

<p style="text-align: center;">Part 3</p> <p style="text-align: center;">Financial Status and Operational Results</p>

13. Significant Financial Information

Auditor Report of the Independent Certified Public Accountants and Auditing Fees**Auditors****KPMG Phoomchai Audit Ltd.**

2013: Mr. Supot Singhasaneh, CPA Registration No. 2826 of KPMG Phoomchai Audit Ltd.

2014: Mr. Winid Silamongkol, CPA Registration No. 3378 of KPMG Phoomchai Audit Ltd.

2015: Mr. Winid Silamongkol, CPA Registration No. 3378 of KPMG Phoomchai Audit Ltd.

Report of the Independent Certified Public Accountants for 2013-2015**2013**

Auditor's opinion was that the consolidated and the Bank's financial statements present fairly, in all material respects, the financial position of the Group and the Bank, respectively, as at 31 December 2013 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards.

2014

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

2015

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

Appointment of Auditors and Determining Auditing Fees

The Board assigned the Audit Committee to consider and propose the appointment of external auditors and auditing fees to shareholders for approval at every Annual General Meeting of shareholders. At the 2015 Annual General Meeting, shareholders approved the following items:

The appointment of Mr. Winid Silamongkol CPA Registration No. 3378, Mr. Charoen Phosamritlert CPA Registration No. 4068 and Miss Pantip Gulsantitamrong CPA Registration No. 4208, of KPMG

Phoomchai Audit Ltd. to be auditors of the Bank for the financial year 2015. The Bank of Thailand concurred with these appointments.

Audit Fees

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

Non-Audit Fees

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

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

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

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED (BANK ONLY)
STATEMENTS OF FINANCIAL POSITION AS AT DECEMBER 31

(in Baht thousand)

Assets	2015		2014		2013	
Cash	38,737,313	1.51%	41,922,318	1.66%	35,583,930	1.49%
Interbank and money market items, net	246,492,375	9.64%	276,806,702	10.97%	154,891,396	6.50%
Claims on security	4,545,098	0.18%	6,059,162	0.24%	3,088,940	0.13%
Derivative assets	58,559,234	2.29%	43,759,401	1.73%	46,314,959	1.94%
Investments, net	333,861,095	13.05%	340,090,493	13.48%	368,168,331	15.45%
Investments in subsidiaries and associate, net	26,979,728	1.05%	22,128,612	0.88%	27,884,349	1.17%
Loans to customers and accrued interest receivables, net						
Loans to customers	1,844,260,304	72.11%	1,790,005,534	70.95%	1,751,633,622	73.49%
Accrued interest receivables	4,107,045	0.16%	3,543,663	0.14%	3,926,947	0.16%
Total loans to customers and accrued interest receivables	1,848,367,349	72.27%	1,793,549,197	71.09%	1,755,560,569	73.65%
Less deferred revenue	(22,598,424)	-0.88%	(20,426,639)	-0.81%	(23,637,529)	-0.99%
Less allowance for doubtful accounts	(63,541,368)	-2.48%	(58,251,730)	-2.31%	(58,603,900)	-2.46%
Less revaluation allowance for debt restructuring	-	0.00%	-	0.00%	(374,330)	-0.02%
Total loans to customers and accrued interest receivables, net	1,762,227,557	68.91%	1,714,870,828	67.97%	1,672,944,810	70.19%
Customers' liabilities under acceptances	58,266	0.00%	47,747	0.00%	119,241	0.01%
Properties for sale, net	10,553,526	0.41%	9,711,206	0.38%	9,635,528	0.40%
Premises and equipment, net	38,713,417	1.51%	32,608,529	1.29%	33,674,416	1.41%
Goodwill and other intangible assets, net	2,250,011	0.09%	2,131,434	0.08%	1,415,127	0.06%
Assets pending transfer	2,352,923	0.09%	4,104,158	0.16%	4,708,520	0.20%
Deferred tax assets	2,073	0.00%	11,207	0.00%	11,336	0.00%
Other assets, net	32,093,243	1.25%	28,557,938	1.13%	25,167,003	1.06%
Total assets	2,557,425,859	100.00%	2,522,809,735	100.00%	2,383,607,886	100.00%

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED (BANK ONLY)
STATEMENTS OF FINANCIAL POSITION AS AT DECEMBER 31 (continued)

(in Baht thousand)

Liabilities and equity	2015		2014		2013	
Liabilities						
Deposits	1,884,903,678	73.70%	1,890,388,475	74.93%	1,820,728,311	76.39%
Interbank and money market items	145,717,872	5.70%	146,014,407	5.79%	123,991,527	5.20%
Liabilities payable on demand	8,480,486	0.33%	7,399,327	0.29%	8,367,373	0.35%
Liabilities to deliver security	4,545,098	0.18%	6,059,162	0.24%	3,088,940	0.13%
Derivative liabilities	59,498,470	2.33%	42,486,703	1.68%	46,822,966	1.96%
Debt issued and borrowings	121,385,957	4.75%	114,485,513	4.54%	94,965,876	3.98%
Bank's liabilities under acceptances	58,266	0.00%	47,747	0.00%	119,241	0.01%
Provisions	6,876,481	0.27%	6,881,247	0.27%	6,361,771	0.27%
Liabilities pending transfer	11,479,413	0.45%	14,027,322	0.56%	12,974,727	0.54%
Deferred tax liabilities	2,771,706	0.11%	2,941,078	0.12%	2,916,313	0.12%
Other liabilities	25,802,975	1.01%	25,796,218	1.02%	30,109,010	1.26%
Total liabilities	2,271,520,402	88.82%	2,256,527,199	89.45%	2,150,446,055	90.22%
Equity						
Share capital						
Authorised share capital						
3,583,965,486 preference shares of Baht 10 each	35,839,655	1.40%	35,842,374	1.42%	35,845,084	1.50%
3,416,034,514 ordinary shares of Baht 10 each	34,160,345	1.34%	34,157,626	1.35%	34,154,916	1.43%
Issued and paid-up share capital						
4,703,321 preference shares of Baht 10 each	47,033	0.00%	48,802	0.00%	51,817	0.00%
3,394,488,877 ordinary shares of Baht 10 each	33,944,889	1.33%	33,943,120	1.35%	33,940,105	1.42%
Premium on share capital						
Premium on preference shares	18,392	0.00%	19,084	0.00%	20,263	0.00%
Premium on ordinary shares	11,105,799	0.43%	11,105,107	0.44%	11,103,928	0.47%
Other reserves	18,783,380	0.73%	19,461,413	0.77%	18,472,303	0.77%
Retained earnings						
Appropriated						
Legal reserve	7,000,000	0.27%	7,000,000	0.28%	7,000,000	0.29%
Unappropriated	215,005,964	8.41%	194,705,010	7.72%	162,573,415	6.82%
Total shareholders' equity	285,905,457	11.18%	266,282,536	10.55%	233,161,831	9.78%
Total equity	285,905,457	11.18%	266,282,536	10.55%	233,161,831	9.78%
Total liabilities and equity	2,557,425,859	100.00%	2,522,809,735	100.00%	2,383,607,886	100.00%

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED (BANK ONLY)
STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31

(in Baht thousand)

