

**The Siam Commercial Bank Public Company Limited  
and its Subsidiaries**

Annual financial statements  
and  
Audit Report of Certified Public Accountant

For the years ended  
31 December 2011 and 2010

## **Audit Report of Certified Public Accountant**

### **To the Shareholders of The Siam Commercial Bank Public Company Limited**

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

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

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

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

(Supot Singhasaneh)  
Certified Public Accountant  
Registration No. 2826

KPMG Phoomchai Audit Ltd.  
Bangkok  
16 February 2012

**The Siam Commercial Bank Public Company Limited and its Subsidiaries**

**Statements of financial position**

**As at 31 December 2011 and 2010**

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

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

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Statements of financial position

As at 31 December 2011 and 2010

Liabilities and equity	Note	Consolidated		The Bank	
		2011	2010	2011	2010
		<i>(in thousand Baht)</i>			
<b>Liabilities</b>					
Deposits	27	1,184,387,802	1,092,108,950	1,179,458,199	1,090,495,260
Interbank and money market items	28	53,431,298	48,039,272	55,005,273	49,911,581
Liabilities payable on demand		6,905,019	6,883,222	6,897,938	6,866,151
Derivative liabilities	12	28,818,615	29,135,232	28,818,615	29,135,232
Debt issued and borrowings	29	255,842,963	62,609,368	256,302,963	62,789,368
Bank's liabilities under acceptances		110,194	162,945	110,194	162,945
Provisions	30	5,139,207	4,601,002	4,759,166	4,359,861
Liabilities under insurance contracts		89,040,860	1,640,490	-	-
Payable from purchases of investments		29,459,244	33,431,691	28,599,961	33,431,691
Liabilities pending transfer	31	8,914,689	13,202,177	8,644,997	13,083,204
Other liabilities	32	28,603,647	29,815,529	22,872,182	26,309,379
<b>Total liabilities</b>		<u>1,690,653,538</u>	<u>1,321,629,878</u>	<u>1,591,469,488</u>	<u>1,316,544,672</u>
<b>Equity</b>					
Share capital					
Authorised share capital					
3,585,588,249 preference shares of Baht 10 each		<u>35,855,882</u>	<u>35,861,558</u>	<u>35,855,882</u>	<u>35,861,558</u>
3,414,411,751 ordinary shares of Baht 10 each		<u>34,144,118</u>	<u>34,138,442</u>	<u>34,144,118</u>	<u>34,138,442</u>
Issued and paid-up share capital					
6,029,591 preference shares of Baht 10 each		60,296	65,719	60,296	65,719
3,393,162,607 ordinary shares of Baht 10 each		33,931,626	33,926,203	33,931,626	33,926,203
Premium on share capital					
Premium on preference share		23,578	25,699	23,578	25,699
Premium on ordinary share		11,100,613	11,098,492	11,100,613	11,098,492
Other reserves		20,921,165	15,754,413	20,499,582	15,344,324
Retained earnings					
Appropriated					
Legal reserve	33	7,000,000	7,000,000	7,000,000	7,000,000
Unappropriated		112,833,679	86,445,116	103,901,795	81,915,322
Total shareholders' equity		<u>185,870,957</u>	<u>154,315,642</u>	<u>176,517,490</u>	<u>149,375,759</u>
Non-controlling interest		1,311,954	789,429	-	-
<b>Total equity</b>		<u>187,182,911</u>	<u>155,105,071</u>	<u>176,517,490</u>	<u>149,375,759</u>
<b>Total liabilities and equity</b>		<u>1,877,836,449</u>	<u>1,476,734,949</u>	<u>1,767,986,978</u>	<u>1,465,920,431</u>

(Mrs. Kannikar Chalitaporn)

President

(Dr. Vichit Suraphongchai)

Chairman of the Executive Committee

**The Siam Commercial Bank Public Company Limited and its Subsidiaries**

**Statements of comprehensive income**

**For the years ended 31 December 2011 and 2010**

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

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

**The Siam Commercial Bank Public Company Limited and its Subsidiaries**

**Statements of comprehensive income**

**For the years ended 31 December 2011 and 2010**

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

(Mrs. Kannikar Chalitaporn)  
President

(Dr. Vichit Suraphongchai)  
Chairman of the Executive Committee

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statements of changes in equity

For the years ended 31 December 2011 and 2010

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

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statements of changes in equity

For the years ended 31 December 2011 and 2010

		<b>Consolidated</b>																
		Issued and		Premium on		Other reserves							Retained earnings		Total		Non-	Total
		paid-up share capital		share capital		Change in	Gain (loss) on	Foreign	Share of other	Total	Legal		Total	Non-	Total			
<i>Note</i>		Preference	Ordinary	Preference	Ordinary	revaluation	remeasuring	currency	comprehensive	other	reserve	Unappropriated	shareholders'	controlling				
		shares	shares	shares	shares	surplus	available-for-sale	translation	income	reserves	reserve	equity	interest					
<i>(in thousand Baht)</i>																		
	<b>Balance at 1 January 2011</b>	<b>65,719</b>	<b>33,926,203</b>	<b>25,699</b>	<b>11,098,492</b>	<b>11,038,160</b>	<b>5,068,928</b>	<b>(413,129)</b>	<b>60,454</b>	<b>15,754,413</b>	<b>7,000,000</b>	<b>86,445,116</b>	<b>154,315,642</b>	<b>789,429</b>	<b>155,105,071</b>			
	Dividend paid	-	-	-	-	-	-	-	-	-	-	(10,197,576)	(10,197,576)	(162,435)	(10,360,011)			
	Conversion of preference shares to ordinary shares	(5,423)	5,423	(2,121)	2,121	-	-	-	-	-	-	-	-	-	-			
	Profit for the year	-	-	-	-	-	-	-	-	-	-	36,272,651	36,272,651	36,083	36,308,734			
	Other comprehensive income	-	-	-	-	5,557,049	(135,258)	82,651	(19,514)	5,484,928	-	-	5,484,928	13,685	5,498,613			
	<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,557,049</b>	<b>(135,258)</b>	<b>82,651</b>	<b>(19,514)</b>	<b>5,484,928</b>	<b>-</b>	<b>36,272,651</b>	<b>41,757,579</b>	<b>49,768</b>	<b>41,807,347</b>			
	Transfer to retained earnings	-	-	-	-	(318,176)	-	-	-	(318,176)	-	313,488	(4,688)	3,629	(1,059)			
	Acquisition of non-controlling interests with a change in control	-	-	-	-	-	-	-	-	-	-	-	-	631,563	631,563			
	<b>Balance at 31 December 2011</b>	<b>60,296</b>	<b>33,931,626</b>	<b>23,578</b>	<b>11,100,613</b>	<b>16,277,033</b>	<b>4,933,670</b>	<b>(330,478)</b>	<b>40,940</b>	<b>20,921,165</b>	<b>7,000,000</b>	<b>112,833,679</b>	<b>185,870,957</b>	<b>1,311,954</b>	<b>187,182,911</b>			

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

**The Siam Commercial Bank Public Company Limited and its Subsidiaries**

**Statements of changes in equity**

**For the years ended 31 December 2011 and 2010**

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

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

**The Siam Commercial Bank Public Company Limited and its Subsidiaries**

**Statements of changes in equity**

**For the years ended 31 December 2011 and 2010**

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

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

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Statements of cash flows

For the years ended 31 December 2011 and 2010

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

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

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Statements of cash flows

For the years ended 31 December 2011 and 2010

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

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

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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 directors on 16 February 2012.

**1 General information**

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

The Bank was listed on the Stock Exchange of Thailand on 6 February 1976.

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

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

Name of the entity	Type of business	% shareholding of the Bank	
		2011	2010
1 Chatuchak Assets Management Co., Ltd.*	Asset management	-	100.0
2 Rutchayothin Assets Management Co., Ltd.	Asset management	100.0	100.0
3 Cambodian Commercial Bank Ltd.	Banking	100.0	100.0
4 SCB Securities Co., Ltd.	Securities	100.0	100.0
5 The Siam Commercial Samaggi Insurance PCL	Insurance	59.6	59.1
6 SCB Training Centre Co., Ltd.	Training center	100.0	100.0
7 Siam Phitiwat Company Limited	Appraisal services	100.0	100.0
8 Mahisorn Co., Ltd.**	Property management	100.0	100.0
9 SCB Asset Management Co., Ltd.	Asset management	100.0	100.0
10 SCB Capital Service Co., Ltd.*	Asset management	-	100.0
11 Siam Commercial Leasing PCL	Leasing, hire-purchase, factoring and collection	99.1	99.1
12 Siam Panich SPV 1 Co., Ltd.	Securitisation	99.1	99.1
13 Siam Niti Law Office Co., Ltd.***	Legal consultant	100.0	100.0
14 SCB Plus Co., Ltd.	Collection company	100.0	100.0
15 SCB Life Assurance PCL****	Life insurance	94.7	47.3
16 The Siam Industrial Credit PCL*****	Finance and hire-purchase	99.7	38.6
17 SICCO Special Purpose Vehicle 2 Company Limited*	Securitisation	-	38.6
18 SICCO Securities PCL	Securities	69.9	27.1
19 SICCO Advisory Co., Ltd.	Financial advisory	69.9	27.1

\* Dissolution in 2011

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

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

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

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

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

**The Siam Commercial Bank Public Company Limited and its Subsidiaries**  
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**2 Basis of preparation of the financial statements**

**(a) Statement of compliance**

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

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

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

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

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

**The Siam Commercial Bank Public Company Limited and its Subsidiaries**  
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**(b) Basis of measurement**

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

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

**(c) Presentation currency**

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

**(d) Use of estimates and judgments**

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

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

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

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

**The Siam Commercial Bank Public Company Limited and its Subsidiaries**  
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### **3 Impact of severe flooding in Thailand**

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

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

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

### **4 Changes in accounting policies**

#### **(a) Presentation of financial statements**

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

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

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

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

**The Siam Commercial Bank Public Company Limited and its Subsidiaries**  
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**(b) Accounting for business combinations**

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

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Bank and its subsidiaries. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Bank and its subsidiaries take into consideration potential voting rights that are currently exercisable.

*Acquisitions on or after 1 January 2011*

The Bank measures goodwill at the acquisition date as:

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

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

*Acquisitions between 1 January 2008 and 31 December 2010*

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

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

*Acquisitions prior to 1 January 2008*

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

**The Siam Commercial Bank Public Company Limited and its Subsidiaries**  
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**5 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these financial statements except as explained in note 4, which addresses changes in accounting policies.

**5.1 Basis of consolidation**

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

*Business combinations*

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

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

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

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

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

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

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

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

*Subsidiaries*

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

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

*Loss of control*

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

*Associates*

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

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

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

*Transactions eliminated on consolidation*

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

The consolidated financial statements include the accounts of the Head Office, all domestic and overseas branches and the Bank's subsidiaries where more than 50% of the shares are owned by the Bank. Related party transactions and balances have been eliminated.

The consolidated financial statements for the years ended 31 December 2011 and 2010 do not consolidate certain companies which are in the process of being dissolved and do not consolidate the companies in which the Bank and a subsidiary have more than 50% of paid-up capital as a result of debt restructuring because the Bank and the subsidiary intend to hold these investments temporarily. Such companies which are classified as "general investments" are as follows:

**The Siam Commercial Bank Public Company Limited and its Subsidiaries**  
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	% of the paid-up share capital	
	2011	2010
<b>Companies which are owned through debt restructuring</b>		
Phoenix Land Development Co., Ltd.	97.6	97.6

The Company's assets, liabilities, equity, income, expenses, and profit are relatively immaterial compared to the consolidated financial statements.

5.2 Cash

Cash includes cash in hand and cash on collection.

5.3 Investments

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

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

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

The Bank classifies non-negotiable promissory notes and the rights of the Bank against the non-negotiable promissory notes, which were given to the Bank by the Thai Asset Management Corporation (TAMC) upon entering into the Asset Transfer Agreement in order to transfer impaired assets of the Bank and its subsidiary, as held-to-maturity debt securities.

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

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

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

**The Siam Commercial Bank Public Company Limited and its Subsidiaries**  
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Investments in subsidiaries and associated companies acquired from troubled debt restructuring for which the Bank has received permission from the Bank of Thailand to hold the shares, and which are included in general investment and available-for-sale securities, are not required to be either accounted for by the equity method or to be consolidated.

The following methodologies are used to determine the fair value of securities held by the Bank.

The fair value of government debt securities is estimated based on the Thai Bond Market Association's last average bid price. In situations where no auction prices are available, the fair value is estimated based on the last executed price. For government debt securities with no active market price, the fair value is estimated based on the yield curve of government debt securities plus a risk premium.

The bidding prices at The Stock Exchange of Thailand on the last business day of the year are used to estimate the fair value of listed private sector debt and equity securities. The fair value of non-listed private sector debt securities is estimated by applying the BoT valuation formula and the risk free yield curve plus the appropriate risk premium.

The fair value of unit trusts is estimated based on the net asset value at the reporting date.

The fair value of foreign debt and equity securities listed on the foreign stock exchanges is estimated by using the bid prices at such exchanges as of the last business day of the year. The fair value of non-listed foreign debt and equity securities is determined based on values quoted by reliable international financial institutions.

Valuation allowances are established and recognised as gains on investments in profit or loss, when impairment in the value of investments has occurred.

*Disposal of investments*

On disposal of an investment, the difference between net disposal proceeds and the carrying amount together with the associated cumulative gain or loss that was reported in equity is recognised in profit or loss.

If the Bank and its subsidiaries dispose of part of its holding of a particular investment, the deemed cost of the part sold is determined using the weighted average method applied to the carrying value of the total holding of the investment.

5.4 Loans

Overdrafts are stated at the principal amounts including interest. Certain overdrafts for which special notice has been served on the borrower and other loans are stated at the principal amount. Unearned discounts received in advance are presented as a deduction from the loans.

Hire purchase and financial lease receivables are stated at outstanding balance, net of unearned interest income. Unearned interest income is stated net of commissions and direct expenses incurred at the initiation of hire purchase.

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5.5 Allowance for doubtful accounts

The allowance for doubtful accounts represents estimation of probable losses that may have occurred from loans and other lending business at the reporting date. The amount is in compliance with the minimum allowance for doubtful accounts required based on the BoT's guidelines. The guidelines require banks to categorise their loan portfolios into six categories. Each loan category is subject to different levels of provisioning based on percentages established by the BoT. The guidelines established the maximum collateral valuation limits for the purpose of calculating the allowance for doubtful accounts and also require that additional provisions for loans classified as doubtful loss be made in cases where the Bank had not undertaken debt restructuring or filed lawsuits against the debtors. The minimum allowance consists of the provisions based on the regulatory loan classifications and other additional provisions required by the BoT.

In addition, the BoT requires banks and finance companies to perform qualitative reviews of their loans as an ongoing process. The Bank and its subsidiaries, which are financial institutions, are required to periodically report the result of their compliance with these guidelines to the BoT.

The allowance is in compliance with and normally exceeds the minimum requirement under BoT's guidelines by considering each loan type. For corporate loans, the Bank considers a borrower's ability to repay the obligation on an individual case basis based on recent payment history and the estimated collateral value, if the expected source of repayment is from the liquidation of collateral. For SME and consumer loans, the Bank uses credit portfolio statistics to do the statistical analysis (Migration Analysis) for estimation of the deterioration in the portfolio and related allowance for loans under the doubtful category.

Loans which have been restructured will be reclassified. Restructured loans which were previously classified as doubtful and doubtful loss are upgraded to substandard. Restructured loans which were previously classified as substandard or special mention loans will be classified at the same class for 3 consecutive months or the next 3 installment payments, whichever is the longer, at which time the loans will be reclassified as normal if the terms of the restructuring are complied with.

Allowances for doubtful accounts established during the year are recognised as bad debt and doubtful accounts expense in profit or loss. Bad debts recovery is recorded as income and is presented net of bad debt and doubtful accounts expense in profit or loss.

Bad debt written off is recorded as a decrease in the allowance for doubtful accounts. Write offs are only made for loans which the Bank pursues the collection but has no prospect of further receipts. These procedures comply with BoT's notification and guidelines.

5.6 Troubled debt restructuring

Losses on troubled debt restructuring resulting from the reduction of principal and accrued interest and other restructuring concessions including modification of terms, asset transfer, debts to equity swap, etc. are recognised as expenses in profit or loss.

In case the troubled debt restructuring modifies the terms of payment, the Bank complies with the BoT's criteria requiring the Bank to choose between the collateral method by which a loss amount is to be estimated and/or the net present value method which represents expected cash flow in the future and applying the interest rate on the restructuring date for discounting purpose. Losses from such debt restructuring are recognised in profit or loss.

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The Bank records assets or shares of stock representing an equity interest in the debtor received under debt restructuring agreements at their fair value less cost to sell. However, the assets received are recorded at the amount not exceeding the recorded amount of the receivable plus the non-accrued interest income to which the Bank has the ultimate legal right, in accordance with the TAS 104 *Accounting for Troubled Debt Restructuring*.

Subsequent to the troubled debt restructuring, the Bank recalculates fair value of restructuring debt based on aforementioned discount rates as of the last date of the quarterly financial statements and makes an adjustment of the valuation on the debt restructuring, if the fair value has changed. The recalculation made to the quarterly financial statements is in accordance with the aforementioned BoT's criteria. The adjustment in the valuation of restructuring debt shall not cause the book value of restructuring debt to exceed the investment value of restructuring debt.

5.7 Properties for sale

Properties for sale consist of immovable and movable properties which are carried at the lower of carrying amount of the loan or fair value of the property as at the reporting date. Should the carrying value of a property for sale become impaired, an allowance for impairment will be recorded in accordance with TAS 36 (revised 2009) *Impairment of Assets*.

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

5.8 Premises and equipment

*Recognition and measurement*

*Owned assets*

Land is stated at the appraised value according to the market price method. Premises are stated at the appraised value according to the replacement cost method at the date of revaluation net of subsequent accumulated depreciation and impairment losses, if any.

Equipment and building improvement are stated at cost less accumulated depreciation.

Cost includes expenditure that is directly attributable to the acquisition of the asset.

Gains and losses on disposal of an item of premises and equipment are determined by comparing the proceeds from disposal with the carrying amount of premises and equipment, and are recognised net within other income in profit or loss. When revalued assets are sold, the amounts included in the revaluation reserve are transferred to retained earnings.

*Revalued assets*

Revaluations are performed by independent professional appraisers with sufficient regularity according to guidelines prescribed by BoT to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

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Any increase in value, on revaluation, is recognised in other comprehensive income and presented in other reserves in equity unless it offsets a previous decrease in value recognised in profit or loss in respect of the same asset. A decrease in value is recognised in profit or loss to the extent it exceeds an increase previously recognised in other comprehensive income in respect of the same asset. Upon disposal of a revalued asset, any related revaluation surplus is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

*Subsequent costs*

The cost of replacing a part of an item of premises and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Bank and its subsidiaries, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of premises and equipment are recognised in profit or loss as incurred.

*Depreciation*

Depreciation is calculated based on the depreciable amount, which is the cost of an asset, or other amount substituted for cost, less its residual value.

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lives of each component of an item of assets. The estimated useful lives are as follows:

Premises	15-50 years
Building improvement	10 years
Furniture, fixtures, office equipment, equipment and vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

5.9 Goodwill and other intangible assets

*Goodwill*

Goodwill that arises upon the acquisition of subsidiaries is included in intangible assets. The measurement of goodwill at initial recognition is described in Note 5.1. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in note 5.10. Negative goodwill is recognised immediately in profit or loss.

*Other intangible assets*

Other intangible assets which are software license that are acquired by the Bank and its subsidiaries and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Leasehold rights are stated as prepaid expenses.

*Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

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*Amortisation*

Amortisation is calculated over the cost of the asset, or other amount substituted for cost, less its residual value.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful lives for the current and comparative periods are as follows:

Software licenses	5-10 years
Leasehold rights	1-30 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

5.10 Impairment

The carrying amounts of the Bank and its subsidiaries assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill, the recoverable amount is estimated each year at the same time.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The impairment loss is recognised in profit or loss unless it reverses a previous revaluation credited to equity, in which case it is charged to equity.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the value of asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

*Calculation of recoverable amount*

The recoverable amount of held-to-maturity securities and receivable carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate. Receivables with a short duration are not discounted.

The recoverable amount of available-for-sale financial asset is calculated by reference to the fair value.

The recoverable amount of a non-finance asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimate future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

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*Reversals of impairment*

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

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

5.11 Securities borrowing and lending

The Bank and its subsidiaries record its obligations to return borrowed securities as "liabilities to deliver security" in statement of financial position and were presented at the fair value. Gains or losses arising from such adjustment are recognised in profit or loss. Cash paid as collateral for securities borrowing and lending is recorded as "claims on security" in the statement of financial position.

5.12 Employee benefits

The Bank operates a number of employees' benefit plans as follows:

*Short-term employee benefits*

Short-term employee benefit obligations are measured on an undiscounted basis and expensed as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Bank and its subsidiaries have a present legal or constructive obligation to pay this amount as a result of past service provided by employee, and the obligation can be estimated reliably.

*Pension and post-retirement benefits*

The Bank provides pension and post-retirement benefits to eligible employees under the following arrangement:

*Defined contribution plans*

A defined contribution plan is a post-employment benefit plan under which the Bank pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in profit or loss in the periods during which services are rendered by employees.

