

Annual Registration Statement (Form 56-1)

For the Year Ended 31 December 2010

Siam Commercial Bank Public Company Limited



The Siam Commercial Bank Public Company Limited
9 Ruchadapisek Road, Jatujak, Bangkok 10900 Thailand
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Siam Commercial Bank Public Company Limited
Annual Registration Statement (Form 56-1) Ending 2010 Accounting Year

Content

| | Page |
|--|------------|
| Part 1 Company Issuing Securities | |
| 1. General Information | 1 |
| 2. Risk Factors and Risk Management | 7 |
| 3. Nature of Business Performance | 19 |
| 4. Business Operation of the Company | 26 |
| 5. Business Assets | 40 |
| 6. Legal Disputes | 48 |
| 7. Capital Structure | 49 |
| 8. Management | 53 |
| 9. Internal Control | 87 |
| 10. Related Transactions | 89 |
| 11. Financial Position and Operating Performance | 95 |
| 12. Reference Information | 128 |
| Part 2 Confirmation of Information Accuracy | 129 |
| Attachment 1 Information on Directors, Executives and Controller of the Bank | |
| Attachment 2 Information on Directors of Subsidiaries | |

Executive Summary

This section is revoked by the Capital Market Supervisory Board's notification no. Tor Chor 11/2552, Re: Rules, Conditions, and Reporting Procedure for Information Disclosure Concerning Securities Issuer's Financial Position and Performance.

REFERENCE INFORMATION

Registrar

Thailand Securities Depository Company Limited

62 The Stock Exchange of Thailand
Ruchadapisek Road, Klongtoey, Bangkok 10110
Tel: 0-2229-2800 and 0-2654-5599
Fax: 0-2359-1259

Auditor

Mr. Supot Singhasaneh

Certified Public Accountant (Thailand) Registration No. 2826

or Mr. Charoen Phosamritlert

Certified Public Accountant (Thailand) Registration No. 4068

or Ms. Pantip Gulsantithamrong

Certified Public Accountant (Thailand) Registration No. 4208

KPMG Phoomchai Audit Ltd.

Empire Tower, 50th-51st Floor,
195 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120, Thailand
Tel: 0-2677-2000
Fax: 0-2677-2222

Tax Advisor

Mr. Verachai Tantikul

The Siam Commercial Bank PCL Head Office Building
9 Ruchadapisek Road, Ladyao, Jatujak, Bangkok 10900
Tel: 0-2544-2490

Investment of Siam Commercial Bank PCL. in other companies.

The companies that bank invests direct and indirect 10% or more than of their issued shares as of December 31, 2010 are as follows

| No. | Company/Address | Type of Business | Type of Shares | Paid-up Shares | Amount of Shares | Percentage of Ownership |
|-----|---|----------------------------------|----------------|----------------|------------------|-------------------------|
| 1 | The Cambodian Commercial Bank Co., Ltd. 26 Monivong Rd., Sangkat Phsar Thmei 2, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia Tel: 001-855 (23) 426-145, 213-601-2 Fax: 001-855 (23) 426-116 | Banking | Ordinary | 130,000 | 130,000 | 100.000% |
| 2 | SCB Plus Co., Ltd. 1060 Bldg.3, 9 th Floor, 10 Siam Commercial Bank PCL, New Phetchaburi Rd., Makkasan, Ratchathewi, Bangkok 10400 Tel: 0-2544-1702, 1704, 1707 Fax: 0-2544-1701 | Collection Company | Ordinary | 100,000 | 100,000 | 100.000% |
| 3 | SCB Training Center Co., Ltd. SCB Head Office Bldg., 9 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2544-1702, 1704, 1707 Fax: 0-2544-1701 | Training Center | Ordinary | 5,490,000 | 5,490,000 | 100.000% |
| 4 | Rutchayothin Assets Management Co., Ltd. SCB Head Office Bldg., 8 th Floor, Zone C 9 Rutchadaphisek Rd., Jatujak, Jatujak, BKK 10900 Tel: 0-2544-5904, 0-2544-5924, 0-2544-5908 | Asset Management | Ordinary | 2,500,000 | 2,500,000 | 100.000% |
| 5 | Mahisorn Co., Ltd. SCB Park Plaza Bldg., 6 th Floor 18-19 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2937-5400 Fax: 0-2937-5438 | Property (NPA) Management | Ordinary | 10,707,960 | 10,707,960 | 100.000% |
| 6 | Siam Pitiwat Co., Ltd. 222/1-7 Siam Square Soi 1, Rama 1 Rd., Pathumwan, Pathumwan, Bangkok 10330 Tel: 0-2530-7500 Fax: 0-2530-7515-6 | Appraisal Services | Ordinary | 1,000,000 | 1,000,000 | 100.000% |
| 7 | Siam Niti Law Office Co., Ltd. ⁽¹⁾ SCB Park Plaza Bldg., Tower 1 West, 12 th Floor, 18 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2937-5000 Fax: 0-2937-5001 | Consultant (Legal Service) | Ordinary | 160,000 | 160,000 | 100.000% |
| 8 | SCB Asset Management Co., Ltd. SCB Park Plaza Bldg., Tower 3 East, 21 st -22 nd Floor, 19 Rutchadaphisek Rd., Jatujak, Jatujak, BKK 10900 Tel: 0-2949-1500 Fax: 0-2949-1501 | Asset Management | Ordinary | 20,000,000 | 20,000,000 | 100.000% |
| 9 | SCB Securities Co., Ltd. SCB Park Plaza Bldg., Tower 3 East, 20 th -21 st Floor, 19 Rutchadaphisek Rd., Jatujak, Jatujak, BKK 10900 Tel: 0-2949-1000 Fax: 0-2949-1001 | Securities | Ordinary | 200,000,000 | 200,000,000 | 100.000% |
| 10 | SCB Capital Services Co., Ltd. ⁽¹⁾ 9 SCB Head Office Bldg., Rutchadaphisek Rd., Jatujak, Jatujak, BKK 10900 Tel: 0-2544-2301 Fax: 0-2544-3317 | Asset Management | Ordinary | 10,000,000 | 10,000,000 | 100.000% |

