Baht 4,854 million (2018: Baht 4,521 million).

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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17. Assets pending transfer

As at 31 December 2019 and 2018, assets pending transfer were as follows:

(in million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Sundry receivables	1,436	1,315	1,544	1,512
Others	374	918	374	918
Total	1,810	2,233	1,918	2,430

18. Other assets, net

As at 31 December 2019 and 2018, other assets, net were as follows:

(in million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Collateral per Credit Support Annex	9,740	5,262	9,740	5,613
Prepaid expenses	2,993	2,764	3,196	2,835
Receivables from sale of NPL	-	4,569	-	4,569
Securities business receivables and receivables from clearing house	2,266	4,279	-	-
Accrued service income	2,360	1,132	2,071	1,399
Accrued interest on investment and interest rate derivatives	1,300	2,291	1,300	717
Net inter-account balance	1,135	642	1,087	629
Others	4,672	5,595	3,186	3,678
Total	24,466	26,534	20,580	19,440

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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19. Deposits

19.1 Classified by product as at 31 December 2019 and 2018.

(in million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Demand	77,549	68,139	76,201	66,797
Savings	1,376,942	1,418,782	1,375,084	1,418,070
Fixed				
- Less than 6 months	110,568	133,341	111,037	132,819
- 6 months and less than 1 year	244,694	194,939	244,495	194,820
- Over 1 year	349,672	344,430	349,672	344,430
Total	2,159,425	2,159,631	2,156,489	2,156,936

19.2 Classified by currency and residence of customer as at 31 December 2019 and 2018.

(in million Baht)

	Consolidated					
	2019			2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	2,121,405	971	2,122,376	2,105,644	633	2,106,277
US Dollar	19,739	12,893	32,632	35,683	13,843	49,526
Other currencies	2,298	2,119	4,417	2,580	1,248	3,828
Total	2,143,442	15,983	2,159,425	2,143,907	15,724	2,159,631

(in million Baht)

	The Bank					
	2019			2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
Baht	2,125,045	936	2,125,981	2,109,464	615	2,110,079
US Dollar	19,739	6,355	26,094	35,683	7,351	43,034
Other currencies	2,298	2,116	4,414	2,580	1,243	3,823
Total	2,147,082	9,407	2,156,489	2,147,727	9,209	2,156,936

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20. Interbank and money market items (Liabilities)

As at 31 December 2019 and 2018, interbank and money market items (Liabilities) were as follows:

(in million Baht)

Consolidated						
	2019			2018		
	Demand	Time	Total	Demand	Time	Total
Domestic items:						
Commercial banks	3,698	68,478	72,176	4,386	38,200	42,586
Specialised financial institutions*	91	40,392	40,483	89	71,093	71,182
Other financial institutions**	12,284	13,102	25,386	9,954	10,011	19,965
Total domestic items	16,073	121,972	138,045	14,429	119,304	133,733
Foreign items:						
US Dollar	322	4,472	4,794	463	4,705	5,168
Euro	46	-	46	111	-	111
Other currencies	2,387	572	2,959	3,010	507	3,517
Total foreign items	2,755	5,044	7,799	3,584	5,212	8,796
Total domestic and foreign items	18,828	127,016	145,844	18,013	124,516	142,529

* 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 bearing 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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The Siam Commercial Bank Public Company Limited and its Subsidiaries
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(in million Baht)

The Bank						
	2019			2018		
	Demand	Time	Total	Demand	Time	Total
Domestic items:						
Commercial banks	3,698	68,329	72,027	4,386	38,200	42,586
Specialised financial institutions*	91	40,392	40,483	89	71,093	71,182
Other financial institutions**	12,434	13,102	25,536	11,494	11,360	22,854
Total domestic items	16,223	121,823	138,046	15,969	120,653	136,622
Foreign items:						
US Dollar	345	4,622	4,967	466	4,910	5,376
Euro	46	-	46	111	-	111
Other currencies	2,387	425	2,812	3,015	475	3,490
Total foreign items	2,778	5,047	7,825	3,592	5,385	8,977
Total domestic and foreign items	19,001	126,870	145,871	19,561	126,038	145,599

* 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 bearing 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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The Siam Commercial Bank Public Company Limited and its Subsidiaries
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21. Debt issued and borrowings

As at 31 December 2019 and 2018, debt issued and borrowings were as follows:

	(%)		(in million Baht)					
Consolidated								
	Interest	Year of	2019			2018		
	rate	maturity	Domestic	Foreign	Total	Domestic	Foreign	Total
Bonds								
- US Dollar	2.75 - 4.40	2022 - 2029	597	57,171	57,768	726	52,753	53,479
- Baht	-	2020 - 2021	18,292	-	18,292	32,786	-	32,786
- Others	-	-	-	-	-	429	-	429
Subordinated bonds								
- Baht	-	-	-	-	-	20,000	-	20,000
Structured notes								
- Baht	0.25 - 1.72	2020	1,596	-	1,596	607	-	607
Others			296	-	296	260	-	260
Total			20,781	57,171	77,952	54,808	52,753	107,561

(%)			(in million Baht)					
The Bank								
	Interest	Year of	2019			2018		
	rate	maturity	Domestic	Foreign	Total	Domestic	Foreign	Total
Bonds								
- US Dollar	2.75 - 4.40	2022 - 2029	597	57,171	57,768	726	53,398	54,124
- Baht	-	2020 - 2021	18,292	-	18,292	31,252	-	31,252
- Others	-	-	-	-	-	429	-	429
Subordinated bonds								
- Baht	-	-	-	-	-	20,000	-	20,000
Others			296	-	296	260	-	260
Total			19,185	57,171	76,356	52,667	53,398	106,065

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 2019 and 2018, provisions were as follows:

(in million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Reserve for pension and gratuity	7,998	6,360	7,635	5,859
Reserve for reward points	3,283	2,978	3,280	2,975
Others	129	89	82	89
Total	11,410	9,427	10,997	8,923

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 2019 and 2018 were as follows:

(in million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Severance Payment (SP) benefits scheme	7,131	5,499	6,796	5,043
Other schemes	867	861	839	816
Total present value of unfunded provisions	7,998	6,360	7,635	5,859

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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Movement in the present value of the defined benefit obligations

(in million Baht)

	Consolidated			
	2019		2018	
	SP	Others	SP	Others
At 1 January	5,499	861	4,041	863
Included in profit or loss:				
Past service cost	1,366	-	-	-
Current service cost	582	42	564	46
Interest on obligation	206	28	143	31
Actuarial losses	-	-	-	6
	2,154	70	707	83
Included in other comprehensive income:				
Actuarial (gains) losses				
- Demographic assumptions	8	-	112	102
- Financial assumptions	(23)	-	166	(115)
- Experience adjustment	(45)	-	731	(36)
	(60)	-	1,009	(49)
Others				
Benefits paid	(236)	(44)	(258)	(36)
Decrease from sale of subsidiary	(226)	(20)	-	-
	(462)	(64)	(258)	(36)
At 31 December	7,131	867	5,499	861

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(in million Baht)

The Bank				
	2019		2018	
	SP	Others	SP	Others
At 1 January	5,043	816	3,719	808
Included in profit or loss:				
Past service cost	1,264	-	-	-
Current service cost	515	37	488	34
Interest on obligation	192	26	132	28
Actuarial losses	-	-	-	2
	1,971	63	620	64
Included in other comprehensive income:				
Actuarial losses (gains)				
- Demographic assumptions	-	-	96	101
- Financial assumptions	-	-	150	(117)
- Experience adjustment	-	-	699	(36)
	-	-	945	(52)
Others				
Benefits paid	(218)	(40)	(241)	(4)
At 31 December	6,796	839	5,043	816

On 5 April 2019, the Labor Protection Act was amended 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 have therefore amended its retirement plan in accordance with the changes in the Labor Protection Act in 2019. As a result of this change, the provision for retirement benefits as well as past service cost increased.

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Principal actuarial assumptions

(%)

	Consolidated		The Bank	
	2019	2018	2019	2018
Discount rate	1.5 - 3.3	3.1 - 3.3	3.3	3.3
Future salary growth	1.0 - 10.0	5.5 - 10.0	5.5 - 10.0	5.5 - 10.0
Medical cost trend rate	4.0	4.0	4.0	4.0
Employee turnover	0.0 - 24.0	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.

(in million Baht)

Consolidated				
Effect to the defined benefit obligation as at 31 December	1% increase in assumption		1% decrease in assumption	
	2019	2018	2019	2018
Discount rate	(830)	(660)	1,003	797
Future salary growth	762	606	(656)	(522)

(in million Baht)

The Bank				
Effect to the defined benefit obligation as at 31 December	1% increase in assumption		1% decrease in assumption	
	2019	2018	2019	2018
Discount rate	(802)	(615)	971	745
Future salary growth	730	561	(629)	(482)

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Post-employee benefit expenses included in the statement of profit or loss and other comprehensive income for the years ended 31 December 2019 and 2018 were as follows:

(in million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Recognised in profit or loss:				
Defined contribution plans	1,295	1,252	1,159	1,119
Defined benefit plans	2,224	790	2,034	684
Total post-employment benefit expenses	3,519	2,042	3,193	1,803

23. Liabilities under insurance contracts

As at 31 December 2019 and 2018, liabilities under insurance contracts were as follows:

(in million Baht)

	Consolidated	
	2019	2018
SCB Life Assurance PCL		
Long-term technical reserves	285,507	277,247
Short-term technical reserves	1,081	973
Decrease from sale of subsidiary	(286,588)	-
Total	-	278,220

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The Siam Commercial Bank Public Company Limited and its Subsidiaries
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24. Liabilities pending transfer

As at 31 December 2019 and 2018, liabilities pending transfer were as follows:

(in million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Other payables	7,702	9,113	7,707	8,921
Pending for payment E-banking	6,310	7,093	6,310	7,093
Unsettled remittance transaction	5,732	2,957	5,732	2,957
Others	2,189	513	2,166	464
Total	21,933	19,676	21,915	19,435

25. Other liabilities

As at 31 December 2019 and 2018, other liabilities were as follows:

(in million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Accrued expenses	32,313	19,912	31,374	16,864
Deferred income Distribution Agreement	17,425	-	17,425	-
Other payable per Credit Support Annex	10,065	7,425	10,065	6,803
Accrued interest payable	6,213	5,025	6,203	5,072
Securities business payables and payables to clearing house	1,854	4,006	-	-
Withholding tax payable	770	807	696	684
Marginal deposits	633	638	612	617
Others	3,172	649	2,718	1,201
Total	72,445	38,462	69,093	31,241

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26. Advance received from electronic payment

In accordance with 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)", the Bank discloses advances received from E-Money and EFT as at 31 December 2019 in the amount of Baht 166 million (2018: Baht 175 million).

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.

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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.

Currency translation differences

The currency translation differences account comprises all foreign currency differences arising from the translation of the financial statements of foreign operations.

Cash flow hedge reserves

The cash flow hedges account within equity comprises the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

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.

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29. Dividends

The shareholders of the Bank have approved dividends as follows:

(Baht) (in million Baht)

	Approval date	Payment schedule	Dividend rate per share	Amount
2019				
Annual dividend 2018	4 April 2019	3 May 2019	4.00	13,597
Interim dividend 2019	15 August 2019	13 September 2019	1.50	5,099
Total			5.50	18,696
2018				
Annual dividend 2017	5 April 2018	3 May 2018	4.00	13,597
Interim dividend 2018	21 August 2018	20 September 2018	1.50	5,099
Total			5.50	18,696

30. Assets pledged as collateral and under restriction

As at 31 December 2019 and 2018, assets pledged as collateral and under restriction were as follows:

(in million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Government securities pledged for life policy reserve	-	64,381	-	-
Securities pledged as collateral for repurchase	58,793	69,435	58,793	69,435
Others	90	79	79	46
Total	58,883	133,895	58,872	69,481

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31. Contingencies

As at 31 December 2019 and 2018, contingencies were as follows:

(in million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Avals to bills	6,233	7,985	6,233	7,985
Guarantees of loans	8,037	15,049	7,270	14,181
Liability under unmatured import bills	12,138	11,129	11,987	11,129
Letters of credit	27,255	46,994	27,138	46,666
Other contingencies				
- Amount of unused bank overdrafts	184,954	185,210	184,182	184,401
- Other guarantees	216,868	218,814	215,829	217,773
- Receivables / payables from investments	9,109	4,906	9,109	3,239
- Others	46,729	47,869	46,729	45,469
Total	511,323	537,956	508,477	530,843

As at 31 December 2019, 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 (2018: Baht 3 million).

32. Related parties

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:

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32.1 Assets, liabilities and contingencies

As at 31 December 2019 and 2018, assets, liabilities and contingencies balances with related parties, were as follows:

(in million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Subsidiaries				
Derivative assets	-	-	152	628
Investments	-	-	326	364
Other assets	-	-	749	1,769
Deposits	-	-	3,690	5,059
Interbank and money market items (liabilities)	-	-	174	213
Derivative liabilities	-	-	50	446
Debt issued and borrowings	-	-	100	3,183
Other liabilities	-	-	804	633
Contingencies	-	-	1,906	15,677
Associate				
Derivative assets	-	18	-	18
Loans*	8,387	8,844	8,387	8,844
Deposits	7	416	7	416
Contingencies	108	1,407	108	1,407
Major shareholders (more than 10% ownership)				
Deposits	9,481	4,824	9,481	4,824
Directors and key executive officers				
Loans*	111	121	111	121
Deposits	1,519	1,428	1,519	1,428
Debt issued and borrowings	-	6	-	6
Related companies (Shareholding through other companies' debt restructuring process)				
Contingencies	1	1	1	1

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(in million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Entities in which the directors, management or close members of their families have significant influence				
Loans*	23,710	4,322	23,710	4,322
Deposits	16,128	29,161	16,128	29,161
Other liabilities	9	17	9	17
Contingencies	7,771	1,583	7,771	1,583

* Before deducting allowance for doubtful accounts for consolidated and the Bank amounting to Baht 3,449 million and 3,449 million, respectively (2018: Baht 6,816 million and Baht 6,816 million, respectively).