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The defined contribution plans comprise provident funds established by the Bank and its subsidiaries for their employees. Membership to the funds is on voluntary basis. Contributions are made monthly by the employees at rates ranging from 2% to 10% of their basic salaries and by the Bank and its subsidiaries at rates ranging from 2% to 10% of the employees' basic salaries. The provident funds are registered with the Ministry of Finance as juristic entities and are managed by licensed Fund Managers.

*Defined benefit plans*

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Bank's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs are deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Bank's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

The calculation is performed by a qualified actuary using the projected unit credit method. The Bank recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income and all expenses related to defined benefit plans in staff costs in profit or loss.

*Other long-term employee benefits*

The Bank and its subsidiaries' net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefit that the eligible employees have earned in return for their service in the current and prior periods before retirement; that benefit is discounted to determine its present value.

In the statement of financial position, the obligations represent the present value of the other long-term employee benefits. The obligations are calculated on the same basis as the defined benefit plan.

**5.13 Provisions**

A provision is recognised if, as a result of a past event, the Bank and its subsidiaries have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as financial cost.

**5.14 Initial recognition**

The Bank and its subsidiaries initially recognise loans to customers, deposits and debt issued and borrowings on the transaction date. All other financial assets and liabilities are initially recognised on the trade date at which the Bank and its subsidiaries become a party to the contractual provisions of the instrument.

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*Ordinary shares*

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

*Preference shares*

Preference shares are classified as equity if it is non-redeemable, or redeemable only at the Bank's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within equity upon approval by the Bank's shareholders.

The preference shares were all convertible preference shares with the preferential right expiring on 10 May 2009. As at 31 December 2011, the Bank's preference shares preferential rights expired, such preference shares will automatically have the same rights as those of ordinary shares.

5.15 Interest income and interest expense

The Bank recognises interest and discounts on loans as income on an accrual basis, except for interest on loans which are outstanding over 3 months at the date of the statement of financial position and interest from receivables under troubled debt restructuring agreements where the borrowers' ability to pay is uncertain. Such interest is recognised when received. The Bank reverses all accrued interest income for items which are no longer on an accrual basis. Interest on interbank and money market items and investments is recognised on an accrual basis.

Interest expense is recognised in the statement of comprehensive income on an accrual basis.

Interest income on restructured loans of the Bank and its subsidiaries are recognised on the same accrual basis as used for loans mentioned above, except that for loans that are subject to monitoring for compliance with restructuring conditions, where the Bank and its subsidiaries recognises interest income on a cash basis until the receivables have been able to comply with the restructuring conditions for a period of no less than three months or three installments, whichever is longer.

Interest or discounts, which are already included in the face value of notes receivable or loans, are deferred and taken up as income evenly over the term of the notes or loans.

5.16 Income from hire-purchase contracts

The Bank recognises income from hire-purchase contracts based on the effective interest method.

Reversal of income from hire-purchase accounts receivable which are outstanding over three months from the due date is made in order to comply with the guidelines of the BoT.

5.17 Dividend income

The Bank recognises dividend income in the statement of comprehensive income on an accrual basis on the date which the Bank earns the rights to receive the dividend.

5.18 Net trading income

Net trading income is recognised in the statement of comprehensive income on an accrual basis.

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5.19 Contributions to the Deposit Protection Agency

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

5.20 Income tax

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

In determining the amount of current tax, the Bank and its subsidiaries takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Bank and its subsidiaries believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Bank and its subsidiaries to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

5.21 Earnings per share

The Bank and its subsidiaries present basic earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held.

Since 10 May 2009, the conversion preference of the preference shares expired. Therefore, the preference shares' rights are equivalent to the ordinary shares. Basic earnings per share is calculated from net profit divided by the total number of ordinary shares and preference shares.

5.22 Assets and liabilities in foreign currencies

Assets and liabilities in foreign currencies are converted into Baht at the rates of exchange prevailing at the transaction dates.

Monetary asset and liabilities denominated in foreign currencies at the reporting date are translated to Thai Baht at the reference BoT exchange rates ruling at that date. Foreign exchange differences arising on translation are recognised in profit or loss.

Non-monetary asset and liabilities measured at cost in foreign currencies are translated to Thai Baht using the foreign exchange rates ruling at the dates of the transactions.

*Foreign entities*

The asset and liabilities of foreign entities are translated to Thai Baht at the foreign exchange rates ruling at the reporting date.

The revenues and expenses of foreign entities are translated to Thai Baht at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Foreign exchange differences arising on transaction are recognised in other comprehensive income and presented in the foreign currency translation reserve in equity unit disposal of the investment.

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When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and loss arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and present in the foreign currency translation reserve in equity unit disposal of the investment.

5.23 Derivatives

Recognition of derivatives is as follows:

- 1 Derivatives for trading are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.
- 2 Derivatives for hedging of transactions which are measured on an accrual basis are recorded as off-financial reporting items and income and expense are recognised on an accrual basis equivalent to that used for the underlying transactions.

5.24 Sales of bills of exchange

Sales, with recourse clause, of bills of exchange that carry no acceptances or aval of the financial institutions are recorded as liabilities under the caption of "Liabilities under commercial papers sold". The amount of loans recorded upon the purchase of the bills will be credited when the bills are due and collected.

5.25 Significant accounting policies of life assurance subsidiary

5.25.1 Recognition of revenues

Premium income is recognised as revenue when premium is received and on the effective date of insurance policies for the first year premium. For the renewal insurance policies, premium income is recognised as revenue when premium is received. Premium due and uncollected is additionally recognised as revenue when the policy is still in force and in the process of collection.

5.25.2 Life insurance policy reserves

Life insurance policy reserves represent the accumulated total liability for the life insurance policies in force on the reporting date. Such reserves are established to meet the estimated future obligations of all the life insurance policies in force. The reserves are calculated using actuarial methods as required by the related regulations of the Office of Insurance Commission, regarding the regulations on the allocation method of premiums as life insurance policy reserves for in force policies.

The assumptions for calculation e.g. mortality rate, discounted interest rate, surrender rate, and other terms are approved by OIC at the time of submission of policy product specification or premium rate change.

*Unearned premium reserve*

Unearned premium reserve for group insurance and short-term riders are calculated on a pro-rata basis i.e. incorporating the outstanding duration of each policy.

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5.25.3 Unpaid policy benefits

A provision is made for the estimated cost of all claims notified but not settled at the reporting date less reinsurance recoveries, using the information available at the time. Provision is also made for the cost of claims incurred but not reported as at the reporting date based on the Company's experience and historical data. Differences between the provision for outstanding claims at the reporting date and subsequent revisions and settlements are included in profit or loss in later years.

5.26 Significant accounting policies of general insurance subsidiary

5.26.1 Recognition of direct and reinsurance premium

Premium income is recognised on the date the relevant insurance policy comes into effect, after deducting premium ceded and cancelled, and adjustment for unearned premiums.

The Company records premium income from long-term insurance policies for the coverage periods longer than 1 year as unearned revenue, and records related revenues and expenses as unearned and prepaid items. The Company recognises unearned and prepaid items as income in accordance with the Notification of Registrar No.13/2544 dated 28 August 2001, governing the revised rate of fire insurance premium.

Reinsurance premium income is recognised when the reinsurer places the reinsurance application or statement of accounts with the Company.

5.26.2 Unearned premium reserve

The subsidiary sets aside part of its written premiums as unearned premium reserve as follows:

Fire, marine (hull), motor and miscellaneous	- Monthly average basis from net premium written (the one-twenty fourth method)
Marine (cargo)	- Net premium written for the last ninety days
Travel accident	- Net premium written for the last thirty days

5.26.3 Loss reserves and outstanding claims

Loss reserves are taken up in the accounts upon receipt of claim advices from the insured, at the value appraised by an independent appraiser or the subsidiary's appraiser, depending on the particular case. In addition, the subsidiary sets up a provision for losses incurred but not yet reported (IBNR) based on the subsidiary's experience, but not less than 2.5% of the net premiums written of the last 12 months, in compliance with the Notification of the Ministry of Commerce governing the appropriation of unearned premium reserve and loss reserve of non-life insurance companies.

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5.27 Significant accounting policies of the leasing subsidiary

5.27.1 Income from lease contracts

When assets are leased out under a finance lease, the present value of the lease payments is recognised as a receivable. The difference between the gross receivable and the present value of the receivable is recognised as unearned finance income. Finance income from lease contracts is recognised on the effective interest method over the period of the contracts.

5.27.2 Income from factoring

Income from factoring is recognised by the effective interest method over the period of contracts. Interest income is not accrued for debts which are overdue more than 90 days.

5.27.3 Securitisation transaction

Siam Commercial Leasing Public Company Limited, a subsidiary, recognised the sales of hire-purchase receivables to Siam Panich SPV 1 Co., Ltd. (“Securitisation Plan”), according to the approval conditions required by the Securities and Exchange Commission. The subsidiary derecognised the hire-purchase receivables, which were transferred to Siam Panich SPV 1 Co., Ltd., and the debentures under the securitisation plan in the amount that the risks and returns on the receivables had been transferred to the debenture holders for both initial receivables transferred on the initial cut off date and additional revolving receivables transferred during the revolving period.

For those receivables whose risks and returns were not transferred to the debenture holders, the subsidiary recorded it as Deferred Purchase Price Receivable and the separately presented in the statement of financial position.

The subsidiary derecognised the hire-purchase receivables and the debentures under the securitisation project where the risks and returns on the receivables have been transferred to the debenture holders. The subsidiary has considered that the risks and returns have been transferred when the transferor surrenders control over those assets to the transferee and accounted for as a sale to the extent that consideration other beneficial interests in the transferred assets are received in exchange.

Servicing assets and other beneficial interests in the transferred assets are measured by allocating the previous carrying amount between the assets sold (if any), and retained interests (if any), based on their relative fair values at the date of transfer, if practicable.

5.27.4 Allowance for doubtful accounts

The subsidiary provides the allowance for doubtful accounts of hire-purchase accounts receivable, lease accounts receivable and terminated contract of hire-purchase accounts receivable by using the Collective Approach method which consider the historical loss experience of each loan category.

The subsidiary also reverses income from hire-purchase accounts receivable and unearned interest income for receivables which are outstanding over 3 months from the due date in order to comply with the guidelines of the BoT.

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The subsidiary provides allowance for doubtful accounts for factoring accounts receivable, notes receivable, and other legal receivable in compliance with the minimum allowance for doubtful accounts based on the BoT guidelines. Each loan category is subject to different levels of provisioning based on percentages established by the BoT without collateral deduction as follows:

	Allowance (%)
Normal (Past due less than 30 days)	1
Special Mention (Past due 31 - 90 days)	2
Sub-Standard (Past due 91 - 180 days)	100
Doubtful (Past due 181 - 360 days)	100
Doubtful Loss (Past due > 360 days)	100

The statement of financial position discloses the Deferred Purchase Price Receivable net of any allowance for doubtful accounts. Any allowance is recognised immediately in profit or loss.

## **6 Acquisitions of subsidiaries and non-controlling interests**

### **6.1 SCB Life Assurance Public Company Limited (SCBLIF)**

On 17 March 2011, the Bank acquired an additional 31,475,017 ordinary shares or 47.33% of the common shares of SCB Life Assurance Public Company Limited (SCBLIF) (formerly Siam Commercial New York Life Insurance Public Company Limited (SCNYL)) for Baht 8.4 billion resulting in the Bank holding 94.66% of the issued and paid up capital of SCBLIF (previously held 47.33%).

Under TFRS 3 (Revised 2009) *Business Combinations* (Effective in 2011), the investment in SCBLIF is classified as a step acquisition which requires the Bank to remeasure the previously held equity interest in SCBLIF (47.33%) at fair value and recognise the difference between fair value and carrying value to profit or loss on the acquisition date as follows:

	Amount (in million Baht)
Fair value of previously held equity interest in SCBLIF (47.33%)	8,400
Less Carrying amount of previously investment in SCBLIF	(3,340)
Gain on revaluation of interest in SCBLIF	<u>5,060</u>

Gain on revaluation of interest in SCBLIF was presented in net gain on investments in the consolidated statement of comprehensive income.

According to TFRS 3, the acquisition of SCB Life Assurance Public Company Limited led to the recognition of Baht 8,865 million to goodwill, calculated as follows:

	Holding (%)	Amount (in million Baht)
Fair value of previously held equity interest in SCBLIF	47.33	8,400
Fair value of additional equity interest in SCBLIF	47.33	8,400
Non-controlling interest in SCBLIF	5.34	349
Total fair value of common shares of SCBLIF	<u>100.00</u>	<u>17,149</u>
Less Fair value of net assets acquired		<u>8,284</u>
Goodwill		<u>8,865</u>

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The fair value and the book value of identifiable assets and liabilities assumed at acquisition date in SCB Life Assurance Public Company Limited are as follows:

	Book value	Fair value
	<i>(in million Baht)</i>	
Interbank and money market items, net	7,209	7,209
Investments, net	58,554	60,290
Loans to customers and accrued interest receivables, net	1,089	1,089
Other assets, net	3,205	3,205
<b>Total assets</b>	<b>70,057</b>	<b>71,793</b>
Liabilities under insurance contracts	60,609	60,609
Other liabilities	2,900	2,900
<b>Total liabilities</b>	<b>63,509</b>	<b>63,509</b>
<b>Net assets acquired</b>	<b>6,548</b>	<b>8,284</b>

The revenue and net profit of SCB Life Assurance Public Company Limited from the acquisition date to 31 December 2011 included in the consolidated profit or loss are Baht 29,097 million and Baht 6,144 million, respectively.

6.2 The Siam Industrial Credit Public Company Limited (SICCO)

On 23 September 2011, the Bank acquired an additional 363,857,542 ordinary shares or 60.90% of the common shares of The Siam Industrial Credit Public Company Limited (SICCO) for Baht 2.5 billion resulting in the Bank holding 99.55% of the issued and paid up capital of SICCO (previously held 38.65%).

The Stock Exchange of Thailand has approved the delisting of The Siam Industrial Credit Public Company Limited's securities from being listed securities on the Stock Exchange of Thailand with effective on 7 October 2011 onwards.

Under TFRS 3 (Revised 2009) Business Combinations (Effective in 2011), the investment in SICCO is classified as a step acquisition which requires the Bank to remeasure the previously held equity interest in SICCO (38.65%) at fair value and recognise the difference between fair value and carrying value to profit or loss on the acquisition date as follows:

	Amount
	<i>(in million Baht)</i>
Fair value of previously held equity interest in SICCO (38.65%)	1,591
Less Carrying amount of previously investment in SICCO	(1,691)
Loss on revaluation of interest in SICCO	<b>(100)</b>

Loss on revaluation of interest in SICCO was presented in loss on investments in the consolidated statement of comprehensive income.

Negative goodwill arising of Baht 259 million has been included in other operating income in the consolidated statement of comprehensive income.

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The fair value and the book value of identifiable assets and liabilities of The Siam Industrial Credit Public Company Limited assumed at acquisition date are as follows:

	Book value	Fair value
	<i>(in million Baht)</i>	
Interbank and money market items, net	529	529
Investments, net	5,089	5,089
Loans to customers and accrued interest receivables, net	9,254	9,254
Other assets, net	929	929
<b>Total assets</b>	<b>15,801</b>	<b>15,801</b>
Deposits	10,220	10,220
Interbank and money market items	166	166
Other liabilities	754	754
<b>Total liabilities</b>	<b>11,140</b>	<b>11,140</b>
<b>Net assets acquired</b>	<b>4,661</b>	<b>4,661</b>

The revenue and net profit of The Siam Industrial Credit Public Company Limited from the acquisition date to 31 December 2011 included in the consolidated profit or loss are Baht 220 million and Baht 35 million, respectively.

## **7 Financial risk management**

### *Risk management framework*

The Board of Directors has overall responsibility for the establishment and oversight to the Bank and its subsidiaries' risk management framework. The Board has established the Bank and its subsidiaries Asset and Liability (ALCO) Credit and Operational Risk committees, which are responsible for developing and monitoring Bank and its subsidiaries risk management policies in their specified areas and reporting regularly to the Board of Directors on their activities.

The Bank and its subsidiaries' risk management policies are established to identify and analyse the risks faced by the Bank and its subsidiaries, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank and its subsidiaries, through its training and management controls and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations.

The Bank and its subsidiaries Audit Committee is responsible for monitoring compliance with the Bank and its subsidiaries' risk management policies and procedures, and for reviewing the adequacy of the risk management framework in relation to the risks faced by the Bank and its subsidiaries. The Bank and its subsidiaries Audit Committee is assisted in these functions by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Bank and its subsidiaries Audit Committee.

#### **7.1 Credit risk**

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in a financial loss to the Bank and its subsidiaries. The Bank and its subsidiaries have adopted the policy of dealing with only creditworthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial losses from defaults.

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In case of recognised financial assets, the carrying amount of the assets recorded in the consolidated statement of financial position, net of any applicable provision for loss, represents the Bank's maximum exposure to credit risk.

The Bank has a credit risk where counterparties do not adhere to the terms of the financial contract.

Credit risk also arises from the possibility that the counterparty to a derivative financial instrument will not adhere to the terms of the contract with the Bank when settlement becomes due.

Concentrations of credit risk are limited due to the large number and diversification of customers.

## 7.2 Interest rate risk

Interest rate risk arises from the change in interest rates which will affect the net interest earnings in the current reporting period and in the future. Interest rate risk arises from the structure and characteristics of the Bank's assets, liabilities and equity.

The Bank uses various derivative transactions to manage its own asset and liability positions in order to manage interest rate exposure. The use of derivative transactions is in accordance with the policies and guidelines from the Board of Directors and is under the control of the Assets and Liabilities Committee (ALCO).

As at 31 December 2011 and 2010, significant financial assets and liabilities can be repriced as follows:

	<b>Consolidated</b>							<b>Total</b>
	2011							
	Reprice on demand	1 - 3 months	Reprice within 3 - 12 months	1 - 5 years	Reprice over 5 years	Non Performing Loans	Non interest bearing	
	<i>(in million Baht)</i>							
<b>Financial assets</b>								
Cash	-	-	-	-	-	-	33,701	33,701
Interbank and money market items *	3,936	99,016	5,056	569	2,251	-	15,027	125,855
Investments, net	271	40,411	113,620	73,948	77,502	-	24,322	330,074
Loans to customers	728,912	277,204	132,673	112,754	4,640	36,200	300	1,292,683
Accrued interest receivables	-	-	-	-	-	-	3,000	3,000
<b>Total financial assets</b>	<b>733,119</b>	<b>416,631</b>	<b>251,349</b>	<b>187,271</b>	<b>84,393</b>	<b>36,200</b>	<b>76,350</b>	<b>1,785,313</b>
<b>Financial liabilities</b>								
Deposits	629,870	177,422	310,730	19,468	-	-	46,898	1,184,388
Interbank and money market items	20,328	15,763	1,926	9,874	-	-	5,540	53,431
Debt issued and borrowings	-	121,810	75,650	38,196	20,187	-	-	255,843
Other liabilities	-	-	-	-	-	-	7,222	7,222
<b>Total financial liabilities</b>	<b>650,198</b>	<b>314,995</b>	<b>388,306</b>	<b>67,538</b>	<b>20,187</b>	<b>-</b>	<b>59,660</b>	<b>1,500,884</b>
<b>Difference</b>	<b>82,921</b>	<b>101,636</b>	<b>(136,957)</b>	<b>119,733</b>	<b>64,206</b>	<b>36,200</b>	<b>16,690</b>	<b>284,429</b>

\* Excluding allowance for doubtful accounts amounting to Baht 852 million

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	<b>Consolidated</b>							Total
	2010							
	Reprice on demand	1 - 3 months	Reprice within 3 - 12 months	1 - 5 years	Reprice over 5 years	Non Performing Loans	Non interest bearing	
	<i>(in million Baht)</i>							
<b>Financial assets</b>								
Cash	-	-	-	-	-	-	33,273	33,273
Interbank and money market items *	3,843	130,805	1,039	35	39	-	14,609	150,370
Investments, net	195	13,834	48,972	52,230	15,634	-	17,630	148,495
Loans to customers	585,859	234,995	113,333	83,657	2,045	38,684	1	1,058,574
Accrued interest receivables	-	-	-	-	-	-	1,824	1,824
<b>Total financial assets</b>	<b>589,897</b>	<b>379,634</b>	<b>163,344</b>	<b>135,922</b>	<b>17,718</b>	<b>38,684</b>	<b>67,337</b>	<b>1,392,536</b>
<b>Financial liabilities</b>								
Deposits	619,038	187,893	99,459	139,435	-	-	46,284	1,092,109
Interbank and money market items	14,088	27,626	908	447	-	-	4,970	48,039
Debt issued and borrowings	-	28,512	11,419	22,594	84	-	-	62,609
Other liabilities	-	-	-	-	-	-	2,493	2,493
<b>Total financial liabilities</b>	<b>633,126</b>	<b>244,031</b>	<b>111,786</b>	<b>162,476</b>	<b>84</b>	<b>-</b>	<b>53,747</b>	<b>1,205,250</b>
<b>Difference</b>	<b>(43,229)</b>	<b>135,603</b>	<b>51,558</b>	<b>(26,554)</b>	<b>17,634</b>	<b>38,684</b>	<b>13,590</b>	<b>187,286</b>