| No. | Company/Address | Type of Business | Type of Shares | Paid-up Shares | Amount of Shares | Percentage of Ownership |
|-----|---|---|------------------------------|----------------|------------------|-------------------------|
| 11 | SICCO Advisory Co., Ltd. ⁽³⁾ Sindhorn Tower 3, 12 th Floor 130-132 Wireless Rd., Lumpini, Pathumwan, Bangkok 10330 Tel: 0-2675-3899 Fax: 0-2675-3898 | Financial Advisory | Ordinary | 2,000,000 | 2,000,000 | 100.000% |
| 12 | SICCO Special Purpose Vehicle 2 Co., Ltd. ⁽³⁾ Sindhorn Tower 2, 5 th Floor, 130-132 Wireless Rd., Lumpini, Pathumwan, Bangkok 10330 | SPV set up under securitization Act. | Ordinary and Preferred | 400 | 400 | 100.000% |
| 13 | SICCO Special Purpose Vehicle 3 Co., Ltd. ⁽³⁾ Sindhorn Tower 2, 5 th Floor, 130-132 Wireless Rd., Lumpini, Pathumwan, Bangkok 10330 | SPV set up under securitization Act. | Ordinary and Preferred | 400 | 400 | 100.000% |
| 14 | Chatuchak Asset Management Co., Ltd. ⁽¹⁾ SCB Head Office Bldg., 8 th Floor, Zone C 9 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2544-5908 | Asset Management | Ordinary | 100,000,000 | 100,000,000 | 100.000% |
| 15 | Siam Panich SPV 1 Co., Ltd. ⁽³⁾ SCB Park Plaza Bldg., Tower 2 West, 22 nd Floor 18 Rutchadaphisek Rd., Jatujak, Jatujak, BKK 10900 Tel: 0-2949-1800 Fax: 0-2949-1900 | SPV set up under securitization Act. | Ordinary and Preferred | 400 | 400 | 100.000% |
| 16 | Siam Commercial Leasing PCL SCB Park Plaza Bldg., Tower 2 West, 22 nd Floor 18 Rutchadaphisek Rd., Jatujak, Jatujak, BKK 10900 Tel: 0-2949-1800 Fax: 0-2949-1900 | Servicer and Commercial Leasing | Ordinary | 567,797,502 | 562,795,864 | 99.119% |
| 17 | Phoenix Land Development Co., Ltd. ⁽²⁾ SCB Park Plaza Bldg. 18 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2937-5400 Fax: 0-2937-5438 | Holding Company | Ordinary | 500,000 | 488,000 | 97.600% |
| 18 | Phoenix Golf and Country Club Pattaya Co., Ltd. ⁽³⁾ SCB Park Plaza Bldg. 18 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2937-5400 Fax: 0-2937-5438 | Golf Club | Ordinary | 23,850 | 22,078 | 92.568% |
| 19 | Siam Sat Network Co., Ltd. ^{(1),(3)} SCB Park Plaza Bldg., Tower 2 West, 21 st Floor 18 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 | Satellite Service | Ordinary | 11,250,000 | 9,182,012 | 81.620% |
| 20 | Siam Technology Service Co., Ltd. ⁽¹⁾ SCB Park Plaza Bldg., Tower 1 West, 18 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 | Consultant | Ordinary | 3,000,000 | 2,249,993 | 75.000% |
| 21 | SICCO Securities PCL ⁽³⁾ Sindhorn Tower 2, 1 st -2 nd Floor and Sindhorn Tower 3, 12 th Floor 130-132 Wireless Rd., Lumpini, Pathumwan, Bangkok 10330 Tel: 0-2627-3100 Fax: 0-2263-2043 | Securities | Ordinary | 637,215,030 | 446,457,860 | 70.060% |

| No. | Company/Address | Type of Business | Type of Shares | Paid-up Shares | Amount of Shares | Percentage of Ownership |
|-----|--|--------------------------------------|----------------|----------------|------------------|-------------------------|
| 22 | Siam Commercial Samaggi Insurance PCL Siam Commercial Insurance Bldg., 12 th Floor, North Park 2/4 Vibhavadi Rangsit Rd., Thung Song Hong, Lak Si, Bangkok 10210 Tel: 0-2955-0100-29 Fax: 0-2955-0150-1 | Insurance | Ordinary | 90,890,431 | 54,195,674 | 59.631% |
| 23 | SSEC Asset Management Securities Company Limited ^{(1),(3)} Sindhorn Bldg. Tower 2, 1 st -2 nd Floor 130-132 Wireless Rd., Lumpini, Pathumwan, Bangkok 10330 Tel: 0-2637-3100 ext. 2420 Fax: 0-2650-8659 | Private Fund Management | Ordinary | 3,000,000 | 1,530,000 | 51.000% |
| 24 | Siam Commercial New York Life Insurance PCL ⁽⁴⁾ Siam Commercial Bank PCL (Chidlom), Bldg. 1, 4 th -10 th Floor, 1060 New Petchaburi Rd., Makkasan, Ratchathewi, Bangkok 10400 Tel: 0-2655-3000 Fax: 0-2256-1666 | Life Insurance | Ordinary | 66,500,000 | 31,475,016 | 47.331% |
| 25 | SCB Leasing PCL Jewelry Trade Center Bldg., 27 th Floor 919/345 Silom Rd., Bangrak, Bangkok 10500 Tel: 0-2266-2641 Fax: 0-2266-2465-6 | Leasing, Hire Purchase and Factoring | Ordinary | 10,576,914 | 4,845,358 | 45.811% |
| 26 | The Siam Industrial Credit PCL Sindhorn Bldg., Tower 2, 3 rd -5 th Floor, 130-132 Wireless Rd., Lumpini, Pathumwan, Bangkok 10330 Tel: 0-2263-2100, 0-6250-9990 Fax: 0-2263-2044, 0-2263-2046 | Finance and Hire Purchase | Ordinary | 597,423,062 | 230,883,188 | 38.647% |
| 27 | Siam Media and Communication Co., Ltd. ⁽¹⁾ SCB Park Plaza Bldg., Tower 2 West, 17 th -22 nd Floor, 18 Rutchadaphisek Rd., Jatujak, Bangkok 10900 | Holding Company | Ordinary | 7,000,000 | 2,333,800 | 33.340% |
| 28 | Vina Siam Bank 2 Pho Duc Chinh Street, District 1, Ho Chi Minh City, The Socialist Republic of Vietnam Tel: 001-84 (83) 821-0557, 821-0360, 821-5353, 821-5353-5 Fax: 001-84 (83) 821-0585 | Banking | Ordinary | 610,000 | 201,300 | 33.000% |
| 29 | WTA (Thailand) Co., Ltd. 313 C.P. Tower, Silom Rd., Silom, Bangrak, Bangkok 10500 Tel: 0-2699-1609 Fax: 0-2643-1881 | Holding Company | Ordinary | 1,000 | 250 | 25.000% |
| 30 | SG Star Properties Limited ^{(1),(2)} 408/70, Phaholyothin Place Bldg., 16 th Floor, Phaholyothin Rd., Samsennai, Phayathai, Bangkok 10400 | Real Estate | Ordinary | 61,164,118 | 12,389,213 | 20.256% |
| 31 | Nippon Koa Insurance Broker (Thailand) Co., Ltd. ⁽³⁾ Siam Commercial Insurance Bldg. (North Park), 15 th Floor, 2/4 Vibhavadi Rangsit Rd., Thung Song Hong, Lak Si, Bangkok 10210 Tel: 0-2955-0137 | Insurance Broker | Ordinary | 60,000 | 11,999 | 19.998% |
| 32 | National ITMX Co., Ltd. 93/1 GPF Witthayu Tower A, 17 th Floor, Wireless Rd., Lumpini, Pathumwan, Bangkok 10330 Tel: 0-2650-6800 Fax: 0-2650-6808 | Payment System Service Provider | Ordinary | 500,000 | 96,550 | 19.310% |