32.2 Income and expenses

Significant income and expenses with related parties for the years ended 31 December 2019 and 2018 were as follows:

(in million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Subsidiaries*				
Interest income	-	-	9	48
Interest expenses	-	-	72	88
Fee and service income	-	-	8,273	7,549
Fee and service expenses	-	-	3,340	3,432
Dividend income			1,988	1,049
Other expenses			3,367	3,608
Net loss on trading and foreign exchange transactions			138	971
Associate				
Interest income	55	267	55	267
Interest expenses	210	244	210	244
Net gain on trading and foreign exchange transactions	121	68	121	68

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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(in million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Major shareholders (more than 10% ownership)				
Interest expenses	81	96	81	96
Other expenses	32	28	32	28
Directors and key executive officers				
Interest income	1	3	1	3
Interest expenses	14	12	14	12
Entities in which the directors, management or close members of their families have significant influence				
Interest income	207	165	207	165
Interest expenses	242	291	242	291
Other expenses	145	152	111	80

* SCB Life Assurance PCL was a subsidiary of the Bank until 26 September 2019.

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	
	2019	2018	2019	2018
For the year ended 31 December				
Short-term employee benefits	1,984	1,860	1,574	1,425
Post-employment benefits and others	79	82	53	62
Total	2,063	1,942	1,627	1,487

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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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 2019 and 2018, the future minimum lease payments under non-cancellable leases were payable as follows.

(in million Baht)

		Consolidated		The Bank	
Type of lease	Period	2019	2018	2019	2018
Land and/or premises	Within 1 year	2,051	2,320	1,965	2,159
	1 - 5 years	990	1,388	884	1,233
	Over 5 years	139	163	139	163
Equipment	Within 1 year	177	101	177	96
	1 - 5 years	-	9	-	-
Vehicles	Within 1 year	268	299	261	291
	1 - 5 years	281	539	272	525

(b) Amount recognised in profit or loss

(in million Baht)

	Consolidated		The Bank	
For the year ended 31 December	2019	2018	2019	2018
Lease expense	6,129	5,456	5,873	5,230

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2019

35. Operating segments

Information on the Bank's operating model and business segments is set out in the annual report. Specifically, the Bank has four main lines of business: the Corporate Segment which serves corporate and commercial customers; the SME Segment which serves SME customers; the Retail Segment which serves individuals and small businesses; the Insurance segment which provides insurance products through subsidiary companies and the Bank's distribution channel.

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 "Others" column. Operating expenses are both direct and indirect business expenses of each line of business as well as allocation of common expenses to these businesses. The pricing policy among business units are in line with the normal course of business.

(in million Baht)

	Consolidated						
For the year ended 31 December 2019	Corporate Segment	SME Segment	Retail Segment	Insurance Segment	Others	Elimination	Total
Net interest income	17,080	14,792	47,934	8,538	11,057	-	99,401
Non-interest income, net	8,181	3,104	18,863	4,142	14,929	(6,546)	42,673
Net gain on sale of investment in subsidiary	-	-	-	-	24,024	-	24,024
Total operating income	25,261	17,896	66,797	12,680	50,010	(6,546)	166,098
Total operating expenses	(8,565)	(7,870)	(40,736)	(2,415)	(15,306)	4,354	(70,538)
Profit before impairment loss and income tax	16,696	10,026	26,061	10,265	34,704	(2,192)	95,560
Impairment loss							(36,211)
Income tax							(19,098)
Net profit							40,251

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The Siam Commercial Bank Public Company Limited and its Subsidiaries
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(in million Baht)

Consolidated							
For the year ended 31 December 2018	Corporate Segment	SME Segment	Retail Segment	Insurance Segment	Others	Elimination	Total
Net interest income	17,456	14,247	43,210	10,453	11,003	-	96,369
Non-interest income, net	9,167	2,565	18,269	4,565	13,179	(5,889)	41,856
Total operating income	26,623	16,812	61,479	15,018	24,182	(5,889)	138,225
Total operating expenses	(7,744)	(7,242)	(40,344)	(3,390)	(10,545)	4,626	(64,639)
Profit before impairment loss and income tax	18,879	9,570	21,135	11,628	13,637	(1,263)	73,586
Impairment loss							(24,023)
Income tax							(9,468)
Net profit							40,095

(in million Baht)

Consolidated							
2019							
	Corporate Segment	SME Segment	Retail Segment	Insurance Segment	Others	Elimination	Total
Loans*	752,863	351,505	1,003,459	-	5,960	-	2,113,787
Total assets	713,160	304,898	962,197	129	996,441	(13,079)	2,963,746
Total liabilities	614,779	171,700	1,324,342	17	458,110	(6,048)	2,562,900

(in million Baht)

Consolidated							
2018							
	Corporate Segment	SME Segment	Retail Segment	Insurance Segment	Others	Elimination	Total
Loans*	827,258	341,679	955,563	10,699	5,362	-	2,140,561
Total assets	792,065	297,985	918,740	324,559	877,409	(23,418)	3,187,340
Total liabilities	667,564	155,134	1,229,065	285,187	483,491	(14,084)	2,806,357

* 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 2019

36. The financial position and results of operations classified by domestic and foreign business

36.1 As at 31 December 2019 and 2018, the financial position classified by domestic and foreign business was as follows:

(in million Baht)

	Consolidated					
	2019			2018		
	Domestic business	Foreign business	Total	Domestic business	Foreign business	Total
Total assets	2,887,037	76,709	2,963,746	3,112,925	74,415	3,187,340
Interbank and money market items, net (Assets)	421,587	11,923	433,510	365,626	12,279	377,905
Investments, net *	310,536	1,607	312,143	567,647	1,254	568,901
Loans to customers and accrued interest receivables, net	1,984,799	17,662	2,002,461	2,021,528	19,094	2,040,622
Deposits	2,148,020	11,405	2,159,425	2,147,122	12,509	2,159,631
Interbank and money market items (Liabilities)	140,652	5,192	145,844	137,316	5,213	142,529
Debt issued and borrowings	20,781	57,171	77,952	54,808	52,753	107,561

* 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 2019

(in million Baht)

The Bank						
	2019			2018		
	Domestic business	Foreign business	Total	Domestic business	Foreign business	Total
Total assets	2,885,151	67,296	2,952,447	2,794,927	65,200	2,860,127
Interbank and money market items, net (Assets)	421,438	5,813	427,251	355,127	6,906	362,033
Investments, net *	315,656	1,576	317,232	290,761	1,223	291,984
Loans to customers and accrued interest receivables, net	1,983,270	14,899	1,998,169	2,009,126	16,180	2,025,306
Deposits	2,151,661	4,828	2,156,489	2,150,941	5,995	2,156,936
Interbank and money market items (Liabilities)	140,975	4,896	145,871	140,419	5,180	145,599
Debt issued and borrowings	19,185	57,171	76,356	52,667	53,398	106,065

* 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 2019

36.2 The results of operations classified by domestic and foreign business for the years ended 31 December 2019 and 2018

(in million Baht)

Consolidated								
	2019				2018			
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
Interest income	133,886	4,653	(3,514)	135,025	127,952	3,691	(2,516)	129,127
Interest expenses	(34,652)	(4,486)	3,514	(35,624)	(31,780)	(3,494)	2,516	(32,758)
Net interest income	99,234	167	-	99,401	96,172	197	-	96,369
Net fee and service income	29,537	133	-	29,670	28,296	160	-	28,456
Other operating income	37,022	5	-	37,027	13,348	51	-	13,399
Other operating expenses	(70,004)	(534)	-	(70,538)	(64,162)	(476)	-	(64,638)
Impairment loss of loans	(36,019)	(192)	-	(36,211)	(24,125)	102	-	_(24,023)
Profit (loss) before income tax	59,770	(421)	-	59,349	49,529	34	-	49,563
Income tax	(19,036)	(62)	-	(19,098)	(9,382)	(86)	-	(9,468)
Net profit (loss)	40,734	(483)	-	40,251	40,147	(52)	-	40,095

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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(in million Baht)

The Bank								
	2019				2018			
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
Interest income	125,321	4,361	(3,511)	126,171	117,531	3,455	(2,516)	118,470
Interest expenses	(34,617)	(4,432)	3,511	(35,538)	(31,757)	(3,461)	2,516	(32,702)
Net interest income	90,704	(71)	-	90,633	85,774	(6)	-	85,768
Net fee and service income	30,793	54	-	30,847	29,226	101	-	29,327
Other operating income	75,824	(12)	-	75,812	12,231	32	-	12,263
Other operating expenses	(67,396)	(417)	-	(67,813)	(61,977)	(351)	-	(62,328)
Impairment loss of loans	(36,050)	(187)	-	(36,237)	(24,134)	132	-	(24,002)
Profit (loss) before income tax	93,875	(633)	-	93,242	41,120	(92)	-	41,028
Income tax	(17,773)	(19)	-	(17,792)	(7,508)	(45)	-	(7,553)
Net profit (loss)	76,102	(652)	-	75,450	33,612	(137)	-	33,475

37. Interest income

Interest income included in profit or loss for the years ended 31 December 2019 and 2018 were as follows:

(in million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Interbank and money market items	5,737	5,456	5,352	5,000
Investments and trading transactions	484	265	482	265
Investments in debt securities	12,349	13,230	4,966	3,947
Loans	102,864	98,035	101,779	97,117
Finance leases	13,461	12,003	13,461	12,003
Others	130	138	131	138
Total	135,025	129,127	126,171	118,470

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2019

38. Interest expenses

Interest expenses included in profit or loss for the years ended 31 December 2019 and 2018 were as follows:

(in million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Deposits	20,062	18,301	20,034	18,282
Interbank and money market items	1,601	1,534	1,637	1,579
Contributions to Deposit Protection Agency	10,116	9,735	10,115	9,735
Debt issued				
- Debentures	660	2,004	660	2,000
- Subordinated debentures	2,889	930	2,872	930
Borrowings	76	78	-	-
Others	220	176	220	176
Total	35,624	32,758	35,538	32,702

39. Net fee and service income

Net fee and service income included in profit or loss for the years ended 31 December 2019 and 2018 were as follows:

(in million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Fee and service income				
- Acceptances, avals and guarantees	1,472	1,578	1,457	1,562
- ATM, Debit cards, Credit Cards and other banking electronic	14,471	13,478	14,490	13,494
- Others	23,160	21,960	23,228	21,626
Total fee and service income	39,103	37,016	39,175	36,682
Fee and service expenses	(9,433)	(8,560)	(8,328)	(7,355)
Net fee and service income	29,670	28,456	30,847	29,327

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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40. Net gain on trading and foreign exchange transactions

Net gain (loss) on trading and foreign exchange transactions included in profit or loss for the years ended 31 December 2019 and 2018 were as follows:

(in million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Foreign currencies and foreign currency related derivatives	5,275	5,439	5,231	6,036
Interest rate related derivatives	460	1,776	460	1,776
Debt securities	842	(75)	718	(80)
Equity securities	238	796	169	24
Others	2	9	2	9
Total	6,817	7,945	6,580	7,765

41. Net gain on investments

Net gain (loss) on investments included in profit or loss for the years ended 31 December 2019 and 2018 were as follows:

(in million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Available-for-sale securities	4,331	2,343	3,542	1,928
Held-to-maturity securities	(143)	(191)	-	-
General investments	1,101	766	1,102	766
Others	94	12	98	12
Total	5,383	2,930	4,742	2,706

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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42. Other expenses

Other expenses included in profit or loss for the years ended 31 December 2019 and 2018 were as follows:

(in million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Marketing expenses	7,063	8,757	6,856	8,475
Other service fees	2,952	2,115	5,757	5,086
Amortisation of intangible assets	2,864	1,640	2,698	1,545
Others	5,752	4,927	5,345	4,707
Total	18,631	17,439	20,656	19,813

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 2019 and 2018 were as follows:

(in million Baht)

	Consolidated		The Bank	
	2019	2018	2019	2018
Interbank and money market items	(90)	17	(90)	17
Loans to customers *	36,143	23,966	36,169	23,945
Loss on debt restructuring	158	40	158	40
Total	36,211	24,023	36,237	24,002

* Net of bad debts recovery

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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44. Income tax

Income tax recognised in profit or loss

(in million Baht)

	Consolidated		The Bank	
For the year ended 31 December	2019	2018	2019	2018
Current tax expense				
Current year	20,958	11,519	19,495	9,554
Deferred tax expense				
Movements in temporary differences	(1,860)	(2,051)	(1,703)	(2,001)
Total income tax expense	19,098	9,468	17,792	7,553

Income tax recognised in other comprehensive income

(in million Baht)

	Consolidated					
	2019			2018		
For the year ended 31 December	Before tax	Tax expense	Net of tax	Before tax	Tax benefit	Net of tax
Investments	21,921	(4,384)	17,537	(5,375)	1,075	(4,300)
Derivatives	3,288	(657)	2,631	319	(64)	255
Actuarial gains (losses)	60	(12)	48	(960)	192	(768)
Total	25,269	(5,053)	20,216	(6,016)	1,203	(4,813)

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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(in million Baht)

The Bank						
For the year ended 31 December	2019			2018		
	Before tax	Tax expense	Net of tax	Before tax	Tax benefit	Net of tax
Investments	5	(1)	4	(2,309)	461	(1,848)
Actuarial losses	-	-	-	(893)	179	(714)
Total	5	(1)	4	(3,202)	640	(2,562)

Reconciliation of effective tax rate

Rate (%) (in million Baht) Rate (%) (in million Baht)

Consolidated				
For the year ended 31 December	2019		2018	
Profit before income tax expense		59,349		49,563
Income tax using the Thai corporation tax rate	20.0	11,870	20.0	9,913
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		7,228		(445)
Total	32.2	19,098	19.1	9,468

The effective tax rate for the consolidated financial statements for the year ended 31 December 2019 increased due to gain on sale of investment in SCB Life Assurance PCL.