\* Excluding allowance for doubtful accounts amounting to Baht 1,352 million

	<b>The Bank</b>							Total
	2011							
	Reprice on demand	1 - 3 months	Reprice within 3 - 12 months	1 - 5 years	Reprice over 5 years	Non Performing Loans	Non interest bearing	
	<i>(in million Baht)</i>							
<b>Financial assets</b>								
Cash	-	-	-	-	-	-	33,469	33,469
Interbank and money market items *	3,635	97,261	-	5	-	-	14,745	115,646
Investments, net	-	35,917	112,372	66,704	13,031	-	20,041	248,065
Loans to customers	726,724	276,369	130,093	101,655	3,989	31,544	-	1,270,374
Accrued interest receivables	-	-	-	-	-	-	2,834	2,834
<b>Total financial assets</b>	<b>730,359</b>	<b>409,547</b>	<b>242,465</b>	<b>168,364</b>	<b>17,020</b>	<b>31,544</b>	<b>71,089</b>	<b>1,670,388</b>
<b>Financial liabilities</b>								
Deposits	632,388	173,144	308,029	19,467	-	-	46,430	1,179,458
Interbank and money market items	21,874	15,722	1,916	9,874	-	-	5,619	55,005
Debt issued and borrowings	-	122,120	75,650	38,346	20,187	-	-	256,303
Other liabilities	-	-	-	-	-	-	7,177	7,177
<b>Total financial liabilities</b>	<b>654,262</b>	<b>310,986</b>	<b>385,595</b>	<b>67,687</b>	<b>20,187</b>	<b>-</b>	<b>59,226</b>	<b>1,497,943</b>
<b>Difference</b>	<b>76,097</b>	<b>98,561</b>	<b>(143,130)</b>	<b>100,677</b>	<b>(3,167)</b>	<b>31,544</b>	<b>11,863</b>	<b>172,445</b>

\* Excluding allowance for doubtful accounts amounting to Baht 852 million

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	<b>The Bank</b>							
	2010							
	Reprice on demand	1 - 3 months	Reprice within 3 - 12 months	1 - 5 years	Reprice over 5 years	Non Performing Loans	Non interest bearing	Total
	<i>(in million Baht)</i>							
<b>Financial assets</b>								
Cash	-	-	-	-	-	-	33,172	33,172
Interbank and money market items *	2,697	130,521	48	-	-	-	14,478	147,744
Investments, net	-	12,695	49,276	51,482	15,397	-	16,575	145,425
Loans to customers	589,091	237,177	110,563	68,381	2,045	35,688	-	1,042,945
Accrued interest receivables	-	-	-	-	-	-	1,798	1,798
<b>Total financial assets</b>	<b><u>591,788</u></b>	<b><u>380,393</u></b>	<b><u>159,887</u></b>	<b><u>119,863</u></b>	<b><u>17,442</u></b>	<b><u>35,688</u></b>	<b><u>66,023</u></b>	<b><u>1,371,084</u></b>
<b>Financial liabilities</b>								
Deposits	617,775	187,745	99,477	139,436	-	-	46,062	1,090,495
Interbank and money market items	15,960	27,626	908	447	-	-	4,971	49,912
Debt issued and borrowings	-	28,692	11,419	22,594	84	-	-	62,789
Other liabilities	-	-	-	-	-	-	2,491	2,491
<b>Total financial liabilities</b>	<b><u>633,735</u></b>	<b><u>244,063</u></b>	<b><u>111,804</u></b>	<b><u>162,477</u></b>	<b><u>84</u></b>	<b><u>-</u></b>	<b><u>53,524</u></b>	<b><u>1,205,687</u></b>
<b>Difference</b>	<b><u>(41,947)</u></b>	<b><u>136,330</u></b>	<b><u>48,083</u></b>	<b><u>(42,614)</u></b>	<b><u>17,358</u></b>	<b><u>35,688</u></b>	<b><u>12,499</u></b>	<b><u>165,397</u></b>

\* Excluding allowance for doubtful accounts amounting to Baht 1,352 million

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As at 31 December 2011 and 2010, Interest earning and interest bearing financial instruments are as follows:

	<b>Consolidated</b>					
	2011			2010		
	Average (in million Baht)	Interest	Average interest rate (%)	Average (in million Baht)	Interest	Average interest rate (%)
Interbank and money market items, net (Assets)	137,011	5,418	4.0	124,557	1,518	1.2
Investments, net	239,285	6,891	2.9	154,595	3,604	2.3
Loans to customers *	1,175,628	65,638	5.6	999,406	47,582	4.8
Deposits	1,138,248	19,242	1.7	1,024,014	10,468	1.0
Interbank and money market items (Liabilities)	50,735	1,546	3.0	48,289	724	1.5
Debt issued and borrowings	159,226	6,633	4.2	59,896	1,758	2.9

	<b>The Bank</b>					
	2011			2010		
	Average (in million Baht)	Interest	Average interest rate (%)	Average (in million Baht)	Interest	Average interest rate (%)
Interbank and money market items, net (Assets)	130,593	5,149	3.9	121,326	1,507	1.2
Investments, net	196,745	4,242	2.2	151,773	3,550	2.3
Loans to customers *	1,156,660	64,518	5.6	975,909	45,790	4.7
Deposits	1,134,977	19,180	1.7	1,021,590	10,464	1.0
Interbank and money market items (Liabilities)	52,458	1,613	3.1	49,915	750	1.5
Debt issued and borrowings	159,546	6,624	4.2	52,886	1,563	3.0

\* Net of deferred revenue

### 7.3 Foreign exchange risk

Foreign exchange risk is the risk that occurs from changes in exchange rate which may affect the value of the financial instruments or may cause volatility in the Bank's earnings or fluctuations in value of the financial assets and liabilities.

In managing its foreign exchange risk, it is the Bank's policy to square off its foreign currency denominated assets and liabilities positions. The Bank, therefore, endeavors to match its foreign currency denominated lending with same currency funding sources in order to minimise its exposure on foreign currency fluctuations. In addition, the Bank manages its exposure to currency risk by setting limits for both overnight and intra-day position, limits for stop-loss position and value at risk. These are monitored on a daily basis and in compliance with the Bank of Thailand's regulations on foreign exchange.

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As at 31 December 2011 and 2010, the Bank has the financial assets and liabilities denominated in the various currencies as follows:

	THB	USD	Consolidated 2011			Total
			EURO	YEN	Others	
			<i>(in million Baht)</i>			
<b>Financial assets</b>						
Cash	32,649	499	216	82	255	33,701
Interbank and money market items *	109,761	13,101	885	522	1,586	125,855
Investments, net	327,673	2,152	3	-	246	330,074
Loans to customers	1,190,946	94,011	5,702	560	1,464	1,292,683
Accrued interest receivables	2,751	235	9	-	5	3,000
<b>Total financial assets</b>	<b>1,663,780</b>	<b>109,998</b>	<b>6,815</b>	<b>1,164</b>	<b>3,556</b>	<b>1,785,313</b>
<b>Financial liabilities</b>						
Deposits	1,156,586	26,048	1,112	176	466	1,184,388
Interbank and money market items	43,000	10,356	75	-	-	53,431
Debt issued and borrowings	243,193	12,650	-	-	-	255,843
Other liabilities	7,138	83	-	-	1	7,222
<b>Total financial liabilities</b>	<b>1,449,917</b>	<b>49,137</b>	<b>1,187</b>	<b>176</b>	<b>467</b>	<b>1,500,884</b>
<b>On-financial reporting items, net</b>	<b>213,863</b>	<b>60,861</b>	<b>5,628</b>	<b>988</b>	<b>3,089</b>	<b>284,429</b>
<b>Off-financial reporting items - contingencies (currency swap contracts)</b>	<b>-</b>	<b>(58,928)</b>	<b>(4,783)</b>	<b>(947)</b>	<b>(3,124)</b>	<b>(67,782)</b>

\* Excluding allowance for doubtful accounts amounting to Baht 852 million

	THB	USD	Consolidated 2010			Total
			EURO	YEN	Others	
			<i>(in million Baht)</i>			
<b>Financial assets</b>						
Cash	32,143	527	246	86	271	33,273
Interbank and money market items *	142,541	5,705	280	355	1,489	150,370
Investments, net	145,945	2,190	3	-	357	148,495
Loans to customers	986,545	66,865	4,488	449	227	1,058,574
Accrued interest receivables	1,540	281	3	-	-	1,824
<b>Total financial assets</b>	<b>1,308,714</b>	<b>75,568</b>	<b>5,020</b>	<b>890</b>	<b>2,344</b>	<b>1,392,536</b>
<b>Financial liabilities</b>						
Deposits	1,047,419	38,368	918	4,914	490	1,092,109
Interbank and money market items	46,486	1,553	-	-	-	48,039
Debt issued and borrowings	62,609	-	-	-	-	62,609
Other liabilities	2,478	14	-	-	1	2,493
<b>Total financial liabilities</b>	<b>1,158,992</b>	<b>39,935</b>	<b>918</b>	<b>4,914</b>	<b>491</b>	<b>1,205,250</b>
<b>On-financial reporting items, net</b>	<b>149,722</b>	<b>35,633</b>	<b>4,102</b>	<b>(4,024)</b>	<b>1,853</b>	<b>187,286</b>
<b>Off-financial reporting items - contingencies (currency swap contracts)</b>	<b>75</b>	<b>(18,642)</b>	<b>(3,860)</b>	<b>(5,117)</b>	<b>(920)</b>	<b>(28,464)</b>

\* Excluding allowance for doubtful accounts amounting to Baht 1,352 million

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	<b>The Bank</b>					Total
	2011					
	THB	USD	EURO	YEN	Others	
	<i>(in million Baht)</i>					
<b>Financial assets</b>						
Cash	32,586	336	216	82	249	33,469
Interbank and money market items *	101,907	10,751	885	522	1,581	115,646
Investments, net	245,664	2,152	3	-	246	248,065
Loans to customers	1,169,628	93,022	5,702	560	1,462	1,270,374
Accrued interest receivables	2,588	232	9	-	5	2,834
<b>Total financial assets</b>	<b>1,552,373</b>	<b>106,493</b>	<b>6,815</b>	<b>1,164</b>	<b>3,543</b>	<b>1,670,388</b>
<b>Financial liabilities</b>						
Deposits	1,154,287	23,427	1,112	176	456	1,179,458
Interbank and money market items	44,458	10,472	75	-	-	55,005
Debt issued and borrowings	243,653	12,650	-	-	-	256,303
Other liabilities	7,094	82	-	-	1	7,177
<b>Total financial liabilities</b>	<b>1,449,492</b>	<b>46,631</b>	<b>1,187</b>	<b>176</b>	<b>457</b>	<b>1,497,943</b>
<b>On-financial reporting items, net</b>	<b>102,881</b>	<b>59,862</b>	<b>5,628</b>	<b>988</b>	<b>3,086</b>	<b>172,445</b>
<b>Off-financial reporting items - contingencies</b> (currency swap contracts)	<b>-</b>	<b>(58,513)</b>	<b>(4,783)</b>	<b>(947)</b>	<b>(3,124)</b>	<b>(67,367)</b>

\* Excluding allowance for doubtful accounts amounting to Baht 852 million

	<b>The Bank</b>					Total
	2010					
	THB	USD	EURO	YEN	Others	
	<i>(in million Baht)</i>					
<b>Financial assets</b>						
Cash	32,136	436	246	86	268	33,172
Interbank and money market items *	141,715	3,906	280	355	1,488	147,744
Investments, net	142,875	2,190	3	-	357	145,425
Loans to customers	971,972	65,812	4,488	449	224	1,042,945
Accrued interest receivables	1,516	279	3	-	-	1,798
<b>Total financial assets</b>	<b>1,290,214</b>	<b>72,623</b>	<b>5,020</b>	<b>890</b>	<b>2,337</b>	<b>1,371,084</b>
<b>Financial liabilities</b>						
Deposits	1,047,940	36,243	917	4,914	481	1,090,495
Interbank and money market items	48,282	1,630	-	-	-	49,912
Debt issued and borrowings	62,789	-	-	-	-	62,789
Other liabilities	2,476	14	-	-	1	2,491
<b>Total financial liabilities</b>	<b>1,161,487</b>	<b>37,887</b>	<b>917</b>	<b>4,914</b>	<b>482</b>	<b>1,205,687</b>
<b>On-financial reporting items, net</b>	<b>128,727</b>	<b>34,736</b>	<b>4,103</b>	<b>(4,024)</b>	<b>1,855</b>	<b>165,397</b>
<b>Off-financial reporting items - contingencies</b> (currency swap contracts)	<b>75</b>	<b>(18,261)</b>	<b>(3,860)</b>	<b>(5,117)</b>	<b>(920)</b>	<b>(28,083)</b>

\* Excluding allowance for doubtful accounts amounting to Baht 1,352 million

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7.4 Equity risk

Equity risk is any risk arising from changes in the price of equities or common stock that may cause volatility in the Bank's earning or fluctuations in the value of the Bank's financial assets. The Bank and its subsidiaries have policies to manage the risk by maintaining long-term equity investment and investing in growth potential equity and/or those intended to support the business. The Bank has established the Policy that only companies within the Financial Group that are engaged in the financial business with specific supervisory bodies and those permitted to engage in portfolio management can engage in equity investment under relevant applicable regulations. The Bank has closely managed and monitored market situations to provide information for management to monitor the risk to the Bank.

7.5 Liquidity risk

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

The Bank has set the standard risk management framework for the SCB Financial Group companies which follow the Bank of Thailand's Consolidated Supervision framework. The Board of Directors has approved the SCB Financial Group Risk Management Policy which has set the risk management policy, organisation structure, risk limit, risk measurement and liquidity risk monitoring.

The Bank has implemented a system to monitor liquidity management on a daily basis in both baht and foreign currencies by applying a number of risk management tools, such as net daily liquidity position report, individual foreign currency position report in both the remaining time to maturity and with behavioral adjustments. In addition, the Bank also determines relevant risk limits to be adopted to measure, monitor and control liquidity risk to remain at an acceptable level, which is further reported to the senior management and relevant units on a daily basis.

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As at 31 December 2011 and 2010, financial assets and liabilities are classified according to their contractual maturity as follows:

	<b>Consolidated</b>						Total
	2011						
	Maturity on demand	1 - 3 months	Maturity within 3 - 12 months	1 - 5 years	Maturity over 5 years	No maturity	
	<i>(in million Baht)</i>						
<b>Financial assets</b>							
Cash	-	-	-	-	-	33,701	33,701
Interbank and money market items *	19,071	99,229	4,907	715	1,933	-	125,855
Investments, net	3,293	40,411	115,204	73,948	77,578	19,640	330,074
Loans to customers **	120,292	247,315	138,183	429,527	355,071	2,295	1,292,683
Accrued interest receivables	-	3,000	-	-	-	-	3,000
<b>Total financial assets</b>	<b>142,656</b>	<b>389,955</b>	<b>258,294</b>	<b>504,190</b>	<b>434,582</b>	<b>55,636</b>	<b>1,785,313</b>
<b>Financial liabilities</b>							
Deposits	668,779	176,370	314,015	23,488	1,736	-	1,184,388
Interbank and money market items	25,867	15,840	1,850	9,874	-	-	53,431
Debt issued and borrowings	-	119,315	74,607	41,868	20,053	-	255,843
Other liabilities	-	1,789	5,206	220	7	-	7,222
<b>Total financial liabilities</b>	<b>694,646</b>	<b>313,314</b>	<b>395,678</b>	<b>75,450</b>	<b>21,796</b>	<b>-</b>	<b>1,500,884</b>
<b>Net liquidity gap</b>	<b>(551,990)</b>	<b>76,641</b>	<b>(137,384)</b>	<b>428,740</b>	<b>412,786</b>	<b>55,636</b>	<b>284,429</b>

\* Excluding allowance for doubtful accounts amounting to Baht 852 million

\*\* Including non-performing loans

	<b>Consolidated</b>						Total
	2010						
	Maturity on demand	1 - 3 months	Maturity within 3 - 12 months	1 - 5 years	Maturity over 5 years	No maturity	
	<i>(in million Baht)</i>						
<b>Financial assets</b>							
Cash	-	-	-	-	-	33,273	33,273
Interbank and money market items *	18,424	130,881	991	35	39	-	150,370
Investments, net	195	13,834	48,972	52,230	15,710	17,554	148,495
Loans to customers **	92,294	208,195	116,694	379,835	261,155	401	1,058,574
Accrued interest receivables	-	1,824	-	-	-	-	1,824
<b>Total financial assets</b>	<b>110,913</b>	<b>354,734</b>	<b>166,657</b>	<b>432,100</b>	<b>276,904</b>	<b>51,228</b>	<b>1,392,536</b>
<b>Financial liabilities</b>							
Deposits	665,322	187,893	99,459	139,435	-	-	1,092,109
Interbank and money market items	19,058	27,626	908	447	-	-	48,039
Debt issued and borrowings	-	28,511	11,420	2,594	20,084	-	62,609
Other liabilities	-	1,286	1,021	186	-	-	2,493
<b>Total financial liabilities</b>	<b>684,380</b>	<b>245,316</b>	<b>112,808</b>	<b>142,662</b>	<b>20,084</b>	<b>-</b>	<b>1,205,250</b>
<b>Net liquidity gap</b>	<b>(573,467)</b>	<b>109,418</b>	<b>53,849</b>	<b>289,438</b>	<b>256,820</b>	<b>51,228</b>	<b>187,286</b>

\* Excluding allowance for doubtful accounts amounting to Baht 1,352 million

\*\* Including non-performing loans

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	<b>The Bank</b>						Total
	2011						
	Maturity on demand	1 - 3 months	Maturity within 3 - 12 months	1 - 5 years	Maturity over 5 years	No maturity	
	<i>(in million Baht)</i>						
<b>Financial assets</b>							
Cash	-	-	-	-	-	33,469	33,469
Interbank and money market items *	18,314	97,332	-	-	-	-	115,646
Investments, net	-	35,916	113,957	66,704	13,031	18,457	248,065
Loans to customers **	117,590	245,926	134,273	418,169	354,416	-	1,270,374
Accrued interest receivables	-	2,834	-	-	-	-	2,834
<b>Total financial assets</b>	<b>135,904</b>	<b>382,008</b>	<b>248,230</b>	<b>484,873</b>	<b>367,447</b>	<b>51,926</b>	<b>1,670,388</b>
<b>Financial liabilities</b>							
Deposits	670,830	172,091	311,314	23,487	1,736	-	1,179,458
Interbank and money market items	27,493	15,798	1,840	9,874	-	-	55,005
Debt issued and borrowings	-	119,625	74,607	42,018	20,053	-	256,303
Other liabilities	-	1,744	5,206	220	7	-	7,177
<b>Total financial liabilities</b>	<b>698,323</b>	<b>309,258</b>	<b>392,967</b>	<b>75,599</b>	<b>21,796</b>	<b>-</b>	<b>1,497,943</b>
<b>Net liquidity gap</b>	<b>(562,419)</b>	<b>72,750</b>	<b>(144,737)</b>	<b>409,274</b>	<b>345,651</b>	<b>51,926</b>	<b>172,445</b>

\* Excluding allowance for doubtful accounts amounting to Baht 852 million

\*\* Including non-performing loans

	<b>The Bank</b>						Total
	2010						
	Maturity on demand	1 - 3 months	Maturity within 3 - 12 months	1 - 5 years	Maturity over 5 years	No maturity	
	<i>(in million Baht)</i>						
<b>Financial assets</b>							
Cash	-	-	-	-	-	33,172	33,172
Interbank and money market items *	17,150	130,594	-	-	-	-	147,744
Investments, net	-	12,695	49,276	51,482	15,397	16,575	145,425
Loans to customers **	95,979	210,076	112,564	363,171	261,155	-	1,042,945
Accrued interest receivables	-	1,798	-	-	-	-	1,798
<b>Total financial assets</b>	<b>113,129</b>	<b>355,163</b>	<b>161,840</b>	<b>414,653</b>	<b>276,552</b>	<b>49,747</b>	<b>1,371,084</b>
<b>Financial liabilities</b>							
Deposits	663,837	187,746	99,477	139,435	-	-	1,090,495
Interbank and money market items	20,931	27,626	908	447	-	-	49,912
Debt issued and borrowings	-	28,691	11,420	2,594	20,084	-	62,789
Other liabilities	-	1,284	1,021	186	-	-	2,491
<b>Total financial liabilities</b>	<b>684,768</b>	<b>245,347</b>	<b>112,826</b>	<b>142,662</b>	<b>20,084</b>	<b>-</b>	<b>1,205,687</b>
<b>Net liquidity gap</b>	<b>(571,639)</b>	<b>109,816</b>	<b>49,014</b>	<b>271,991</b>	<b>256,468</b>	<b>49,747</b>	<b>165,397</b>

\* Excluding allowance for doubtful accounts amounting to Baht 1,352 million

\*\* Including non-performing loans

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**Loan to Deposit ratio**

As at 31 December 2011 and 2010, the loan to deposit ratio in the consolidated financial statements are as follows:

	2011	2010
	(%)	
Gross loans to deposits ratio (Consolidated financial statements)	109.1	96.9
Gross loans to deposits and B/E (Consolidated financial statements)	92.3	93.3

**8 Fair value of financial instruments**

Fair values of financial instruments are their quoted market prices or where, quoted market prices are not available, based on estimates using present value or other valuation techniques. These techniques are significantly affected by the assumptions including discount rate and estimated cash flow. Hence, estimated fair values from different techniques may vary significantly.