	2015		2014		2013	
Interest income	115,032,853	90.71%	116,949,638	97.49%	115,134,980	99.44%
Interest expense	<u>39,662,902</u>	31.28%	<u>42,359,301</u>	35.31%	<u>47,743,068</u>	41.24%
Net interest income	75,369,951	59.44%	74,590,337	62.18%	67,391,912	58.21%
Fees and service income	35,524,464	28.01%	35,216,039	29.36%	34,546,482	29.84%
Fees and service expense	<u>4,832,784</u>	3.81%	<u>4,646,435</u>	3.87%	<u>4,623,774</u>	3.99%
Net fees and service income	30,691,680	24.20%	30,569,604	25.48%	29,922,708	25.84%
Net trading income	7,799,882	6.15%	7,316,173	6.10%	8,762,625	7.57%
Net gain on investments	8,590,566	6.77%	1,908,935	1.59%	1,398,657	1.21%
Dividend income	4,295,049	3.39%	5,493,311	4.58%	8,049,628	6.95%
Other operating income	<u>63,532</u>	0.05%	<u>85,002</u>	0.07%	<u>254,565</u>	0.22%
Total operating income	126,810,660	100.00%	119,963,362	100.00%	115,780,095	100.00%
Other operating expenses						
Staff costs	19,578,782	15.44%	19,198,084	16.00%	18,551,303	16.02%
Directors' remuneration	89,200	0.07%	86,724	0.07%	89,570	0.08%
Premises and equipment expenses	8,837,972	6.97%	8,963,860	7.47%	8,702,255	7.52%
Taxes and duties	3,997,561	3.15%	4,055,682	3.38%	3,869,234	3.34%
Others	<u>13,918,855</u>	10.98%	<u>13,574,991</u>	11.32%	<u>13,199,990</u>	11.40%
Total operating expenses	46,422,370	36.61%	45,879,341	38.24%	44,412,352	38.36%
Impairment loss of loans and debt securities	<u>29,725,915</u>	23.44%	<u>13,238,851</u>	11.04%	<u>13,747,548</u>	11.87%
Profit before tax	50,662,375	39.95%	60,845,170	50.72%	57,620,195	49.77%
Income tax expense	9,325,316	7.35%	11,091,389	9.25%	9,922,741	8.57%
Net profit	41,337,059	32.60%	49,753,781	41.47%	47,697,454	41.20%
Other comprehensive income						
<i>Items that are or may be reclassified to profit or loss</i>						
(Loss) gain on remeasuring available-for-sale investments	(6,270,799)	-4.95%	1,516,921	1.26%	521,881	0.45%
Income tax on other comprehensive income	<u>1,231,828</u>	0.97%	<u>(281,052)</u>	-0.23%	<u>(104,376)</u>	-0.09%
	<u>(5,038,971)</u>	-3.97%	<u>1,235,869</u>	1.03%	<u>417,505</u>	0.36%
<i>Items that will never be reclassified to profit or loss</i>						
Change in revaluation surplus	5,728,326	4.52%	(28,982)	-0.02%	-	0.00%
Defined benefit plan actuarial losses	(589,164)	-0.46%	-	0.00%	-	0.00%
Income tax on other comprehensive income	(1,027,832)	-0.81%	5,796	0.00%	-	0.00%
	<u>4,111,330</u>	3.24%	<u>(23,186)</u>	-0.02%	<u>-</u>	0.00%
Total other comprehensive (loss) income, net of income tax	(927,641)	-0.73%	1,212,683	1.01%	417,505	0.36%
Total comprehensive income	40,409,418	31.87%	50,966,464	42.49%	48,114,959	41.56%

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED (BANK ONLY)

STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31

(in Baht thousand)

	2015	2014	2013
Cash flows from operating activities			
Profit before tax	50,662,375	60,845,170	57,620,195
<i>Adjustments for</i>			
Depreciation and amortisation	2,567,272	2,593,170	2,602,029
Impairment loss on loans and debt securities	31,644,746	14,818,145	14,791,575
(Reversal) loss on impairment of properties for sale	(383,064)	(213,289)	564,203
Reversal on impairment of premises and equipment	(167,041)	-	-
Gain on sales of premises and equipment	(16,084)	(16,590)	(6,103)
Net trading income	(7,799,882)	(7,316,173)	(8,762,625)
Net gain on investments	(8,590,566)	(1,908,935)	(1,398,657)
	67,917,756	68,801,498	65,410,617
Net interest income	(75,369,951)	(74,590,337)	(67,391,912)
Dividend income	(4,295,049)	(5,493,311)	(8,049,628)
Proceeds from interest	114,208,308	116,674,379	113,425,861
Interest paid	(40,639,152)	(46,443,362)	(44,248,373)
Proceeds from dividend	4,295,049	5,493,627	8,049,313
Income tax paid	(9,852,396)	(11,343,262)	(8,713,660)
Income from operations before changes in operating assets & liabilities	56,264,565	53,099,232	58,482,218
<i>(Increase) decrease in operating assets</i>			
Interbank and money market items	30,248,280	(121,776,340)	(4,466,401)
Claims on securities	1,514,064	(2,970,222)	(3,088,940)
Derivative assets	(603,736)	9,318,342	(6,140,132)
Investment in securities for trading	6,533,998	19,830,325	(25,257,597)
Loans to customers	(87,819,654)	(67,330,415)	(203,399,450)
Properties for sale	8,846,117	10,221,530	8,418,808
Other assets	(2,643,198)	(2,801,952)	(7,264,601)
<i>Increase (decrease) in operating liabilities</i>			
Deposits	(5,484,797)	69,660,164	206,139,693
Interbank and money market items	(296,535)	22,022,880	12,084,225
Liabilities payable on demand	1,081,159	(968,046)	(1,195,306)
Liabilities to deliver security	(1,514,064)	2,970,222	3,088,940
Derivative liabilities	17,011,767	(4,336,263)	21,843,225
Short-term debt issued and borrowings	(81,142)	(5,265,966)	(40,744,318)
Other liabilities	(2,145,331)	1,198,099	(2,045,986)
Net cash from (used in) operating activities	20,911,493	(17,128,410)	16,454,378

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED (BANK ONLY)
STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31 (continued)

(in Baht thousand)

	2015	2014	2013
<i>Cash flows from investing activities</i>			
Purchases of available-for-sale securities	(341,944,291)	(335,417,562)	(375,075,415)
Proceeds from sales of available-for-sale securities	344,219,996	344,751,568	377,152,044
Purchases of held-to-maturity securities	(450,000)	(942,000)	(1,146,832)
Proceeds from redemption of held-to-maturity securities	1,857,696	3,526,579	5,686,003
Purchases of general securities	(2,091)	(1,463)	(1,688)
Proceeds from sales of general securities	27	55,909	567,935
Purchases of investments in subsidiaries and/or associates	(4,743,021)	(365,590)	(60,659)
Proceeds from sales of investments in subsidiaries and/or associates	-	3,744,239	-
Proceeds from decrease in capital of subsidiary	202,601	2,979,420	-
Purchases of premises and equipment	(2,493,312)	(1,233,927)	(2,065,815)
Proceeds from sales of premises and equipment	193,888	179,582	259,665
Purchases of intangible assets	(542,838)	(361,698)	(408,164)
Net cash (used in) from investing activities	(3,701,345)	16,915,057	4,907,074
<i>Cash flows from financing activities</i>			
Proceeds from long-term debt issued and borrowings	-	24,397,500	-
Dividend paid to equity holders of the Bank	(20,395,153)	(17,845,759)	(16,995,961)
Net cash (used in) from financing activities	(20,395,153)	6,551,741	(16,995,961)
Net (decrease) increase in cash	(3,185,005)	6,338,388	4,365,491
Cash at January 1	41,922,318	35,583,930	31,218,439
Cash at December 31	38,737,313	41,922,318	35,583,930
Supplementary disclosures of cash flow information			
Significant non-cash items were as follows:			
(Loss) gain on remeasuring available-for-sale investments	(6,270,799)	1,516,921	417,505
Change in revaluation surplus	5,728,326	(28,982)	-
Defined benefit plan actuarial losses	(589,164)	-	-
Properties for sale from loan payment	9,305,372	10,083,919	9,180,968