| No. | Company/Address | Type of Business | Type of Shares | Paid-up Shares | Amount of Shares | Percentage of Ownership |
|-----|--|-------------------------|----------------|----------------|------------------|-------------------------|
| 33 | Fuel Pipeline Transportation Co., Ltd. ⁽²⁾ 424 Moo 8, Vibhavadi Rangsit Rd., Bangkok 10210 Tel: 0-2574-6180-3 Fax: 0-2929-5735 | Transport via pipelines | Preferred | 15,920,000 | 2,666,176 | 16.747% |
| 34 | Siam Cement Myanmar Trading Ltd. No.5 Kabar Aye Pagoda Road, Yankin Township, Yangon, Myanmar Tel: (95-9) 862-3069 / (95-1) 548-058 Fax: (95-1) 548-058 | Commercial | Ordinary | 220 | 22 | 10.000% |
| 35 | Thai U.S. Leather Co., Ltd. ⁽¹⁾ 39/98 Moo 2, Rama II Rd., Bangkrajao, Muang, Samuthsakhon 74000 Tel: (034) 490-082 | Industry | Ordinary | 25,000,000 | 2,500,000 | 10.000% |
| 36 | Navuti Co., Ltd. 920/4 Moo7, Mae Fah Luang, Mae Fah Luang, Chiang Rai 57110 Tel: (053) 767-015 Fax: (053) 767-077 | Agribusiness | Ordinary | 600,000 | 60,000 | 10.000% |
| 37 | Thai Obayashi Corporation Co., Ltd. Nantawan Bldg., 16 th Floor, 161 Ratchadamri Rd., Bangkok 10330 Tel: 0-2252-5200 | Construction | Ordinary | 20,000 | 2,000 | 10.000% |
| 38 | Nanachart Traders Consolidation Limited ⁽³⁾ 34/3, Ruam Thanu Thai Lang Suan Bldg., Soi Lang Suan, Phloenchit Rd., Lumpini, Pathumwan, Bangkok 10330 Tel: 0-2652-2020 | Agribusiness | Ordinary | 20,000 | 2,000 | 10.000% |
| 39 | Premas (Thailand) Co., Ltd. 90 CyberWorld Tower 27 th Floor Tower A, Rutchedaphisek Rd., Huay Kwang, Huay Kwang, Bangkok 10320 Tel: 0-2168-3101 Fax: 0-2168-3106 | Property Management | Ordinary | 250,000 | 25,000 | 10.000% |

Remarks

* In case of indirect investment by bank's affiliates, in which the bank hold more than 30% of theirs shares, the figures will depict the total percentage of shareholding and investment value of the bank and its affiliates.

- (1) Discontinued operations, being in process of dissolution or in process of liquidation
- (2) Invested from Debt Restructuring
- (3) The company which the bank's affiliates, in which the bank hold more than 30% of theirs shares, invest without any direct investment from bank
- (4) On 17 March 2011, the Bank acquired the additional shares from NYL International and its Thai affiliate, as the result its stake increased to 94.662%.

2. Risk Management and Risk Factors

Risk Management

The Bank believes that its risk management capabilities are critical in sustaining its current growth and profitability. Accordingly, the Bank works to strengthen the structural quality and performance of its risk management on a continuous basis. The Bank has established risk management to be one of its core competencies by setting up a risk management framework and corresponding governance structure. This will ensure that risks are managed efficiently and effectively, thereby supporting the business's sustainable growth while adhering to the principles of good governance and transparency.

Risk Management System

The risk management system consists of four key elements:

1. Risk identification

There are six types of risk in the Bank's overall operations (including transactions and activities with customers and counterparties), namely, strategic risk, credit risk, market risk, liquidity risk, operational risk, and reputation risk.

2. Risk measurement

The Bank applies a variety of quantitative and qualitative methods to measure each risk based on an internal rating based approach or other appropriate internal models. For credit risk this includes risk rating to measure the probability of default, credit scoring such as application scores and behavioral scores to assess the risk profiles of retail clients. Market risk measurement includes both statistical tools, namely value at risk (VaR), and nonstatistical methods such as risk factor sensitivity analysis and position measures for trading book exposures. Interest rate risk in the banking book is measured using term structure gap analysis and interest rate sensitivity analysis in terms of economic value of equity (EVE). For liquidity risk the Bank measures cashflow and liquidity gap analysis including behavioral cashflows and liquidity ratio analysis.

For operational risk measurement, incident and loss data is analysed, and risk and control self-assessments are used, to gauge the broad risk from operations within each business unit. Both strategic risk and reputational risk are assessed using primarily qualitatively set risk factors and indicators.

To provide more forward looking risk measurement the Bank utilizes an increasing number of stress testing approaches, in particular, for market risk, credit risk, and liquidity risk.

3. Risk monitoring and control

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

4. Risk reporting

Risks are reported to relevant business units and management so that they can be managed appropriately and in a timely manner. Risk reporting is developed to cover risk at different levels: products, business units, and Bank-wide.

Governance Structure

The governance structure for risk management can be summarized as follows:

1. Policies

The Board of Directors has the responsibility to develop and authorize the Bank's major risk management policies including the following: Credit Policy Guide; Market Risk Policy including Trading Book Policy and Banking Book Policy; Operational Risk Policy; Strategic Risk Policy; and Liquidity Risk Policy. In addition the Board of Directors authorizes the Risk Management Policy for the SCB Financial Group.

2. Authority

The Board of Directors has the authority and responsibility for approving the delegated authority of management and other committees. The authority includes credit approvals and decisions to underwrite different types of risks based on the underlying risk level (risk-based authority).

3. Committees with significant roles in risk management

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

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

3.1.2 **The Audit Committee** is comprised of independent members of the Board who are responsible for reviewing the adequacy of the Bank's risk

management processes and policies and the effectiveness of implementation of the Bank's and SCB Financial Group's risk management systems.

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

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

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

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

3.2.3 **The Global Investment Committee** is responsible for managing the risks that may arise from the Bank's investments in international capital and debt markets.

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

3.2.5 **The Underwriting Risk Committee** is responsible for considering, reviewing, and approving the debt capital markets underwriting risk limit, while also making recommendations for consideration by the Executive Committee and the Board of Directors in cases where an underwriting risk limit is beyond its approval authority.

4. Credit risk governance

The Bank has given priority to establishing a system of checks and balances in its credit organization. The credit origination functions and the credit approval functions are clearly segregated. The credit approval authority is determined in accordance with risk level or expected loss, which will depend on credit line, borrower risk rating, and severity class. For wholesale credit, the Bank assigns approval authority to both credit committees and individuals. For retail credit, credit approval is under a product program approved by the Executive Committee or Retail Credit Committee only, with a scorecard prepared using a statistical method as the main tool for credit approval. Overriding criteria are clearly defined, and credit officers are allowed to override a credit limit only within the pre-specified criteria and amount.

5. Market risk governance

The Bank has determined market risk tolerance limits for the trading portfolios as well as interest rate risk in the banking book limits which are approved by Executive Committee and the Board of Directors. The main market risks taken by the Bank are interest rate risk and foreign exchange risk. The Committee uses a number of risk monitoring and assessment tools to set limits on the trading risk exposures including statistical measures value at risk (VAR), risk sensitivity measures (basis point value), and position measures. Additional controls include use of loss-action triggers and stress loss triggers. For banking book exposure, the measures used include term structure gap analysis and interest rate sensitivity in terms of economic value of equity (EVE).

6. Liquidity risk governance

The Bank maintains adequate sources of liquidity for it to have sufficient cash flow to cover its activities under normal and stressed conditions using limits and indicators such as liquidity buffers and key ratios to monitor and control liquidity risk.

7. Operational risk governance

SCB has established a governance framework for operational risk management, applying the principle of "three lines of defense" with an aim to ensure the effectiveness of operational risk management. These three lines of defense can be classified as follows:

- **The first line of defense:** The business units and supporting units shall be responsible for their own risk management, because they know best about their own operations and risks. Therefore, the business and support units shall manage their operational risk through risk identification, assessment, control, and monitoring, and shall report to their respective senior executives.
- **The second line of defense:** The centralized risk and control divisions such as Operational Risk Management, Compliance, as well as specialized units (such as IT Security and Fraud Management etc.) shall be responsible for supporting the first line of defense, such as by developing techniques and methodologies to improve operational risk management over time.
- **The third line of defense:** The Audit Division shall be responsible for carrying out the independent review of business processes and operations and reporting to the Audit Committee in order to make certain that internal controls are efficient and effective.