As at 31 December 2011 and 2010, a summary of book value and fair value of financial instruments are as follows:

	<b>Consolidated</b>			
	2011		2010	
	Book value	Fair value	Book value	Fair value
	<i>(in million Baht)</i>			
<b>Financial assets</b>				
Cash	33,701	33,701	33,273	33,273
Interbank and money market items, net	125,003	125,003	149,018	149,018
Derivative assets	28,198	28,198	31,589	31,589
Investments, net	330,074	337,620	148,495	150,075
Loans to customers and accrued interest receivables, net	<u>1,249,688</u>	<u>1,251,381</u>	<u>1,018,803</u>	<u>1,023,801</u>
<b>Total financial assets</b>	<b><u>1,766,664</u></b>	<b><u>1,775,903</u></b>	<b><u>1,381,178</u></b>	<b><u>1,387,756</u></b>
<b>Financial liabilities</b>				
Deposits	1,184,388	1,183,965	1,092,109	1,092,407
Interbank and money market items	53,431	53,428	48,039	48,035
Liabilities payable on demand	6,905	6,905	6,883	6,883
Derivative liabilities	28,819	28,819	29,135	29,135
Debt issued and borrowings	<u>255,843</u>	<u>255,843</u>	<u>62,609</u>	<u>62,609</u>
<b>Total financial liabilities</b>	<b><u>1,529,386</u></b>	<b><u>1,528,960</u></b>	<b><u>1,238,775</u></b>	<b><u>1,239,069</u></b>

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	<b>The Bank</b>			
	2011		2010	
	Book value	Fair value	Book value	Fair value
	<i>(in million Baht)</i>			
<b>Financial assets</b>				
Cash	33,469	33,469	33,172	33,172
Interbank and money market items, net	114,794	114,794	146,392	146,392
Derivative assets	28,198	28,198	31,589	31,589
Investments, net	248,065	249,993	145,425	146,957
Loans to customers and accrued interest receivables, net	<u>1,231,312</u>	<u>1,232,653</u>	<u>1,005,280</u>	<u>1,010,207</u>
<b>Total financial assets</b>	<b><u>1,655,838</u></b>	<b><u>1,659,107</u></b>	<b><u>1,361,858</u></b>	<b><u>1,368,317</u></b>
<b>Financial liabilities</b>				
Deposits	1,179,458	1,179,035	1,090,495	1,090,793
Interbank and money market items	55,005	55,002	49,912	49,908
Liabilities payable on demand	6,898	6,898	6,866	6,866
Derivative liabilities	28,819	28,819	29,135	29,135
Debt issued and borrowings	<u>256,303</u>	<u>256,303</u>	<u>62,789</u>	<u>62,789</u>
<b>Total financial liabilities</b>	<b><u>1,526,483</u></b>	<b><u>1,526,057</u></b>	<b><u>1,239,197</u></b>	<b><u>1,239,491</u></b>

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The following methods and assumptions are used by the Bank in estimating fair market values of financial instruments as disclosed herein:

Cash:	The carrying amounts approximate fair value.
Interbank and money market items (Assets):	Fair value calculated based on present value of estimated cash flows, using the current interest rate in the money market.
Derivatives:	The fair values of derivatives are obtained from quoted market price in active markets. Fair values of derivatives in an illiquid market are obtained using an average price (quoted from several reliable sources), valuation technique and a benchmark price of instruments which have similar characteristic, as appropriate.
Investments:	Fair values for securities are based on estimated market prices as described in Note 5.3.
Loans to customers and accrued interest receivables:	<ul style="list-style-type: none"> <li>- For variable-rate loans that are repriced frequently and have no significant change in credit risk, fair values are based on carrying values.</li> <li>- Fair values of other loans are estimated using discounted cash flow analyses, using market interest rates or fair value of collateral.</li> <li>- The carrying amount of accrued interest receivables approximates fair value.</li> </ul>
Deposits and interbank and money market items (Liabilities):	<ul style="list-style-type: none"> <li>- The fair values disclosed for deposits which are payable on demand by the depositor, are equal to the carrying values of such deposits.</li> <li>- Fair values for fixed-deposits are estimated using a discounted cash flow calculation that applies interest rates currently being offered on similar deposits.</li> <li>- The carrying amount of interbank and money market items approximates their fair value at the reporting date.</li> </ul>
Liabilities payable on demand:	The carrying amount of liabilities payable on demand approximates fair value.
Liabilities to deliver security	Fair value for liabilities to deliver security are based on the latest offer price quoted on the Stock Exchange of Thailand at the end of the year.
Debt issued and borrowings:	<ul style="list-style-type: none"> <li>- The carrying amounts of short-term borrowings maturing within 90 days approximate their fair values.</li> <li>- 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.</li> </ul>
Interest payable on deposits:	The carrying amounts of interest payable approximate their fair values.
Off-financial reporting instruments:	Fair values for off-financial reporting instruments are based on the difference between contract rate and spot rate at year end as adjusted with risk premium of the remaining terms of the agreements.

**The Siam Commercial Bank Public Company Limited and its Subsidiaries**  
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**9 Maintenance of capital fund**

The Bank and its subsidiaries, which are financial institutions, are subject to various capital and regulatory requirements of the BoT. Under these capital adequacy guidelines and the regulatory framework for prompt corrective action, the Bank and its subsidiaries must satisfy specific capital guidelines that involve, among others, quantitative measures of the Bank's assets, liabilities and certain off-financial reporting items as calculated in accordance with regulatory accounting practices. The Bank's and its subsidiaries' capital amounts and classifications are also subject to qualitative judgments by the BoT as to components, risk weightings, and other factors. These capital and regulatory requirements are subject to change, as considered necessary by the BoT.

The Bank maintains its capital fund in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk assets in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand. According to the Bank of Thailand's regulations, capital fund as at 31 December 2008 and thereafter must be calculated according to Basel II. As at 31 December 2011 and 2010, the Bank's total capital funds can be categorised as follows:

	<b>The Bank</b>	
	2011	2010
	<i>(in million Baht)</i>	
Tier 1 capital		
Issued and paid-up share capital	33,992	33,992
Premium on share capital	11,124	11,124
Legal reserve	7,000	6,034
Net gain after appropriations	88,056	71,512
Capital deduction item	(13)	-
Total Tier 1 capital	140,159	122,662
Tier 2 capital		
Revaluation surplus on land and premises appraisal	8,085	6,478
Revaluation surplus on investment in equity securities	1,240	1,359
Subordinated bonds	20,000	20,000
Allowance for classified assets of "normal" category and excess allowance	13,312	13,181
Total Tier 2 capital	42,637	41,018
<b>Total capital funds</b>	<b>182,796</b>	<b>163,680</b>
<b>Total risk assets</b>	<b>1,257,473</b>	<b>1,054,458</b>
Total capital / Total risk weighted assets (minimum 8.50%)	14.5%	15.5%
Total Tier 1 capital / Total risk weighted assets (minimum 4.25%)	11.1%	11.6%
Total Tier 2 capital / Total risk weighted assets	3.4%	3.9%

Disclosures of capital maintenance information under the Notification of the Bank of Thailand number Sor Nor Sor 25/2552 dated 14 December 2009, the Public Disclosures of Capital Maintenance for Commercial Banks and the Notification of the Bank of Thailand number Sor Nor Sor 6/2553 dated 18 June 2010, Prudential Regulations on Consolidated Supervision are as follows:

Location of disclosure	The Bank's website under Investor Relations section at <a href="http://www.scb.co.th/en/abt/abt_ivr_fin_fnr.shtml">http://www.scb.co.th/en/abt/abt_ivr_fin_fnr.shtml</a>
Date of disclosure	Within 4 months after the year end date as indicated in the notification.
Information as of	31 December 2011

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*Capital management*

The Bank and its subsidiaries policies are to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The impact of the level of capital on shareholders' return is also recognised and Bank and its subsidiaries recognises the need to maintain a balance between the higher returns that might be possible with greater gearing and the advantages and security afforded by a sound capital position.

The Bank and its subsidiaries have complied with BoT imposed capital requirements throughout the year.

**10 Supplementary disclosures of cash flow information**

Significant non-cash items for the years ended 31 December 2011 and 2010 are as follows:

	<b>Consolidated</b>		<b>The Bank</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Change in revaluation surplus	5,557	-	5,533	-
Gain (loss) on remeasuring available-for-sale investment	(135)	2,034	(66)	1,979
Foreign currency translation differences	83	(167)	-	-
Share of other comprehensive income of associates	(20)	-	-	-
Conversion of preference shares to ordinary shares	5	6	5	6
Premium on conversion of preference shares to ordinary shares	2	2	2	2
Properties for sale from loans settlement	3,408	3,945	2,963	3,199
Unrealised increment per premises appraisal transferred to retained earnings	313	166	312	162

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**11 Interbank and money market items, net (Assets)**

As at 31 December 2011 and 2010, interbank and money market items, net (Assets) are as follows:

	Demand	2011 Time	Consolidated		2010 Time	Total
			Total	Demand		
	<i>(in million Baht)</i>					
<b>Domestic items:</b>						
Bank of Thailand and Financial Institutions Development Fund	10,527	75,500	86,027	11,146	127,500	138,646
Commercial banks	965	9,285	10,250	1,001	175	1,176
Specialised financial institutions*	-	35	35	-	35	35
Other financial institutions**	6	6,931	6,937	99	1,716	1,815
<b>Total</b>	<b>11,498</b>	<b>91,751</b>	<b>103,249</b>	<b>12,246</b>	<b>129,426</b>	<b>141,672</b>
Add accrued interest receivables	-	73	73	-	27	27
Less allowance for doubtful accounts	-	(845)	(845)	-	(1,336)	(1,336)
<b>Total domestic items</b>	<b>11,498</b>	<b>90,979</b>	<b>102,477</b>	<b>12,246</b>	<b>128,117</b>	<b>140,363</b>
<b>Foreign items:</b>						
US Dollar	4,104	8,997	13,101	3,362	2,343	5,705
Japanese YEN	522	-	522	355	-	355
Euro	885	-	885	280	-	280
Other currencies	2,062	5,214	7,276	2,181	149	2,330
<b>Total</b>	<b>7,573</b>	<b>14,211</b>	<b>21,784</b>	<b>6,178</b>	<b>2,492</b>	<b>8,670</b>
Add accrued interest receivables	-	749	749	-	1	1
Less allowance for doubtful accounts	-	(7)	(7)	-	(16)	(16)
<b>Total foreign items</b>	<b>7,573</b>	<b>14,953</b>	<b>22,526</b>	<b>6,178</b>	<b>2,477</b>	<b>8,655</b>
<b>Total domestic and foreign items</b>	<b>19,071</b>	<b>105,932</b>	<b>125,003</b>	<b>18,424</b>	<b>130,594</b>	<b>149,018</b>

\* Specialised financial institutions mean financial institutions which operate under specific development mandates such as Small and Medium Enterprise Development Bank of Thailand, Bank for Agriculture and Agricultural Co-operatives, Export-Import Bank of Thailand, Government Savings Banks, Government Housings Bank, Islamic Bank of Thailand and Secondary Mortgage Corporation, exclude Small Business Credit Guarantee Corporation

\*\* Other financial institutions mean financial institutions which operate under the Interest on Loans of Finance Institution Act and apart from those listed above such as Finance company, Securities company, Credit foncier companies, Life insurance companies, Cooperatives, the Federation of Savings and Credit Cooperatives of Thailand Limited and Credit Union League of Thailand Limited

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	<b>The Bank</b>					
	Demand	2011 Time	Total	Demand	2010 Time	Total
	<i>(in million Baht)</i>					
<b>Domestic items:</b>						
Bank of Thailand and Financial Institutions Development Fund	10,527	75,500	86,027	11,146	127,500	138,646
Commercial banks	838	7,760	8,598	473	-	473
Specialised financial institutions*	-	-	-	-	-	-
Other financial institutions**	7	6,451	6,458	13	1,717	1,730
<b>Total</b>	<b>11,372</b>	<b>89,711</b>	<b>101,083</b>	<b>11,632</b>	<b>129,217</b>	<b>140,849</b>
Add accrued interest receivables	-	64	64	-	25	25
Less allowance for doubtful accounts	-	(845)	(845)	-	(1,336)	(1,336)
<b>Total domestic items</b>	<b>11,372</b>	<b>88,930</b>	<b>100,302</b>	<b>11,632</b>	<b>127,906</b>	<b>139,538</b>
<b>Foreign items:</b>						
US Dollar	3,478	7,273	10,751	2,703	1,203	3,906
Japanese YEN	522	-	522	355	-	355
Euro	885	-	885	280	-	280
Other currencies	2,057	283	2,340	2,180	149	2,329
<b>Total</b>	<b>6,942</b>	<b>7,556</b>	<b>14,498</b>	<b>5,518</b>	<b>1,352</b>	<b>6,870</b>
Add accrued interest receivables	-	1	1	-	-	-
Less allowance for doubtful accounts	-	(7)	(7)	-	(16)	(16)
<b>Total foreign items</b>	<b>6,942</b>	<b>7,550</b>	<b>14,492</b>	<b>5,518</b>	<b>1,336</b>	<b>6,854</b>
<b>Total domestic and foreign items</b>	<b>18,314</b>	<b>96,480</b>	<b>114,794</b>	<b>17,150</b>	<b>129,242</b>	<b>146,392</b>

\* Specialised financial institutions mean financial institutions which operate under specific development mandates such as Small and Medium Enterprise Development Bank of Thailand, Bank for Agriculture and Agricultural Co-operatives, Export-Import Bank of Thailand, Government Savings Banks, Government Housings Bank, Islamic Bank of Thailand and Secondary Mortgage Corporation, exclude Small Business Credit Guarantee Corporation

\*\* Other financial institutions mean financial institutions which operate under the Interest on Loans of Finance Institution Act and apart from those listed above such as Finance company, Securities company, Credit foncier companies, Life insurance companies, Cooperatives, the Federation of Savings and Credit Cooperatives of Thailand Limited and Credit Union League of Thailand Limited

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**12 Derivatives**

Financial derivatives are financial instruments whose characteristics are derived from underlying assets, or from interest and exchange rates or indices. The following derivatives are used by the Bank:

- 1 Forward exchange contracts which are agreements to buy or sell fixed amounts of currency at agreed rates of exchange on a specified future date.
- 2 Currency and interest rate swaps which are agreements to exchange, and on termination of the swap, re-exchange principal amounts denominated in different currencies and may also involve the exchange of related interest payments.
- 3 Interest rate swaps which are agreements that involve the exchange of interest obligations with a counterparty for a specified period without exchanging the underlying or notional principal.
- 4 Equity derivatives which are agreements that determined values based on level of equity's price or price of equity group or Equity Index used as underlying assets.
- 5 Credit derivatives which are agreements to buy or sell guarantee of credit risk related to ability to repay underlying assets.
- 6 Commodity derivatives which are a purchase or a sale of a reference product or the exchange of cash flow calculated from a reference volume of product multiplied by the agreed price within a period of time and conditions as agreed in the contract.

The Bank has set up objectives and policies to manage the foreign exchange risk and interest rate risk from the volatility of foreign exchange rates and interest rates by using the derivatives for serving the client's need and the Bank's assets and liability management purpose. The Bank controls the counterparty risks by setting-up the credit limit based on the normal lending procedures and controls the market risks by setting-up the limit of stop-loss, value at risk and basis point value.

The total notional amounts of the derivatives at the year end do not represent the incurred risks from derivative transactions. The risks arising from the derivatives will depend on the changes in price of each derivative type.

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As at 31 December 2011 and 2010, the notional amount and the fair value of derivatives are as follows:

	<b>Consolidated</b>			
	2011			
	Notional amount			
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
	<i>(in million Baht)</i>			
Forward exchange contracts	973,005	4,667	80	977,752
Currency swap contracts	60,880	95,111	98,124	254,115
Interest rate swap contracts	403,316	633,877	129,942	1,167,135
Equity derivatives	470	-	-	470
Credit derivatives	105	-	-	105
Commodity derivatives	5,685	3,545	-	9,230

	<b>Consolidated</b>			
	2010			
	Notional amount			
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
	<i>(in million Baht)</i>			
Forward exchange contracts	654,320	8,395	127	662,842
Currency swap contracts	112,628	75,628	135,136	323,392
Interest rate swap contracts	337,007	476,333	98,808	912,148
Equity derivatives	784	30	-	814
Credit derivatives	-	199	-	199
Commodity derivatives	7,397	-	-	7,397

	<b>The Bank</b>			
	2011			
	Notional amount			
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
	<i>(in million Baht)</i>			
Forward exchange contracts	973,005	4,667	80	977,752
Currency swap contracts	60,880	95,431	98,124	254,435
Interest rate swap contracts	403,316	633,877	129,942	1,167,135
Equity derivatives	470	-	-	470
Credit derivatives	105	-	-	105
Commodity derivatives	5,685	3,545	-	9,230

	<b>The Bank</b>			
	2010			
	Notional amount			
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
	<i>(in million Baht)</i>			
Forward exchange contracts	654,320	8,395	127	662,842
Currency swap contracts	112,628	75,628	135,136	323,392
Interest rate swap contracts	337,007	476,333	98,808	912,148
Equity derivatives	784	30	-	814
Credit derivatives	-	199	-	199
Commodity derivatives	7,397	-	-	7,397

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As at 31 December 2011 and 2010, notional amounts, fair value of derivatives held for trading book and readjustment based on an accrual basis of derivatives held for banking book classified by type of risk are as follows:

Type of risk	Consolidated					
	2011		Notional amount	2010		Notional amount
	Fair value / Readjustment based on an accrual basis			Fair value / Readjustment based on an accrual basis		
Assets	Liabilities	Assets	Liabilities	<i>(in million Baht)</i>		
Foreign exchange rates	17,493	17,468	1,231,867	20,460	17,521	986,234
Interest rate	10,456	11,109	1,167,135	9,229	9,731	912,148
Equity derivatives	52	53	470	84	77	814
Credit derivatives	1	-	105	4	-	199
Commodity derivatives	196	189	9,230	1,812	1,806	7,397
<b>Total</b>	<b>28,198</b>	<b>28,819</b>	<b>2,408,807</b>	<b>31,589</b>	<b>29,135</b>	<b>1,906,792</b>

Type of risk	The Bank					
	2011		Notional amount	2010		Notional amount
	Fair value / Readjustment based on an accrual basis			Fair value / Readjustment based on an accrual basis		
Assets	Liabilities	Assets	Liabilities	<i>(in million Baht)</i>		
Foreign exchange rates	17,493	17,468	1,232,187	20,460	17,521	986,234
Interest rate	10,456	11,109	1,167,135	9,229	9,731	912,148
Equity derivatives	52	53	470	84	77	814
Credit derivatives	1	-	105	4	-	199
Commodity derivatives	196	189	9,230	1,812	1,806	7,397
<b>Total</b>	<b>28,198</b>	<b>28,819</b>	<b>2,409,127</b>	<b>31,589</b>	<b>29,135</b>	<b>1,906,792</b>

As at 31 December 2011 and 2010, the proportion, determined based on the notional amount, of derivatives transactions divided by type of counterparty is as follows;

Counterparty	Consolidated		The Bank	
	2011	2010	2011	2010
	(%)			
Financial institutions	74.71	72.63	74.70	72.63
Affiliated companies	0.00	0.02	0.02	0.02
Third parties	25.29	27.35	25.28	27.35

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**13 Investments, net**

13.1 Classification of investments in securities

As at 31 December 2011 and 2010, the Bank and its subsidiaries classify their investments in securities as follows:

	<b>Consolidated</b>		<b>The Bank</b>	
	2011 Fair value	2010 Fair value	2011 Fair value	2010 Fair value
	<i>(in million Baht)</i>			
<b>Trading securities</b>				
Government and state enterprise securities	14,570	11,176	14,569	11,176
Corporate debt securities	941	1,465	941	1,465
Foreign debt securities	218	-	219	-
Domestic equity securities	4	-	-	-
Other securities	153	27	-	-
<b>Total</b>	<b>15,886</b>	<b>12,668</b>	<b>15,729</b>	<b>12,641</b>

	<b>Consolidated</b>		<b>The Bank</b>	
	2011 Fair value	2010 Fair value	2011 Fair value	2010 Fair value
	<i>(in million Baht)</i>			
<b>Available-for-sale securities</b>				
Government and state enterprise securities	189,987	78,153	184,355	77,086
Corporate debt securities	4,849	1,111	1,001	1,000
Foreign debt securities	241	407	240	407
Domestic equity securities	17,634	15,652	14,872	15,522
Foreign equity securities	1,110	365	1,110	365
Other securities	1,496	1,624	180	756
<b>Total</b>	<b>215,317</b>	<b>97,312</b>	<b>201,758</b>	<b>95,136</b>

	<b>Consolidated</b>		<b>The Bank</b>	
	2011 Cost / Amortised cost	2010 Cost / Amortised cost	2011 Cost / Amortised cost	2010 Cost / Amortised cost
	<i>(in million Baht)</i>			
<b>Held-to-maturity securities</b>				
Government and state enterprise securities	89,711	37,197	28,241	35,165
Corporate debt securities	6,133	401	921	1,271
Foreign debt securities	2,325	1,762	1,908	1,762
Other securities	1,400	-	-	-
Total	99,569	39,360	31,070	38,198
Less allowance for impairment	(934)	(1,062)	(757)	(816)
<b>Total</b>	<b>98,635</b>	<b>38,298</b>	<b>30,313</b>	<b>37,382</b>

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	<b>Consolidated</b>		<b>The Bank</b>	
	2011 Cost	2010 Cost	2011 Cost	2010 Cost
	<i>(in million Baht)</i>			
<b>General investments</b>				
Domestic non-marketable equity securities	890	1,364	883	1,401
Foreign non-marketable equity securities	15	15	15	15
<b>Total</b>	<b>905</b>	<b>1,379</b>	<b>898</b>	<b>1,416</b>
<i>Less</i> allowance for impairment	<i>(669)</i>	<i>(1,162)</i>	<i>(633)</i>	<i>(1,150)</i>
<b>Total</b>	<b>236</b>	<b>217</b>	<b>265</b>	<b>266</b>
<b>Total investments, net</b>	<b>330,074</b>	<b>148,495</b>	<b>248,065</b>	<b>145,425</b>

As at 31 December 2011, the Bank and a subsidiary classified the promissory notes which were issued by the Thai Asset Management Corporation (TAMC) upon entering into the Asset Transfer Agreement for the transfer of sub-quality assets, as held-to-maturity debt securities - government and state enterprise securities of Baht 2,186 million in the consolidated financial statements and of Baht 2,186 million in the Bank's financial statements (2010: Baht 5,180 million and Baht 5,036 million, respectively) (see Note 15.8).