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED (CONSOLIDATED)

STATEMENTS OF FINANCIAL POSITION AS AT DECEMBER 31

(in Baht thousand)

Assets	2015		2014		2013	
Cash	38,979,295	1.41%	42,131,800	1.56%	35,755,178	1.41%
Interbank and money market items, net	260,942,972	9.41%	291,614,750	10.80%	171,521,721	6.77%
Claims on security	4,545,098	0.16%	6,059,162	0.22%	3,088,940	0.12%
Derivative assets	57,397,448	2.07%	43,629,965	1.62%	46,227,997	1.82%
Investments, net	536,655,307	19.34%	502,111,054	18.60%	504,187,762	19.90%
Investments in subsidiaries and associate, net	344,215	0.01%	696,829	0.03%	684,835	0.03%
Loans to customers and accrued interest receivables, net						
Loans to customers	1,856,004,740	66.90%	1,797,561,397	66.58%	1,758,963,941	69.41%
Accrued interest receivables	4,544,595	0.16%	3,814,239	0.14%	4,132,477	0.16%
Total loans to customers and accrued interest receivables	1,860,549,335	67.06%	1,801,375,636	66.72%	1,763,096,418	69.57%
Less deferred revenue	(22,598,424)	-0.81%	(20,426,639)	-0.76%	(23,683,011)	-0.93%
Less allowance for doubtful accounts	(64,777,286)	-2.33%	(59,014,088)	-2.19%	(59,942,281)	-2.37%
Less revaluation allowance for debt restructuring	-	0.00%	-	0.00%	(374,330)	-0.01%
Total loans to customers and accrued interest receivables, net	1,773,173,625	63.91%	1,721,934,909	63.78%	1,679,096,796	66.26%
Customers' liabilities under acceptances	58,266	0.00%	47,747	0.00%	119,241	0.00%
Properties for sale, net	10,558,081	0.38%	9,720,839	0.36%	9,649,522	0.38%
Premises and equipment, net	39,987,650	1.44%	33,775,729	1.25%	35,374,687	1.40%
Goodwill and other intangible assets, net	12,031,442	0.43%	11,406,133	0.42%	11,453,899	0.45%
Reinsurance receivables and assets	-	0.00%	-	0.00%	919,670	0.04%
Assets pending transfer	2,268,037	0.08%	4,104,157	0.15%	4,708,520	0.19%
Deferred tax assets	65,586	0.00%	67,694	0.00%	561,564	0.02%
Other assets, net	37,302,153	1.34%	32,402,317	1.20%	30,855,462	1.22%
Total assets	2,774,309,175	100.00%	2,699,703,085	100.00%	2,534,205,794	100.00%

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED (CONSOLIDATED)
STATEMENTS OF FINANCIAL POSITION AS AT DECEMBER 31 (continued)

(in Baht thousand)

Liabilities and equity	2015		2014		2013	
Liabilities						
Deposits	1,890,728,922	68.15%	1,895,343,384	70.21%	1,822,910,994	71.93%
Interbank and money market items	142,937,063	5.15%	140,285,606	5.20%	119,126,611	4.70%
Liabilities payable on demand	8,484,207	0.31%	7,400,145	0.27%	8,406,273	0.33%
Liabilities to deliver security	4,563,438	0.16%	6,063,117	0.22%	3,088,940.00	0.12%
Derivative liabilities	59,587,955	2.15%	42,413,034	1.57%	46,826,492	1.85%
Debt issued and borrowings	121,163,995	4.37%	113,916,834	4.22%	95,011,869	3.75%
Bank's liabilities under acceptances	58,266	0.00%	47,747	0.00%	119,241	0.00%
Provisions	7,227,782	0.26%	7,210,567	0.27%	6,704,276	0.26%
Liabilities under insurance contracts	184,778,729	6.66%	151,757,056	5.62%	129,203,893	5.10%
Liabilities pending transfer	11,544,516	0.42%	14,267,471	0.53%	13,094,312	0.52%
Deferred tax liabilities	3,141,226	0.11%	3,562,997	0.13%	3,058,719	0.12%
Other liabilities	32,400,042	1.17%	31,137,083	1.15%	38,614,099	1.52%
Total liabilities	2,466,616,141	88.91%	2,413,405,041	89.40%	2,286,165,719	90.21%
Equity						
Share capital						
Authorised share capital						
3,583,965,486 preference shares of Baht 10 each	35,839,655	1.29%	35,842,374	1.33%	35,845,084	1.41%
3,416,034,514 ordinary shares of Baht 10 each	34,160,345	1.23%	34,157,626	1.27%	34,154,916	1.35%
Issued and paid-up share capital						
4,703,321 preference shares of Baht 10 each	47,033	0.00%	48,802	0.00%	51,817	0.00%
3,394,488,877 ordinary shares of Baht 10 each	33,944,889	1.22%	33,943,120	1.26%	33,940,105	1.34%
Premium on share capital						
Premium on preference shares	18,392	0.00%	19,084	0.00%	20,263	0.00%
Premium on ordinary shares	11,105,799	0.40%	11,105,107	0.41%	11,103,928	0.44%
Other reserves	17,926,079	0.65%	21,914,917	0.81%	18,586,678	0.73%
Retained earnings						
Appropriated						
Legal reserve	7,000,000	0.25%	7,000,000	0.26%	7,000,000	0.28%
Unappropriated	237,420,539	8.56%	211,301,429	7.83%	175,569,326	6.93%
Total shareholders' equity	307,462,731	11.08%	285,332,459	10.57%	246,272,117	9.72%
Non-controlling interests	230,303	0.01%	965,585	0.04%	1,767,958	0.07%
Total equity	307,693,034	11.09%	286,298,044	10.60%	248,040,075	9.79%
Total liabilities and equity	2,774,309,175	100.00%	2,699,703,085	100.00%	2,534,205,794	100.00%

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED (CONSOLIDATED)
STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31

(in Baht thousand)