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
For the year ended 31 December 2019

	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
The Bank				
For the year ended 31 December		2019		2018
Profit before income tax expense		93,242		41,029
Income tax using the Thai corporation tax rate	20.0	18,648	20.0	8,206
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		(856)		(653)
Total	19.1	17,792	18.4	7,553

Deferred tax

Deferred tax assets and liabilities as at 31 December 2019 and 2018 were as follows:

	(in million Baht)			
	Consolidated		The Bank	
	2019	2018	2019	2018
Deferred tax assets	2,005	198	1,809	107
Deferred tax liabilities	(139)	(423)	-	-
Net	1,866	(225)	1,809	107

Movements in deferred tax assets and liabilities during the years ended 31 December 2019 and 2018 were as follows:

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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(in million Baht)

Consolidated					
(Charged) / Credited to:					
	At 1 January 2019	Profit or loss	Other comprehensive income	Decrease from sale of subsidiary	At 31 December 2019
Deferred tax assets					
Derivative assets	43	69	-	-	112
Investments	194	(14)	(98)	(12)	70
Investments in subsidiaries and associate	454	(295)	-	-	159
Loans to customers and accrued interest receivables	2,508	1,892	-	-	4,400
Properties for sale	112	39	-	-	151
Premises and equipment	1	-	-	(1)	-
Other intangible assets	11	7	-	-	18
Other assets	77	(15)	-	(22)	40
Derivative liabilities	69	-	154	(223)	-
Provisions	1,890	444	(12)	(49)	2,273
Liabilities under insurance contracts	42	24	-	(66)	-
Other liabilities	812	359	-	(8)	1,163
Total	6,213	2,510	44	(381)	8,386
Deferred tax liabilities					
Derivative assets	(229)	(15)	(811)	1,055	-
Investments	(685)	(345)	(4,286)	4,610	(706)
Loans to customers and accrued interest receivables	(503)	(146)	-	-	(649)
Premises and equipment	(4,983)	56	-	-	(4,927)
Other assets	(17)	(221)	-	-	(238)
Deposits	(21)	21	-	-	-
Total	(6,438)	(650)	(5,097)	5,665	(6,520)
Net	(225)	1,860	(5,053)	5,284	1,866

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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(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	-	43
Investments	23	41	130	194
Investments in subsidiaries and associate	409	45	-	454
Loans to customers and accrued interest receivables	830	1,678	-	2,508
Properties for sale	89	23	-	112
Premises and equipment	1	-	-	1
Other intangible assets	26	(15)	-	11
Other assets	103	(26)	-	77
Deposits	10	(10)	-	-
Derivative liabilities	15	-	54	69
Provisions	1,547	151	192	1,890
Liabilities under insurance contracts	46	(4)	-	42
Other liabilities	765	47	-	812
Total	3,896	1,941	376	6,213
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

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(in million Baht)

The Bank				
(Charged) / Credited to:				
	At 1 January 2019	Profit or loss	Other comprehensive income	At 31 December 2019
Deferred tax assets				
Derivative assets	43	69	-	112
Investments	172	(34)	(98)	40
Investments in subsidiaries and associate	454	(295)	-	159
Loans to customers and accrued interest receivables	2,503	1,883	-	4,386
Properties for sale	111	39	-	150
Other intangible assets	9	(8)	-	1
Other assets	56	(16)	-	40
Provisions	1,785	415	-	2,200
Other liabilities	759	329	-	1,088
Total	5,892	2,382	(98)	8,176
Deferred tax liabilities				
Investments	(408)	(387)	97	(698)
Loans to customers and accrued interest receivables	(503)	(146)	-	(649)
Premises and equipment	(4,836)	54	-	(4,782)
Other assets	(17)	(221)	-	(238)
Deposits	(21)	21	-	-
Total	(5,785)	(679)	97	(6,367)
Net	107	1,703	(1)	1,809

Notes to the financial statements

The Siam Commercial Bank Public Company Limited and its Subsidiaries
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(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
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45. Basic earnings per share

Basic earnings per share in the consolidated and the Bank's financial statements for the years ended 31 December 2019 and 2018 were calculated as follows:

(in million Baht / million shares)

	Consolidated		The Bank	
	2019	2018	2019	2018
Profit attributable to common shareholders of the Bank (basic)	40,436	40,068	75,450	33,475
Number of common and preferred shares outstanding	3,399	3,399	3,399	3,399
Earnings per share (basic) (in Baht)	11.90	11.79	22.20	9.85

46. Events after the reporting period

46.1 On 8 January 2020, the Bank registered the conversion of 8,733 preferred shares to 8,733 common shares with the Ministry of Commerce.

46.2 The Bank established a new subsidiary, SCB 10X Co., Ltd. (100% shareholding) and registered with the Department of Business Development, Ministry of Commerce on 7 January 2020. The principal activities of the Company are investing and developing business to create sustainable growth related to digital technology. The Company's authorised share capital amounting to Baht 700 million by issuing 7 million common shares, par value at Baht 100 per share. The Company authorised share capital was issued and fully paid-up which was registered with the Ministry of Commerce on 13 February 2020.

46.3 The Bank incorporated a new joint venture company with Abakus, the technology developer in various fields including AI and machine learning for financial business under the name of Monix Co., Ltd. (60% shareholding) and registered with the Department of Business Development, Ministry of Commerce on 9 January 2020. The principal activity of the Company is carrying out digital lending business. The Company's authorised share capital amounting to Baht 660 million by issuing 6.6 million common shares, par value at Baht 100 per share. The Company authorised share capital was issued and paid-up by Baht 50 per share totalling Baht 330 million which was registered with the Ministry of Commerce on 27 January 2020.

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46.4 The Board of Director's Meeting held on 17 January 2020 approved the interim dividend payment (special) to the holders of the Bank at the rate of Baht 0.75 per share, totalling Baht 2,549 million. The payment of interim dividend was paid on 14 February 2020.

46.5 The Board of Director's Meeting held on 19 February 2020 passed a resolution on the dividend payment from the year 2019 (excluding special dividend payment) to the shareholders of the Bank at the rate of Baht 5.50 per share, totalling Baht 18,696 million. An interim dividend of Baht 1.50 per share was distributed to the shareholders of the Bank on 13 September 2019, the shareholders will be paid the remaining dividend of Baht 4.00 per share, totalling Baht 13,597 million. The resolution will be proposed to seek an approval from the Annual General Meeting of Shareholders on 2 April 2020.

47. Thai Financial Reporting Standards (TFRS) not yet adopted

New TFRS, which are relevant to the Bank and its subsidiaries' operations, expected to have material impact on the consolidated and the Bank's financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2020, are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

* TFRS - Financial instruments standards

(a) TFRS - Financial instruments standards

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRS are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled. The impact from adoption of TFRS - Financial instruments are as follows:

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(i) Classification - Financial assets

TFRS 9 classifies financial assets into three categories: measured at amortised cost, fair value to other comprehensive income (FVOCI) and fair value to profit or loss (FVTPL). The standard eliminates the existing classification of held-to-maturity debt securities, available-for-sale securities, trading securities and general investment as specified by TAS 105. The classification under TFRS 9 will be based on the cash flow characteristics of the financial asset and the business model in which they are managed.

(ii) Measurement at amortised cost

Under TFRS 9, interest income and interest expenses recognised from all financial assets and financial liabilities measured at amortised cost shall be calculated using effective interest rate method. TFRS 9 shall replace current accounting policies of the Bank and its subsidiaries on recognition of both interest income and interest expenses at the rate specified in the contract.

(iii) Impairment - Financial assets

TFRS 9 introduces forward-looking 'expected credit loss' (ECL) model whereas currently the Bank and its subsidiaries estimate allowance for doubtful account based on relevant BoT's criteria and regulations by analysing payment histories and future expectation of customer payment. TFRS 9 requires considerable judgment about how changes in economic factors affect ECLs, which will be determined on a probability-weighted basis.

The new impairment model applies to the following financial instruments that are not measured at FVTPL:

- Financial assets that are debt instruments;
- Lease receivables; and
- Loan commitments and financial guarantee contracts issued (previously, impairment was measured under TAS 37 *Provisions, Contingent Liabilities and Contingent Assets*).

Under TFRS 9, no impairment loss is recognised on equity investments.

Three stage approach

Financial assets are classified in any of the below 3 Stages at each reporting date. A financial asset can move between Stages during its lifetime. The Stages are based on changes in credit quality since initial recognition and defined as follows:

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- Stage 1: 12-month ECL

Financial assets that have not had a significant increase in credit risk since initial recognition (i.e. no Stage 2 or 3 triggers apply). Financial assets are classified as stage 1 upon initial recognition (with the exception of purchased or originated credit impaired (POCI) assets) and have a provision for ECL associated with the probability of default (PD) events occurring with the next 12 months (12 months ECL). For those financial assets with a remaining maturity of less than 12 months, a PD is used that corresponds to the remaining maturity;

- Stage 2: Lifetime ECL not credit impaired

Financial assets showing a significant increase in credit risk since initial recognition. A provision is made for the life time ECL representing losses over the life of the financial assets (lifetime ECL); or

- Stage 3: Lifetime ECL credit impaired

Financial assets that are credit impaired require a life time provision.

Measurement of ECL

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- Financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank expects to receive);
- Financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of the estimated future cash flows;
- Undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank if the commitment is drawn down and the cash flows that the Bank expects to receive if the loan is drawn down; and
- Financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank expects to recover.

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Modification

If the terms of a financial asset are renegotiated or modified or an existing financial asset is replaced with a new one due to financial difficulties of the borrower, then an assessment is made of whether the financial asset should be derecognised and ECL are measured as follows:

- If the modification will not result in derecognition of the existing asset, then the expected cash flows arising from the modified financial asset are included in calculating the cash shortfalls from the existing asset. The gross carrying amount of the financial asset will be recalculated using the original effective interest rate of the existing financial asset.
- If the modification will result in derecognition of the existing asset, then the expected fair value of the new asset is treated as the final cash flow from the existing financial asset at the time of its derecognition.

Credit impaired financial assets (Stage 3)

Financial assets are assessed for credit-impairment at each reporting date and more frequently when circumstances warrant further assessment. Evidence of credit-impairment includes arrears of over 90 days on any material credit obligation, indications that the borrower is experiencing significant financial difficulty, a breach of contract, bankruptcy or distressed restructuring.

An asset that is in stage 3 will move back to stage 2 when, as at the reporting date, it is no longer considered to be credit-impaired. The asset will migrate back to stage 1 when its credit risk at the reporting date is no longer considered to have increased significantly since initial recognition.

Purchase or Originated Credit Impaired (POCI) assets

POCI assets are financial assets that are credit-impaired on initial recognition. Impairment on a POCI asset is determined based on lifetime ECL from initial recognition. POCI assets are recognised initially at an amount net of impairments and are measured at amortised cost using a credit-adjusted effective interest rate. In subsequent periods any changes to the estimated lifetime ECL are recognised in profit or loss. Favourable changes are recognised as an impairment gain even if the lifetime ECL at the reporting date is lower than the estimated lifetime ECL at origination.

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(iv) Classification - Financial liabilities

TFRS 9 contains a new classification and measurement approach for financial liabilities consisting of two principal classification categories: amortised cost and FVTPL. A financial liability is classified as financial liabilities measured at FVTPL if it is held for trading, a derivative or designated as such on the initial recognition.

Under TFRS 9, changes in fair value of financial liabilities classified as FVTPL are generally presented as follows:

- the amount of fair value that changes due to changes in the credit risk of the liability is presented in OCI; and
- the remaining amount of fair value changed is presented in profit or loss.

(v) Hedge accounting

TFRS 9 introduces guidance on hedge accounting while current TFRS are silent. There are three hedge accounting models and the type of model applied depends on the hedged exposures consisting of a fair value exposure, a cash flow exposure or a foreign currency exposure on a net investment in a foreign operation. Under TFRS 9, the Bank and its subsidiaries are required to ensure that hedge accounting relationships are aligned with the Bank and its subsidiaries' risk management objectives and strategy and to apply a more qualitative and forward-looking approach to assessing hedge effectiveness.

Currently, the Bank and its subsidiaries had derivative, entering for the banking book purpose, with interest components which are recognised on an accrual basis and foreign exchange components which are recognised based on exchange rate ruling on the reporting date. However, TFRS 9 had an option to apply the hedge accounting for any transaction that meets the specific requirement of hedge accounting under TFRS 9 at date of initial application.

(vi) Disclosures

TFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and ECLs.

(vii) Impact assessment

The Bank and its subsidiaries expect to initially adopt these TFRS by adjusting the impact to retained earnings or other reserves on 1 January 2020. Therefore, the Bank and its subsidiaries will not apply the requirements of these TFRS to comparative information.

Based on the preliminary impact assessment of initially applying TFRS - Financial instruments on the financial statements, the Bank and its subsidiaries estimate that the impact, which is not more than 1% of total shareholders' equity, is not material to the financial statements.

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Management has developed a number of models to estimate the ECL allowance in accordance with TFRS 9 and the Bank of Thailand notification and guidelines. In addition, there may be uncertain events in the future that are still not reflected in the current credit models, so the management provide additional ECL as management overlay based on their assessment and judgment. Management expect that there will be no additional allowance required to be recorded by the Bank and its subsidiaries as at 1 January 2020, based on current results from the models and estimates of management overlay, compared to amounts recorded under the existing requirement as at 31 December 2019.

(b) TFRS 16 Leases

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Currently, the Bank and its subsidiaries recognise payments made under operating leases and relevant lease incentives in profit or loss on a straight-line basis over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised. Under TFRS 16, the Bank and its subsidiaries will recognise right-of-use assets and lease liabilities for its operating leases as disclosed in Note 34. As a result, the nature of expenses related to those leases will be changed because the Bank and its subsidiaries will recognise depreciation of right-of-use assets and interest expense on lease liabilities.

Impact assessment

The Bank and its subsidiaries plan to apply TFRS 16 initially on 1 January 2020 using the modified retrospective approach. Based on the preliminary impact assessment of initially applying TFRS 16 on the financial statements, the Bank and its subsidiaries estimate that the impact is not material to the financial statements.