13.2 Unrealised gain (loss) on available-for-sale securities and held-to-maturity securities

As at 31 December 2011 and 2010, unrealised gain (loss) on available-for-sale securities and held-to-maturity securities is as follows:

Type of securities	<b>Consolidated</b>							
	2011				2010			
	Amortised cost	Unrealised gains	Unrealised losses	Fair value	Amortised cost	Unrealised gains	Unrealised losses	Fair value
	<i>(in million Baht)</i>							
Available-for-sale securities	210,920*	4,762	(365)	215,317	93,071*	4,673	(432)	97,312
Held-to-maturity securities	99,569	6,775	(162)	106,182	39,360	982	(464)	39,878
<b>Total</b>	<b>310,489</b>	<b>11,537</b>	<b>(527)</b>	<b>321,499</b>	<b>132,431</b>	<b>5,655</b>	<b>(896)</b>	<b>137,190</b>

  

Type of securities	<b>The Bank</b>							
	2011				2010			
	Amortised cost	Unrealised gains	Unrealised losses	Fair value	Amortised cost	Unrealised gains	Unrealised losses	Fair value
	<i>(in million Baht)</i>							
Available-for-sale securities	197,457*	4,565	(264)	201,758	90,876*	4,665	(405)	95,136
Held-to-maturity securities	31,070	1,232	(61)	32,241	38,198	933	(216)	38,915
<b>Total</b>	<b>228,527</b>	<b>5,797</b>	<b>(325)</b>	<b>233,999</b>	<b>129,074</b>	<b>5,598</b>	<b>(621)</b>	<b>134,051</b>

\* Net of allowance for impairment

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13.3 Investments in companies with holding of 10% and upwards

As at 31 December 2011 and 2010, investments in mutual fund and companies other than subsidiaries and associated companies, of which the Bank and its subsidiaries hold 10% and upwards of the fund or the paid-up capital in each company, classified by industry, are as follows:

	Number of companies	<b>Consolidated</b>		<b>The Bank</b>	
		2011	2010	2011	2010
Mutual fund and financial services	3 - 4	11,088	11,668	11,087	11,666
Others	10 - 12	76	75	74	74
		<b>11,164</b>	<b>11,743</b>	<b>11,161</b>	<b>11,740</b>

*(in million Baht)*

13.4 Investments in companies with problems in their financial positions

As at 31 December 2011 and 2010, the Bank and its subsidiaries have investments in a number of securities issued by the companies with problems in their financial positions and operating results. The Bank and its subsidiaries have made a provision for diminution in the value of securities equal to the amount by which the aggregate cost exceeds the aggregate market value as follows:

	Number of companies	2011 Cost	2011 Market value	<b>Consolidated</b>		2010 Cost	2010 Market value	Amount of provision
				Amount of provision	Number of companies			
<b>Finance companies ordered closed</b>								
Common shares	1	1	-	1	1	1	-	1
Bonds	2	-	-	-	2	-	-	-
<b>Listed companies identified for delisting</b>								
Common shares	3	21	3	21	3	27	-	27
Bonds	3	30	-	30	3	30	-	30
<b>Non-listed companies whose operating results in line with the listed companies identified for delisting and having going concern issue</b>								
Common shares/Preference shares	12	50	2	47	13	563	6	559

  

	Number of companies	2011 Cost	2011 Market value	<b>The Bank</b>		2010 Cost	2010 Market value	Amount of provision
				Amount of provision	Number of companies			
<b>Listed companies identified for delisting</b>								
Common shares	3	21	3	21	3	27	-	27
Bonds	2	30	-	30	2	30	-	30
<b>Non-listed companies whose operating results in line with the listed companies identified for delisting and having going concern issue</b>								
Common shares/Preference shares	11	50	2	47	12	563	6	559

*(in million Baht)*

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**14 Investments in subsidiaries and associated companies, net**

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

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

\* Changed from associate to be a subsidiary in 2011

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

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As at 31 December 2011 and 2010, the Bank and its subsidiaries have investments in subsidiaries and associated companies, net as follows:

	Type of business	Type of share	<b>The Bank</b>			
			Direct shareholding		Investment value	
			2011	2010	2011	2010
			(%)		(in million Baht)	
<b>Subsidiaries</b>						
<b>Finance &amp; Insurance</b>						
Cambodian Commercial Bank Ltd. (Cambodia)	Banking	Ordinary	100.0	100.0	634	634
Chatuchak Assets Management Co., Ltd.*	Asset management	Ordinary	-	100.0	-	850
Rutchayothin Assets Management Co., Ltd.	Asset management	Ordinary	100.0	100.0	25	25
SCB Securities Co., Ltd.	Securities	Ordinary	100.0	100.0	2,107	2,107
SCB Asset Management Co., Ltd.	Asset management	Ordinary	100.0	100.0	222	222
The Siam Commercial Samaggi Insurance PCL	Insurance	Ordinary	58.9	58.9	547	547
Siam Commercial Leasing PCL	Leasing, hire-purchase, factoring and collection	Ordinary	99.1	99.1	10,719	10,719
SCB Life Assurance PCL**	Life insurance	Ordinary	94.7	47.3	9,033	633
The Siam Industrial Credit PCL ***	Finance and hire-purchase	Ordinary	99.7	38.6	3,764	1,250
<b>Services</b>						
SCB Training Centre Co., Ltd.	Training center	Ordinary	100.0	100.0	390	390
Siam Phitiwat Company Limited	Appraisal services	Ordinary	100.0	100.0	10	10
SCB Capital Service Co., Ltd.*	Asset management	Ordinary	-	100.0	-	48
Siam Niti Law Office Co., Ltd.****	Legal consultant	Ordinary	100.0	100.0	16	16
SCB Plus Co., Ltd.	Collection company	Ordinary	100.0	100.0	1	1
<b>Real estate</b>						
Mahisorn Co., Ltd.*****	Property management	Ordinary	100.0	100.0	1,138	2,142
<b>Associated companies</b>						
<b>Finance &amp; Insurance</b>						
VinaSiam Bank (Vietnam)	Banking	Ordinary	33.0	33.0	697	697
SCB Leasing PCL	Leasing, hire-purchase and factoring	Ordinary	37.6	37.6	2	39
Total					29,305	20,330
Less allowance for impairment					(1,172)	(2,339)
<b>Total investments in subsidiaries and associated companies, net</b>					<b>28,133</b>	<b>17,991</b>

\* Dissolution in 2011

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

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

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

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

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Summaries of financial information of associated companies are as follows:

	2011 (Unaudited)			2010 (Audited)		
	Total assets	Total liabilities	Equity <i>(in million Baht)</i>	Total assets	Total Liabilities	Equity
Finance & Insurance	6,928	4,818	2,110	91,734	78,863	12,871
	<b>6,928</b>	<b>4,818</b>	<b>2,110</b>	<b>91,734</b>	<b>78,863</b>	<b>12,871</b>

	For the years ended 31 December					
	2011 (Unaudited)			2010 (Audited)		
	Revenue	Expenses	Net income <i>(in million Baht)</i>	Revenue	Expenses	Net income
Finance & Insurance	314	242	72	29,342	26,989	2,353
	<b>314</b>	<b>242</b>	<b>72</b>	<b>29,342</b>	<b>26,989</b>	<b>2,353</b>

The equity interests in SCB Life Assurance Public Company Limited and The Siam Industrial Credit Public Company Limited and its affiliates have been reclassified as subsidiaries during the year ended 31 December 2011 (see Note 6).

As at 31 December 2011 and 2010, the Bank and a subsidiary have equity securities in companies received as a result of troubled debt restructuring, which represent more than 20% of the paid-up capital of each company. The Bank did not record these securities as investments in subsidiaries and associated companies as it is the Bank's and subsidiary's intention to hold such investments temporarily. Such investments are as follows:

	Shareholding (%)	2011 (Unaudited)		Equity
		Total assets	Total liabilities <i>(in million Baht)</i>	
<b>General investments</b>				
Phoenix Land Development Co., Ltd.	97.6	167	169	(2)
Siam Media and Communication Co., Ltd. and affiliate*	33.3	-	-	-
WTA (Thailand) Co., Ltd.	25.0	-	-	-

	Shareholding (%)	2010 (Audited)		Equity
		Total assets	Total liabilities <i>(in million Baht)</i>	
<b>General investments</b>				
Phoenix Land Development Co., Ltd.	97.6	162	169	(7)
Siam Media and Communication Co., Ltd. and affiliate*	33.3	-	-	-
WTA (Thailand) Co., Ltd.	25.0	-	-	-

\* Discontinued operations or in the process of dissolution

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	For the years ended 31 December					
	2011			2010		
	(Unaudited)			(Audited)		
	Revenue	Expenses	Net income	Revenue	Expenses	Net income
	<i>(in million Baht)</i>					
<b>General investments</b>						
Phoenix Land Development Co., Ltd.	9	2	7	8	3	5
Siam Media and Communication Co., Ltd. and affiliate*	-	-	-	-	-	-
WTA (Thailand) Co., Ltd.	-	-	-	-	-	-

\* Discontinued operations or in the process of dissolution

**15 Loans to customers and accrued interest receivables, net**

15.1 Classified by product as at 31 December 2011 and 2010

	Consolidated		The Bank	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Overdrafts	73,153	57,849	72,852	57,576
Loans	978,181	818,327	973,530	822,904
Bills	89,640	69,486	89,640	69,283
Hire-purchase	130,696	91,474	114,468	71,973
Finance leases	152	367	-	-
Others	34,571	29,656	32,094	28,500
Less deferred revenue	(13,710)	(8,585)	(12,210)	(7,291)
Total loans to customers, net	1,292,683	1,058,574	1,270,374	1,042,945
Add accrued interest receivables	3,000	1,824	2,834	1,798
Total loans to customers and accrued interest receivables, net	1,295,683	1,060,398	1,273,208	1,044,743
Less allowance for doubtful accounts				
- allowance established at BoT regulations				
- Individual approach	(31,021)	(26,702)	(27,536)	(25,792)
- Collective approach	(236)	(1,151)	-	-
- allowance established in excess	(14,148)	(13,147)	(13,798)	(13,076)
Less revaluation allowance for debt restructuring	(590)	(595)	(562)	(595)
<b>Total</b>	<b>1,249,688</b>	<b>1,018,803</b>	<b>1,231,312</b>	<b>1,005,280</b>

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15.2 Classified by currency and residence of customers as at 31 December 2011 and 2010

	<b>Consolidated</b>					
	2011		2010		Total	
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	1,190,946	-	1,190,946	986,542	3	986,545
US Dollar	56,752	37,259	94,011	34,570	32,295	66,865
Other currencies	7,724	2	7,726	5,161	3	5,164
<b>Total</b>			<b><u>1,292,683</u></b>			<b><u>1,058,574</u></b>

	<b>The Bank</b>					
	2011		2010		Total	
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	1,169,628	-	1,169,628	971,972	-	971,972
US Dollar	56,752	36,270	93,022	34,570	31,242	65,812
Other currencies	7,724	-	7,724	5,161	-	5,161
<b>Total</b>			<b><u>1,270,374</u></b>			<b><u>1,042,945</u></b>

15.3 Classified by business type and loan classification as at 31 December 2011 and 2010

	<b>Consolidated</b>												
	2011					2010					Total *		
	Normal	Special Mention	Sub- Standard	Doubtful	Loss	Total *	Normal	Special Mention	Sub- Standard	Doubtful	Loss	Total *	Total *
	<i>(in million Baht)</i>												
Agriculture and mining	14,455	98	4	1	34	14,592	11,234	88	21	1	118	11,462	11,462
Manufacturing and commercial	446,279	3,638	1,027	4,284	14,370	469,598	368,677	15,700	4,687	2,179	13,719	404,962	404,962
Real estate and construction	90,107	979	873	84	2,795	94,838	70,502	2,080	153	38	3,420	76,193	76,193
Utilities and services	168,385	2,084	1,034	54	950	172,507	120,946	2,737	1,322	633	1,733	127,371	127,371
Housing loans	310,182	5,281	2,183	1,361	2,777	321,784	268,180	4,929	1,734	1,319	4,395	280,557	280,557
Others	210,017	4,978	1,611	439	2,319	219,364	151,085	3,732	895	346	1,971	158,029	158,029
<b>Total *</b>	<b><u>1,239,425</u></b>	<b><u>17,058</u></b>	<b><u>6,732</u></b>	<b><u>6,223</u></b>	<b><u>23,245</u></b>	<b><u>1,292,683</u></b>	<b><u>990,624</u></b>	<b><u>29,266</u></b>	<b><u>8,812</u></b>	<b><u>4,516</u></b>	<b><u>25,356</u></b>	<b><u>1,058,574</u></b>	<b><u>1,058,574</u></b>

	<b>The Bank</b>												
	2011					2010					Total *		
	Normal	Special Mention	Sub- Standard	Doubtful	Loss	Total *	Normal	Special Mention	Sub- Standard	Doubtful	Loss	Total *	Total *
	<i>(in million Baht)</i>												
Agriculture and mining	14,455	98	4	1	34	14,592	11,234	88	21	1	118	11,462	11,462
Manufacturing and commercial	445,491	3,638	1,025	4,020	13,973	468,147	374,760	15,700	4,687	2,179	13,696	411,022	411,022
Real estate and construction	90,100	976	873	19	1,419	93,387	70,498	2,080	153	38	2,165	74,934	74,934
Utilities and services	168,104	2,084	1,033	54	950	172,225	120,537	2,737	1,322	632	1,733	126,961	126,961
Housing loans	310,174	5,278	2,183	1,360	2,752	321,747	268,176	4,929	1,734	1,319	4,346	280,504	280,504
Others	195,215	3,217	1,043	336	465	200,276	134,326	2,192	734	259	551	138,062	138,062
<b>Total *</b>	<b><u>1,223,539</u></b>	<b><u>15,291</u></b>	<b><u>6,161</u></b>	<b><u>5,790</u></b>	<b><u>19,593</u></b>	<b><u>1,270,374</u></b>	<b><u>979,531</u></b>	<b><u>27,726</u></b>	<b><u>8,651</u></b>	<b><u>4,428</u></b>	<b><u>22,609</u></b>	<b><u>1,042,945</u></b>	<b><u>1,042,945</u></b>

\* Net of deferred revenue

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15.4 Loan classification as at 31 December 2011 and 2010

	<b>Consolidated</b>						
	<b>2011</b>						
	Loans and accrued interest receivables	Net amount used for set the allowance for doubtful accounts	% used for setting the allowance Collateral / Cashflow approach	% used for setting the allowance Collective approach	Allowance for doubtful accounts		
					Collateral / Cashflow approach	Collective approach	Total
	<i>(in million Baht)</i>				<i>(in million Baht)</i>		
Minimum allowance of BoT's regulation							
- Normal	1,242,234	1,201,634*	1	-	11,938	-	11,938
- Special Mention	17,168	7,534*	2	-	144	-	144
- Sub - Standard***	6,748	3,099**	100	-	3,033	-	3,033
- Doubtful	6,223	4,858**	100	-	4,819	-	4,819
- Doubtful Loss	23,310	11,557**	100	70.34 - 71.18	11,087	236	11,323
Total	1,295,683	1,228,682			31,021	236	31,257
Allowance established in excess							14,148
<b>Total</b>							<b>45,405</b>

	<b>Consolidated</b>						
	<b>2010</b>						
	Loans and accrued interest receivables	Net amount used for set the allowance for doubtful accounts	% used for setting the allowance Collateral / Cashflow approach	% used for setting the allowance Collective approach	Allowance for doubtful accounts		
					Collateral / Cashflow approach	Collective approach	Total
	<i>(in million Baht)</i>				<i>(in million Baht)</i>		
Minimum allowance of BoT's regulation							
- Normal	992,308	963,358*	1	0.00 - 69.20	9,466	13	9,479
- Special Mention	29,338	29,218*	2	0.00 - 69.20	554	13	567
- Sub - Standard***	8,855	4,360**	100	0.00 - 69.20	4,198	35	4,233
- Doubtful	4,516	2,187**	100	2.72 - 82.84	2,100	235	2,335
- Doubtful Loss	25,381	12,189**	100	69.20 - 70.34	10,384	855	11,239
Total	1,060,398	1,011,312			26,702	1,151	27,853
Allowance established in excess							13,147
<b>Total</b>							<b>41,000</b>

\* Net of cash and near cash collateral

\*\* Net of PV cashflow from loan receivables or selling collateral

\*\*\* Excluding allowance for troubled debt restructuring, the allowance of which was included in revaluation allowance for debt restructuring

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<b>The Bank</b>				
2011				
	Loans and accrued interest <i>(in million Baht)</i>	Net amount used for set the allowance for doubtful accounts	% used for setting the allowance	Allowance for doubtful accounts <i>(in million Baht)</i>
Minimum allowance of BoT's regulation				
- Normal	1,226,247	1,185,694*	1	11,857
- Special Mention	15,401	5,767*	2	115
- Sub - Standard***	6,177	2,528**	100	2,528
- Doubtful	5,790	4,435**	100	4,435
- Doubtful Loss	19,593	8,601**	100	8,601
<b>Total</b>	<u>1,273,208</u>	<u>1,207,025</u>		<u>27,536</u>
Allowance established in excess				<u>13,798</u>
<b>Total</b>				<u><b>41,334</b></u>

<b>The Bank</b>				
2010				
	Loans and accrued interest <i>(in million Baht)</i>	Net amount used for set the allowance for doubtful accounts	% used for setting the allowance	Allowance for doubtful accounts <i>(in million Baht)</i>
Minimum allowance of BoT's regulation				
- Normal	981,214	952,264*	1	9,523
- Special Mention	27,799	27,679*	2	554
- Sub - Standard***	8,693	4,198**	100	4,198
- Doubtful	4,428	2,100**	100	2,100
- Doubtful Loss	22,609	9,417**	100	9,417
<b>Total</b>	<u>1,044,743</u>	<u>995,658</u>		<u>25,792</u>
Allowance established in excess				<u>13,076</u>
<b>Total</b>				<u><b>38,868</b></u>

\* Net of cash and near cash collateral

\*\* Net of PV cashflow from loan receivables or selling collateral

\*\*\* Excluding allowance for troubled debt restructuring, the allowance of which was included in revaluation allowance for debt restructuring

Based on management's assessment of the ultimate collectability of the Bank's loan portfolio, the Bank and its subsidiaries believe that the allowance established was adequate as at 31 December 2011 and 2010 and in compliance with the BoT's guidelines.

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15.5 Loans to listed companies identified for delisting

As at 31 December 2011 and 2010, the Bank and its subsidiaries have loans and accrued interest receivables with borrowers who have problems with their financial positions and operating results, causing their loans to become classified assets. The Bank and its subsidiaries have made provisions for loan losses as follows:

	<b>Consolidated</b>							
	2011				2010			
	No. of companies	Loans and accrued interest receivables* (in million Baht)	Collateral	Amount of provision	No. of Companies	Loans and accrued interest receivables* (in million Baht)	Collateral	Amount of provision
Listed companies identified for delisting	3	3,104	685	2,968	4	721	211	524

	<b>The Bank</b>							
	2011				2010			
	No. of companies	Loans and accrued interest receivables* (in million Baht)	Collateral	Amount of provision	No. of Companies	Loans and accrued interest receivables* (in million Baht)	Collateral	Amount of provision
Listed companies identified for delisting	3	3,104	685	2,968	4	721	211	524

\* Including loans to financial institutions

15.6 Non-Performing Loans

As at 31 December 2011 and 2010, the Bank used the guidelines specified in the BoT's notification dated 3 August 2008 in determining Non-Performing Loans which consist of loans classified as sub-standard, doubtful, doubtful loss and loss under the BoT's guideline. The amounts are as follows:

	<b>Consolidated</b>		<b>The Bank</b>	
	2011	2010	2011	2010
Non-Performing Loans (net of allowance for doubtful accounts)	14,352	18,827	12,674	17,066
% of Non-Performing Loans to total loans (net)	1.1	1.6	0.9	1.5
Non-Performing Loans (gross)	36,200	38,684	31,544	35,688
% of Non-Performing Loans to total loans	2.6	3.3	2.3	3.0

As at 31 December 2011, Rutchayothin Assets Management Co., Ltd. which is a subsidiary, has Non-Performing Loans of Baht 520 million (2010: Baht 686 million), has Non-Performing Loans based on principal of loan purchased from the group as at 31 December 2011, the amount would be Baht 1,153 million (2010: Baht 1,361 million).