	2015		2014		2013	
Interest income	122,462,489	89.12%	123,381,101	96.29%	120,691,136	97.70%
Interest expense	<u>39,628,062</u>	28.84%	<u>42,281,297</u>	33.00%	<u>47,682,348</u>	38.60%
Net interest income	82,834,427	60.28%	81,099,804	63.30%	73,008,788	59.10%
Fees and service income	32,704,402	23.80%	31,524,645	24.60%	29,574,330	23.94%
Fees and service expense	<u>5,629,598</u>	4.10%	<u>5,215,834</u>	4.07%	<u>5,098,273</u>	4.13%
Net fees and service income	27,074,804	19.70%	26,308,811	20.53%	24,476,057	19.81%
Net trading income	8,314,590	6.05%	7,303,791	5.70%	9,079,223	7.35%
Net gain on investments	9,390,068	6.83%	2,563,133	2.00%	2,276,601	1.84%
Share of loss of investment in associates	(89,120)	-0.06%	(78,950)	-0.06%	(7,169)	-0.01%
Dividend income	1,386,124	1.01%	1,182,555	0.92%	3,781,790	3.06%
Net earned insurance premiums	52,419,038	38.15%	49,187,862	38.39%	49,061,214	39.72%
Other operating income	<u>697,437</u>	0.51%	<u>595,669</u>	0.46%	<u>726,649</u>	0.59%
Total operating income	182,027,368	132.47%	168,162,675	131.24%	162,403,153	131.47%
Net insurance claims	<u>44,618,476</u>	32.47%	<u>40,032,843</u>	31.24%	<u>38,871,499</u>	31.47%
Net operating income	137,408,892	100.00%	128,129,832	100.00%	123,531,654	100.00%
Other operating expenses						
Staff costs	22,378,785	16.29%	21,954,351	17.13%	21,391,116	17.32%
Directors' remuneration	95,120	0.07%	93,421	0.07%	97,387	0.08%
Premises and equipment expenses	9,664,552	7.03%	9,766,012	7.62%	9,554,902	7.73%
Taxes and duties	4,216,087	3.07%	4,240,704	3.31%	4,026,165	3.26%
Others	<u>12,593,537</u>	9.17%	<u>12,034,114</u>	9.39%	<u>12,247,290</u>	9.91%
Total operating expenses	48,948,081	35.62%	48,088,602	37.53%	47,316,860	38.30%
Impairment loss of loans and debt securities	<u>29,722,628</u>	21.63%	<u>13,214,064</u>	10.31%	<u>13,641,290</u>	11.04%
Profit before tax	58,738,183	42.75%	66,827,166	52.16%	62,573,504	50.65%
Income tax expense	11,498,256	8.37%	13,175,226	10.28%	11,821,413	9.57%
Net profit	47,239,927	34.38%	53,651,940	41.87%	50,752,091	41.08%
Other comprehensive income						
<i>Items that are or may be reclassified to profit or loss</i>						
Loss (gain) on remeasuring available-for-sale investments	(7,910,650)	-5.76%	4,654,400	3.63%	(1,464,863)	-1.19%
Foreign currency translation differences for foreign operations	165,393	0.12%	3,993	0.00%	116,726	0.09%
Share of other comprehensive income (loss) of associates	53,769	0.04%	2,075	0.00%	(33,096)	-0.03%
Income tax on other comprehensive income	<u>1,484,998</u>	1.08%	<u>(902,499)</u>	-0.70%	<u>322,250</u>	0.26%
	<u>(6,206,490)</u>	-4.52%	<u>3,757,969</u>	2.93%	<u>(1,058,983)</u>	-0.86%
<i>Items that will never be reclassified to profit or loss</i>						
Change in revaluation surplus	5,823,356	4.24%	(28,982)	-0.02%	350,713	0.28%
Defined benefit plan actuarial losses	(627,936)	-0.46%	-	0.00%	-	0.00%
Income tax on other comprehensive income	<u>(1,039,083)</u>	-0.76%	<u>5,796</u>	0.00%	<u>(125,262)</u>	-0.10%
	<u>4,156,337</u>	3.02%	<u>(23,186)</u>	-0.02%	<u>225,451</u>	0.18%
Total other comprehensive (loss) income, net of income tax	(2,050,153)	-1.49%	3,734,783	2.91%	(833,532)	-0.67%
Total comprehensive income	45,189,774	32.89%	57,386,723	44.79%	49,918,559	40.41%

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED (CONSOLIDATED)
STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31

(in Baht thousand)

	2015	2014	2013
<i>Cash flows from operating activities</i>			
Profit before tax	58,738,183	66,827,166	62,573,504
<i>Adjustments for</i>			
Depreciation and amortisation	2,755,448	2,786,909	2,261,555
Impairment loss on loans and debt securities	31,696,117	14,799,454	14,744,534
(Reversal) loss on impairment of properties for sale	(383,064)	(213,289)	563,794
(Reversal) loss on impairment of premises and equipment	(168,274)	-	19,308
Gain on sales of premises and equipment	(21,798)	(25,426)	(8,377)
Net trading income	(8,314,590)	(7,303,791)	(9,079,223)
Net gain on investments	(9,390,068)	(2,563,133)	(2,276,601)
Share of loss of investment in associates	89,120	78,950	7,169
	75,001,074	74,386,840	68,805,663
Net interest income	(82,834,427)	(81,099,804)	(73,008,788)
Dividend income	(1,386,124)	(1,182,555)	(3,781,790)
Proceeds from interest	121,709,859	123,126,122	119,042,376
Interest paid	(40,613,323)	(46,362,822)	(44,195,655)
Proceeds from dividend	1,385,197	1,185,693	3,778,116
Income tax paid	(11,819,484)	(13,107,624)	(10,945,828)
Income from operations before changes in operating assets and liabilities	61,442,772	56,945,850	59,694,094
<i>(Increase) decrease in operating assets</i>			
Interbank and money market items	31,336,321	(120,039,576)	(7,981,506)
Claims on securities	1,514,064	(2,970,222)	(3,088,940)
Derivative assets	808,881	9,222,461	(5,883,868)
Investment in securities for trading	6,662,233	19,784,581	(25,377,958)
Loans to customers	(90,210,184)	(68,158,773)	(204,719,201)
Properties for sale	8,851,194	10,225,890	8,920,007
Reinsurance receivables and assets	-	919,670	2,850,349
Other assets	(3,730,097)	(2,949,131)	(6,675,114)
<i>Increase (decrease) in operating liabilities</i>			
Deposits	(5,067,399)	72,432,390	208,851,795
Interbank and money market items	2,651,457	21,158,995	12,063,404
Liabilities payable on demand	1,084,062	(1,006,128)	(1,196,608)
Liabilities to deliver security	(1,499,679)	2,974,177	3,088,940
Derivative liabilities	17,174,921	(4,413,458)	21,853,813
Short-term debt issued and borrowings	265,575	(12,880,639)	(40,787,697)
Other liabilities	31,734,445	21,086,445	20,090,350
Net cash from (used in) operating activities	63,018,566	2,332,532	41,701,860

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED (CONSOLIDATED)
STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31 (continued)

(in Baht thousand)

	2015	2014	2013
Cash flows from investing activities			
Purchases of available-for-sale securities	(437,902,894)	(355,646,130)	(393,826,567)
Proceeds from sales of available-for-sale securities	400,417,055	348,531,279	393,954,898
Purchases of held-to-maturity securities	(25,065,811)	(51,418,050)	(96,066,018)
Proceeds from redemption of held-to-maturity securities	24,585,638	47,002,356	77,099,680
Purchases of general securities	(2,091)	-	(1,688)
Proceeds from sales of general securities	27	55,909	567,935
Purchases of investments in subsidiaries and/or associate	(1,394,112)	(88,868)	(60,659)
Proceeds from sales of investments in subsidiaries and/or associate	-	3,744,239	-
Purchases of premises and equipment	(2,624,199)	(1,282,154)	(1,588,656)
Proceeds from sales of premises and equipment	230,162	195,972	263,190
Purchases of intangible assets	(663,175)	(472,758)	(567,617)
Net cash (used in) from investing activities	(42,419,400)	(9,378,205)	(20,225,502)
Cash flows from financing activities			
Acquisitions of non-controlling interests	(3,506,085)	-	-
Proceeds from long-term debt issued and borrowings	-	31,397,500	-
Dividend paid to equity holders of the Bank	(20,395,153)	(17,845,759)	(16,995,961)
Dividend paid to non-controlling interests	(15,826)	(133,439)	(164,398)
Net cash (used in) from financing activities	(23,917,064)	13,418,302	(17,160,359)
Foreign currency translation differences	165,393	3,993	116,726
Net (decrease) increase in cash	(3,152,505)	6,376,622	4,432,725
Cash at January 1	42,131,800	35,755,178	31,322,453
Cash at December 31	38,979,295	42,131,800	35,755,178
Supplementary disclosures of cash flow information			
Significant non-cash items were as follows:			
(Loss) gain on remeasuring available-for-sale investments	(7,910,650)	4,654,400	(1,020,888)
Foreign currency translation differences for foreign operations	165,393	3,993	116,726
Share of other comprehensive income (loss) of investment in associates	53,769	2,075	(33,096)
Change in revaluation surplus	5,823,356	(28,982)	225,450
Defined benefit plan actuarial losses	(627,936)	-	-
Properties for sale from loan payment	9,305,372	10,083,919	9,677,427