8. Risk management for subsidiary companies

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

structure; set risk tolerance limits; establish risk management methods; and prepare risk reports according to the risk management guidelines of the Bank. Each subsidiary is required to implement this policy framework, the level and complexity of which depends on the nature of its business. Furthermore, the Bank requires prompt reporting and prior agreement for transactions involving a Solo Consolidation Group-related party (major shareholders and business with beneficial interest), including loans, investments, and contingent liabilities made available to customers under the single lending limit. For transactions within the SCB Financial Group, the Bank applies good governance principles. These transactions shall not have special conditions which are different from those of ordinary business transactions. Any company that is wholly owned by the Bank will be treated as a Bank department, and so it can use the Bank's shared services/resources or provide services to the Bank at reasonable terms and mutually agreed conditions.

9. Risk management group

The Risk Management Group reports to the president and is responsible for determining the framework for risk management, recommending risk management policies, monitoring, and reporting on major types of risk. The Risk Management Group has the responsibility to upgrade the risk management policies and practices within the Bank to be at par with international standards, and to ensure that the Bank and its subsidiaries have a comprehensive and cohesive risk management framework.

Key Risk Factors for Banking Operations

1. Risks pertaining to economic uncertainties

The Bank expects the economy to grow at a slower pace in 2011 than it did the year before, with GDP growth at 4-5%. Much of the growth will be driven by higher domestic private spending, the increase in the Pracha Wiwat project village fund, and the improvement in the US economy due to extension of federal government stimulus spending. Although the Bank expects US GDP growth to increase to 3.3% in 2011 from 2.9% in 2010, US imports show a slowing trend that will affect Thai exports. The main risk factors to watch for are vulnerability of the US labor and lending markets, the ongoing debt problem in Europe which makes the capital market volatile, and asset price bubbles in China that the Chinese government is attempting to reduce. Apart from such offshore influences, the domestic factor to watch for is political uncertainty, which will affect the Thai economy directly.

To manage risk arising from economic fluctuation, the Bank gives a high priority to its ability to adapt to the changing environment by conducting a stress test. The test provides reassurance that the Bank can handle economic uncertainties and have sufficient capital requirement to absorb any unexpected loss that might be incurred. Furthermore, the Bank reviews its credit quality regularly to ensure the sufficiency of its loan loss provisions.

2. Concentration risk

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

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

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

The Bank ensures that lending is not concentrated in any particular industry. This is determined from industry trends, the proportion for the banking industry, probability of loss, and probability of default. In 2010, the Bank has applied statistical tools to determine industry limits, such as the Herfindahl-Hirschman Index (HHI), which is an index adopted for measuring industry concentration.

3. Counterparty credit risk

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

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

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

4. Country risk

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

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

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

At the end of 2010, Bank-only NPLs stood at Baht 35,688 million, representing 3.0% of total credit outstanding, down from Baht 40,814 million, or 4.1% in 2009. These NPLs can be classified into four categories: restructured debts (36.7%), debts pending completion of restructuring negotiations (21.9%), debts pending the outcome of legal proceedings (26.9%), and debts pending legal execution (15.0%).

The Bank manages its NPL risk by setting aside adequate loan loss provisions for expected losses. At the end of 2010, the Bank had total loan loss provisions of Baht 39,463 million, covering 110.6% of NPLs.

6. Off-balance-sheet risk

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

At the end of 2010, the Bank's obligations arising from aval and guarantees, liability under unmatured import bills, and letters of credit amounted to Baht 23,098 million (a 19.1% increase from the year before). Other major obligations include: (i) foreign exchange rate contracts of Baht 986,234 million (a Baht 106,916 million increase, up 12.2% from the end of 2009); (ii) interest rate contracts of Baht 1,824,296 million (a Baht 774,298 million increase, up 73.7% from the end of 2009); (iii) equity derivatives of Baht 1,628 million (a Baht 795 million increase, up 95.4% from the end of 2009); and (iv) credit derivatives of Baht 199 million (a Baht 632 million decrease, down 76.1% from the end of 2009).

In managing off-balance sheet exposure, the Bank treats such obligations as a form of credit risk, and business units are required to follow the normal credit approval process in addition to assessing the cumulative exposure against the risk tolerance limit set for each customer, counterparty, and country. Furthermore, the Bank assesses the fair value of derivatives by using the mark-to-market method.

Moreover, the Bank hedges its derivatives risk exposure to market price volatility by setting limits using a variety of risk indicators such as VaR, risk sensitivities including option greeks, loss action triggers, and stress testing.

7. Risk from impairment in value of real property collateral

Since most collateral placed with the Bank is in the form of real estate, the Bank's collateral will be negatively affected by a sluggish property market with declining property prices. As a result, the Bank may suffer higher losses from its NPLs.

The Bank manages impairment risk by establishing a collateral assessment policy. Collateral is reassessed every five years for credit lines higher than Baht 20 million, while the collateral for credit lines exceeding Baht 100 million is assessed every five years by an independent assessor. For non-performing loans (NPLs), the collateral value is reassessed every 3 years; however, if collateral value affects the decision making process such as restructuring a loan, the collateral price is reassessed by an independent appraiser within one year. For non-performing assets (NPA), collateral is re-appraised every year. This policy is implemented to ensure that the Bank's adequacy of loan loss provision is in line with current collateral conditions and real estate market prices.

8. Foreign exchange risk

The fluctuation in exchange rates affects the value of the Bank's foreign currency denominated assets and liabilities. The Bank's transactions exposed to foreign exchange risk include proprietary trading transactions, as well as customer transactions for money transfers and payments relating to international trade and foreign investment. These transactions may result in a change of the Bank's foreign currency position to a net creditor or a net debtor at any point in time. If the Thai baht appreciates against other currencies, when the Bank is a net creditor, the Bank will suffer a foreign exchange loss, while the depreciation of the Thai baht will let the Bank reap the benefit of foreign exchange gains. On the other hand, if the Bank is in a net debtor position, the appreciation of the Thai baht means a foreign exchange gain for the Bank; and conversely, the depreciation of Thai baht means foreign exchange losses.

It is the Bank's practice to hedge against foreign exchange risk by setting risk limits on foreign exchange risk exposure. These limits are determined by the use of statistical methods such as VaR, as well as monetary limits, such as intraday position, overnight position, and loss action triggers, etc.

As of December 31, 2010, the Bank's foreign currency position was as a net creditor of USD 141 million (USD equivalent), and VaR was Baht 6 million.

9. Interest rate risk

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

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

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

As of December 31, 2010, VaR of interest rate risk exposure in trading book was Baht 50 million. For the banking book, a 1% change in interest rates for a period of one year will have an impact on interest income of Baht 23 million, and a 3% change in interest rates for a period of one year will have an impact on interest income of Baht 63 million.

10. Liquidity risk

Liquidity risk is a critical risk area for a commercial bank, since the Bank raises a substantial portion of its funds from short-term instruments, e.g., three-month and six-month deposits, and demand deposits such as savings accounts and current accounts. The Bank uses funding from such sources to extend loans. Since loan terms are generally of a longer tenure than deposits, and/or cannot be called before the scheduled due dates, the Bank faces an ongoing liquidity risk from not being able to convert assets into cash to match them with liability due dates.

To manage liquidity risk, the Bank is required to maintain liquid assets according to the criteria and level determined by the Bank of Thailand. Furthermore, the Bank has to monitor cash flows from deposits, withdrawals, loan disbursement, and debt repayment to determine the amount of funds needed each day, and maintain enough liquid assets or prepare liquidity sources to match cash demand.