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15.7 Non-accrual loans based on the accrual basis

Non-accrual loans, gross, (including financial institutions) based on the accrual basis as at 31 December 2011 and 2010.

	<b>Consolidated</b>		<b>The Bank</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Loans to suspend recognition of income	111,760	105,078	107,104	102,081
% of loans to suspend recognition of income	8.0	8.8	7.9	8.7

15.8 Sales of loan receivables to the Thai Asset Management Corporation (“TAMC”)

The information regarding the transfer of a portion of sub-quality assets to TAMC according to the Asset Transfer Agreement of the Bank and a subsidiary since 2001 are as follows:

	<b>Consolidated</b>		<b>The Bank</b>	
	2011****	2010***	2011**	2010*
	<i>(in million Baht)</i>			
Total net amount of sub-quality assets transferred to TAMC since 2001	9,899	9,953	9,691	9,749
Promissory notes received	9,899	9,953	9,691	9,749

\* Net of adjustment of selling price of loans sold to TAMC of Baht 739 million

\*\* Net of adjustment of selling price of loans sold to TAMC of Baht 738 million

\*\*\* Net of adjustment of selling price of loans sold to TAMC of Baht 985 million

\*\*\*\* Net of adjustment of selling price of loans sold to TAMC of Baht 869 million

On 12 October 2001, the Bank entered into an Asset Transfer Agreement with the Thai Asset Management Corporation (“TAMC”). Under the agreement, the Bank transferred sub-quality assets including the right over the collateral to TAMC at terms and conditions specified in the agreement. The price of transferred loans was equal the value of the collateral, which did not exceed the book value of such loans. The Bank and TAMC reserved the right to request for reappraisal under specified terms. Once TAMC and the Bank agreed with the price, the Bank received a non-negotiable promissory note from TAMC. The note matures in 10 years from the issuing date with the interest rate calculated based on the average rate of deposits. The note is availed by Financial Institution Development Fund (see Note 13.1).

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The Bank and TAMC agreed to recognise any profits or losses from the management of the sub-quality assets at the end of the fifth and the tenth year starting from 1 July 2001. The profits or losses shall be calculated based on all accumulated asset recoveries on a cash basis up to the date of calculation of such profits or losses less the transfer costs and other operating expenses incurred by TAMC including all interest paid by TAMC to the Bank. In addition, pursuant to the TAMC Decree B.E. 2544, in case when the profits are realised, the first portion of the profits, not exceeding 20% of the transfer price of sub-quality assets transferred to TAMC, will be allocated between TAMC and the Bank. The second portion of the profits will be given to the Bank. The two portions of the profits combined together shall not exceed the difference between the book value of sub-quality assets and the transfer price of sub-quality assets transferred to TAMC. All residual amount of profit will be given to TAMC. In the case of losses it will be shared between TAMC and the Bank. The Bank will take the first portion of losses, not exceeding 20% of the transfer price of sub-quality assets transferred to TAMC. The residual amount of the first portion of losses, not exceeding 20% of the transfer price of sub-quality assets transferred to TAMC, will be shared between TAMC and the Bank. All residual amount of the loss will be absorbed by TAMC. As at 31 December 2011, the Bank's provision for possible loss amounted to Baht 904 million, which was presented in provisions on the statement of financial position (*2010: Baht 904 million*).

15.9 Securitisation transaction of a subsidiary

On 20 March 2006, Siam Commercial Leasing Public Company Limited, a subsidiary, entered into the Hire-purchase Receivables Sale Agreement with Siam Panich SPV 1 Co., Ltd. ("the SPV 1"), which was incorporated under the Civil and Commercial Code of Thailand, to operate the securitisation business under the Securitisation Law. The Subsidiary's Securitisation Plan was approved by the Office of the Securities and Exchange Commission after which the total Initial Receivables of Baht 6,614,999,826 were sold to the SPV 1 at the net book value as at 28 February 2006. The Subsidiary transferred the rights to receive cash from the obligors to the SPV 1 and received cash of Baht 4,999,649,826 from the SPV 1 on 30 March 2006 (see Note 5.27.3). The remaining balance of the selling price for the Initial Receivables of Baht 1,615,350,000 was recorded as Deferred Purchase Price. The Subsidiary was allowed to sell additional revolving receivables subsequently and was appointed to act as the servicer which is responsible for collecting payments from its obligors under the Receivables Sale Agreements and Servicing Agreements.

**The Siam Commercial Bank Public Company Limited and its Subsidiaries**  
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**16 Disclosure of the statements of cash flows of the asset management company**

In accordance with the BoT's letter number Sor Nor Sor (01) Wor 3258/2543 dated 27 November 2000, relating to the regulations of the asset management company ("AMC"), the Bank is required to disclose the statements of cash flows of the AMC in the notes to the financial statements. The statements of cash flows of Rutchayothin Assets Management Co., Ltd. are as follows:

**Rutchayothin Assets Management Co., Ltd.**  
**Statement of cash flows**  
**For the years ended 31 December 2011 and 2010**

	2011 (Unaudited)	2010 (Audited)
	<i>(in million Baht)</i>	
<b>Cash flows from operating activities</b>		
Profit before tax	22	13
<i>Adjustments for</i>		
(Reversal) bad debt and doubtful accounts	(33)	3
Loss from impairment of investment in TAMC	3	3
Loss on impairment on properties for sale	1	-
	(7)	19
Net interest income	(4)	13
Proceed from interest	9	8
Income tax paid	(12)	(29)
Income (loss) from operations before changes in operating assets and liabilities	(14)	11
<i>(Increase) decrease in operating assets</i>		
Investment in receivables	189	110
Loans	-	1
Properties for sale	47	19
Other assets	90	(98)
<i>Increase (decrease) in operating liabilities</i>		
Short-term debt issued and borrowings	(350)	(201)
Other liabilities	2	2
Net cash used in operating activities	(36)	(156)
<b>Cash flows from investing activities</b>		
Proceeds from redemption of held-to-maturity securities	148	-
Net cash from investing activities	148	-
Net increase (decrease) in cash	112	(156)
Cash at 1 January	90	246
<b>Cash at 31 December</b>	<b>202</b>	<b>90</b>

**The Siam Commercial Bank Public Company Limited and its Subsidiaries**  
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**17 Troubled debt restructuring**

The financial statements for the years ended 31 December 2011 and 2010, include the result of various types of troubled debt restructuring including transfers of assets and equity securities, changes in repayment conditions, and mixed types as follows:

Types of debt restructuring	No. of accounts		Consolidated				Transferred assets		
			Outstanding debts		Types	Fair value			
			Before debt restructuring	After debt restructuring		2011			2010
			2011	2010	2011	2010			2011
Transfers of assets	8	14	23	66	20	60	Immovable properties	19	60
Debt restructuring in various forms	289	558	2,199	1,819	1,898	1,815	Immovable properties	770	22
Changes of repayment conditions	2,038	1,887	4,495	4,446	4,419	4,360			
<b>Total</b>	<b>2,335</b>	<b>2,459</b>	<b>6,717</b>	<b>6,331</b>	<b>6,337</b>	<b>6,235</b>			

Types of debt restructuring	No. of accounts		The Bank				Transferred assets		
			Outstanding debts		Types	Fair value			
			Before debt restructuring	After debt restructuring		2011			2010
			2011	2010	2011	2010			2011
Transfers of assets	8	14	23	66	20	60	Immovable properties	19	60
Debt restructuring in various forms	289	558	2,199	1,819	1,898	1,815	Immovable properties	770	22
Changes of repayment conditions	2,038	1,887	4,495	4,446	4,419	4,360			
<b>Total</b>	<b>2,335</b>	<b>2,459</b>	<b>6,717</b>	<b>6,331</b>	<b>6,337</b>	<b>6,235</b>			

As at 31 December 2011 and 2010, troubled debt restructuring compared with total loans including loans to financial institutions are as follows:

	Consolidated			
	2011		2010	
	No. of accounts	The outstanding debts (in million Baht)	No. of accounts	The outstanding debts (in million Baht)
Troubled debt restructuring during the year	2,335	6,717	2,459	6,331
Total loans including loans to financial institutions	609,396	1,393,635	469,764	1,190,831

	The Bank			
	2011		2010	
	No. of accounts	The outstanding debts (in million Baht)	No. of accounts	The outstanding debts (in million Baht)
Troubled debt restructuring during the year	2,335	6,717	2,459	6,331
Total loans including loans to financial institutions	499,028	1,364,482	356,349	1,175,176

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As at 31 December 2011 and 2010, the Bank and its subsidiaries have balances of restructured loans as follows:

	<b>Consolidated</b>		<b>The Bank</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Restructured loans which are classified as NPL	8,349	11,817	8,020	11,817
Restructured loans which are not classified as NPL	22,446	24,238	22,446	24,238
<b>Total</b>	<b>30,795</b>	<b>36,055</b>	<b>30,466</b>	<b>36,055</b>

The average term of troubled debt restructured as of 31 December 2011 is 9.1 years (2010: 8.8 years).

Supplementary information relating to restructuring debtors for the years ended 31 December 2011 and 2010 are as follows:

	<b>Consolidated</b>		<b>The Bank</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Interest income recognised in profit or loss	1,795	2,292	1,795	2,292
Loss on debt restructuring recognised in profit or loss	433	149	433	149
Cash collection	14,654	13,806	14,654	13,806

## 18 Finance leases

As at 31 December 2011 and 2010, the Bank and its subsidiaries have finance leases as follows:

	<b>Consolidated</b>								
	2011			2010					
	Amount due			Amount due					
	Less than 1 year	1 to 5 years	Over 5 years	Total	Less than 1 year	1 to 5 years	Over 5 years	Total	
	<i>(in million Baht)</i>								
Total of gross investments in the lease	36,376	90,234	4,238	130,848	22,446	67,531	1,864	91,841	
Less deferred revenue				(13,378)				(8,399)	
Present value of the lease payments				117,470				83,442	
Allowance for doubtful accounts				(4,842)				(2,255)	
Finance leases, net				<u>112,628</u>				<u>81,187</u>	
	<b>The Bank</b>								
	2011			2010					
	Amount due			Amount due					
	Less than 1 year	1 to 5 years	Over 5 years	Total	Less than 1 year	1 to 5 years	Over 5 years	Total	

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**19 Allowance for doubtful accounts**

As at 31 December 2011 and 2010, allowance for doubtful accounts consists of the following:

	Consolidated 2011					Allowance established in excess of BoT regulations	Total
	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss		
	<i>(in million Baht)</i>						
Beginning balance	9,479	567	4,233	2,335	11,239	13,147	41,000
Transfer from business combination	166	133	37	321	1,031	670	2,358
Bad debt and doubtful accounts *	2,393	(447)	(1,694)	2,113	5,047	(357)	7,055
Bad debt written off	-	-	-	-	(6,076)	-	(6,076)
Others	(100)	(109)	457	50	82	688	1,068
<b>Ending balance</b>	<b>11,938</b>	<b>144</b>	<b>3,033</b>	<b>4,819</b>	<b>11,323</b>	<b>14,148</b>	<b>45,405</b>

\* Before deducting bad debt recovered of Baht 836 million

	Consolidated 2010					Allowance established in excess of BoT regulations	Total
	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss		
	<i>(in million Baht)</i>						
Beginning balance	8,244	623	2,503	2,884	14,374	13,514	42,142
Bad debt and doubtful accounts *	1,234	(56)	1,730	(549)	3,478	(260)	5,577
Bad debt written off	3	-	-	-	(6,642)	-	(6,639)
Others	(2)	-	-	-	29	(107)	(80)
<b>Ending balance</b>	<b>9,479</b>	<b>567</b>	<b>4,233</b>	<b>2,335</b>	<b>11,239</b>	<b>13,147</b>	<b>41,000</b>

\* Before deducting bad debt recovered of Baht 1,064 million

	The Bank 2011					Allowance established in excess of BoT regulations	Total
	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss		
	<i>(in million Baht)</i>						
Beginning balance	9,523	554	4,198	2,100	9,417	13,076	38,868
Bad debt and doubtful accounts *	2,334	(439)	(1,670)	2,335	4,873	(290)	7,143
Bad debt written off	-	-	-	-	(5,689)	-	(5,689)
Others	-	-	-	-	-	1,012	1,012
<b>Ending balance</b>	<b>11,857</b>	<b>115</b>	<b>2,528</b>	<b>4,435</b>	<b>8,601</b>	<b>13,798</b>	<b>41,334</b>

\* Before deducting bad debt recovered of Baht 726 million

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	<b>The Bank</b>						Allowance established in excess of BoT regulations	Total
	2010							
	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss			
	<i>(in million Baht)</i>							
Beginning balance	8,322	579	2,436	2,621	12,068	13,402	39,428	
Bad debt and doubtful accounts *	1,201	(25)	1,762	(521)	3,289	(221)	5,485	
Bad debt written off	-	-	-	-	(5,940)	-	(5,940)	
Others	-	-	-	-	-	(105)	(105)	
<b>Ending balance</b>	<b><u>9,523</u></b>	<b><u>554</u></b>	<b><u>4,198</u></b>	<b><u>2,100</u></b>	<b><u>9,417</u></b>	<b><u>13,076</u></b>	<b><u>38,868</u></b>	

\* Before deducting bad debt recovered of Baht 834 million

## 20 Revaluation allowance for debt restructuring

As at 31 December 2011 and 2010, revaluation allowance for debt restructuring consists of the following:

	<b>Consolidated</b>		<b>The Bank</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Beginning balance	595	752	595	752
Transfer from business combination	28	-	-	-
Decrease during the year	(33)	(157)	(33)	(157)
<b>Ending balance</b>	<b><u>590</u></b>	<b><u>595</u></b>	<b><u>562</u></b>	<b><u>595</u></b>

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**21 Properties for sale, net**

As at 31 December 2011 and 2010, properties for sale, net consist of the following:

	<b>Consolidated</b>				Ending balance
	Beginning balance	Transfer from business combination	Additions	Disposals	
	2011				
	<i>(in million Baht)</i>				
Foreclosed assets					
Immovable assets	13,808	119	2,936	(4,142)	12,721
Movable assets	67	22	773	(694)	168
Total	<u>13,875</u>	<u>141</u>	<u>3,709</u>	<u>(4,836)</u>	<u>12,889</u>
Others	193	-	549	(677)	65
Total properties for sale	<u>14,068</u>	<u>141</u>	<u>4,258</u>	<u>(5,513)</u>	<u>12,954</u>
Less allowance for impairment	(1,384)	(15)	195	15	(1,189)
<b>Total properties for sale, net</b>	<b><u>12,684</u></b>	<b><u>126</u></b>	<b><u>4,453</u></b>	<b><u>(5,498)</u></b>	<b><u>11,765</u></b>

	<b>Consolidated</b>				Ending balance
	Beginning balance	Transfer from business combination	Additions	Disposals	
	2010				
	<i>(in million Baht)</i>				
Foreclosed assets					
Immovable assets	14,214	-	3,223	(3,629)	13,808
Movable assets	217	-	944	(1,094)	67
Total	<u>14,431</u>	<u>-</u>	<u>4,167</u>	<u>(4,723)</u>	<u>13,875</u>
Others	293	-	1,425	(1,525)	193
Total properties for sale	<u>14,724</u>	<u>-</u>	<u>5,592</u>	<u>(6,248)</u>	<u>14,068</u>
Less allowance for impairment	(1,734)	-	-	350	(1,384)
<b>Total properties for sale, net</b>	<b><u>12,990</u></b>	<b><u>-</u></b>	<b><u>5,592</u></b>	<b><u>(5,898)</u></b>	<b><u>12,684</u></b>

	<b>The Bank</b>			Ending balance
	Beginning balance	Additions	Disposals	
	2011			
	<i>(in million Baht)</i>			
Foreclosed assets				
Immovable assets	13,698	2,936	(4,094)	12,540
Movable assets	18	365	(260)	123
Total	<u>13,716</u>	<u>3,301</u>	<u>(4,354)</u>	<u>12,663</u>
Others	193	550	(677)	66
Total properties for sale	<u>13,909</u>	<u>3,851</u>	<u>(5,031)</u>	<u>12,729</u>
Less allowance for impairment	(1,357)	209	(8)	(1,156)
<b>Total properties for sale, net</b>	<b><u>12,552</u></b>	<b><u>4,060</u></b>	<b><u>(5,039)</u></b>	<b><u>11,573</u></b>

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	Beginning balance	The Bank 2010		Ending balance
		Additions	Disposals	
		<i>(in million Baht)</i>		
Foreclosed assets				
Immovable assets	14,067	3,223	(3,592)	13,698
Movable assets	57	197	(236)	18
Total	14,124	3,420	(3,828)	13,716
Others	293	1,425	(1,525)	193
Total properties for sale	14,417	4,845	(5,353)	13,909
Less allowance for impairment	(1,707)	-	350	(1,357)
<b>Total properties for sale, net</b>	<b>12,710</b>	<b>4,845</b>	<b>(5,003)</b>	<b>12,552</b>

Gain on sales of properties for sale recognised in the consolidated profit or loss for the years ended 31 December 2011 and 2010 are gains of Baht 289 million and Baht 504 million, respectively and for the Bank's profit or loss are gains of Baht 339 million and Baht 475 million, respectively.

Immovable assets for sale classified by external and internal appraisers as at 31 December 2011 and 2010 consist of the following:

	Consolidated		The Bank	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Foreclosed assets				
Immovable assets				
Appraised by external appraisers	162	6,728	-	6,728
Appraised by internal appraisers	12,559	7,080	12,540	6,970
<b>Total</b>	<b>12,721</b>	<b>13,808</b>	<b>12,540</b>	<b>13,698</b>

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**22 Premises and equipment, net**

As at 31 December 2011 and 2010, premises and equipment, net consist of the following:

	Cost						Consolidated 2011 Accumulated depreciation						Allowance for impairment	Net balance
	Beginning balance	Transfer from business combination	Additions	Disposals	Others	Ending balance	Beginning balance	Transfer from business combination	Depreciation	Disposals	Others	Ending balance		
Land														
Cost	6,005	10	230	(1)	2	6,246	-	-	-	-	-	-	(352)	5,894
Appraisal*	6,113	2	1,744	-	-	7,859	-	-	-	-	-	-	-	7,859
Premises														
Cost	14,541	131	398	(258)	222	15,034	(6,566)	(93)	(354)	17	(8)	(7,004)	(155)	7,875
Appraisal*	5,795	3	3,050	-	-	8,848	(830)	-	(316)	-	779	(367)	-	8,481
Equipment	16,091	456	1,935	(544)	116	18,054	(12,443)	(354)	(1,455)	294	(8)	(13,966)	(27)	4,061
Others	676	401	936	(603)	(434)	976	(119)	(249)	(48)	131	(89)	(374)	-	602
<b>Total</b>	<b>49,221</b>	<b>1,003</b>	<b>8,293</b>	<b>(1,406)</b>	<b>(94)</b>	<b>57,017</b>	<b>(19,958)</b>	<b>(696)</b>	<b>(2,173)</b>	<b>442</b>	<b>674</b>	<b>(21,711)</b>	<b>(534)</b>	<b>34,772</b>

\* Appraisal increase in year 2010 for the Bank and year 2008 for its subsidiaries

Depreciation presented in the consolidated profit or loss for the years ended 31 December 2011 and 2010 amounted to Baht 2,173 million and Baht 2,013 million, respectively.

The gross amount of the Bank and its subsidiaries' fully depreciated premises and equipment that was still in use as at 31 December 2011 amounted to Baht 12,564 million (2010: Baht 8,522 million).



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**23 Goodwill and other intangible assets, net**

As at 31 December 2011 and 2010, goodwill and other intangible assets, net consist of the following:

	<b>Consolidated</b>												Net balance
	Cost						2011						
	Beginning balance	Transfer from business combination	Additions	Disposals	Others	Ending balance	Beginning balance	Transfer from business combination	Accumulated amortisation			Ending balance	
<i>(in million Baht)</i>													
Goodwill	804	8,865	-	-	-	9,669	-	-	-	-	-	-	9,669
Software licenses	3,476	411	396	(3)	32	4,312	(2,113)	(150)	(512)	1	(3)	(2,777)	1,535
Others	5	33	15	-	(1)	52	-	-	-	-	-	-	52
<b>Total</b>	<b>4,285</b>	<b>9,309</b>	<b>411</b>	<b>(3)</b>	<b>31</b>	<b>14,033</b>	<b>(2,113)</b>	<b>(150)</b>	<b>(512)</b>	<b>1</b>	<b>(3)</b>	<b>(2,777)</b>	<b>11,256</b>

Amortisation presented in the consolidated profit or loss for the years ended 31 December 2011 and 2010 amounted to Baht 512 million and Baht 429 million, respectively.