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED (CONSOLIDATED)
FINANCIAL RATIOS

	2015	2014	2013
PROFITABILITY RATIO			
Operating Profit Margin ⁽¹⁾	54.67%	55.04%	52.00%
Net Profit Margin	34.34%	41.63%	40.66%
Return on Equity	15.92%	20.07%	21.84%
Yield ⁽²⁾	5.88%	6.21%	6.67%
Cost of Funds ⁽³⁾	1.83%	2.01%	2.44%
Spread ⁽⁴⁾	4.05%	4.19%	4.23%
Return on Investment	4.28%	3.11%	3.22%
EFFICIENCY RATIO			
Cost Income Ratio	35.62%	37.53%	38.30%
Net Interest Income to Asset	3.03%	3.10%	3.04%
Return on Asset	1.72%	2.04%	2.09%
Asset Turnover Ratio (times)	0.05	0.05	0.05
FINANCIAL POLICY RATIO			
Liability to Total Equity (Times)	8.02	8.43	9.22
Loan to Borrowing Ratio	90.75%	88.12%	90.08%
Loan to Deposit Ratio	96.97%	93.76%	95.19%
Deposit to Liability Ratio	76.65%	78.53%	79.74%
Dividend payout ⁽⁵⁾	39.62%	38.24%	35.53%
Total Capital Funds (Bank only)	17.18%	16.90%	15.27%
ASSET QUALITY RATIO			
Allowance for Doubtful Account to Loan and Accrued Interest Receivables	3.52%	3.31%	3.45%
Credit Cost ⁽⁶⁾	1.65%	0.75%	0.83%
% Non-Performing Loan to Total Loans ⁽⁷⁾	2.89%	2.11%	2.14%
Accrued Interest Receivables to Loan and Accrued Interest Receivables	0.25%	0.21%	0.24%

Remark:

(1) Operating Profit Margin = (Net interest income + net fee income + net insurance premium - tax and duties) / (Total interest income + gross fee income + gross insurance premium)

(2) Yield = Total interest income / (avg. loans + avg. interbank and money market assets)

(3) Cost of Funds = Total interest expense / (avg. deposits + avg. borrowings + avg. liability payable on demand + avg. interbank and money market liabilities)

(4) Spread = Yield - Cost of Funds

(5) Dividend payment in 2015 was Baht 5.50 per share (ordinary and preferred shares) as proposed to the Annual General Meeting of Shareholders in April 2016. (Interim dividend Baht 1.50 per share)

(6) Credit cost = Provision / avg. loans

(7) % Non-Performing Loan to Total Loans used the guidelines specified in the BoT's notification

14. Management Discussion and Analysis

Management Discussion and Analysis

For the year ending December 31, 2015

IMPORTANT DISCLAIMER:

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

Siam Commercial Bank PCL reported (audited) consolidated **net profit** of Baht 47,182 million for 2015 – an 11.5% yoy decrease of Baht 6,153 million from Baht 53,335 million recorded in 2014.

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

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

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

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

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

and the large one-time expense relating to a fraud case in 1Q15, the ROAE and ROAA would stand at 17.2% and 1.9%, respectively in 2015).

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

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

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

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

Net Profit and Total Comprehensive Income

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

NM denotes "not meaningful"

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

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

I. Income Statement for 2015 (Consolidated basis)

1. Net interest income

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

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

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

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

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

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

- **Interest income from loans** increased slightly by 0.4% yoy to Baht 95,729 million from loan growth of 3.2% yoy. This increase was partially offset by the reversal of accrued interest income on SSI and SSI-UK in 3Q15 and a reduction in the average loan yield due to both the market interest rate trend and the Bank's shift away from the higher risk/higher yield segments;

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

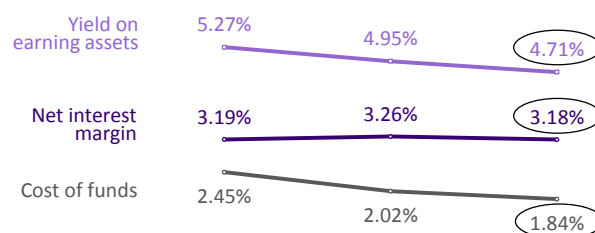
At the same time, **interest expenses** decreased by 6.3% yoy to Baht 39,628 million in 2015, largely from the decline in interest expenses on deposits consistent with the market interest rate trend, the Bank's strategy to proactively reduce cost of deposits relative to its peer group and the lower interest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

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

SCB Interest Rates	Aug 5, 14	Sep 30, 14	Dec 12, 14	Mar 12, 15	Mar 25, 15	Apr 29, 15	May 21, 15	Jul 20, 15	Dec 21, 15
Lending rate (%)									
MLR	6.75	6.75	6.75	6.55	6.625	6.625	6.525	6.525	6.525
MOR	7.425	7.425	7.425	7.425	7.425	7.50	7.40	7.37	7.37
MRR	8.10	8.10	8.10	8.10	8.10	8.12	7.82	7.87	7.87
Deposit rate* (%)									
Savings rate	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
3-month deposits	1.10-2.45	1.10-2.45	1.10-2.45	0.90-0.95	0.90-0.95	0.90-0.95	0.90	0.90	0.90-1.60
6-month deposits	1.35-2.60	1.35-1.75	1.35-1.40	1.15-1.20	1.15-1.20	1.15-1.20	1.15	1.15	1.15
12-month deposits	1.70-2.80	1.70	1.70	1.50	1.50	1.50	1.50	1.50	1.30
	Aug 24, 11	Nov 30, 11	Jan 25, 12	Oct 17, 12	May 29, 13	Nov 27, 13	Mar 12, 14	Mar 11, 15	Apr 29, 15
Policy rate (%)	3.50	3.25	3.00	2.75	2.50	2.25	2.00	1.75	1.50

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

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



	2013	2014	2015
Yield on loans	6.24%	6.03%	5.86%
Cost of deposits	2.44%	2.01%	1.85%

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

2. Non-interest income

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

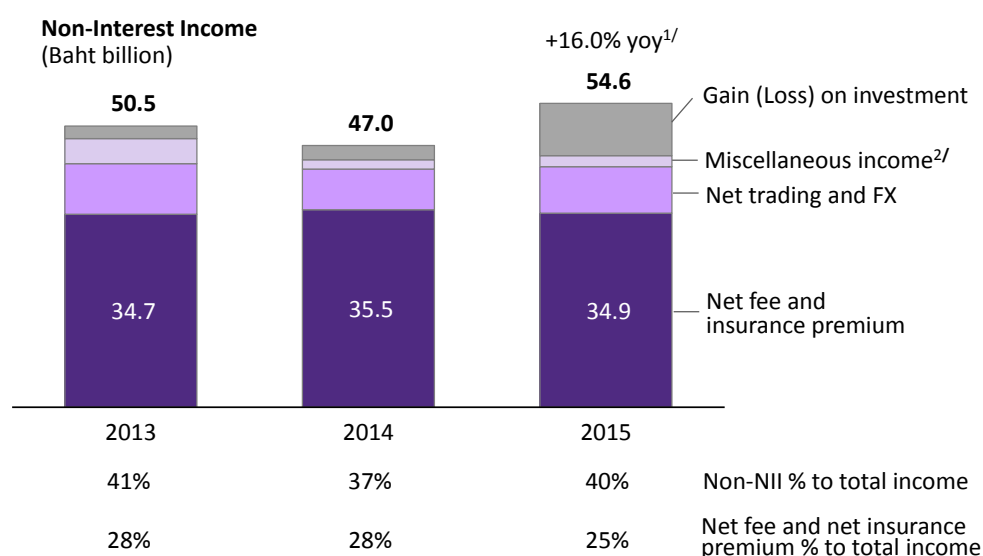
- **Net fee and insurance premium income** (net of claims) decreased 1.7% yoy due to a large drop in net insurance premium (-14.8% yoy), in part, due to the sale of non-life insurance company in 2Q14 (and non-consolidation of its results from 2Q14) resulting in the lower net insurance premium income and, in part, due to the lower new business volume of the Bank's life assurance subsidiary. Nevertheless, net fee income increased 2.9% yoy, driven by mutual fund fees, bancassurance fee (from the sale of third-party bancassurance products) and card-related fees;
- **Net trading and FX income** increased by 13.8% yoy mainly due to gains from the ongoing volatility in the financial markets;
- **Dividend income** increased 17.2% yoy mainly from the higher dividend income from the Bank's investment portfolio;