In terms of liquidity management, the Bank maintains sources of liquidity of no less than 3% of deposits. The ratio is determined from the study of previous cash requirements to ensure the sufficiency of funds to meet the Bank's daily needs. Moreover, the Bank has developed a contingency plan for sufficiency of liquidity under stress scenarios, e.g., in the event that depositors panic and rush to withdraw deposits due to a lack of confidence in the banking system. The combined liquid assets and sources of liquidity are maintained at a level of no less than 7% of deposits.

As of December 31, 2010, the Bank has liquid funds of Baht 277,903 million or 25.57% of deposits, which is much higher than both the level required by the Bank of Thailand and the higher levels set by its management. Furthermore, the Bank has additional sources of liquidity to draw on under crisis-type scenarios.

11. Strategic risk

Strategic risk refers to the risk of current or prospective impact on the Bank's earnings, capital, reputation or standing arising from changes in the environment the Bank operates in and from: adverse strategic decisions; improper implementation of decisions; or lack of responsiveness to industry, economic, or technological changes.

To provide a formalized and structured approach, the Board of Directors has adopted Strategic Risk Management Guidelines as the framework to manage its strategic risks. Key strategic risk management processes include: 1) strategic planning, 2) alignment and change management, 3) implementation and monitoring, and 4) performance evaluation and feedback. The Change Program Management Office – Strategic Planning Team is currently the process owner supporting the Board and senior management in managing strategic risk and other related processes.

Typically, the monitoring and control activities of the strategic plan implementation will be managed through the Bank's Management Committee (MCOM) or, if it involves a major change initiative, through the Change Program Steering Committee (CPSC). On a regular basis, the progress of a strategic plan as well as the change initiatives and strategic risk issues that may arise, are reported to the Executive Committee and the Board by senior management.

12. Operational risk

According to the Basel Committee of the Bank of International Settlements (Basel II), operational risk refers to "The risk of loss resulting from inadequate or failed internal processes, people, and systems or from external events", including legal risk, and reputation impact arising from operational risk, but not including strategic risk. Risk factors can arise from both internal and external environments, such as changes to key personnel, organizational structure, processes, systems or products; an act of God; riot; etc.

The Bank realizes that operational risk is a vital part of its business operations and therefore emphasizes operational risk management, aiming to improve its operational risk management over time.

Business and support units within the Bank are responsible for managing their operational risk by applying the methodologies and approaches that the Bank is continually developing. The respective units perform risk and control self assessments; identify key risks; evaluate the effectiveness of controls; and establish action plans in order to reduce or prevent these risks and ensure that their operational risks are within the acceptable level and also appropriate for their business profiles. Key risk indicators are set and reviewed regularly in order to monitor key risks to ensure that they are within the acceptable level and that corrective action can be taken on a timely basis. In addition, the Bank keeps operational risk loss and incident data for further study, to help prevent re-occurrences.

The Bank has also issued and reviewed regularly international standard practices to mitigate risk, such as business continuity plan (BCP), new product approval (NPA), insurance management, and outsourcing management, so that each unit will have effective risk management. For example, last year the Bank successfully implemented its BCP during the political turmoil in Thailand. Critical businesses continued to operate during the crisis, and the impact on customers was minimal.

Lastly, key operational risk is analyzed, summarized, and reported to the Risk Management Committee on a monthly basis to support risk management and business decisions.

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

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

The Bank has established a compliance unit under the Audit and Compliance Group, which directly reports to the Audit Committee. This compliance unit is responsible for providing advice, recommendations, and opinions on various issues in connection with laws and regulations to ensure that the Bank's operations are in compliance therewith.

14. Reputation risk

Reputation risk can arise from adverse public perception of the Bank. Given its nature, it is difficult to identify or assess this type of risk since it is influenced by political, economic, and social issues during a particular period, including specific public expectations of the Bank.

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

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

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

The Corporate Communications Division is responsible for coordinating with business units and supporting units within the Bank to identify and monitor risk areas and risk levels, both internal and external, and for reporting findings to the Bank's Risk Management Committee.

15. Capital adequacy risk

The Bank of Thailand requires commercial banks to have a capital adequacy ratio of not less than 8.5%, no less than 4.25% of which must be Tier 1 capital, while Tier 2 capital shall not exceed the Tier 1 ratio. If commercial banks cannot maintain this regulatory capital level, the Bank of Thailand has the authority to take appropriate action.

From December 31, 2008, SCB adopted Basel II's Standardized Approach as a guideline for maintaining capital adequacy for credit risk, market risk in the trading book and operational risk.

The Standardized Approach requires that information from external credit rating agencies be applied in the calculation of risk assets and off-balance sheet items using risk weights as determined by the Bank of Thailand. The Bank used three major rating agencies, namely Standard & Poor's for sovereign and financial institution obligors, and TRIS or Fitch Rating (Thailand) for private sector customers. If the ratings assigned by the two agencies differ, the Bank will adopt the one with higher risk weight in the calculation to ensure capital adequacy.

From 2008, the Bank began the process of capital adequacy assessment through stress test according to assumptions predetermined by the Bank of Thailand and those of the Bank itself for 2009. The process helped identify potential NPL levels, reserve requirements, and impact to Bank capital funds. Moreover, the Bank has established the internal capital adequacy assessment process per the Bank of Thailand's requirement in order to submit the ICAAP report by end of March 2011.

As of December 31, 2010, the Bank had total capital of Baht 163,680 million, classified as Tier 1 capital of Baht 122,662 million (11.6% of risk-weighted capital) and Tier 2 capital of Baht 41,018 million (3.9% of risk-weighted capital). This is computed using the more stringent Basel II Standardized Approach. Therefore, the Bank's capital is significantly higher than regulatory capital requirements (15.5%, versus the minimum threshold of 8.5%). Accordingly, the Bank is confident that this level of capital is more than adequate in responding to economic uncertainties that may have an impact on the operations of the Bank in the year ahead.

3. Nature of Business Performance

Background, Changes, and Important Developments

Siam Commercial Bank PCL was originally established as Thailand's first indigenous bank on August 4, 1904 by H.R.H Prince Mahisorn, the son of King Rama IV, who was later honoured as "The Father of Thai Banking System" with an initial capital of Baht 30,000. On January 30, 1906, King Chulalongkorn (Rama V) granted a royal charter to establish "Siam Commercial Bank Company Capital Limited". The Bank changed its name to "Siam Commercial Bank" in English, or "Thanakarn Thai Panich" in Thai on January 27, 1939. On February 19, 1993 the Bank registered as a public company, and has henceforth been known as "Siam Commercial Bank Public Company Limited".

The bank undertook a major recapitalization in 1999 by joining the Ministry of Finance's Tier 1 Capital Support Scheme (The August 14, 1998 Measure), prompting the Ministry of Finance to become the Bank's largest shareholder in May 1999. Later on in 2003, the Ministry of Finance established the Vayupak Fund 1 worth Baht 100 billion and transferred parts of its stake to be held by the Fund on December 1, 2003, making Vayupak Fund 1 the Bank's no. 1 shareholder. Subsequently, on January 2005, the Crown Property Bureau re-purchased Baht 410.8 million in preferred shares from the Ministry of Finance and regained its status as the Bank's largest shareholder, with 23.69% of shares as of December 30, 2010, while Vayupak Fund 1, and the Ministry of Finance still maintained 23.12% and 0.09%, respectively. The changes to the shareholder structure do not have any impact on the Bank's operating policy. With its strong capital base, the Bank will be able to expand its business and sustain this healthy growth into the future.