The gross amount of the Bank and its subsidiaries' fully amortised intangible assets that was still in use for the consolidated financial statements as at 31 December 2011 amounted to Baht 1,542 million (2010: Baht 719 million).

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	Beginning balance	Additions	Cost		Ending balance	The Bank 2011				Ending balance	Net balance
			Disposals	Others		Accumulated amortisation					
						Beginning balance	Amortisations	Disposals	Others		
Software licenses	3,340	359	-	30	3,729	(2,022)	(433)	-	(2)	(2,457)	1,272
<b>Total</b>	<b>3,340</b>	<b>359</b>	<b>-</b>	<b>30</b>	<b>3,729</b>	<b>(2,022)</b>	<b>(433)</b>	<b>-</b>	<b>(2)</b>	<b>(2,457)</b>	<b>1,272</b>

Amortisation presented in the Bank's profit or loss for the years ended 31 December 2011 and 2010 amounted to Baht 433 million and Baht 416 million, respectively.

The gross amount of the Bank's fully amortised intangible assets that was still in use for the Bank's financial statements as at 31 December 2011 amounted to Baht 1,435 million (2010: Baht 674 million).

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**24 Assets pending transfer**

As at 31 December 2011 and 2010, assets pending transfer consist of the following:

	<b>Consolidated</b>		<b>The Bank</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Sundry receivables	6,280	6,146	6,280	6,040
Prepayment of Option Premium	86	84	86	84
Clean bills in transit	55	62	55	62
Others	834	517	832	515
<b>Total</b>	<b>7,255</b>	<b>6,809</b>	<b>7,253</b>	<b>6,701</b>

**25 Other assets, net**

As at 31 December 2011 and 2010, other assets, net consist of the following:

	<b>Consolidated</b>		<b>The Bank</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Collateral per Credit Support Annex	2,058	1,467	2,058	1,467
Accrued interest on investment	1,943	945	1,079	907
Net inter-account balance	1,429	1,644	1,429	1,644
Securities business receivables and receivable from clearing house	1,272	989	-	-
Receivables from disposal of assets	954	1,841	954	1,841
Leasehold, net	395	466	314	373
Customer insurance premium and legal deposits with court	112	152	112	152
Others	5,026	2,840	3,505	2,051
<b>Total</b>	<b>13,189</b>	<b>10,344</b>	<b>9,451</b>	<b>8,435</b>

**26 Classified assets**

The Bank and its subsidiaries have classified assets according to the guidelines of the BoT as at 31 December 2011 and 2010 as follows:

	<b>Consolidated</b>					<b>Total</b>
	<b>2011</b>					
	Loans and accrued interest receivables	Loans to financial institutions and accrued interest receivables	Investments	Properties for sale	Other assets	
	<i>(in million Baht)</i>					
Normal	1,242,234	97,953	-	-	15	1,340,202
Special Mention	17,168	-	-	-	1	17,169
Sub-Standard	6,748	-	-	-	-	6,748
Doubtful	6,223	-	-	-	1	6,224
Doubtful Loss	23,310	-	2,455	686	622	27,073
	<b>1,295,683</b>	<b>97,953</b>	<b>2,455</b>	<b>686</b>	<b>639</b>	<b>1,397,416</b>

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	<b>Consolidated</b>					
	2010					
	Loans and accrued interest receivables	Loans to financial institutions and accrued interest receivables	Investments	Properties for sale	Other assets	Total
	<i>(in million Baht)</i>					
Normal	992,308	130,433	-	-	15	1,122,756
Special Mention	29,338	-	-	-	1	29,339
Sub-Standard	8,855	-	-	-	2	8,857
Doubtful	4,516	-	-	-	1	4,517
Doubtful Loss	25,381	-	3,277	592	854	30,104
	<b><u>1,060,398</u></b>	<b><u>130,433</u></b>	<b><u>3,277</u></b>	<b><u>592</u></b>	<b><u>873</u></b>	<b><u>1,195,573</u></b>

	<b>The Bank</b>					
	2011					
	Loans and accrued interest receivables	Loans to financial institutions and accrued interest receivables	Investments	Properties for sale	Other assets	Total
	<i>(in million Baht)</i>					
Normal	1,226,247	91,274	-	-	15	1,317,536
Special Mention	15,401	-	-	-	1	15,402
Sub-Standard	6,177	-	-	-	-	6,177
Doubtful	5,790	-	-	-	1	5,791
Doubtful Loss	19,593	-	3,013	537	622	23,765
	<b><u>1,273,208</u></b>	<b><u>91,274</u></b>	<b><u>3,013</u></b>	<b><u>537</u></b>	<b><u>639</u></b>	<b><u>1,368,671</u></b>

	<b>The Bank</b>					
	2010					
	Loans and accrued interest receivables	Loans to financial institutions and accrued interest receivables	Investments	Properties for sale	Other assets	Total
	<i>(in million Baht)</i>					
Normal	981,214	130,433	-	-	15	1,111,662
Special Mention	27,799	-	-	-	1	27,800
Sub-Standard	8,693	-	-	-	2	8,695
Doubtful	4,428	-	-	-	1	4,429
Doubtful Loss	22,609	-	5,069	573	854	29,105
	<b><u>1,044,743</u></b>	<b><u>130,433</u></b>	<b><u>5,069</u></b>	<b><u>573</u></b>	<b><u>873</u></b>	<b><u>1,181,691</u></b>

**The Siam Commercial Bank Public Company Limited and its Subsidiaries**  
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**27 Deposits**

27.1 Classified by product as at 31 December 2011 and 2010:

	<b>Consolidated</b>		<b>The Bank</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Demand	47,046	46,284	46,649	46,062
Savings	621,733	619,038	624,181	617,775
Fixed				
- Less than 6 months	172,550	155,806	165,896	155,659
- 6 months and less than 1 year	137,439	65,590	137,188	65,607
- Over 1 year	205,545	205,391	205,544	205,392
Negotiable Certificate of Deposit	75	-	-	-
<b>Total</b>	<b><u>1,184,388</u></b>	<b><u>1,092,109</u></b>	<b><u>1,179,458</u></b>	<b><u>1,090,495</u></b>

27.2 Classified by currency and residence of customer as at 31 December 2011 and 2010:

	<b>Consolidated</b>					
	2011		2010		Total	
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	1,156,215	371	1,156,586	1,047,112	307	1,047,419
US Dollar	20,478	5,570	26,048	34,104	4,264	38,368
Other currencies	1,125	629	1,754	6,059	263	6,322
<b>Total</b>	<b><u>1,177,818</u></b>	<b><u>6,570</u></b>	<b><u>1,184,388</u></b>	<b><u>1,087,275</u></b>	<b><u>4,834</u></b>	<b><u>1,092,109</u></b>

  

	<b>The Bank</b>					
	2011		2010		Total	
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	1,153,928	359	1,154,287	1,047,664	276	1,047,940
US Dollar	20,478	2,949	23,427	34,104	2,139	36,243
Other currencies	1,125	619	1,744	6,059	253	6,312
<b>Total</b>	<b><u>1,175,531</u></b>	<b><u>3,927</u></b>	<b><u>1,179,458</u></b>	<b><u>1,087,827</u></b>	<b><u>2,668</u></b>	<b><u>1,090,495</u></b>

**The Siam Commercial Bank Public Company Limited and its Subsidiaries**  
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**28 Interbank and money market items (Liabilities)**

As at 31 December 2011 and 2010, interbank and money market items (Liabilities) consist of the following:

	<b>Consolidated</b>					
	Demand	2011 Time	Total	Demand	2010 Time	Total
	<i>(in million Baht)</i>					
<b>Domestic items:</b>						
Bank of Thailand and Financial Institutions Development Fund	-	-	-	-	360	360
Commercial banks	864	13,930	14,794	629	18,395	19,024
Specialised financial institutions *	108	-	108	733	-	733
Other financial institutions **	23,485	3,493	26,978	16,569	8,724	25,293
<b>Total domestic items</b>	<b>24,457</b>	<b>17,423</b>	<b>41,880</b>	<b>17,931</b>	<b>27,479</b>	<b>45,410</b>
<b>Foreign items:</b>						
US Dollar	215	10,141	10,356	51	1,502	1,553
Euro	75	-	75	-	-	-
Other currencies	1,120	-	1,120	1,076	-	1,076
<b>Total foreign items</b>	<b>1,410</b>	<b>10,141</b>	<b>11,551</b>	<b>1,127</b>	<b>1,502</b>	<b>2,629</b>
<b>Total domestic and foreign items</b>	<b>25,867</b>	<b>27,564</b>	<b>53,431</b>	<b>19,058</b>	<b>28,981</b>	<b>48,039</b>

	<b>The Bank</b>					
	Demand	2011 Time	Total	Demand	2010 Time	Total
	<i>(in million Baht)</i>					
<b>Domestic items:</b>						
Bank of Thailand and Financial Institutions Development Fund	-	-	-	-	360	360
Commercial banks	2,155	13,930	16,085	629	18,395	19,024
Specialised financial institutions *	108	-	108	733	-	733
Other financial institutions **	23,704	3,441	27,145	18,365	8,724	27,089
<b>Total domestic items</b>	<b>25,967</b>	<b>17,371</b>	<b>43,338</b>	<b>19,727</b>	<b>27,479</b>	<b>47,206</b>
<b>Foreign items:</b>						
US Dollar	331	10,141	10,472	128	1,502	1,630
Euro	75	-	75	-	-	-
Other currencies	1,120	-	1,120	1,076	-	1,076
<b>Total foreign items</b>	<b>1,526</b>	<b>10,141</b>	<b>11,667</b>	<b>1,204</b>	<b>1,502</b>	<b>2,706</b>
<b>Total domestic and foreign items</b>	<b>27,493</b>	<b>27,512</b>	<b>55,005</b>	<b>20,931</b>	<b>28,981</b>	<b>49,912</b>

\* Specialised financial institutions mean financial institutions which operate under specific development mandates such as Small and Medium Enterprise Development Bank of Thailand, Bank for Agriculture and Agricultural Co-operatives, Export-Import Bank of Thailand, Government Savings Banks, Government Housings Bank, Islamic Bank of Thailand and Secondary Mortgage Corporation, exclude Small Business Credit Guarantee Corporation

\*\* Other financial institutions mean financial institutions which operate under the Interest on Loans of Finance Institution Act and apart from those listed above such as Finance company, Securities company, Credit foncier companies, Life insurance companies, Cooperatives, the Federation of Savings and Credit Cooperatives of Thailand Limited and Credit Union League of Thailand Limited

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**29 Debt issued and borrowings**

As at 31 December 2011 and 2010, debt issued and borrowings consist of the following:

	Interest rate (%)	Year of maturity	Domestic	2011 Foreign	Consolidated		2010 Foreign	Total
					Total	Domestic		
					<i>(in million Baht)</i>			
Bonds								
- US Dollar	3.90	2016	-	12,650	12,650	-	-	-
- Baht	3.10 - 3.60	2012	3,495	-	3,495	-	-	-
Subordinated Bonds								
- Baht	3.50 - 6.25	2018	20,000	-	20,000	20,000	-	20,000
Structured Notes								
- Baht	Variable*	2011	-	-	-	306	-	306
Securities sold under repurchase agreement								
- Baht	3.20 - 3.35	2012	3,140	-	3,140	-	-	-
Bill of Exchanges								
- Baht	0.50 - 4.83	2011-2014	216,208	-	216,208	41,973	-	41,973
Others			350	-	350	330	-	330
<b>Total</b>			<b>243,193</b>	<b>12,650</b>	<b>255,843</b>	<b>62,609</b>	<b>-</b>	<b>62,609</b>

	Interest rate (%)	Year of maturity	Domestic	2011 Foreign	The Bank		2010 Foreign	Total
					Total	Domestic		
					<i>(in million Baht)</i>			
Bonds								
- US Dollar	3.90	2016	-	12,650	12,650	-	-	-
- Baht	3.10 - 3.60	2012	3,495	-	3,495	-	-	-
Subordinated Bonds								
- Baht	3.50 - 6.25	2018	20,000	-	20,000	20,000	-	20,000
Structured Notes								
- Baht	Variable*	2011	-	-	-	306	-	306
Securities sold under repurchase agreement								
- Baht	3.20 - 3.35	2012	3,140	-	3,140	-	-	-
Bill of Exchanges								
- Baht	0.50 - 4.83	2011-2014	216,668	-	216,668	42,153	-	42,153
Others			350	-	350	330	-	330
<b>Total</b>			<b>243,653</b>	<b>12,650</b>	<b>256,303</b>	<b>62,789</b>	<b>-</b>	<b>62,789</b>

\* Variable rates linked to reference interest rates and average price of marketable equity securities

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**30 Provisions**

As at 31 December 2011 and 2010, provisions consist of the following:

	<b>Consolidated</b>		<b>The Bank</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Reserve for pension and gratuity	2,352	2,060	2,112	1,944
Reserve for claims	1,339	1,173	1,339	1,173
Possible loss from Asset Transferred				
Agreement with TAMC	945	957	904	904
Possible loss from legal cases	326	296	289	224
Provisions for commitments as off-financial reporting items	115	115	115	115
Others	62	-	-	-
<b>Total</b>	<b>5,139</b>	<b>4,601</b>	<b>4,759</b>	<b>4,360</b>

*Pension and other post-retirement employee benefits*

The Bank operates a number of post-retirement benefit plans including both defined contribution plans and defined benefit plans. All defined benefit plans are unfunded.

Present value of unfunded obligations as at 31 December 2011 and 2010 are as follows:

	<b>Consolidated</b>		<b>The Bank</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Severance Payment (“SP”) benefits scheme	1,975	1,720	1,764	1,619
Other scheme	377	340	348	325
<b>Total present value of unfunded obligations</b>	<b>2,352</b>	<b>2,060</b>	<b>2,112</b>	<b>1,944</b>

Post-employee benefit expenses included in profit or loss for the years ended 31 December 2011 and 2010 are as follows:

	<b>Consolidated</b>		<b>The Bank</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Defined contribution plans	686	602	609	555
Defined benefit plans	353	224	326	207
<b>Total post-employment benefit expenses</b>	<b>1,039</b>	<b>826</b>	<b>935</b>	<b>762</b>

Movement in the present value of the defined benefit obligations:

	<b>Consolidated</b>			
	2011		2010	
	SP	Others	SP	Others
	<i>(in million Baht)</i>			
Obligations at 1 January	1,720	340	1,601	316
Transfer from business combination	106	11	-	-
Current service cost	154	24	131	23
Interest cost	66	13	59	12
Benefits paid	(71)	(11)	(71)	(11)
<b>Obligations at 31 December</b>	<b>1,975</b>	<b>377</b>	<b>1,720</b>	<b>340</b>

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	<b>The Bank</b>			
	2011		2010	
	SP	Others	SP	Others
	<i>(in million Baht)</i>			
Obligations at 1 January	1,619	325	1,513	303
Current service cost	134	20	119	22
Interest cost	61	12	56	11
Benefits paid	(50)	(9)	(69)	(11)
<b>Obligations at 31 December</b>	<b><u>1,764</u></b>	<b><u>348</u></b>	<b><u>1,619</u></b>	<b><u>325</u></b>

The principal actuarial assumptions used to calculate the obligations under the defined benefit plans at 31 December 2011 and 2010 were as follows:

	<b>Consolidated and The Bank</b>	
	2011	2010
	<i>(%)</i>	
Financial assumptions		
Discount rate	3.6 - 4.2	3.8
Price inflation rate	3.5	3.5
Health cost increase rate	4 - 4.8	4 - 4.8
Future salary increases	6 - 12	6 - 12

As of 31 December 2011, assumed healthcare cost trend rates have a significant effect on the amounts recognised in profit or loss. A one percentage point change in assumed healthcare cost trend rates would have the following effects:

	<b>Consolidated and The Bank</b>	
	1% increase	1% decrease
	<i>(in million Baht)</i>	
Effect on the aggregate current service and interest cost	7	(5)
Effect on defined benefit obligations	73	(54)

The employee benefit expected to be paid to retirees in 2012 is as follows:

	<b>Consolidated</b>	<b>The Bank</b>
	<i>(in million Baht)</i>	
Forecast of benefit payments		
Severance Payment ("SP") benefits scheme	69	67
Other scheme	13	11
Expenses recognised in profit or loss	<b><u>82</u></b>	<b><u>78</u></b>

### **31 Liabilities pending transfer**

As at 31 December 2011 and 2010, liabilities pending transfer consist of the following:

	<b>Consolidated</b>		<b>The Bank</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Pending for payment E-banking	5,001	9,139	5,001	9,139
Other payables	2,228	3,072	2,228	3,072
Others	1,686	991	1,416	872
<b>Total</b>	<b><u>8,915</u></b>	<b><u>13,202</u></b>	<b><u>8,645</u></b>	<b><u>13,083</u></b>

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**32 Other liabilities**

As at 31 December 2011 and 2010, other liabilities consist of the following:

	Consolidated		The Bank	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Accrued expenses	15,130	11,993	14,986	11,772
Interest payable on deposits	4,905	2,003	4,860	2,003
Other payable per Credit Support Annex	2,190	11,833	2,190	11,833
Securities business payables and payables to clearing house	1,291	912	-	-
Marginal deposit	387	405	387	318
Others	4,701	2,670	449	383
<b>Total</b>	<b><u>28,604</u></b>	<b><u>29,816</u></b>	<b><u>22,872</u></b>	<b><u>26,309</u></b>

**33 Reserve**

*Legal reserve*

Under the Public Companies Act, the Bank and its subsidiaries, which are public companies are required to set aside as a legal reserve at least 5% of their net profit, net of accumulated deficit brought forward (if any), until the reserve is not less than 10% of the registered capital. The legal reserve is not available for dividend distribution.

According to the Civil and Commercial Code, subsidiaries which are private companies must appropriate to a reserve fund at each distribution of dividend at least 5% of the profit arising from the business of the Company until the reserve fund reaches 10% of the capital of the Company. Such reserve fund is not available for distribution as dividend.

*Other components of equity*

*Currency translation differences*

The currency translation differences account within equity all foreign currency differences arising from the translation of the financial statements of foreign operations.

*Fair value changes in available-for-sale investments*

The fair value changes in available-for-sale investments account within equity comprise the cumulative net change in the fair value of available-for-sale investments until the investments are derecognised or impaired.

*Valuation surplus*

The valuation surplus account within equity comprises the cumulative net change in the valuation premises and equipment included in the financial statements at valuation until such premises and equipment is sold or otherwise disposed of.

*Movements in reserves*

Movements in reserves are shown in the statement of change in equity.

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**34 Dividends**

The shareholders' meeting passed a resolution on 23 August 2011 to pay interim dividends to both preferred and ordinary shareholders at the rate of Baht 1.00 per share. The amount of Baht 3,399 million was paid on 16 September 2011.

At the annual general meeting of the shareholders of the Bank held on 5 April 2011, the shareholders approved the appropriation of dividend of Baht 2.00 per share, amounting to Baht 6,798 million. The dividend was paid to shareholders on 4 May 2011.

The shareholders' meeting passed a resolution on 20 August 2010 to pay interim dividends to both preferred and ordinary shareholders at the rate of Baht 1.00 per share. The amount of Baht 3,399 million was paid on 16 September 2010.

At the annual general meeting of the shareholders of the Bank held on 2 April 2010, the shareholders approved the appropriation of dividend of Baht 2.50 per share, amounting to Baht 8,498 million. The dividend was paid to shareholders on 28 April 2010.

**35 Assets pledged as collateral**

As at 31 December 2011 and 2010, assets pledged as collateral are as follow:

	<b>Consolidated</b>		<b>The Bank</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Deposits	1	175	-	-
Investments				
Securities purchased under resale agreements	80,346	128,114	80,347	128,114
Others	14,803	182	49	48
<b>Total</b>	<b>95,150</b>	<b>128,471</b>	<b>80,396</b>	<b>128,162</b>

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**36 Contingencies**

As at 31 December 2011 and 2010, contingencies of the Bank and its subsidiaries are as follows:

	<b>Consolidated</b>		<b>The Bank</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Avals to bills	1,532	3,030	1,532	3,030
Guarantees of loans	548	413	349	320
Liability under unmatured import bills	6,370	5,778	6,370	5,778
Letter of credit	25,770	13,878	25,707	13,755
Other contingencies				
- Amount of unused bank overdraft	104,514	88,617	104,113	88,256
- Other guarantees	113,884	102,749	113,865	102,797
- Others	505	202	-	-
<b>Total</b>	<b><u>253,123</u></b>	<b><u>214,667</u></b>	<b><u>251,936</u></b>	<b><u>213,936</u></b>

As at 31 December 2011, the Bank has commitments of Baht 3 million, in connection with finance companies whose operations were closed down permanently by the Ministry of Finance on 8 December 1997 (2010: Baht 3 million).

**37 Related parties**

For the purposes of these financial statements, parties are considered to be related to the Bank and its subsidiaries if the Bank and its subsidiaries have the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Bank and its subsidiaries and the party are subject to common control or common significant influence. Related parties may be individuals or other entities.