Supplementary Information

Capital Structure

Securities

Registered capital, as of December 31, 2019, stood at Baht 70,000 million and comprised:

3,417,264,904 ordinary shares par value 10 Baht

3,582,735,096 preferred shares par value 10 Baht

Paid-up capital, as of December 31, 2019,

stood at Baht 33,992 million and comprised:

3,395,581,459 ordinary shares par value 10 Baht

Voting right: one vote per share

3,610,739 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	3,395,581,459 shares as of December 31, 2019
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	3,610,739 shares as of December 31, 2019
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-P on the main board - Using the symbol SCB-Q on the foreign board

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
Conversion schedule

None

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 30, 2019, the Bank had 3,399,192,198 registered and paid-up shares outstanding, of which 324,202,665 shares (or 9.54% of total shares) were held through NVDR. All shares in NVDR were ordinary shares which accounted for 9.55% 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: NVDRs, 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.

Shareholders

Principal shareholders (as of December 30, 2019)

	Ordinary shares	Preferred shares	Total shares	Percentage of shares ²
1 His Majesty King Maha Vajiralongkorn Phra Vajiraklaochaoyuhua ¹	799,692,359	-	799,692,359	23.53
2 VAYUPAK MUTUAL FUND 1	785,298,200	-	785,298,200	23.10
3 THAI NVDR COMPANY LIMITED	324,202,665	-	324,202,665	9.54
4 SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	99,453,755	-	99,453,755	2.93
5 STATE STREET EUROPE LIMITED	95,818,558	-	95,818,558	2.82
6 SOCIAL SECURITY OFFICE	77,934,400	-	77,934,400	2.29
7 SE ASIA (TYPE B) NOMINEES LLC	57,900,360	-	57,900,360	1.70
8 THE BANK OF NEW YORK MELLON	55,530,591	-	55,530,591	1.63
9 NORTRUST NOMINEES LTD-CL AC	45,070,418	-	45,070,418	1.33
10 STATE STREET BANK AND TRUST COMPANY	29,287,907	-	29,287,907	0.86
11 OTHERS	1,025,392,246	3,610,739	1,029,002,985	30.27
TOTAL ISSUED AND PAID-UP SHARES	3,395,581,459	3,610,739	3,399,192,198	100.00
THAI SHAREHOLDERS	2,698,220,497	3,426,649	2,701,647,146	79.48
FOREIGN SHAREHOLDERS	697,360,962	184,090	697,545,052	20.52

Remark: ¹ Including total share of related parties (CPB Equity Co., Ltd.).

² Based on issued and paid-up shares (common shares and preferred shares).

Dividend Policy

SCB Dividend Policy

The Board of Directors' meeting held on January 17, 2020, has resolved to change the Bank's dividend payment policy detailed as follows:

"The Bank has a policy of allocation at the rate of not less than 30% of reported consolidated net profit for dividend payment, which is 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 2019, the Bank paid dividends at Baht 5.50 per share to ordinary and preferred shareholders in a total amount of Baht 18,696 million, or 46.7%, of

the Bank's 2018 consolidated net profits. Dividend payments from the Bank's 2019 profits will be proposed for approval at the Annual General Meeting of Shareholders in April 2020.

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 2019, outstanding debt securities issued by the Bank were as follows:

	Amount	Interest rate	Maturity date
Senior Unsecured Notes	USD 400 million	3.20%	July 2022
Senior Unsecured Notes	USD 500 million	2.75%	May 2023
Senior Unsecured Notes	USD 500 million	3.90%	February 2024
Senior Unsecured Notes	USD 500 million	4.40%	February 2029

Investments of Siam Commercial Bank PCL in Other Companies

As of December 31, 2019 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 held	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	USD 75,000,000	750,000	750,000	100.00%	2,687,888,635
2	RUTCHAYOTHIN ASSETS MANAGEMENT CO., LTD. 9 Rutchadapisek 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 ABACUS CO., LTD. SCB Park Plaza Bldg. Tower 3 East, 22 nd Floor, 19, Rutchadapisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2544-6566	Data Analytics and Lending	Ordinary	250,000,000	25,000,000	24,999,997	100.00%	249,999,970
4	SCB SECURITIES CO., LTD. SCB Park Plaza Bldg., Tower 3 East, 2 nd , 20 th -21 st Floor, 19 Rutchadapisek 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
5	DIGITAL VENTURES CO., LTD. ⁽²⁾ 2525 unit 2/1001-1002, 10 th Floor, FYI Center Tower (Tower 2) Rama IV Rd, Khlong Toie, Bangkok 10110 Tel: 0-2061-6166	Financial Technology and Venture Capital	Ordinary	103,750,000	4,000,000	4,000,000	100.00%	103,750,000
6	SCB PROTECT CO., LTD. SC Tower 23 rd , 25 th Floor, 418, 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
7	SCB ASSET MANAGEMENT CO., LTD. SCB Park Plaza Bldg., Tower 1 West, 7 th -8 th Floor, 18 Rutchadapisek 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
8	SCB-JULIUS BAER SECURITIES CO., LTD. Siam Commercial Bank PCL (Head office) 9, LB Floor Rutchadapisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2098-9999	Securities Company	Ordinary	1,800,000,000	180,000,000	107,999,999	60.00%	1,079,999,990

No.	Company name and address	Type of business	Type of shares	Issued and paid-up capital (Baht)	Paid-up shares	Number of shares held	Percentage of ownership*	Amount* (Baht)
9	SCB-JULIUS BAER (SINGAPORE) PTE. LTD. ⁽²⁾ 9 Straits View, #08-10A, Marina One West Tower, Singapore 018937 Tel: (65) 6973-2020	Securities Company	Ordinary	SGD 8,000,000	8,000,000	8,000,000	100.00%	190,400,000
10	SCB PLUS CO., LTD. G Tower Grand Rama 9, 12 nd and 14 th Floor, 9, Rama IX Rd., Huai Khwang, Huai Khwang, Bangkok 10310 Tel: 0-2792-3900 Fax: 0-2128-4711	Collection Company	Ordinary	1,000,000	100,000	100,000	100.00%	1,000,000
11	SCB TRAINING CENTRE CO., LTD. Siam Commercial Bank PCL (Head office) 9, Rutchadapisek 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
12	MAHISORN CO., LTD. ⁽¹⁾ SCB Park Plaza Bldg., Tower West, UB Floor, 18-19 Rutchadapisek 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
13	SOR.OR.KOR PCL. ⁽³⁾ Siam Commercial Bank PCL (Head office) 19 th Floor Zone C, 9, 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
14	SIAM SAT NETWORK CO., LTD. ^{(2) (3)} SCB Park Plaza Bldg., Tower 2 West, 21 st Floor 18 Rutchadapisek Rd., Jatujak, Jatujak, Bangkok 10900	Sattelite Service	Ordinary	112,500,000	11,250,000	9,182,012	81.62%	-
15	SIAM TECHNOLOGY SERVICE CO., LTD. ^{(1) (3)} SCB Park Plaza Bldg., Tower 1 West, 18 Rutchadapisek Rd., Jatujak, Jatujak, Bangkok 10900	Consultant	Ordinary	30,000,000	3,000,000	1,949,993	75.00%	1
16	SAHAVIRIYA STEEL INDUSTRIES PCL ⁽⁴⁾ Prapawit Bldg., 2 nd -3 rd , 28/1 Surasak Rd., Silom, Bangrak, 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
17	SIAM MEDIA AND COMMUNICATION CO., LTD. ⁽³⁾ SCB Park Plaza Bldg., Tower 2 West, 17 th -22 nd Floor, 18 Rutchadapisek Rd., Jatujak, Jatujak, Bangkok 10900	Holding Company	Ordinary	700,000,000	7,000,000	2,333,800	33.34%	1

No.	Company name and address	Type of business	Type of shares	Issued and paid-up capital (Baht)	Paid-up shares	Number of shares held	Percentage of ownership*	Amount* (Baht)
18	BLOCKCHAIN COMMUNITY INITIATIVE (THAILAND) CO., LTD. 5/13, 4 th Floor, Moo 3, Chaengwattana Rd., Khlongkluea, Pak Kret, Nonthaburi 11120 Tel: 0-2264-0883-7 Fax: 0-2264-0888	Blockchain Platform	Ordinary	530,000,000	53,000,000	11,750,000	22.17%	117,500,000
19	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	94,950	18.99%	13,211,506
20	SUPERNAP (THAILAND) CO., LTD. Sindhorn Tower 3 Bldg. 18 th Floor, 130-132 Wireless Rd, Lumpini, Pathum Wan, Bangkok 10330 Tel: 0-3312-5114 Fax: 0-2558-7566	Data Center	Ordinary	2,000,000,000	200,000,000	20,000,000	10.00%	200,000,000
21	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
22	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
23	THAI OBAYASHI CORP., LTD. Nantawan Bldg., 11 st Floor, 161 Soi Mahadlek Luang 3, Ratchadamri Rd, Lumpini, Pathum Wan, Bangkok 10330 Tel: 0-2252-5200 Fax: 0-2252-5381	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 their shares, the figures will depict the total percentage of shareholding and investment value of the Bank and its affiliates. (under Section 258 of Securities and Exchange Act.)

(1) 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. Dr. Vichit Suraphongchai - Chairman of the Board - Chairman of the Corporate Social Responsibility Committee	86	<ul style="list-style-type: none"> - B.Sc. (Engineering), Chulalongkorn University - M.Sc. (Engineering), University of California, Berkeley, U.S. - M.B.A. (Management), Graduate School of Management, UCLA, U.S. - Ph.D., Graduate School of Management, UCLA, U.S. 	-	None	2008-201 1997-2017 1999-2017 2006-2017 2016-2018 2016-2019	Past Positions <ul style="list-style-type: none"> - Director, Siam Commercial Foundation - Advisor, The Crown Property Bureau - Director, Kempinski AG - Director, CPB Equity Co., Ltd. - Member of Advisory Board, Centre for Asian Philanthropy and Society (CAPS) - Board member, International Advisory Board, The Chubb Group of Companies 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"> 2015-Present - Chairman, Cycling Track Management Co., Ltd. 2019-Present - Advisor, The Crown Property Bureau

Training

- Role of the Chairman Program, Thai Institute of Directors Association
- Exclusive Workshop for SCB Boardroom: Vision-Driven Purpose, The Siam Commercial Bank PCL and Thai Institute of Directors Association

Remark:

- 1) 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.
- 2) He was appointed as Chairman of the Board and Chairman of the Corporate Social Responsibility on April 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
2. Mr. Prasan Chuaphanich - Independent Director - Chairman of the Audit Committee	67	<ul style="list-style-type: none"> - B.Acc. (2nd Class Hons.), Chulalongkorn University - Diploma in Auditing, Chulalongkorn University - Honorary Doctorate (Accounting), Kasem Bundit University - Executive Management Program, Ivey School of Business, University of Western Ontario, Canada - Leading Professional Services Firms, Harvard Business School, U.S. 	-	None	2013-2015 2014-2015 2012-2016 2013-2016 2014-2017 2014-2017 2015-2017 2012-2017 2016-2019	<p>Past Positions</p> <ul style="list-style-type: none"> - Independent Director, Nam Heng Concrete (1992) Co., Ltd. - Member, Sub-committee on the Reform of International Economy and Other Economic Matters, National Reform Council - President, Faculty of Commerce and Accountancy of Chulalongkorn University Alumni Association - Member, Executive Board, Faculty of Commerce and Accountancy, Chulalongkorn University - President, Federation of Accounting Professions under the Royal Patronage of His Majesty the King - Member of Advisory Committee on Corporate Governance and Policy, Thai Institute of Directors Association - Director and Chairman of the Audit Committee, Thai Institute of Directors Association - Expert Member, General Insurance Fund, Ministry of Finance - Independent Director and Chairman of the Audit Committee, PTT Global Chemical PCL <p>Current Positions in Other Listed Companies</p> <ul style="list-style-type: none"> - Independent Director, Member of the Audit Committee, and Chairman of the Nomination and Remuneration Committee, Thai Solar Energy PCL - Independent Director, Member of the Audit Committee, and Chairman of the Sustainable Development Committee, Advanced Info Service PCL <p>Current Positions in Non-Listed Companies</p> <ul style="list-style-type: none"> - Commission Member by Expertise (Accounting) and Chairman of the Audit Committee, Office of Insurance Commission

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
					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 Information Technology, Public Sector Audit and Evaluation Committee
					2017-Present	- Chairman, 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
					2018-Present	- Expert Member, Board of Directors, Thailand Arbitration Center, Ministry of Justice
					2019-Present	- Commissioner (Accounting), Securities and Exchange Commission
					2019-Present	- Independent Director and Chairman of the Audit Committee, Kerry Express (Thailand) PCL
					2 Jan 2020-Present	- Director, State Enterprise Policy Office

Remark: 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. Mr. Kan Trakulhoon - Independent Director - Chairman of the Nomination, Compensation and Corporate Governance Committee - Member of the Executive Committee	64	<ul style="list-style-type: none"> - B.Eng. (Electrical Engineering) (1st Class Hons.), Chulalongkorn University - M.S. (Engineering), Georgia Institute of Technology, U.S. - M.S. (Management), Georgia Institute of Technology, U.S. - Honorary Doctorate (Engineering), Chulalongkorn University - Honorary Doctorate (Production Engineering), Mahasarakham University - Advanced Management Program (AMP), Harvard University, U.S. 	-	None	2005-2015 2013-2015 2013-2016 2015-2016 2014-2018 2015-2018 2016-2018 2016-2018	Past Positions <ul style="list-style-type: none"> - President and Chief Executive Officer, Siam Cement PCL - Expert Member, Board of the National Science and Technology Development Agency - National Science Technology and Innovation Policy Office - Director, Advanced Info Services PCL - Member, National Competitiveness Development Committee - Member, National Intellectual Property Policy Committee - Member, Governing Committee of Food Innopolis - Member, Committee for Screening Project according to Regional Development Plan for the Strengthening and Sustainability of the Local Economy
		Training <ul style="list-style-type: none"> - Director Certification Program, Thai Institute of Directors Association - Exponential Manufacturing Thailand 2019, Singularity University, U.S. - Cyber Resilience for Directors of Financial Institutions, Bank of Thailand - Exclusive Workshop for SCB Boardroom: Vision-Driven Purpose, The Siam Commercial Bank PCL and Thai Institute of Directors Association - Bangkok Sustainable Banking Forum 2019, Bank of Thailand 			2017-2018 2017-2018 2017-2018 2017-2018 2017-2018 2017-2018 2017-2018 2017-2018 2017-2018 2017-2018 2011-2018 2015-2018	<ul style="list-style-type: none"> - Advisor, Strategic National Administration Committee - Member, Eastern Economic Corridor Policy Committee - Member, National Research and Innovation Policy Council - Member, Super Board on Procurement - Member, National Strategy Preparation Committee for Thailand 4.0 - Member, National Reform Committee on State Administration - Member, Subcommittee on Industrial and Digital Innovation Promotion - Sub-committee for Screening Projects according to the Regional Development Plan for the Strengthening and Sustainability of the Local Economy (Fiscal Year 2018) - Global Advisor, Kubota Corporation (Japan) - Member of the Advisory Board, Nomura Holding Inc.