- **Other income** increased 17.1% yoy as the Bank's recorded a profit from the gain-sharing agreement in 2Q15 on the resolution of NPLs sold by a subsidiary of the Bank; and
- **Gain on investments** stood at Baht 9,390 million, up significantly yoy as the Bank recorded large investment gains on sale of equity investments in 3Q15 (to mitigate the impact of higher provisions). (It should be noted that the Bank also recorded a gain on the disposal of the Bank's investment in its non-life subsidiary in 2Q14).

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

NM denotes "not meaningful"

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

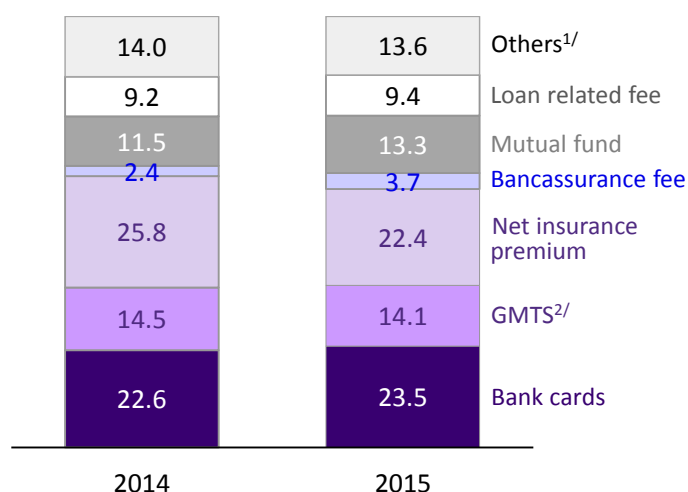


^{1/} Includes gains on the sale of equity investment in 3Q15 and the gain on the disposal of the Bank's investment in its non-life subsidiary in 2Q14. Excluding these two items, non-interest income would have increased 3.6% yoy.

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

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

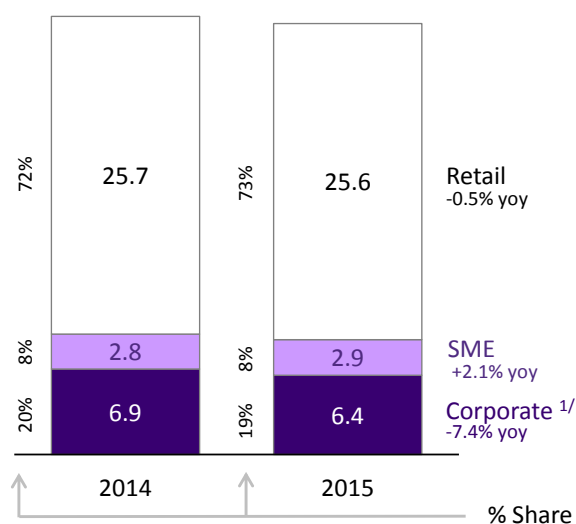
Net Fee and Insurance Premium Breakdown
(Percentage)



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

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

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



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

3. Non-interest expenses

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

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

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

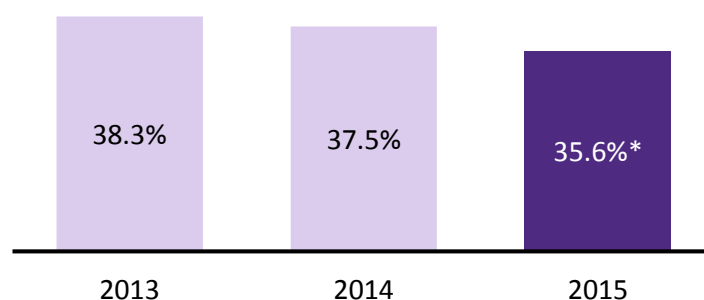
* Including loss on the sale of repossessed cars of Baht 993 million in 2015 and Baht 2,154 million in 2014.

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

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

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

Cost-to-Income Ratio
(Percentage)



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

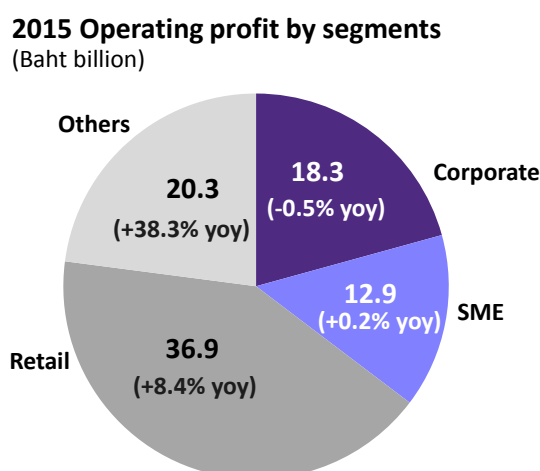
4. Loan loss provisions

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

5. Segments analysis

The Bank has four lines of business: the Corporate Segment which serves corporate and commercial customers; the SME Segment which serves SME customers (prior to 2015 referred to as Business Banking); the Retail Segment which serves individuals and small businesses; and Special Business Segment which is responsible for NPL resolution. In addition, the Bank has three major subsidiaries: SCB Securities Co., Ltd.; SCB Asset Management Co., Ltd.; and SCB Life Assurance PCL. The results of the three subsidiaries together with the income from the Bank's investments, interbank and money market, that is not allocated to a specific line of business, are presented under

the “Others”. The results of the Special Business Segment are allocated back to the line of business from which the workout assets were transferred. Although the fee income earned by the key subsidiaries is reflected under “Others”, this income is allocated back to the appropriate business segment (Corporate Segment, SME Segment or Retail Segment) and disclosed earlier under the Non-interest income section.