The Bank has business transactions with related parties or persons. Interest rate for staff loans under the staff welfare scheme is charged in accordance with the Bank's regulations for such loans. Interest rate and other pricing for other related parties are at the same rate as in the normal course of business with the same business condition as general customers. The transactions with related parties or persons are as follows:

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37.1 Loans, deposits, borrowings and contingencies

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

	<b>Consolidated</b>							
	2011			2010				
	Loans*	Deposits	Borrow-ings	Contin-gencies	Loans*	Deposits	Borrow-ings	Contin-gencies
	<i>(in million Baht)</i>							
<b>Associated companies</b>								
Finance & Insurance								
The Siam Industrial Credit PCL and affiliates**	-	-	-	-	-	64	-	1
SCB Life Assurance PCL***	-	-	-	-	-	1,118	-	396
SCB Leasing PCL	-	16	-	-	-	115	-	-
VinaSiam Bank (Vietnam)	-	7	-	-	-	1	-	-
<b>Total associated companies</b>	<b>-</b>	<b>23</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,298</b>	<b>-</b>	<b>397</b>
<b>Related companies (Shareholding through debt restructuring process)</b>								
Phoenix Land Development Co., Ltd.	-	64	-	32	-	54	-	32
<b>Total related companies (Shareholding through debt restructuring process)</b>	<b>-</b>	<b>64</b>	<b>-</b>	<b>32</b>	<b>-</b>	<b>54</b>	<b>-</b>	<b>32</b>
<b>Related companies (Shareholding through other companies' debt restructuring process)</b>								
Siam Media and Communication Co., Ltd. and affiliate****	-	-	-	1	-	-	-	1
<b>Total related companies (Shareholding through other companies' Debt restructuring process)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>Major shareholder (more than 10% ownership)</b>								
The Crown Property Bureau	-	1,523	900	-	-	1,603	-	-
<b>Total major shareholder (more than 10% ownership)</b>	<b>-</b>	<b>1,523</b>	<b>900</b>	<b>-</b>	<b>-</b>	<b>1,603</b>	<b>-</b>	<b>-</b>
<b>Entities in which the directors, management or close members of their families have significant influence</b>								
	<b>13</b>	<b>166</b>	<b>270</b>	<b>2</b>	<b>-</b>	<b>194</b>	<b>-</b>	<b>4</b>
<b>Directors and key executive officers</b>	<b>133</b>	<b>476</b>	<b>155</b>	<b>-</b>	<b>87</b>	<b>579</b>	<b>5</b>	<b>-</b>
<b>Total</b>	<b>146</b>	<b>2,252</b>	<b>1,325</b>	<b>35</b>	<b>87</b>	<b>3,728</b>	<b>5</b>	<b>434</b>

\* Net of specific provision (1%)

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

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

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

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	<b>The Bank</b>							
	2011				2010			
	Loans*	Deposits	Borrow-ings	Contin-gencies	Loans*	Deposits	Borrow-ings	Contin-gencies
	<i>(in million Baht)</i>							
<b>Subsidiaries</b>								
<b>Finance &amp; Insurance</b>								
Chatuchak Assets Management Co., Ltd.**	-	-	-	-	-	61	-	-
Rutchayothin Assets Management Co., Ltd.	-	202	-	-	-	90	-	-
Cambodian Commercial Bank Ltd. (Cambodia)	-	116	-	-	-	77	-	-
SCB Securities Co., Ltd.	-	100	1,158	166	-	98	1,465	-
The Siam Commercial Samaggi Insurance PCL and affiliates	-	96	150	48	-	41	-	47
SCB Asset Management Co., Ltd.	-	284	-	-	-	233	-	381
Siam Commercial Leasing PCL and affiliate	-	2,145	310	-	6,658	202	-	-
SCB Life Assurance PCL***	-	1,906	-	416	-	1,118	-	396
The Siam Industrial Credit PCL and affiliates****	-	33	-	1	-	64	-	1
<b>Services</b>								
SCB Training Centre Co., Ltd.	-	3	-	-	-	2	-	-
Siam Phitiwat Company Limited	-	69	-	-	-	11	-	-
SCB Capital Service Co., Ltd.**	-	-	-	-	-	6	-	-
Siam Niti Law Office Co., Ltd.*****	-	7	-	-	-	7	-	-
SCB Plus Co., Ltd.	-	67	-	-	-	83	-	-
<b>Real estate</b>								
Mahisorn Co., Ltd.*****	-	150	-	-	-	48	180	-
<b>Total subsidiaries</b>	<b>-</b>	<b>5,178</b>	<b>1,618</b>	<b>631</b>	<b>6,658</b>	<b>2,141</b>	<b>1,645</b>	<b>825</b>

\* Net of specific provision (1%)

\*\* Dissolution in 2011

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

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

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

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

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	<b>The Bank</b>							
	2011			2010				
	Loans*	Deposits	Borrow- ings	Contin- gencies	Loans*	Deposits	Borrow- ings	Contin- gencies
	<i>(in million Baht)</i>							
<b>Associated companies</b>								
Finance & Insurance								
SCB Leasing PCL	-	16	-	-	-	115	-	-
VinaSiam Bank (Vietnam)	-	7	-	-	-	1	-	-
<b>Total associated companies</b>	<b>-</b>	<b>23</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>116</b>	<b>-</b>	<b>-</b>
<b>Related companies (Shareholding through debt restructuring process)</b>								
Phoenix Land Development Co., Ltd.	-	64	-	32	-	54	-	32
<b>Total related companies (Shareholding through debt restructuring process)</b>	<b>-</b>	<b>64</b>	<b>-</b>	<b>32</b>	<b>-</b>	<b>54</b>	<b>-</b>	<b>32</b>
<b>Related companies (Shareholding through other companies' debt restructuring process)</b>								
Siam Media and Communication Co., Ltd. and affiliate**	-	-	-	1	-	-	-	1
<b>Total related companies (Shareholding through other companies' debt restructuring process)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>Major shareholder (more than 10% ownership)</b>								
The Crown Property Bureau	-	1,523	900	-	-	1,603	-	-
<b>Total major shareholder (more than 10% ownership)</b>	<b>-</b>	<b>1,523</b>	<b>900</b>	<b>-</b>	<b>-</b>	<b>1,603</b>	<b>-</b>	<b>-</b>
<b>Entities in which the directors, management or close members of their families have significant influence</b>								
	<b>13</b>	<b>166</b>	<b>270</b>	<b>2</b>	<b>-</b>	<b>194</b>	<b>-</b>	<b>4</b>
<b>Directors and key executive officers</b>	<b>133</b>	<b>476</b>	<b>155</b>	<b>-</b>	<b>87</b>	<b>579</b>	<b>5</b>	<b>-</b>
<b>Total</b>	<b>146</b>	<b>7,430</b>	<b>2,943</b>	<b>666</b>	<b>6,745</b>	<b>4,687</b>	<b>1,650</b>	<b>862</b>

\* Net of specific provision (1%)

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

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37.2 Investments

Investments in subsidiaries and associated companies as at 31 December 2011 and 2010 are described in note 14.

Investments in related companies in which the Bank and its subsidiaries are the shareholders and/or management are directors as at 31 December 2011 and 2010 are as follows:

Company	Type of business	Paid-up capital (in million Baht)	2011			
			Consolidated		The Bank	
			Share holding (%)	Net investment (in million Baht)	Share holding (%)	Net investment (in million Baht)
<b>Shareholding through debt restructuring process</b>						
Phoenix Land Development Co., Ltd.	Holding	500	97.6	-	97.6	-
<b>Shareholding through other companies' debt restructuring process</b>						
WTA (Thailand) Co., Ltd.	Others	-	25.0	-	25.0	-
Siam Media & Communication Co., Ltd. and affiliate*	Holding	700	33.3	-	33.3	-
<b>2010</b>						
			Consolidated		The Bank	
Company	Type of business	Paid-up capital (in million Baht)	Share holding (%)	Net investment (in million Baht)	Share holding (%)	Net investment (in million Baht)
<b>Shareholding through debt restructuring process</b>						
Phoenix Land Development Co., Ltd.	Holding	500	97.6	-	97.6	-
<b>Shareholding through other companies' debt restructuring process</b>						
WTA (Thailand) Co., Ltd.	Others	-	25.0	-	25.0	-
Siam Media & Communication Co., Ltd. and affiliate*	Holding	700	33.3	-	33.3	-

\* Discontinued operations or in the process of dissolution

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37.3 Income and expenses

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

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

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

**38 Key management personnel compensation**

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the bank, being the president, director and group executive committee.

The Bank has not paid benefits to directors and executives other than the benefits that are normally paid such as meeting allowance, reward, salary, bonus, cost of living allowance, transportation fee and fringe benefits according to the Bank's regulations.

<i>For the years ended 31 December</i>	<b>Consolidated</b>		<b>The Bank</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Short-term employee benefits	1,257	1,029	940	867
Post-employment benefits	21	9	16	7
Other long-term benefits	2	-	-	-
<b>Total</b>	<b>1,280</b>	<b>1,038</b>	<b>956</b>	<b>874</b>

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**39 Long-term leases and service agreements**

As at 31 December 2011 and 2010, the remaining rental and service expenses to be paid for long-term leases and service agreements are as follows:

Type of lease	Period	Consolidated		The Bank	
		2011	2010	2011	2010
				<i>(in million Baht)</i>	
Land and/or premises	Within 1 year	1,087	909	902	863
	1 - 5 years	1,210	717	1,035	655
	Over 5 years	105	119	87	103
Equipment	Within 1 year	97	69	97	68
	1 - 5 years	-	2	-	-
Vehicles	Within 1 year	199	188	199	172
	1 - 5 years	493	322	493	291

**40 The financial position and results of operations classified by domestic and foreign business**

The significant financial position and the results of operations classified into domestic and foreign business are shown below.

40.1 As at 31 December 2011 and 2010, the financial position classified by domestic and foreign business are as follows:

	Consolidated					
	2011		2010			
	Domestic business	Foreign business	Total	Domestic business	Foreign business	Total
				<i>(in million Baht)</i>		
Total assets	1,844,481	33,355	1,877,836	1,455,396	21,339	1,476,735
Interbank and money market items, net (Assets)	116,927	8,076	125,003	145,808	3,210	149,018
Investments, net*	328,973	1,801	330,774	151,893	1,853	153,746
Loans to customers and accrued interest receivables, net	1,215,880	33,808	1,249,688	987,795	31,008	1,018,803
Deposits	1,179,521	4,867	1,184,388	1,085,216	6,893	1,092,109
Interbank and money market items (Liabilities)	43,924	9,507	53,431	46,537	1,502	48,039
Debt issued and borrowings	243,193	12,650	255,843	62,609	-	62,609

\* Included investments in subsidiaries and associates, net

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	<b>The Bank</b>					
	2011			2010		
	Domestic business	Foreign business	Total	Domestic business	Foreign business	Total
	<i>(in million Baht)</i>					
Total assets	1,738,269	29,718	1,767,987	1,447,679	18,241	1,465,920
Interbank and money market items, net (Assets)	106,767	8,027	114,794	144,999	1,393	146,392
Investments, net*	274,396	1,801	276,197	161,563	1,853	163,416
Loans to customers and accrued interest receivables, net	1,197,489	33,823	1,231,312	975,318	29,962	1,005,280
Deposits	1,174,591	4,867	1,179,458	1,085,767	4,728	1,090,495
Interbank and money market items (Liabilities)	45,498	9,507	55,005	48,410	1,502	49,912
Debt issued and borrowings	243,653	12,650	256,303	62,789	-	62,789

\* Included investments in subsidiaries and associates, net

40.2 The results of operations classified by domestic and foreign business for the years ended 31 December 2011 and 2010 are as follows:

	<b>Consolidated</b>							
	2011			2010				
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	<i>(in million Baht)</i>							
Interest income	77,340	1,617	(1,010)	77,947	52,180	796	(272)	52,704
Interest expenses	(27,444)	(987)	1,010	(27,421)	(12,938)	(284)	272	(12,950)
Net interest income	49,896	630	-	50,526	39,242	512	-	39,754
Net fees and service income	19,725	81	-	19,806	19,219	199	-	19,418
Other operating income	20,653	50	-	20,703	9,951	3	-	9,954
Other operating expenses	(43,412)	(101)	-	(43,513)	(34,852)	(382)	-	(35,234)
Profit before tax	46,862	660	-	47,522	33,560	332	-	33,892

	<b>The Bank</b>							
	2011			2010				
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	<i>(in million Baht)</i>							
Interest income	73,359	1,560	(1,010)	73,909	50,393	726	(272)	50,847
Interest expenses	(27,444)	(983)	1,010	(27,417)	(12,770)	(279)	272	(12,777)
Net interest income	45,915	577	-	46,492	37,623	447	-	38,070
Net fees and service income	22,849	40	-	22,889	18,418	158	-	18,576
Other operating income	13,011	44	-	13,055	9,215	(4)	-	9,211
Other operating expenses	(40,824)	(47)	-	(40,871)	(33,436)	(321)	-	(33,757)
Profit before tax	40,951	614	-	41,565	31,820	280	-	32,100

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**41 Interest income**

Interest income included in profit or loss for the years ended 31 December 2011 and 2010 is as follows:

	<b>Consolidated</b>		<b>The Bank</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Interbank and money market items	5,418	1,518	5,149	1,507
Investments and trading transactions	222	387	222	387
Investments in debt securities	6,669	3,217	4,020	3,163
Loans	60,174	43,511	60,043	43,543
Hire-purchase and finance leases	5,464	4,071	4,475	2,247
<b>Total</b>	<b>77,947</b>	<b>52,704</b>	<b>73,909</b>	<b>50,847</b>

**42 Interest expenses**

Interest expenses included in profit or loss for the years ended 31 December 2011 and 2010 are as follows:

	<b>Consolidated</b>		<b>The Bank</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Deposits	14,840	6,691	14,785	6,687
Interbank and money market items	1,546	724	1,613	750
Contributions to Deposit Protection Agency	4,402	3,777	4,395	3,777
Debt issued				
- Subordinated debentures	980	1,068	980	1,068
- Others	5,622	651	5,625	463
Borrowings	31	39	19	32
<b>Total</b>	<b>27,421</b>	<b>12,950</b>	<b>27,417</b>	<b>12,777</b>

**43 Net fees and service income**

Net fees and service income included in profit or loss for the years ended 31 December 2011 and 2010 is as follows:

	<b>Consolidated</b>		<b>The Bank</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Fees and service income				
- Acceptances, avals and guarantees	976	936	972	936
- ATM, Debit cards and other banking electronic	4,972	4,559	4,973	4,559
- Others	17,715	17,090	20,398	16,029
Total fees and service income	23,663	22,585	26,343	21,524
Fees and service expense	3,857	3,167	3,453	2,948
<b>Net fees and service income</b>	<b>19,806</b>	<b>19,418</b>	<b>22,890</b>	<b>18,576</b>

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**44 Net trading income**

Net trading income included in profit or loss for the years ended 31 December 2011 and 2010 is as follows:

	<b>Consolidated</b>		<b>The Bank</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Gain (loss) on trading and foreign exchange transactions				
- Foreign currencies and foreign currency related derivatives	6,515	3,890	6,511	3,884
- Interest rate related derivatives	(275)	(119)	(275)	(119)
- Debt securities	44	205	44	204
- Equity securities	(7)	4	-	-
- Others	10	(10)	10	(10)
<b>Total</b>	<b><u>6,287</u></b>	<b><u>3,970</u></b>	<b><u>6,290</u></b>	<b><u>3,959</u></b>

**45 Net gain on investments**

Gains related to investments in securities included in profit or loss for the years ended 31 December 2011 and 2010 is as follows:

	<b>Consolidated</b>		<b>The Bank</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Gains (losses) on sales				
- Available-for-sale securities	90	779	46	770
- Held-to-maturity securities	(120)	-	-	-
- General investments	(509)	952	(512)	952
- Investment in subsidiaries and associated companies	4,999	1	(790)	-
<b>Total</b>	<b><u>4,460</u></b>	<b><u>1,732</u></b>	<b><u>(1,256)</u></b>	<b><u>1,722</u></b>
Gains (losses) on impairment				
- Available-for-sale securities	86	121	86	121
- General investments	525	64	515	77
- Investment in subsidiaries and associated companies	259	(259)	1,167	(308)
<b>Total</b>	<b><u>870</u></b>	<b><u>(74)</u></b>	<b><u>1,768</u></b>	<b><u>(110)</u></b>
<b>Net gain on investments</b>	<b><u>5,330</u></b>	<b><u>1,658</u></b>	<b><u>512</u></b>	<b><u>1,612</u></b>

**46 Impairment loss of loans and debt securities**

Bad debt and doubtful accounts recognised in the consolidated profit or loss for the years ended 31 December 2011 and 2010 are Baht 6,219 million and Baht 4,513 million (net of bad debt recovery of Baht 836 million and Baht 1,064 million), respectively and in the Bank's profit or loss are Baht 6,417 million and Baht 4,651 million (net of bad debt recovery of Baht 726 million and Baht 834 million), respectively (see Note 19).

Loss on debt restructuring recognised in the consolidated and the Bank's profit or loss for the years ended 31 December 2011 and 2010 are Baht 433 million and Baht 149 million, respectively (see Note 17).

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Bad debt, doubtful accounts and loss on debt restructuring included in profit or loss for the years ended 31 December 2011 and 2010 are as follows:

	<b>Consolidated</b>		<b>The Bank</b>	
	2011	2010	2011	2010
	<i>(in million Baht)</i>			
Available-for-sale securities	(22)	(21)	6	(20)
Held-to-maturity securities	-	58	-	58
Loans to customers	6,219	4,513	6,417	4,651
Loss on debt restructuring	433	149	433	149
<b>Total</b>	<b><u>6,630</u></b>	<b><u>4,699</u></b>	<b><u>6,856</u></b>	<b><u>4,838</u></b>

**47 Earnings per share**

Earnings per share in the consolidated and the Bank's financial statements for the years ended 31 December 2011 and 2010 are calculated as follows:

	Net income		<b>Consolidated</b>		Earnings per share	
			Weighted average number of ordinary shares			
	2011	2010	2011	2010	2011	2010
	<i>(in million Baht)</i>		<i>(in million shares)</i>		<i>(in Baht)</i>	
Basic earnings per share						
Net income	36,273	24,206	3,399	3,399	10.67	7.12

  

	Net income		<b>The Bank</b>		Earnings per share	
			Weighted average number of ordinary shares			
	2011	2010	2011	2010	2011	2010
	<i>(in million Baht)</i>		<i>(in million shares)</i>		<i>(in Baht)</i>	
Basic earnings per share						
Net income	31,872	23,178	3,399	3,399	9.38	6.82

The preference of the preference shares expired in 2009, therefore, their rights are equivalent to ordinary shares. Basic earnings per share of 2011 and 2010 are calculated from net profit divided by the total number of ordinary and preference shares.

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**48 Events after the reporting period**

185,930 preference shares have been converted into 185,930 ordinary shares. The Bank registered the conversion of the preference shares with the Ministry of Commerce on 10 January 2012.

**49 Thai Financial Reporting Standards (TFRS) not yet adopted**

The Bank and its subsidiaries have not adopted the following new and revised TFRS that have been issued as of the reporting date but are not yet effective. The new and revised TFRS are expected to become effective for annual financial periods beginning on or after 1 January in the year indicated in the following table.

TFRS	Topic	Year effective
TAS 12	Income Taxes	2013
TAS 21 (revised 2009)	The Effects of Changes in Foreign Exchange Rates	2013

Management expects to adopt and apply these new TFRS in accordance with the FAP's announcement and has made a preliminary assessment of the potential initial impact on the consolidated and the Bank's financial statements of those new standards assessed to have the greatest potential impact on the financial statements in the period of initial application. These standards are as follows:

***TAS 12 – Income taxes***

The principal change introduced by TAS 12 is the requirement to account for deferred tax liabilities and assets in the financial statements. Deferred tax liabilities and assets are the amounts of income taxes payable and recoverable, respectively, in future periods in respect of temporary differences between the carrying amount of the liability or asset in the statement of financial position and the amount attributed to that liability or asset for tax purposes; and the carryforward of unused tax losses. Currently, the Bank and its subsidiaries do not recognise deferred tax in the financial statements.

The Bank and its subsidiaries will adopt TAS 12 with effect from 1 January 2013. The effects of the change will be recognised retrospectively in the financial statements and the statement of financial position as at 31 December 2011 will be adjusted accordingly. Management estimates that the impact on the statement of financial position is less than 1% of net assets.

***TAS 21 (revised 2009) - The effects of changes in foreign exchange rates***

Management is presently considering the potential impact from the adaption of the above TFRS.

**50 Reclassification of accounts**

Certain accounts in the statement of financial position as at 31 December 2010 and the statement of comprehensive income for the year ended 31 December 2010, which are included in the 2011 financial statements for comparative purposes, have been reclassified to conform to the presentation in the 2011 financial statements. These reclassifications have principally been made following TAS 1 (revised 2009) *Presentation of Financial Statements* and the Bank of Thailand (BoT) notification number Sor Nor Sor 11/2553, regarding "The preparation and announcement of the financial statements of commercial banks and holding companies which are parent company of group of companies offering financial services". There were no other significant reclassifications of accounts.