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
					2015-2019	- Head of Private Sector for Public-Private Partnership Committee on Innovation and Digitalization
					2015-2019	- Head of Private Sector for Public-Private Partnership Committee on Legal Reform and Public Sector System Improvement
					2015-2019	- Member, Public-Private Partnership Committee on Educational Reform and Leadership Development
					2018-2019	- Advisor to the Executive Board on Driving Value-Based Economy Towards Thailand 4.0 Policy through Innovation Hub
Current Positions in Other Listed Companies						
					2006-Present	- Director and Chairman of the Management Advisory Committee, Siam Cement PCL
					2016-Present	- Independent Director, Chairman of the Board, and Chairman of the Leadership Development and Compensation Committee, Advanced Info Service 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 Organization Review Committee, and Member of the Corporate Social Responsibility Committee for Sustainable Development, Intouch Holdings PCL
					2017-Present	- Independent Director, Bangkok Dusit Medical Services PCL
Current Positions in Non-Listed Companies						
					2013-Present	- Advisor, Federation of Thai Industries
					2013-Present	- Honorary Advisor, Environmental Engineering Association of Thailand

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
					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	- Independent Director, Advanced Wireless Network Co., Ltd.
					2017-Present	- Member, National Strategy Committee
					2018-Present	- Honorary Advisor, Eastern Economic Corridor Policy Committee
					2019-Present	- Honorary Advisor, Committee on Policy Framework, Strategy and Roadmap Drafting and Budgeting Framework Drafting for Science, Research and Innovation Initiatives, Office of National Higher Education Science Research and Innovation Policy Council
					2019-Present	- Chairman, Committee on Performance Evaluation of Secretary-General of Eastern Economic Corridor Policy Office
					2019-Present	- Advisor, Steering Committee on Higher Education, Science, Research and Innovation Reform and Innovation Reform
					20 Jun 2019-Present	- Member, Executive Board for Medical Services, Thai Red Cross Society
					17 Dec 2019-Present	- Chairman, Thailand Science, Research and Innovation Monitoring and Evaluation Committee
					2 Jan 2020-Present	- Director, State Enterprise Policy Office
					21 Jan 2020-Present	- Director, SCB 10X Co., Ltd.

Remark: 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. Krirk Vanikkul - Independent Director - Chairman of the Risk Oversight Committee	66	- LL.B., (2 nd Class Hons.), Chulalongkorn University - Barrister-at-Law, Thai Bar Association - B.A. in Jurisprudence (Hons. Oxon), University of Oxford, U.K. - Barrister-at-Law, Middle Temple, U.K.	-	None	2012-2015 2014-2015 2015-2017 2015-2018	Past Positions - Chairman, Real Estate Information Center - Chairman, Government Housing Bank - Independent Director, Italian-Thai Development PCL - Independent Director and Expert Commission Member, Office of Knowledge Management and Development (Public Organization)
Training						
- Advanced Management Program, Harvard University, U.S.						
- Director Certification Program, Thai Institute of Directors Association						
- Chartered Director Course, Thai Institute of Directors Association						
- Improving the Quality of Financial Reporting, Thai Institute of Directors Association						
- Advanced Leadership Program, Capital Market Academy						
- Thailand Insurance Leadership Program, Office of Insurance Commission						
- Cyber Resilience for Directors of Financial Institutions, Bank of Thailand						
- Exclusive Workshop for SCB Boardroom: Vision-Driven Purpose, The Siam Commercial Bank PCL						
- Thai Institute of Directors Association						
- Solving Banking Crisis, Bank of Thailand						
- Bangkok Sustainable Banking Forum 2019, Bank of Thailand						

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
5. Dr.Thaweesak Koanantakool - Independent Director - Chairman of the Technology Committee	66	- B.Sc. (Electrical Engineering), Imperial College, University of London, U.K. - Ph.D. (Electrical Engineering), Imperial College, University of London, U.K. Training - Role of the Chairman Program, Thai Institute of Directors Association - Director Certification Program, Thai Institute of Directors Association - Cyber Resilience for Directors of Financial Institutions, Bank of Thailand - Collaboration for the Future of Finance, Bank of Thailand - National Director Conference 2019, Thai Institute of Directors Association - Bangkok Sustainable Banking Forum 2019, Bank of Thailand	-	None	2010-2016 2002-2017 2008-2017 2015-2017 2016-2018 2018-2019 2003-2019	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 - Advisor to Chairman, Internet Thailand PCL - Director, Internet Foundation for the Development of Thailand Current Positions in Other Listed Companies - Chairman, Internet Thailand PCL Current Positions in Non-Listed Companies - Director and Chairman of the Executive Committee, Tradesiam Co., Ltd. - Director, Information Technology Projects Under the Initiative of H.R.H. Princess Maha Chakri Sirindhorn Foundation - Expert Member of Mahidol University Council and Member of the Mahidol University Internal Audit Committee, Mahidol University - Expert Member on Information Technology, Public Sector Audit and Evaluation Committee - Member, National Economic Reform Committee - Member, National Economic and Social Development Council - Member, Advisory Panel, SCB Abacus 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
Remark: 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.					2017-Present	- Chairman, Ratanarajasuda Information Technology Award Foundation
					2018-Present	- Director and Member of the State Enterprise Board Screening Committee, Board of State Enterprise Policy Office
					11 Sept 2019-Present	- Member, Public Administration and Security System Re-Balancing and Development Committee
					22 Sept 2019-Present	- Council Member, Chitralada Technology Institute
					11 Dec 2019-Present	- Chairman, Thailand Institute of Nuclear Technology
					Jan 2020-Present	- Chairman of Ad-Hoc Subcommittee No. 1, Public Sector Audit and Evaluation Committee

Past Positions				
- The Crown Prince's Office, Personal Affairs Division	2005-2016			
- Grand Chamberlain/Private Secretary to His Royal Highness Crown Prince	2012-2016			
- Private Secretary to His Majesty King Maha Vajiralongkorn/Grand Chamberlain, Bureau of the Royal Household	2017-2018			
Current Positions in Other Listed Companies				
- Director and Member of the Governance and Nomination Committee, Siam Cement PCL;	2018-Present			
Current Positions in Non-Listed Companies				
- Private Secretary to His Majesty King Maha Vajiralongkorn/Lord Chamberlain, Bureau of the Royal Household	2018-Present			
- Chairman and Director-General, The Crown Property Bureau	2018-Present			
- Trustee of H.M. Private Property, H.M. Private Property Office	2018-Present			
- President Courtier	2018-Present			
- Chairman of CPB Equity Co. Ltd. and its groups of companies as being assigned				

Remark: 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. Police Colonel Thumnithi Wanichthanom - Director - Member of the Corporate Social Responsibility Committee	61	- B.P.A., Royal Police Cadet Academy - M.P.A., Western Kentucky University, U.S.	-	None	1997-2017	Past Positions - Deputy Chamberlain, Personal Affairs Division of His Royal Highness the Crown Prince, Bureau of the Royal Household
		Training - Customer Experience and Value Creation, The Siam Commercial Bank PCL				Current Positions in Other Listed Companies - Director and Member of the Governance and Nomination Committee, Siam Cement PCL
						Current Positions in Non-Listed Companies - Grand Chamberlain, Bureau of the Royal Household - Director, Office of Privy Purse, Bureau of the Royal Household - Director and Deputy Director-General, The Crown Property Bureau - Vice Chairman, CPB Equity Co., Ltd. and Chairman and Vice Chairman of groups of companies of CPB Equity Co., Ltd. as assigned
Remark: He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.						
8. Mr. Prapas Kong-led -Director -Member of the Corporate Social Responsibility Committee	57	- LL.B., Ramkhamhaeng University - Barrister-at-Law, Thai Bar Association - International Tax Program Certificate and Master of Laws (ITP/LL.M.), Harvard Law School University, U.S.	-	None	2012-2015 2012-2018 2013-2015 2013-2015 2015-2015 2015-2017 2015-2018 2017-2018 2018-2019	Past Positions - 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 - Chairman, National Credit Bureau Co., Ltd.
		Training - 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				Current Positions in Other Listed Companies - Director, Dhipaya Insurance 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
		<ul style="list-style-type: none"> - 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 Leadership Program, Capital Market Academy - Diploma, National Defence College, The National Defence Course - Executive Program for Senior Justice, Judicial Training Institute - Energy Science Leadership Program, Thailand Energy Academy - 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 - Cyber Resilience for Directors of Financial Institutions, Bank of Thailand - Bangkok Sustainable Banking Forum 2019, Bank of Thailand - Need for Change in Disruptive Era: Through the Lens of Financial Institutions, Kao Hoon Newspaper 				<p>Current Positions in Non-Listed Companies</p> <ul style="list-style-type: none"> 2018-Present - Director-General, State Enterprise Policy Office, Ministry of Finance 2018-Present - Director, Siam Commercial Foundation 1 Nov 2019-Present - Director, PTT Global Chemical PCL

Remark: 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. Mr. Ekamol Kiriwat - Independent Director - Member of the Audit Committee	74	- A.B. (Magna Cum Laude) in Economics, Dartmouth College, U.S. - MBA. (Finance), Harvard Graduate School of Business Administration, U.S.	-	None	2004-2015	Past Positions - Chairman, K.C. Property PCL Current Positions in Other Listed Companies - Independent Director, Property Perfect PCL
		Training - Director Certification Program, Thai Institute of Directors Association - Blockchain/Crypto/Initial Coin Offering, The Siam Commercial Bank PCL and PricewaterhouseCoopers (PwC) - Customer Experience and Value Creation, The Siam Commercial Bank PCL				Current Positions in Non-Listed Companies - None
Remark: He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.						
10. Dr. Pasu Decharin - Independent Director - Member of the Audit Committee - Member of the Risk Oversight Committee	51	- B.B.A. (General Management), Chulalongkorn University - M.B.A., University of Colorado Boulder, U.S. - Ph.D. (Technology Management), Asian Institute of Technology	-	None	2014-2018 2016-2019 1993-2019 2011-2019	Past Positions - Director and Member of the Audit Committee, Islamic Bank of Thailand - Independent Director and Member of the Audit Committee, Krungthai Car Rent and Lease PCL - Lecturer, Faculty of Commerce and Accountancy, Chulalongkorn University - Dean, Faculty of Commerce and Accountancy, Chulalongkorn University Current Positions in Other Listed Companies - Independent Director and Member of the Audit Committee, Thai Oil PCL - Independent Director, Member of the Audit Committee, and Member of the Governance and Nomination Committee, Siam Cement PCL
		Training - Director Accreditation Program, Thai Institute of Directors Association - Executive Development Program, Thai Listed Companies Association - Leadership Development Program, Thai Listed Companies Association - Director Certification Program, Thai Institute of Directors Association				

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"> - Cyber Resilience for Directors of Financial Institutions, Bank of Thailand - Exclusive Workshop for SCB Boardroom: Vision-Driven Purpose, The Siam Commercial Bank PCL and Thai Institute of Directors Association 				Current Positions in Non-Listed Companies <ul style="list-style-type: none"> 2015-Present - Independent Director, Aksorn Education PCL 2017-Present - Director, AUA Language Center 2018-Present - Chairman and Independent Director, Warrix Sports Co., Ltd. 2019-Present - Director, Decharin (2018) Co., Ltd.
Remark: 1) 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. 2) He was appointed as Member of the Risk Oversight Committee on July 18, 2019 and as Member of the Technology Committee on September 26, 2019. He resigned as Member of the Technology Committee on December 1, 2019.						
11. Mr. Weerawong Chittmittrapap <ul style="list-style-type: none"> - Independent Director - Member of the Nomination, Compensation and Corporate Governance Committee 	61 <ul style="list-style-type: none"> - LL.B., Chulalongkorn University - LL.M., University of Pennsylvania Law School, U.S. - Barrister-at-Law, Thai Bar Association - Barrister-at-Law, New York Bar Association 	- None			Past Positions <ul style="list-style-type: none"> 2008-2017 - Director, National Power Supply PCL 2014-2017 - Chairman of the Audit Committee, Thai Airways International PCL 2015-2017 - Director, Thai Listed Companies Association 	Current Positions in Other Listed Companies <ul style="list-style-type: none"> 2001-Present - Independent Director of Berli Jucker PCL 2015-Present - Independent Director and Member of the Audit Committee, Bangkok Dusit Medical Services PCL 2018-Present - Independent Director and Member of the Corporate Governance Committee, Asset World Corp PCL.
		Training <ul style="list-style-type: none"> - Director Certification Program, Thai Institute of Directors Association - Advanced Leadership Program, Capital Market Academy - Exclusive Workshop for SCB Boardroom: Vision-Driven Purpose, The Siam Commercial Bank PCL and Thai Institute of Directors Association 				Current Positions in Non-Listed Companies <ul style="list-style-type: none"> 2004-Present - Director, Sarasinee Co., Ltd. 2005-Present - Director, Punnakhate 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
Current Positions in Non-Listed Companies						
					2019-Present	- Director and Chairman of the Audit Committee, Synnex (Thailand) PCL
					2019-Present	- Independent Director and Member of the Audit Committee, RS PCL
					5 Feb 2020-Present	- Vice Chairman, Thai Airways International PCL
					2014-Present	- Independent Director and Member of the Audit Committee, Pinthong Industrial Park Co., Ltd
					2017-Present	- Deputy Permanent Secretary, Ministry of Finance
					2017-Present	- President, Federation of Accounting Professions under the Royal Patronage of His Majesty the King
					2018-Present	- Chairman, ASEAN Potash Chaiphaphum PCL
					2019-Present	- Board Chairman and Chairman of the Audit Committee, Sabuy Technology PCL
					2018-Present	- Chairman, NBD Healthcare Co., Ltd.