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

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

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

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

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

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

1. Loans

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

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

1.1 Loans by segment

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

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

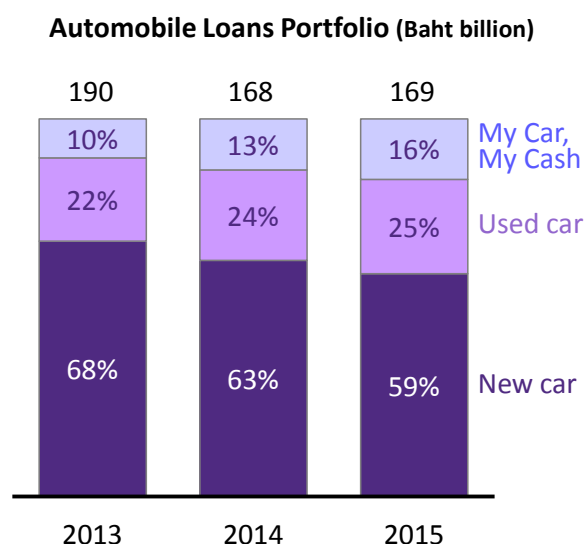
Details of the loan movements by customer segments were as follows:

- **Corporate** loans decreased by 1.8% yoy, mainly due to the write off of SSI-UK loans after it had been fully provided for in 3Q15 as well as the higher pay-downs over the period;
- **SME** loans rose 4.8% yoy. The yoy increase was a result of the Bank's strategy to broaden its customer base in SME segment through linking with the value-chain of corporate customers, better leveraging its nation-wide branch network to seamlessly service SME customers, and from active participation in the Government's soft loan scheme for this segment;
- **Retail** loans grew 6.7% yoy:
 - **Housing loans** grew by 8.7% yoy. The yoy growth was driven by the strong SCB presence in the housing loan market, the increasingly effective customer segmentation approach adopted by the Bank and the continued strong demand in the mortgage market. This demand is mainly from off-the-plan purchases of new condos

and homes which are mortgaged on completion of projects, typically 2 years or so after the purchase. However, with more sluggish home sales over the past 2 years or so, the Bank expects this growth rate to slow in the quarters ahead.

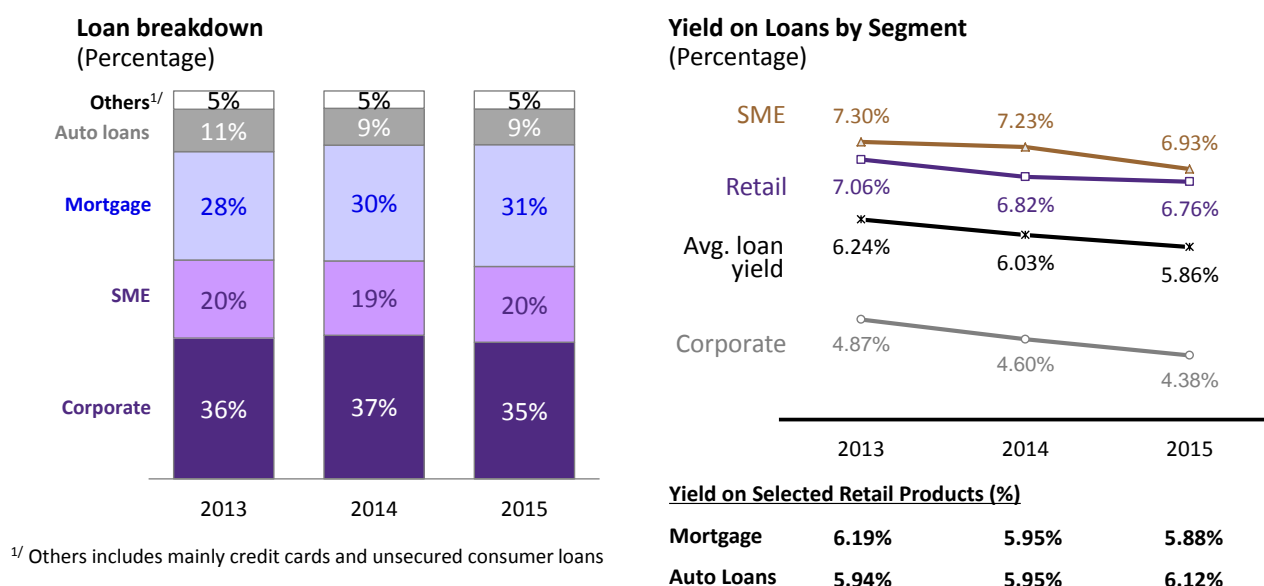
- **Automobile loans** were relatively flat yoy. The sale of new cars in Thailand dropped sharply after the incentive scheme for first-time new car buyers ended in 4Q12 and the remaining deliveries of new cars under the scheme were completed by 2Q13. The sluggish growth in auto loans was in line with the general drop in new car sales and the more stringent underwriting criteria used by the Bank. However, as the impact of price disruption in the used car segment has eased, the Bank has seen a recovery in loans within the used car segment.

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



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

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



1.2 Loans by sector/product

Unit: Baht Million

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

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

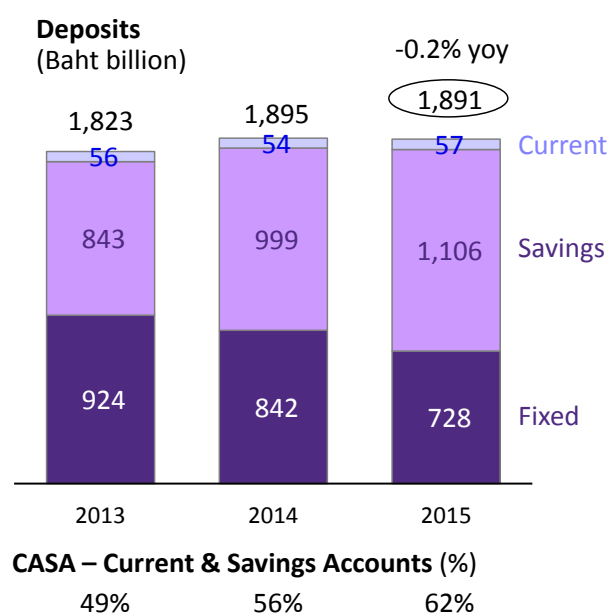
On a sectorial/product basis, loans to the manufacturing and commercial sectors continued to account for the largest portion of the loan portfolio followed by housing loans. In terms of absolute growth from December 31, 2014, the utilities and services sector grew by Baht 33.0 billion (+14.9% yoy), the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

2. Deposits

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

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

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



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

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

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

3. Investments

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

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

Unit: Baht Million			
Investment (Consolidated)	Dec 31, 15	Dec 31, 14	%yoy
Net investment	536,655	502,111	6.9%
- Trading securities	21,115	27,673	-23.7%
- Available-for-sale securities	382,200	341,695	11.9%
- Held-to-maturity securities	133,064	132,467	0.5%
- General investments	276	276	0.0%
Net investment in associated companies	344	697	-50.6%
Total net investments	537,000	502,808	6.8%
Investment (Bank only)	Dec 31, 15	Dec 31, 14	%yoy
Net investment	333,861	340,090	-1.8%
- Trading securities	20,808	27,274	-23.7%
- Available-for-sale securities	299,102	297,472	0.5%
- Held-to-maturity securities	13,682	15,075	-9.2%
- General investments	269	269	0.0%
Net investment in subsidiaries and associated companies	26,980	22,129	21.9%
Total net investments	360,841	362,219	-0.4%

4. Debt securities in issue and borrowings

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

Unit: Baht Million

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

5. Net goodwill and other intangible assets

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

6. Shareholders' equity

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

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

III. Off Balance Sheet: Contingent Liabilities

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

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

IV. Statutory Capital

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

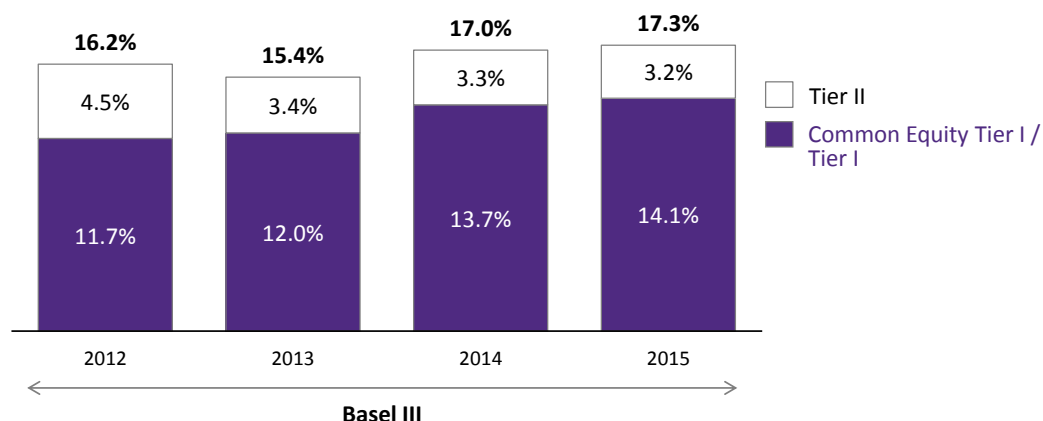
On a consolidated basis under Basel III, total capital funds (Tier 1 and Tier 2) at end-4Q15 stood at 17.3% of total risk-weighted assets, comprising CET1 capital of 14.1% and Tier-2 capital of 3.2%. On a bank-only basis, total capital funds stood at 17.2% of total risk-weighted assets, of which CET1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