Business Overview; the Bank, subsidiaries and affiliated companies

Siam Commercial Bank PCL is the leading universal banking group in Thailand, providing a wide array of financial products and services to meet the various needs of its broad range of customers. Its major financial services include retail, commercial, and investment banking as well as a host of other products and services offered through the Siam Commercial Bank Group.

In addition to core services such as deposit and credit services, the Bank also provides tailored services to meet specific customer needs. Retail services include home loans, personal credit, car hire purchase, credit cards, ATM cards, debit cards, currency exchange facilities, and overseas remittances, as well as investment and bancassurance products. Beyond core services, for corporate and business customers, the Bank offers business cash-management related services, international trade financing, treasury products, debt and capital market products, corporate advisory, investment banking, and other related financial services. The services available from the Bank's subsidiaries and associates for both corporate and retail clients include securities trading, asset management, hire purchase, leasing, and life and general insurance.

Siam Commercial Bank PCL has four business groups: the Wholesale Banking Group; the Business Banking Group (serving SME clients); the Retail Banking Group (serving individuals and small businesses); and the Special Assets Group (mainly NPL workout). In addition, the Bank has five major subsidiaries and associated companies: SCB Securities Co., Ltd.; SCB Asset Management Co., Ltd.; Siam Commercial Leasing PCL; Siam Commercial Samaggi Insurance PCL; and Siam Commercial New York Life Insurance PCL. Each of these companies provides a range of financial services to meet the needs of its customers.

Units within the Bank responsible for supporting and managing the Bank's operations comprise eight function-oriented groups. These are: Risk Management, Finance, Human Resources, Information Technology, General Counsel, SCB Economic Intelligence Center, Corporate Communications, and Audit and Compliance Groups. In addition, the Bank has established a Change Program Management Office whose role is to facilitate the formulation of overall group strategy, develop short-term tactical plans, and monitor the implementation of critical initiatives.

| Revenue breakdown by business unit (Consolidated) | 2008 | 2009 | 2010 |
|--|-------------|-------------|-------------|
| Wholesale | 17% | 20% | 20% |
| SME | 13% | 12% | 12% |
| Retail | 60% | 63% | 62% |
| Others* | 9% | 5% | 6% |

* Including subsidiaries and affiliates, but excluding one-time investment gains

2010 Performance

2010 was another successful year for the Bank, during which the Bank earned record net profit despite the political upheaval from March through to May. These strong results reflected, in part, the gradual recovery of the Thai economy and, in part, the soundness of the Bank's business strategies.

In 2010, the Bank registered a return on equity (ROE) of 16.4% with a record high net profit of Baht 24,206 million, an increase of Baht 3,448 million or 16.6% against the profit in 2009. This growth in its profit level reflects the robustness and agility of the Bank's strategy and the effectiveness of its execution and risk management capabilities.

Total income, at Baht 77,160 million, increased 11.7% compared to 2009 due to robust fee and service income growth and loan growth.

In an effort to maintain profitability, the Bank focused on expense control and productivity improvements, resulting in modest growth in non-interest expenses 8.6% and a lower cost-to-income ratio of 50%.

The Bank reported total assets of Baht 1,477 billion, an increase of Baht 183 billion (or 14.1%) from the end of 2009.

Total loans grew by 12.6%, with better underlying quality. The ratio of NPLs to total loans fell to 3.3%, reflecting successful management of new credit quality, pre-emptive strategies to prevent new NPL

formation, and improvement in collection and workout practices for existing NPLs and, finally, through NPL sales.

The Bank retained its leadership in a range of retail products and services, including its leading position in branches and ATM networks throughout the country, in part as a result of continued expansion. At the end of 2010, the Bank had 1,019 branches, 8,006 ATMs, and 112 foreign exchange kiosks – the largest financial services footprint in Thailand.

As in any service industry, the Bank believes in the critical importance of sustaining a high level of employee engagement, together with a high level of customer engagement. The Bank has employed the Gallup Organization to assess, via regular survey, the degree of engagement of its customers and employees in accordance with international standards. Building on the significant achievement of the previous year, the Bank continued to achieve Gallup's highest global ranking for customer engagement and employee engagement. This high level of engagement provides the Bank with a unique competitive edge and provides the best assurance of sustainable profitability in the years ahead.

2010 Highlights

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

- Record-high net profits at Baht 24,206 million.
- The highest ROE at 16.4% and ROA at 1.7% among big Thai banks.
- The highest market capitalization among financial institutions in Thailand (at Baht 352 billion).
- Largest branch network, with 1,019 branches and 8,006 ATM units.

Plans for 2011

- Maintain strong 'esprit de corps' across the SCB group in a manner that supports collaboration and nurtures innovation.
- Accelerate growth of auto finance and SME loans, and gain market share while sustaining competitive growth in all other lending and fee based products.
- Continue development of the Wholesale Banking Group by strong emphasis on fee income growth through adoption of a "total solution" approach to meeting customer needs, particularly for the blue chip customer segment.
- Grow retail brokerage and local institutional client coverage using stronger leverage from the SCB Group.
- Accelerate growth of non-branch distribution channels (e.g., agents and telemarketing) in retail.
- Seek new process-driven approaches to improve productivity, support cost-containment, and enhance internal controls throughout the SCB Group.
- Move towards a more integrated risk management framework with effective risk based capital management.

- Build new capabilities and critical skills to support business expansion and growth, e.g., process excellence, business intelligence, IT investment optimization, and branding.

Anchored on the above elements, the business plan will ensure that the Bank achieves above-average profitability, return on equity (ROE), and return on assets (ROA), while attaining a strong growth momentum following modest recovery of the Thai economy.

The Bank will continue to place strong emphasis on sustaining a high level of employee engagement and maintaining SCB as a great place to work. Likewise the Bank will continue to maintain world-class levels of customer engagement, to ensure that it further optimizes shareholder value and maintains a competitive edge.

Also, the Bank will continue to adhere to best practice corporate governance principles. In addition, it will encourage its employees to participate in its CSR activities, especially in projects related to the sustainable development of youth and our communities.

Key Performance Target Announced for 2011:

- Return on equity (ROE) of 16-18% (compared to 16.4% in 2010).
- Return on assets (ROA) at around 1.8-2.0% (compared to 1.7% in 2010).
- Net loan growth between 10-12% (compared to 12.6% in 2010).
- Cost-to-income ratio of around 50% (at par with 2010).
- NPL ratio below 2.9% (compared to 3.3% in 2010).

Business Structure of the Bank

Wholesale Banking Group

Demonstrating our commitment to provide the most professional and innovative services to our large customers, the Bank established the Wholesale Banking Group (WBG) in December 2010, merging the two Corporate Banking Groups, the Global Markets and Transaction Services Group (GMTS) and the Operations Group. WBG is building a financial services organization that offers clients unmatched convenience, expertise, and quality, with a wide spectrum of financial service specializations serving a diverse range of industries.

WBG's strong strategic focus on clients is reflected in its organizational structure, which includes client coverage, products, business strategy & development, and operations. The success of its business is built upon delivering customer-centric services, based on the strength and breadth of its relationship management capabilities, product offerings, and strategic planning. The client coverage spans corporate and commercial banking, while product areas include global transaction services, capital markets, corporate finance, and financial markets.

Business Banking Group

The Business Banking Group delivers financial services to businesses in the vitally important small and medium-size enterprise (SME) sector of Thailand. These businesses, which have an annual turnover of between Baht 10 million to Baht 500 million, form the backbone of the Thai economy. To serve these clients optimally, the Group uses a holistic approach, providing comprehensive financial solutions to more than 36,000 SMEs through some 1,100 employees at 72 Business Centers and Business Relationship Centers nationwide.