Remark:

- 1) 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.
- 2) He was appointed as Member of the Executive Committee on 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
13. Dr. Lackana Leelayouthayotin - Independent Director - Member of the Executive Committee	66	- B.Sc. (Chemistry), Chulalongkorn University	-	None	2007-2017	Past Positions - Director, Tipco F&B Co., Ltd.
		- M.B.A., Catholic University of Leuven, Belgium			2013-2017	- Director and Advisor, Cerebos Thailand Ltd.
		- Ph.D. (Business Administration), University of Southern Queensland, Australia			2015-2017	- Director, The One Enterprise Co., Ltd.
					2015-2018	- Director, GMM Channel Co., Ltd.
					2017-2019	- Director, Aisance Co., Ltd.
		Training - Executive Development Program, Kellogg North Western University, U.S.			2015-Present	Current Positions in Other Listed Companies - Independent Director, Lam Soon (Thailand) PCL
		- Director Certification Program, Thai Institute of Directors Association			2015-Present	- Director, GMM Grammy PCL
		- Public Director Certification Program, Public Director Institute			2016-Present	- Independent Director, Chairman of the Audit Committee, and Member of the Nomination and Remuneration Committee, Techno Medical PCL
		- TLCA Leadership Development Program, IMD			2016-Present	- Independent Director and Member of the Audit Committee, Shera PCL
		- Cyber Resilience for Directors of Financial Institutions, Bank of Thailand				Current Positions in Non-Listed Companies
- National Director Conference 2019, Thai Institute of Directors Association	1997-Present	- Member, Recruitment and Promotion of Voluntary Blood Donors Committee, Thai Red Cross Society				
- Exclusive Workshop for SCB Boardroom: Vision-Driven Purpose, The Siam Commercial Bank PCL and Thai Institute of Directors Association	1997-Present	- Chairman, Voluntary Blood Donors Committee, National Blood Center, Thai Red Cross Society				
	2013-Present	- Member, Hong Dai Boon Fund Raising Committee, Thai Red Cross Society				
	2014-Present	- Advisor, Brand's Suntory (Thailand) Co., Ltd.				
	2016-Present	- Chairman, Foundation for Education, Marketing Association of Thailand				
	2017-Present	- Managing Director, Advisor and Beyond Co., Ltd.				
	2018-Present	- Independent Director, Bangchak Retail Co., Ltd.				
	2019-Present	- Member, Fund for Patients and Hospital Affairs Committee, Somdet Phra Nyanasamvara Somdet Phra Sangharaj Wat Bovornives Vihara Foundation under Royal Patronage				
	14 Dec 2019-Present	- Vice President, Chulalongkorn University Alumni Association				
		- Chairman, Aisance Co., Ltd.				
Remark:						
1) 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.						
2) She was appointed as Member of the Executive Committee on April 5, 2019.						

Remark:

- 1) 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.
- 2) She was appointed as Member of the Executive Committee on April 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
14. Mr. Chaovalit Ekabut - Independent Director - Member of the Risk Oversight Committee	61	<ul style="list-style-type: none"> - B.Sc. (Engineering), Chulalongkorn University - M.Sc. (Engineering), Asian Institute of Technology Training <ul style="list-style-type: none"> - Director Accreditation Program, Thai Institute of Directors Association - Director Certification Program, Thai Institute of Directors Association - Role of Chairman Program, Thai Institute of Directors Association - Cyber Resilience for Directors of Financial Institutions, Bank of Thailand - Collaboration for the Future of Finance, Bank of Thailand - National Director Conference 2019, Thai Institute of Directors Association - Exclusive Workshop for SCB Boardroom: Vision-Driven Purpose, The Siam Commercial Bank PCL and Thai Institute of Directors Association - Bangkok Sustainable Banking Forum 2019, Bank of Thailand 	-	None	2013-2018 2015-2018 2011-2019 2011-2019 2011-2019 2013-2019 2013-2019	Past Positions <ul style="list-style-type: none"> - Vice President, Finance and Investment, Siam Cement PCL and SCG Companies - Director, Thai Plastic and Chemicals PCL - Director, Cementshai Ceramics Co., Ltd. - Director, SCG Performance Chemicals Co., Ltd. - Commissioner, PT Chandra Asri Petrochemical Tbk, Indonesia - Chairman, Siam GNE Solar Energy Co., Ltd. - Director, Chulalongkorn University Intellectual Property Foundation Current Positions in Other Listed Companies <ul style="list-style-type: none"> 2018-Present - Director, SCG Ceramics PCL 2019-Present - Advisor to President and Chief Executive Officer, Siam Cement PCL Current Positions in Non-Listed Companies <ul style="list-style-type: none"> 2015-Present - Director and Treasurer, Friends of AIT Foundation 2019-Present - Executive Director, SCG Foundation 2019-Present - Member of the Executive Committee and Chairman of the Audit Committee, Asian Institute of Technology

Remark:

- 1) 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.
- 2) He was appointed as Member of the Risk Oversight Committee on April 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
15. Dr. Pailin Chuchottaworn - Independent Director - Member of the Executive Committee - Member of the Technology Committee	63	<ul style="list-style-type: none"> - B.A. (Engineering), Chulalongkorn University - M.A. (Engineering), Tokyo Institute of Technology - Ph.D. (Engineering), Tokyo Institute of Technology Training <ul style="list-style-type: none"> - Director Accreditation Program, Thai Institute of Directors Association - Director Certification Program, Thai Institute of Directors Association - Finance for Non-finance Director, Thai Institute of Directors Association - Advanced Leadership Program, Capital Market Academy - Diploma, National Defence College, The Joint State - Private Sector Course - Corporate Governance for Directors and Senior Executives of State Enterprises and Public Organizations, King Prajadhipok's Institute - Anti-corruption Training, Thai Institute of Directors Association - Board that Make a Difference, Thai Institute of Directors Association - IOD Chartered Director, Thai Institute of Directors Association 	-	None	<ul style="list-style-type: none"> 2009-2015 2009-2015 2010-2015 2010-2015 2011-2015 2011-2013 2011-2015 2011-2015 2011-2015 2011-2015 2013-2015 2014-2015 2014-2015 2014-2015 2014-2015 2016-2017 2016-2017 2016-2017 2016-2017 2016-2017 2016-2017 2012-2017 	Past Positions <ul style="list-style-type: none"> - President, Petroleum Institute of Thailand - Member of Thailand Business Council for Sustainable Development, Thailand Environment Institute - Advisor, Thai-Japanese Association - Advisor, Chulalongkorn University Engineering Alumni Association - Director, PTT Exploration and Production PCL - Director, National Science and Technology Development Agency, Ministry of Science and Technology - Director, Thai Listed Companies Association - Vice President, Chulalongkorn University Alumni Association - Chief Executive Officer and President, PTT PCL - Advisor, Thailand Industrial Biomedical Engineering Consortium (TIBEC) Committee, - Ministry of Science and Technology - Chairman, IRPC PCL - Member, Social Cooperation Promotion Committee, Princess Maha Chakri Award Foundation - Advisor, Alternative Energy Institute of Thailand Foundation - Advisor to Chairman, Federation of Thai Industries - Advisor, Sasin Graduate Institute of Business Administration - Expert Member, National Research Council of Thailand - Director, Faculty of Economics, Thammasat University - Director, Bangkok Bank PCL - Commissioner, Board of Commissioners, Digital Economy Promotion Agency - Expert Member, Mahidol University Council, Mahidol University

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
					2015-2017	- Chairman of VISTEC Council and Chairman of the Executive Committee, Vidyasirimedhi Institute of Science and Technology (VISTEC)
					2015-2017	- Chairman of the Board of Governors, Kamnoetvidya Science Academy
					2015-2017	- Director, Thai Institute of Directors
					2016-2017	- Expert Member, Public Organization Development and Promotion Committee
					2016-2017	- Expert Member, Board of Commissioners, Securities and Exchange Commission
					2017-2017	- Director, Power of Innovation Foundation
					2017-2017	- Director, Power of Learning Foundation
					2017-2017	- Expert Member, Kasetsart University Council, Kasetsart University
					2017-2017	- Member, Independent Committee for Education Reform
					2017-2017	- Expert Member, Board of Directors, Ministry of Digital Economy and Society
					2017-2017	- Expert Member, Committee on Education Management Development Collaboration with High-Potential Foreign Higher Education Institutions
					2017-2019	- Deputy Minister, Ministry of Transport
Current Positions in Other Listed Companies						
					2019-Present	- Chairman, Global Power Synergy PCL
Current Positions in Non-Listed Companies						
					1 Aug 2019-Present	- Chairman of the Board of Governors, Kamnoetvidya Science Academy
					1 Nov 2019-Present	- Chairman, VISTEC Council, Vidyasirimedhi Institute of Science and Technology (VISTEC)
					21 Jan 2020-Present	- Director, SCB 10X Co., Ltd.

Remark:

- 1) 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.
- 2) He was appointed as Member of the Executive Committee and Member of the Technology Committee on September 19, 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
16. Miss Jareeporn Jarukornsakul	52	- B.A. (Health Science), Mahidol University	-	None	2018-2019	Past Positions
- Director		- M.B.A., Bangkok University			2015-2019	- Director, Gheco-One Co., Ltd.
- Member of the Technology Committee		- Honorary Doctorate (Logistics and Supply Chain Management), Christian University			2018-25 Jan 2019	- Director, Houay Ho Thai Co., Ltd
- Member of the Corporate Social Responsibility Committee					-	- Director, Supernap (Thailand)
						- WHA Industrial Building Co., Ltd.
		Training				Current Positions in Other Listed Companies
		- Diploma, National Defence College, The National Defence Course			9 Feb 2018-Present	- Chairman of the Board of Directors, Chairman of the Executive Committee, Group Chief Executive Officer, Chairman of the Risk Management Committee, and Member of Nomination and Remuneration Committee,
		- Energy Science Leadership Program, Thailand Energy Academy				WHA Corporation PCL.
		- Corporate Governance for Capital Market Intermediaries, Thai Institute of Directors Association			29 Oct 2015-Present	- Chairman of the Board of Directors and Chairman of the Executive Committee,
		- Executive Program for Senior Justice, National Justice Academy, Court of Justice				WHA Industrial Development PCL
		- Director Accreditation Program, Thai Institute of Directors Association			9 Feb 2018-Present	- Chairman of the Board of Directors
		- Advanced Leadership Program, Capital Market Academy				Chairman of the Executive Committee, Chairman of the Risk Management Committee, and Member of the Nomination and Remuneration Committee, WHA Utilities and Power PCL
		- Director Certification Program, Thai Institute of Directors Association				Current Positions in Non-Listed Companies
					Present	- Chairman of the Board of Directors and Directors of several companies in WHA Group

Remark:

- 1) 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.
- 2) She was appointed as Member of the Technology Committee and Member of the Corporate Social Responsibility Committee on January 17, 2020.

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
17. Mr. Arthid Nanthawithaya - Chairman of the Executive Committee - Chief Executive Officer - Member of the Risk Oversight Committee - Member of the Technology Committee	52	- B.A. (Economics), Chulalongkorn University - M.B.A. (Finance), Sasin Graduate Institute of Business Administration Training - Director Accreditation Program, Thai Institute of Directors Association - Advanced Leadership Program, Capital Market Academy - Leadership Program, Office of Justice Affairs - Energy Science Leadership Program, Thailand Energy Academy - Diploma, National Defence College, The Joint State - Private Sector Course - Cyber Security and Technology Risk, The Siam Commercial Bank PCL - Advanced Executive Program on Bangkok Metropolitan Development - Advanced Executive Program, Institute of Business and Industrial Development - Exclusive Workshop for SCB Boardroom: Vision-Driven Purpose, The Siam Commercial Bank PCL and Thai Institute of Directors Association - Bangkok Sustainable Banking Forum 2019, Bank of Thailand	-	None	2009-2015 2009-2015 2009-2015 2014-2015 2015-2019 2018-2019 2017-2019	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 - Director, Siam Commercial Foundation - Director, Mrigadayavan Palace Foundation - Chairman, Digital Ventures Co., Ltd. Current Positions in Other Listed Companies - None Current Positions in Non-Listed Companies 2017-Present - Director, Princess Pa Foundation 2017-Present - Honorary Council Member, Vidyasirimedhi Institute of Science and Technology 2018-Present - Chairman, SCB-Julius Baer Securities Co., Ltd. 2018-Present - Director, Electronic Transactions Development Agency (Public Organization) 21 Jan 2020- - Chairman, SCB 10X Co., Ltd. Present

Remark:

- 1) 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.
- 2) He was appointed as Chairman of the Executive Committee on April 5, 2019 and as Member of the Technology Committee on December 1, 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
18. Mr. Orapong Thien-Ngern - President	57	- B. Eng., King Mongkut's University of Technology Thonburi - M.B.A., Lehigh University, U.S. - M.S. (Manufacturing Systems Engineering), Lehigh University, U.S. Training in 2019 - Cash Management & Management forum 2019 at New York	-	None	2014-2017 2017-2018 2018-2019	Past Positions - General Manager, Microsoft (Thailand) Co., Ltd. - Director, SCB Abacus Co., Ltd. - Senior Executive Vice President, Chief Digital Transformation Officer Current Positions in Other Listed Companies - None Current Positions in Non-Listed Companies - Chief Executive Officer, Digital Ventures Co., Ltd.
Remark:						
1) 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.						
2) He resigned as President since January 1, 2020.						
19. Mr. Sarut Ruttanaporn - President - Member of Risk Oversight Committee - Member of Assets and Liabilities Management Committee - Member of Management Committee	46	- Bachelor of Arts in Economics, Boston University, U.S. - M.B.A. in Finance, SASIN Graduate Institute of Business Administration - Leadership Program, Capital Market Academy (2012)	-	None	2015-2016 2016-2017 2017-2019	Past Positions - First Executive Vice President, Head of Client Acquisition - First Executive Vice President, Head of Corporate Segment - Senior Executive Vice President, Head of Retail Segment and Head of Branch Network Current Positions in Other Listed Companies - None Current Positions in Non-Listed Companies - Director, Amata Spring Development Co., Ltd.
Remark:						
1) 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.						
2) He has been appointed as Member of Risk Oversight Committee, Assets and Liabilities Management Committee and Management 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
24. Mrs. Wallaya Kaewrungruang - Senior Executive Vice President, Chief Legal and Control Officer	57	<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 Executives of State Enterprises and Public Organizations - Thai Institute of Directors Association (IOD), Financial Institution Governance Program (FGP) - The Securities and Exchange Commission, Compliance Knowledge for Head of Compliance - National Defense College, National Defense Course for Joint State-Private Sectors (NCD) - Office of the Administrative Court, Administrative Justice for Executives Course (AJE) - The Program for Senior Executives on Justice Administration (BYS) 	-	None	2014-2015	Past Positions <ul style="list-style-type: none"> - Senior Executive Vice President, Group Head, General Counsel Group - Senior Executive Vice President, Chief Legal and Control 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

Remark: 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
27. Mrs. Pikun Srimahunt - Senior Executive Vice President, Chief SME Banking Officer	51	- Bachelor of Economics (2 nd Class Honors), Chiang Mai University - M.S. Development Economic, National Institute of Development Administration	-	None	2013-2015 2015-2016 2016-2017 2017-2019	Past Positions - First Executive Vice President, Division Head, Mortgage Business - First Executive Vice President, Head of Mortgage and SSME Product - First Executive Vice President, Head of Small SME and Head of Mortgage Products - Senior Executive Vice President, Head of SME Segment Current Positions in Other Listed Companies - None Current Positions in Non-Listed Companies - None
Remark: 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.						
28. Mr. Wasin Saiyawan - Senior Executive Vice President, Chief Wholesale Banking Officer	49	- Bachelor of Arts in Economics, University of Kansas, U.S. - M.B.A. in Management, New Hampshire College, New Hampshire, U.S. - Advanced Strategic Management, International Institute for Management Development (IMD), Switzerland (2012)	-	None	2015-2016 2016-2017 2017-2018 2018-2019	Past Positions - First Executive Vice President, Head of Commercial Banking Product - First Executive Vice President, Head of Commercial Banking Solutions - Senior Executive Vice President, Head of Multi-Corporate Segment and Head of Corporate Segment - Senior Executive Vice President, Head of Corporate Banking Current Positions in Other Listed Companies - None Current Positions in Non-Listed Companies - None
Remark: 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.						
					2013-Present 2018-Present	Current Positions in Other Listed Companies - None Current Positions in Non-Listed Companies - Independent Director, SCB Securities Co., Ltd. - Director, SCB Julius Baer Securities 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
29. Mr. Sathian Leowarin - Senior Executive Vice President, Chief Strategy Officer	55	<ul style="list-style-type: none"> - Bachelor of Business Administration, Ramkhamhaeng University - M.B.A., Prince of Songkla University - Thailand Insurance Leadership Program, OIC Advanced Insurance Institute (OICAI) (2014) - Data Analytics for Leaders, IMD 	-	None	2017-2019 Sep 2019-Oct 2019	Past Positions <ul style="list-style-type: none"> - Chief Executive Officer, SCB Life Assurance PCL - Senior Advisor, SCB Life Assurance PCL 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

Remark:

- 1) 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.
- 2) He has been appointed as Senior Executive Vice President, Chief Strategy Officer since November 1, 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, Chief Audit Officer	54	- Bachelor of Business Administration in Accounting, Thammasat University - Master of Accounting, Thammasat University - Advanced Management Program, Wharton School, University of Pennsylvania, U.S. - Banking and Financial Institution Executive Seminar	-	None	2012-2016 2016-2019	Past Positions - First Executive Vice President, Financial Reporting & Control, Finance Group - First Executive Vice President, Head of Audit Current Positions in Other Listed Companies - None Current Positions in Non-Listed Companies - None
Remark: 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.						
2. Mr. Nopadol Mungonchai - Executive Vice President, Compliance Function	57	- LL.B (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	2015-2019	Past Positions - Executive Vice President, Head of Compliance Current Positions in Other Listed Companies - None Current Positions in Non-Listed Companies - None

Remark: 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 - Executive Vice President, Corporate Office and Company Secretary Function	58	<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 	-	None	2012-2015 2013-2016 2015-2016 2016-2018	Past Positions <ul style="list-style-type: none"> - Company Secretary, First Senior Vice President, Board Secretariat and Shareholder Services Office - Company Secretary, SCB Life Assurance PCL - First Senior Vice President, Corporate Office Division - Executive Vice President, Head of Corporate Office 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

Remark 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, 2019

	NAME	POSITION	COMPANY
1	Mr. Sarut Ruttanaporn President	Director	Amata Spring Development Co., Ltd.
2	Mr. Orapong Thien-Ngern* President * On January 1, 2020, Mr. Orapong Thien-Ngern tendered his resignation from the position of President of the Bank and was appointed as Chief Executive Officer of Digital Ventures Co., Ltd.	Chairman	Digital Ventures Co., Ltd.
3	Dr. Arak Sutivong President	Director Director Councillor	SCB-Julius Baer Singapore Pte. Ltd. National ITMX Co., Ltd. Thailand Management Association
4	Mrs. Apiphan Charoenanusorn President	Liquidator	The Siam Industrial Credit PCL
5	Mr. Thana Thienachariya SEVP, Chief Marketing Officer, SEVP, Head of External Communication & CSR (Acting)	Director Director Independent Director	Southpaw Business Co.,Ltd. Aksorn Education PLC Sappe PCL
6	Dr. Jens Lottner SEVP, Chief Financial Officer	Director	SCB Abacus Co., Ltd.
7	Mr. Anucha Laokwansatit SEVP, Chief Risk Officer	Director	Digital Ventures Co., Ltd.
8	Mr. Narong Srichukrin SEVP, Chief Wealth Banking Officer	Director Director	SCB Julius Baer Securities Co., Ltd. SCB-Julius Baer Singapore Pte. Ltd.
9	Mr. Wasin Saiyawan SEVP, Chief Wholesale Banking Officer	Independent Director Director	SCB Securities Co., Ltd. SCB Julius Baer Securities Co., Ltd.
10	Mr. Krieng Wongnongtaey FEVP, Chief Audit Officer	Liquidator	Siam Multimedia Co., Ltd.
11	Mr. Kiradit Arromdee FEVP, Credit Product Function	Director	Saimake Co., Ltd.
12	Mr. Pongsit Chaichutpornasuk FEVP, Financial Crime and Security Services Function	Director	TOT PCL

NAME	POSITION	COMPANY
13 Mr. Suthipat Serirat FEVP, Senior Banker	Independent Director	SCB Securities Co., Ltd.
14 Ms. Jamaree Ketrakool FEVP, Head of Operations	Chairman	SCB Plus Co., Ltd.
15 Ms. Auraratana Jutimitta FEVP, Chief Retail and Business Banking Officer	Director Director Director	Avalant Global Co., Ltd. National Digital ID Co., Ltd. SCB Abacus Co., Ltd.
16 Dr. Yunyong Thaicharoen FEVP, Head of Economic Intelligence Center	Director (Not Authorized) Director and Director of Risk Management Committee	Ruamtangfun Co., Ltd. SCB Asset Management Co., Ltd.
17 Mr. Trirat Suwanprateeb FEVP, Cloud, Technology Operations and Platforms Function and Acting Chief Technology Officer	Director	Digital Ventures Co., Ltd.
18 Ms. Lalitphat Toranavikrai FEVP, Private Banking and First Function	Managing Director	The Crescent Co., Ltd.
19 Ms. Soramon Inkatanuvatana FEVP, Corporate Banking 1 Function	Director	SUPERNAP (Thailand) Co., Ltd.
20 Mr. Kampol Jantavibool CEO, SCBS, FEVP, Investment Office and Product Function	Director Director and CEO	BCI (Thailand) Co., Ltd. SCB Securities Co., Ltd.
21 Ms. Pitiporn Phanaphat FEVP, Partnership and Business Development Function	Partner Partner Director Director	Murano Capital Co., Ltd. White Mountains Capital (Thailand) SCB Julius Baer Securities Co., Ltd. Digital Ventures Co., Ltd.
22 Mr. Chiradej Chakrabandhu FEVP, Credit Risk Management Function	Vice Chairman	S.C.B. Staff Savings Co-operative Ltd.
23 Mr. Ralph Brunner FEVP, Head of Customer Experience	Director	Rock Star Ltd.
24 Mr. Siva Rkrishnan EVP, Digital Lending Function	Director	SCB Abacus Co., Ltd.
25 Mr. Manop Sangiambut EVP, China Business Function	Director	SCB-Julius Baer Securities Co., Ltd.

NAME	POSITION	COMPANY
26 Mr. Ekkapol Apinun EVP, Legal Function	Director Director Director Director Director Liquidator	SCB Plus Co., Ltd. Mahisorn Co., Ltd. SCB Training Centre Co., Ltd. Siam Pitiwat Co., Ltd. S.C.B. Staff Savings Co-operative Ltd. The Siam Industrial Credit PCL
27 Mr. Suwan Chaichanayotinvaracha EVP, Retail & Business Banking Distribution Network-Upcountry Division	Vice Chairman	S.C.B. Staff Savings Co-operative Ltd.
28 Ms. Salisa Hanpanich EVP, Wealth Capability Development Function	Director	SCB Asset Management Co., Ltd.
29 Mr. Thanawatn Kittisuwan EVP, Client Coverage 3.1 Division	Director	S.C.B. Staff Savings Co-operative Ltd.
30 Mr. Ittiphan Jearkjirm EVP, Global Transaction Banking Services Division	Director	BCI (Thailand) Co., Ltd.
31 Mr. Kaitchai Pullsuppasit EVP, Wholesale Banking Operations Function	Chairman Director/Secretary	Mahisorn Co., Ltd. S.C.B. Staff Savings Co-operative Ltd.
32 Mr. Paiboon Tangkanokpairoj EVP, Prevention & Debt Management Function, Upcountry	Director	Siam Pitiwat Co., Ltd.
33 Mrs. Apiradee Symsukpermpoon EVP, International Banking Function	Director	Cambodian Commercial Bank Ltd.
34 Mr. Artapong Porndhiti EVP, Origination Team Division	Director	Premium Management and Consultant Co., Ltd.
35 Mr. Sirote Vichayabhai EVP, Corporate Banking 4 Function	Partner	Wrap Inc.
36 Mr. Tanik Tarawisid EVP, Capital Markets Function	Director	SCB Securities Co., Ltd.
37 Mr. Rungsi Vongkitbuncha EVP, Client Coverage 3.1 Division	Director	UD Drugstore (2001) Co., Ltd.
38 Mr. Somsakul Vinichbutr EVP, Client Coverage 2.1 Division	Partner	Impara Intertrade Limited Partnership

NAME	POSITION	COMPANY
39 Mrs. Virasana Boonyasai EVP, Head of Special Business	Director Director	Rutchayothin Assets Management Co., Ltd. S.C.B. Staff Savings Co-operative Ltd.
40 Ms. Veena Lertnimitr EVP, Investment Banking Function	Director Director	Sathianwong Co., Ltd. SCB Securities Co., Ltd.
41 Mrs. Siribunchong Uthayophas EVP, Corporate Office and Company Secretary Function	Director Director	Kler Kaew Korkij Co., Ltd. Krabingern Food Co., Ltd.
42 Ms. Vipasiri Chantanumat EVP, Client Coverage 4.2 Division	Director	VP Professional Co., Ltd.
43 Mrs. Natthakan Kanpachai EVP, Digital and Business Law Division	Director	SCB Abacus Co., Ltd.
44 Mr. Sornchai Suneta EVP, CIO Office Division	Director Director	Thai Financial Planners Association CFA Thailand Association
45 Ms. Phannee Prachantrikal EVP, Client Coverage 1.2 Division	Partner	Thepnapha Construction Ltd., Part.
46 Mr. Sakda Dumnakkaew EVP, Group Treasury Function	Director of Risk Management Committee Director Director Director	SCB Asset Management Co., Ltd. SCB Securities Co., Ltd. Cambodian Commercial Bank Ltd. S.C.B. Staff Savings Co-operative Ltd.
47 Ms. Wannarat Phanjan EVP, Retail Banking Operations Function	Chairman	SCB Training Centre Co., Ltd.
48 Ms. Soontharee Rajitprueksa EVP, FP&A Retail & Wealth Business Division	Chairman Director	SCB Protect Co., Ltd. SCB Plus Co., Ltd.
49 Mr. Chalitti Nuangchamnong EVP, Securities and Corporate Law Division	Director Director and Member of the Audit Committee Director Director	Baan Bueng Holdings Co., Ltd. SCB Asset Management Co., Ltd. SCB Securities Co., Ltd. SCB Protect Co., Ltd.

Note: The above executives do not hold any current position as chairman, executive director, authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.