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

Statutory Capital (Consolidated)		Dec 31, 15 (Basel III)	Dec 31, 14 (Basel III)
Common Equity Tier-1 / Tier 1*	Bt, million	265,491	243,919
	% of RWA	14.1%	13.7%
Tier-2 capital	Bt, million	59,140	57,835
	% of RWA	3.2%	3.3%
Total capital	Bt, million	324,631	301,754
	% of RWA	17.3%	17.0%
Risk-weighted assets	Bt, million	1,880,484	1,776,687
Statutory Capital (Bank only)		Dec 31, 15 (Basel III)	Dec 31, 14 (Basel III)
Common Equity Tier-1 / Tier 1*	Bt, million	257,204	236,613
(Regulatory minimum Tier 1 of 6.0%)	% of RWA	14.0%	13.6%
Tier-2 capital	Bt, million	59,140	57,835
	% of RWA	3.2%	3.3%
Total capital	Bt, million	316,344	294,448
(Regulatory minimum CAR of 8.5%)	% of RWA	17.2%	16.9%
Risk-weighted assets	Bt, million	1,841,506	1,742,345

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

Capital Adequacy Ratio (Consolidated)



Bank-Only

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

V. Non Performing Assets

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

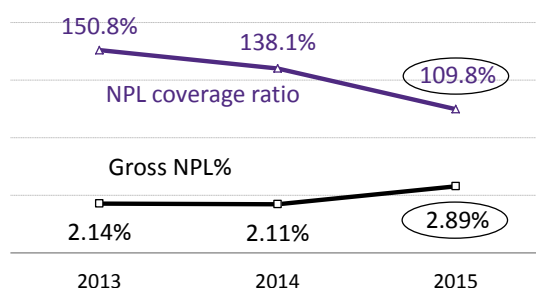
specific loan loss provisions) rose to 1.25% (Baht 25.1 billion) at the end of December 2015 from 1.09% (Baht 21.8 billion) at the end of December 2014.

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

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

² Excluding interbank.

Gross NPL Ratio & NPL Coverage Ratio (Percentage)



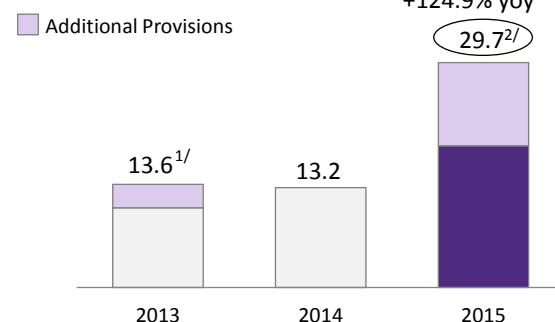
NPL by Segment and by Product

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

* The increase is accounted for mainly by SSI.

Provisions

(Consolidated, Baht billion)



Credit Costs (bps)

83 75 165

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

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

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

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

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

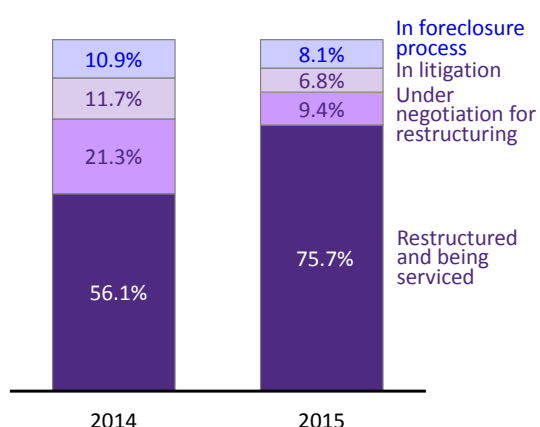
Unit: Baht Million

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

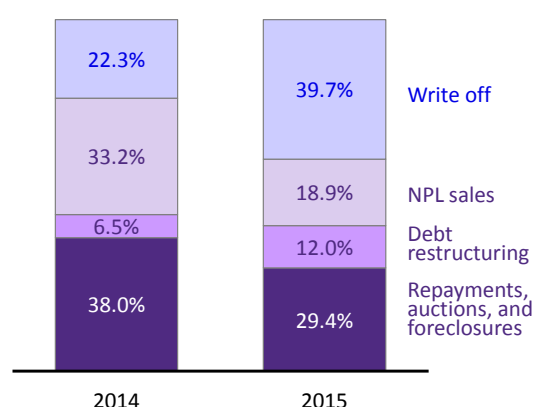
As shown below, at the end of December 2015, NPLs that were restructured and are being serviced accounted for the largest proportion of the total NPLs, followed by NPLs under negotiation for restructuring, NPLs in the foreclosure process, and NPLs currently in litigation. In 2015, the Bank reduced its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

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

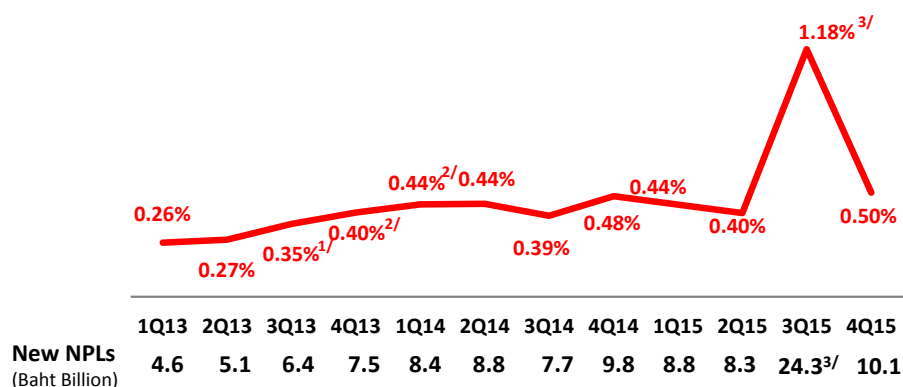
NPL Breakdown by Status (Bank only)



NPL Reduction Methodology



New NPL Formation



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

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

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

New NPLs by Segment and by Product

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

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

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

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

Troubled Debt Restructuring

The Bank uses various methods for debt restructuring, including transfers of assets and equity securities, changes in repayment conditions, and combinations thereof.

As of December 31, 2015, the Bank and its financial subsidiaries had outstanding restructured loans amounting to Baht 33.0 billion both in the consolidated and Bank-only financial statements, a Baht 3.6 billion increase from Baht 29.4 billion at the end of December 2014. The increase in restructured loans yoy was mainly from the mortgage segment. Some of these restructured loans are classified as NPLs and are already included in the NPL level, as noted in the table below.

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

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

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

Properties for sale

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

VI. Sources and Uses of Funds

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

Foreign currency loans and liabilities

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

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

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

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

Credit Ratings

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

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