Retail Banking Group

SCB retained its market leadership position in retail banking, operating the nation's most extensive distribution network of both branches and ATMs. The Retail Banking Group has successfully held on to its #1 position in key retail products such as mortgages, credit cards, and bancassurance.

The Retail Banking Group offers a complete range of financial products and services to all segments of individual and small business customers. The Group caters to a broad range of customer lifestyles and needs by working closely with the Bank's subsidiaries and affiliates like SCB Asset Management Co. Ltd., Siam Commercial Samaggi Insurance PCL, and Siam Commercial New York Life Insurance PCL, as well as other business units of the Bank itself. Finally, the branches provide transactional services to customers of all business segments of the Bank.

Special Assets Group

The Special Assets Group (SAG) is responsible for managing the bulk of the Bank's portfolio of non-performing loans (NPLs) and non-performing assets (NPAs). The Bank created the Special Assets Group primarily to develop a center of expertise for the work-out of its legacy NPLs that arose from Asia's 1997 economic crisis. Since that time, the Group's capabilities have been extended to cover all NPLs and to dispose of the Bank's NPAs.

In late 2008, the Special Situations Group (SSG) was established to manage potential NPLs that might arise from the economic crisis emerging at that time. Its main function was to screen potential NPLs and provide debt restructuring solutions to clients to prevent the creation of new NPLs.

SSG's successful efforts led to it being merged with SAG in 2010, in line with the Bank's aim to focus its efforts on preventing the formation of new NPLs through early intervention where customers were faced with difficulties in meeting payment obligations. NPAs as of the end of December 2009 stood at Baht 12.7 billion, comprising 3,454 asset items. The Bank's goal in managing NPAs is to dispose of acquired assets rapidly but at a reasonable price.

Investment of the Bank in subsidiaries and associated companies

Investment value of the bank direct and indirect in subsidiary, associated and related company as of December 31, 2010 are as follows.

| | Company | Type of Business | Paid up Share Capital (Million Baht) | Total Investment (due to Section 258)* (Million Baht) | | |
|---------------------------------------|---|--|---|--|---------------|------------------|
| | | | | % Investment | No. of Shares | Investment Value |
| <u>Subsidiary Company</u> | | | | | | |
| <u>(1) SCB Financial Group</u> | | | | | | |
| 1 | The Cambodian Commercial Bank Co., Ltd. | Banking | US\$13.00 | 100.000% | 130,000 | 634.32 |
| 2 | SCB Plus Co., Ltd. | Collection Company | 1.00 | 100.000% | 100,000 | 1.00 |
| 3 | SCB Training Center Co., Ltd. | Training Center | 549.00 | 100.000% | 5,490,000 | 389.50 |
| 4 | Rutchayothin Assets Management Co., Ltd. | Asset Management | 25.00 | 100.000% | 2,500,000 | 25.00 |
| 5 | Mahisorn Co., Ltd. | Property (NPA) Management | 1,070.80 | 100.000% | 10,707,960 | 2,141.57 |
| 6 | Siam Pitiwat Co., Ltd. | Appraisal Services | 10.00 | 100.000% | 1,000,000 | 10.00 |
| 7 | SCB Asset Management Co., Ltd. | Asset Management | 100.00 | 100.000% | 20,000,000 | 221.57 |
| 8 | SCB Securities Co., Ltd. | Securities | 2,000.00 | 100.000% | 200,000,000 | 2,107.40 |
| 9 | Siam Commercial Leasing PCL | Hire Purchase Leasing Factoring and Collection Company | 5,677.98 | 99.119% | 562,795,864 | 10,718.60 |
| 10 | Siam Commercial Samaggi Insurance PCL | Insurance | 454.45 | 59.631% | 54,195,674 | 559.75 |
| <u>(2) Others</u> | | | | | | |
| 11 | Chatuchak Asset Management Co., Ltd. ⁽¹⁾ | Asset Management | 1,000.00 | 100.000% | 100,000,000 | 850.00 |
| 12 | SCB Capital Services Co., Ltd. ⁽¹⁾ | Asset Management | 50.00 | 100.000% | 10,000,000 | 48.10 |
| 13 | Siam Niti Law Office Co., Ltd. ⁽¹⁾ | Consultant (Legal Service) | 16.00 | 100.000% | 160,000 | 16.25 |
| <u>Associated Company</u> | | | | | | |
| <u>(1) SCB Financial Group</u> | | | | | | |
| 14 | SICCO Advisory Co., Ltd. | Financial Advisory | 20.00 | 100.000% | 2,000,000 | 20.00 |
| 15 | SICCO Securities PCL | Securities | 637.22 | 70.060% | 446,457,860 | 497.43 |
| 16 | SSEC Asset Management Securities Company Limited ⁽¹⁾ | Private Fund Management | 30.00 | 51.000% | 1,530,000 | 15.30 |
| 17 | Siam Commercial New York Life Insurance PCL ⁽³⁾ | Life Insurance | 665.00 | 47.331% | 31,475,016 | 633.19 |
| 18 | SCB Leasing PCL | Leasing, Hire Purchase and Factoring | 105.77 | 45.816% | 4,845,358 | 46.27 |
| 19 | The Siam Industrial Credit PCL | Finance and Hire Purchase | 2,987.12 | 38.647% | 230,883,188 | 1,249.95 |
| 20 | Vina Siam Bank | Banking | US\$61.00 | 33.000% | 201,300 | 697.13 |

| | Company | Type of Business | Paid up Share Capital (Million Baht) | Total Investment (due to Section 258)* (Million Baht) | | |
|---|--|--------------------------------------|---|--|---------------|------------------|
| | | | | % Investment | No. of Shares | Investment Value |
| Related Company which the bank directly and indirectly hold more than 50% of issued shares | | | | | | |
| 21 | SICCO Special Purpose Vehicle 2 Co., Ltd. | SPV set up under securitization Act. | 0.04 | 100.000% | 400 | 0.04 |
| 22 | SICCO Special Purpose Vehicle 3 Co., Ltd. | SPV set up under securitization Act. | 0.04 | 100.000% | 400 | 0.04 |
| 23 | Siam Panich SPV 1 Co., Ltd. | SPV set up under securitization Act. | 0.04 | 100.000% | 400 | 0.04 |
| 24 | Phoenix Land Development Co., Ltd. ⁽²⁾ | Holding Company | 500.00 | 97.600% | 488,000 | 1 Baht |
| 25 | Phoenix Golf and Country Club Pattaya Co., Ltd. ⁽²⁾ | Golf Club | 119.25 | 92.568% | 22,078 | 147.67 |
| 26 | Siam Sat Network Co., Ltd. ⁽¹⁾ | Satellite Service | 112.50 | 81.620% | 9,182,012 | 91.82 |
| 27 | Siam Technology Service Co., Ltd. ⁽¹⁾ | Consultant | 30.00 | 75.000% | 2,249,993 | 1 Baht |
| Related Company which the bank directly and indirectly hold from 20% to 50% of issued shares | | | | | | |
| 28 | Siam Media and Communication Co., Ltd. ⁽¹⁾ | Holding Company | 700.00 | 33.340% | 2,333,800 | 1 Baht |
| 29 | WTA(Thailand) Co., Ltd. | Holding Company | 0.03 | 25.000% | 250 | 1 Baht |
| 30 | SG Star Properties Limited ^{(1), (2)} | Real Estate | 611.64 | 20.256% | 12,389,213 | 4.84 |
| Related Company which the bank directly and indirectly hold from 10% to less than 20% of issued shares | | | | | | |
| 31 | Nippon Koa Insurance Broker (Thailand) Co.,Ltd. | Insurance Broker | 6.00 | 19.998% | 11,999 | 1.20 |
| 32 | National ITMX Co., Ltd. | Payment System Service Provider | 50.00 | 19.310% | 96,550 | 10.60 |
| 33 | Fuel Pipeline Transportation Co., Ltd. ⁽²⁾ | Transport via pipelines | 1,592.00 | 16.747% | 2,666,176 | 266.62 |
| 34 | Siam Cement Myanmar Trading Ltd. | Commercial | KYAT1.3 | 10.000% | 22 | 0.56 |
| 35 | Thai U.S. Leather Co., Ltd. ⁽¹⁾ | Industry | 193.75 | 10.000% | 2,500,000 | 19.38 |
| 36 | Navuti Co., Ltd. | Agribusiness | 60.00 | 10.000% | 60,000 | 6.00 |
| 37 | Thai Obayasi Corporation Co., Ltd. | Construction | 10.00 | 10.000% | 2,000 | 61.75 |
| 38 | Nanachart Traders Consolidation Limited | Agribusiness | 20.00 | 10.000% | 2,000 | 2.00 |
| 39 | Premas (Thailand) Co., Ltd. | Property Management | 12.50 | 10.000% | 25,000 | 1.25 |