Positions Held 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 Ltd.	SCB Abacus 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.	Sor.Or.Kor PCL ⁽¹⁾	National ITMX Co., Ltd.	Supernap (Thailand) Co., Ltd.	Thai Obayashi corp., Ltd.
1 Dr. Vichit Suraphongchai												
2 Mr. Ekamol Kiriwat												
3 Mr. Prasan Chuaphanich												
4 Mr. Weerawong Chittmittrapap												
5 Mr. Krirk Vanikkul												
6 Mr. Chakkrit Parapuntakul												
7 Dr. Thaweesak Koanantakool												
8 Mr. Kan Trakulhoon												
9 Air Chief Marshal Satitpong Sukvimol												
10 Police Colonel Thumnithi Wanichthanom												
11 Mr. Prapas Kong-led												
12 Mr. Pasu Decharin												
13 Miss Lackana Leelayouthayotin												
14 Mr. Chaovalit Ekabut												
15 Mr. Pailin Chuchottaworn												

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 Ltd.	SCB Abacus 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.	Sor.Or.Kor PCL ⁽¹⁾	National ITMX Co., Ltd.	Supernap (Thailand) Co., Ltd.	Thai Obayashi corp., Ltd.
16 Miss Jareeporn Jarukornsakul											//	
17 Mr. Arthid Nanthawithaya							X					
18 Mr. Orapong Thien-Ngern				X								
19 Mrs. Apiphan Charoenanusorn									/			
20 Dr. Arak Sutivong								//		//		
21 Mr. Narong Srichukrin							//	//				
22 Dr. Jens Lottner		//										
23 Mr. Wasin Saiyawan			//				//					
24 Mr. Anucha Laokwansatit				//								
25 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 Ltd.	Rutchayothin Assets Management Co., Ltd.	SCB Abacus 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.	Sor.Or.Kor. PCL ⁽¹⁾
1 Mr. Arthid Nanthawithaya								X					
2 Mr. Sarunthorn Chutima		X											
3 Mr. Kamalkant Agarwal	//												
4 Mr. Orapong Thien-Ngern					X								
5 Mrs. Apiphan Charoenanusorn													/
6 Dr. Arak Sutivong									//				
7 Mr. Anucha Laokwansatit					//								
8 Dr. Jens Lottner			//										
9 Mr. Narong Srichukrin								//	//				
10 Mr. Wasin Saiyawan				//				//					
11 Miss Jamaree Ketrakool										X			
12 Ms. Pitiporn Phanaphat					//			//					
13 Miss Auraratana Jutimitta			//										
14 Mr. Trirat Suwanprateeb					//								
15 Dr. Yunyong Thaicharoen							//						
16 Mr. Siva Rkrishnan			//										
17 Mrs. Natthakan Kanpachai			//										
18 Mrs. Virasana Boonyasai			//										
19 Mrs. Apiradee Synsukpermpoon	//												

Remark: X = Chairman

// = Director

/ = Liquidator

⁽¹⁾ = Discontinued operations, being in process of dissolution or in process of liquidation

Name of Director	Subsidiary Company												
	The Cambodian Commercial Bank Ltd.	Rutchayothin Assets Management Co., Ltd.	SCB Abacus 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.	Sor.Or.Kor. PCL ⁽¹⁾
20 Miss Wannarat Phanjan											X		
21 Miss Veena Lertnimitr				//									
22 Miss Salisa Hanpanich							//						
23 Miss Soontharee Rajitprueksa						X				//			
24 Mr. Kaitchai Pullsuppasit												X	
25 Mr. Chalitti Nuangchamnong				//		//	//						
26 Mr. Tanik Tarawisid				//									
27 Mr. Manop Sangiambut								//					
28 Mr. Sakda Dumnakkaew	//			//									
29 Mr. Ekkapol Apinun										//	//	//	/
30 Miss Darakorn Pipatanakul											//		
31 Mr. Patiphan Lerdprasertsiri	//					//	//						
32 Mr. Somphop Amonrattanasak		//									//		
33 Miss Jittima Kittikusoltham						//							
34 Mr. Teerapon Tansatcha											//	//	
35 Mr. Suwadit Disathaporn										//			
36 Mrs. Sasitorn Chaowai											//		
37 Mr. Christian Cappelli								//					
38 Mr. Jens Rzesacz									//				

Remark: X = Chairman

// = Director

/ = Liquidator

⁽¹⁾ = Discontinued operations, being in process of dissolution or in process of liquidation

Name of Director	Subsidiary Company												
	The Cambodian Commercial Bank Ltd.	Rutchayothin Assets Management Co., Ltd.	SCB Abacus 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.	Sor.Or.Kor. PCL ⁽¹⁾
39 Mr. Lee Kong Eng								//					
40 Mr. Leong Yip Lam								//					
41 Mr. Rajesh Manwani								//	//				
42 Mrs. Kittiya Todhanakasem			X				X						
43 Mrs. Jiralawan Tangitvet								//	//				
44 Mrs. Salinee Wongtal							//						
45 Mr. Chairat Panthuraamphorn					//								
46 Mr. Chanond Ruangitya					//								
47 Mr. Na Bhengbhasang Krishnamra	X												
48 Mr. Prakid Punyashthiti				//									
49 Mr. Prasong Vinaiphat				X									
50 Mr. Permpoon Krairiksh	//												
51 Mr. Montree Chotikapracal													/
52 Mr. Yothin Pibulkasetkij	//												
53 Mr. Siriwat Vongjarukorn					//								
54 Miss Pakaravee Anantathananid	//												
55 Miss Sutapa Amornvivat			//										
56 Mr. Kampol Jantavibool				//									
57 Mr. Narongsak Plodmechai							//						

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 2019			as at 31 Dec 2018			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. Dr. Vichit Suraphongchai Chairman of the Board and Chairman of the Corporate Social Responsibility Committee	-	-	-	-	-	-	-
2. Mr. Prasan Chuaphanich Independent Director and Chairman of the Audit Committee	-	1,000	1,000	-	-	-	1,000
3. Mr. Kan Trakulhoon Independent Director, Chairman of the Nomination, Compensation and Corporate Governance Committee, and Member of the Executive Committee	-	-	-	-	-	-	-
4. Mr. Krirk Vanikkul Independent Director and Chairman of the Risk Oversight Committee	-	50,480	50,480	-	50,480	50,480	-
5. Dr. Thaweesak Koanantakool Independent Director and Chairman of the Technology Committee	-	-	-	-	-	-	-
6. ACM. Satitpong Sukvimol Director and Member of the Nomination, Compensation and Corporate Governance Committee	-	-	-	-	-	-	-
7. Pol. Col. Thumnithi Wanichthanom Director and Member of the Corporate Social Responsibility Committee	-	-	-	-	-	-	-
8. Mr. Ekamol Kiriwat Independent Director and Member of the Audit Committee	-	-	-	-	-	-	-
9. Dr. Pasu Decharin Independent Director, Member of the Audit Committee, and Member of the Risk Oversight Committee	-	-	-	-	-	-	-

as at 31 Dec 2019				as at 31 Dec 2018			
Name	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	Change: increase / (decrease)
10. Mr. Weerawong Chittmittrapap Independent Director and Member of the Nomination, Compensation and Corporate Governance Committee	-	-	-	-	-	-	-
11. Mr. Chakkrit Parapuntakul Director, Member of the Executive Committee, and Member of the Nomination, Compensation and Corporate Governance Committee	-	-	-	-	-	-	-
12. Mr. Prapas Kong-led Director and Member of the Corporate Social Responsibility Committee	-	-	-	-	-	-	-
13. Dr. Lackana Leelayouthayotin* Independent Director and Member of the Executive Committee *Remark: She has been appointed as Independent Director and Member of the Executive Committee since April 5, 2019.	-	-	-	-	-	-	-
14. Mr. Chaovalit Ekabut* Independent Director and Member of the Risk Oversight Committee *Remark: He has been appointed as Independent Director and Member of the Risk Oversight Committee since April 5, 2019.	-	-	-	-	-	-	-
15. Dr. Pailin Chuchottaworn* Independent Director, Member of the Executive Committee, and Member of the Technology Committee *Remark: He has been appointed as Independent Director, Member of the Executive Committee, and Member of the Technology Committee since September 19, 2019.	-	-	-	-	-	-	-

Name	as at 31 Dec 2019			as at 31 Dec 2018			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	
16. Miss Jareeporn Jarukornsakul* Director *Remark: She has been appointed as Director since November 21, 2019.	-	-	-	-	-	-	-
17. Mr. Arthid Nanthawithaya Director, Chief Executive Officer, Chairman of the Executive Committee, Member of the Risk Oversight Committee and Member of the Technology Committee	-	-	-	-	-	-	-
18. Mr. Orapong Thien-Ngern* President *Remark: He resigned as President since January 1, 2020.	-	-	-	-	-	-	-
19. Mr. Sarut Ruttanaporn President	-	-	-	-	-	-	-
20. Dr. Arak Sutivong President	-	-	-	-	-	-	-
21. Mrs. Apiphan Charoenanusorn President	-	-	-	-	-	-	-
22. Mr. Anucha Laokwansatit Senior Executive Vice President, Chief Risk Officer	-	-	-	-	-	-	-
23. Mrs. Wallaya Kaewrungruang Senior Executive Vice President, Chief Legal and Control Officer	-	-	-	-	-	-	-
24. Dr. Jens Lottner Senior Executive Vice President, Chief Financial Officer	-	-	-	-	-	-	-
25. Mr. Thana Thienachariya Senior Executive Vice President, Chief Marketing Officer and Head of External Communication & CSR (Acting)	-	-	-	-	-	-	-

as at 31 Dec 2019				as at 31 Dec 2018			
Name	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	Change: increase / (decrease)
26. Mr. Narong Srichukrin Senior Executive Vice President, Chief Wealth Banking Officer	-	-	-	-	-	-	-
27. Mrs. Pikun Srimahunt Senior Executive Vice President, Chief SME Banking Officer	-	-	-	-	-	-	-
28. Mr. Wasin Saiyawan Senior Executive Vice President, Chief Wholesale Banking Officer	-	-	-	-	-	-	-
29. Mr. Sathian Leowarin* Senior Executive Vice President, Chief Strategy Officer	-	-	-	-	-	-	-
*Remark: He has been appointed as Senior Executive Vice President, Chief Strategy Officer since November 1, 2019.	-	-	-	-	-	-	-

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, 2019

Area Office		44	Offices
Branch, all nationwide		958	Branches
<hr/>			
Bangkok and its vicinity	412	Branches	
Upcountry	546	Branches	
<hr/>			
Investment Center		14	Branches
Business Center		3	Branches
Express		66	Centers
Overseas Branch		6	Branches
Affiliated Bank (Cambodian Commercial Bank)		4	Branches
Representative Office		2	Offices
SME Center		48	Centers
<hr/>			
Bangkok and its vicinity	8	Centers	
Upcountry	40	Centers	
<hr/>			
International Trade Service Center		45	Centers
Foreign Exchange Service Center		68	Centers
<hr/>			
Bangkok	46	Centers	
Tourist locations, Upcountry	22	Centers	
<hr/>			
ATM		9,372	Machines
<hr/>			
Bangkok	2,560	Machines	
Upcountry	6,812	Machines	

Overseas Branches

Shanghai Branch

General Manager: Ms. June Qiong Fu
Address: Room 74 T15, 74th Floor,
Shanghai World Financial Center
No. 100 Century Avenue,
Shanghai, P.R. China 200120
Telephone: +86-21-60587777
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

Acting General
Manager: Ms. Chan Miew Kheng
Address: 61 Robinson Road #10-03,
Robinson Centre,
Singapore 068893
Telephone: +65-6536-4338
Fax: +65-6536-4728
Swift: SICOSGSG
E-Mail: gillian.chan@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: +848-6285-6608
Fax: +848-3822-6556
Swift: SICOVNVX
E-Mail: saranya.skontanarak@scb.co.th

Affiliated Banks

Cambodian Commercial Bank - Head Office - Phnom Penh

Director and
General Manager: Ms. Pakaravee Anantathananid
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: pakaravee.anantathananid@scb.co.th

Cambodian Commercial Bank - Battambang Branch

Branch Manager: Mr. Ty Kheng
Address: 116-117 20 Ausapher Village,
Svaypor Commune Battambang,
Cambodia
Telephone: +855-11-811-344
Fax: +855-53-952-266
E-Mail: ty.kheng@ccb.com.kh

Cambodian Commercial Bank - Siem Reap Branch

Branch Manager: Mr. Suriyah Termertmanuswong
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: No. 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 Customer 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
Senior Unsecured Notes USD 400 million 3.20% due July 2022	Deutsche Bank Luxembourg S.A. 2 Boulevard Konrad Adenauer L-1115 Luxembourg Luxembourg
Senior Unsecured Notes USD 500 million 2.75% due May 2023	Deutsche Bank Luxembourg S.A. 2 Boulevard Konrad Adenauer L-1115 Luxembourg Luxembourg
Senior Unsecured Notes USD 500 million 3.90% due February 2024	Deutsche Bank Luxembourg S.A. 2 Boulevard Konrad Adenauer L-1115 Luxembourg Luxembourg
Senior Unsecured Notes USD 500 million 4.40% due February 2029	Deutsche Bank Luxembourg S.A. 2 Boulevard Konrad Adenauer L-1115 Luxembourg Luxembourg

Fiscal Agent

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

Senior Unsecured Notes
USD 500 million 3.90% due February 2024

Deutsche Bank AG, Hong Kong Branch
Level 52, International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

Senior Unsecured Notes
USD 500 million 4.40% due February 2029

Deutsche Bank AG, Hong Kong Branch
Level 52, International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

Auditor

Mrs. Wilai Buranakittisophon
or Mr. Charoen Phosamritlert
or Ms. Pantip Gulsantithamrong

Certified Public Accountant (Thailand) Registration No. 3920
Certified Public Accountant (Thailand) Registration No. 4068
Certified Public Accountant (Thailand) Registration No. 4208

KPMG Phoomchai Audit Ltd.

Empire Tower, 50th-51st Floor,
1 South Sathorn Road Yannawa, Sathorn
Bangkok 10120, Thailand
Tel: +66-2677-2000

Additional Information

In 2019, the Bank was fined in the amount of Baht 5,007,500 for misclassification of mortgage loans and for a submission error in the Data Set for Lending Movement Summary (DS_LMS) report. The fine was issued by the Bank of Thailand (BOT) in pursuance of the Financial Institutions Businesses Act B.E. 2551, Section 60 and Section 71. The Bank has rectified the errors and corrected the data.

During 2017-2018, the Bank was fined by the Bank of Thailand (BOT) for violation of the Financial Institutions Businesses Act B.E. 2551, Section 36, one time for the amount of Baht 3,210,000 and another time for violation of Section 46 in the amount of Baht 2,805,000. In addition, the Bank was fined by the Securities and Exchange Commission (SEC) for violation of Section 247 twice in the amount of Baht 220,000.

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