* Investment due to Section 258 depicts the total percentage of shareholding and investment value of the bank and bank's affiliates, in which the bank hold more than 30% of theirs shares, had joined invest in limited companies.

(1) Operations discontinued and in process of dissolution or liquidation.

(2) Invested from Debt Restructuring.

(3) On 17 March 2011, the Bank acquired the additional shares from NYL International and its Thai affiliate, as the result its stake increased to 94.662%.

4. Business Operations of the Company

Products and Services Features

Siam Commercial Bank PCL conducts business in accordance with the Commercial Banking Act, the Securities Act, and other related announcements. In providing services to customers, the Bank and its subsidiaries closely cooperate to offer products and services for all types of customers, including large corporations, SMEs, and retail and high net worth individuals.

In addition to core services such as deposit and credit services, the Bank also provides tailored services to meet specific customer needs. Retail services include home loans, personal credit, car hire purchase, credit cards, ATM cards, debit cards, currency exchange facilities, and overseas remittances, as well as investment and bancassurance products. Beyond core services, for corporate and business customers, the Bank offers business cash-management related services, international trade financing, treasury products, debt and capital market products, corporate advisory, investment banking, and other related financial services. The services available from the Bank's subsidiaries and associates for both corporate and retail clients include securities trading, asset management, hire purchase, leasing, and life and general insurance.

Business Operation of SCB Group in 2010

Wholesale Banking Group

- Achieved superior financial performance across client segments and products, with a rise in loans of 11% to more than Baht 400 billion and an increase in fee revenue of 22%.
- Bolstered the penetration of strategic products from capital markets – Debt Capital Markets (DCM), project finance, and structured finance – to embed with financing support, for a 94% increase in fee revenue from the previous year.
- Increased the proportion of revenue from fee income to 35% in 2010, from 30% the year before.
- Strengthened and deepened relationships to become the “primary bank” for selected key clients.

Business Banking Group

- The Business Banking Group successfully implemented the new business model that was developed and piloted in 2009. The new model proved to be robust and effective in building market share and should continue to be the basis for rapid growth of SCB's SME business in the year ahead.
- The Group reported solid financial performance in 2010:

- Fee income growth rate was well in excess of 43.5%, driven by a strong push to increase existing fee income streams and develop new sources for fee income.
- Year-on-year loan growth rate was 14.4%, significantly ahead of the market average for this sector. The main source of growth was the rapid expansion in the small business segment.
- Portfolio quality improved dramatically, and new NPLs formation was substantially reduced from the previous year. The delinquency rate was well controlled and continues to show signs of further improvement, reflecting the effectiveness of the underwriting standards.
- Despite aggressive loan growth, the margins were maintained at a high level, mainly due to the expansion of business volume in the more profitable small business segment.

Retail Banking Group

- **Continued to dominate distribution network** with a total of 1,019 branches, 8,006 ATMs, and 112 foreign-exchange kiosks.
- **Enhanced branch and ATM capabilities** by developing multi-product sales approaches and familiarizing branch staff with the new “Smart Sales” system, a selling approach based on customer needs. The Retail Banking Group also launched innovative new ATM services such as the two-in-one machines called “CDM/ATM” and the “Safe and Sound SCB ATM” service.
- **Accelerated build-up of alternative channels: direct sales, telesales, and e-channels.** Major initiatives included implementation of a key account management model in mortgage lending, scaling up the commission-based sales force to support customer acquisition in both secured and unsecured lending, and boosting e-channels, especially SMS mobile banking, promoted as “SMS Sabai Jai”.
- **Sustained dominance in mortgage lending** by deepening relationships with key property developers, organizing “SCB Home Loan Expo” in Bangkok and major cities around Thailand, and retaining the existing base of quality customers with “My Home, My Cash”, a value-added extension of SCB’s home-equity loan product.
- **Maintained #1 position in credit card business** in terms of total card spending and platinum portfolio by deploying segmentation-based lifestyle marketing to promote customer loyalty, such as through the “SCB Beyond - 1 point redemption program”, and “One Get One” campaign.
- **Retained #1 position in bancassurance**, with effective sales approaches, strong cross-sales effort, excellent product coverage, and SCB’s reputation as a market leader in this product segment.
- **Aggressively expanded auto loans** by strengthening relationships with existing dealers through key account management programs, expanding dealer coverage nationwide, and

leveraging the Bank's comprehensive retail banking platform to introduce new products such as "My Car, My Cash".

- **Enhanced customer relationship management capability and operations.** The Bank introduced a new "SCB Platinum Banking" program to better service and grow the affluent and high net worth customer segments. Also, it continued to improve its support operations and internal processes to accommodate aggressive growth targets for loan originations and opening of new accounts.

Special Assets Group

- **NPL reduction:** The Special Assets Group had a key role in reducing the Bank's gross NPL ratio from 4.4% (on a consolidated basis) at the end of 2009 to 3.25% at the end of 2010, or to 1.6% on a net basis. The SAG has implemented various methods for debt restructuring, including transfers of assets and equity securities, changes in repayment conditions, and combinations thereof.
- **NPA sales:** The Group has successfully disposed of more than 1,500 asset items for a total of approximately Baht 3.4 billion.
- **Process & system:** The Group has implemented an early warning sign system to detect potential NPLs. This system uses effective triggers, generates a client watch list, identifies potential NPLs, and facilitates the identification of timely and appropriate solutions to potential NPL accounts.

In addition, SAG is implementing a new debt collection management system to help prevent the formation of new NPLs and to improve collection and workout practices for existing NPLs.

Industry and Competition Review

2009 In 2010, the Thai banking industry recovered from an economic downturn resulting from the global financial crisis and showed resiliency from the domestic political unrest that took place over much of the second quarter of the year. Overall financial results showed robust growth in terms of assets, deposits, operating profits, and net profits. By the year-end, the number of Thai banks stood at 17, comprised of 14 commercial banks, two retail banks, and one foreign subsidiary. In 2010, Thanachart Capital PCL (TCAP) acquired the shares of Siam City Bank (SCIB) from the Financial Institutions Development Fund (FIDF) and other shareholders, and holds 99.95% in SCIB. The merger is expected to be completed in 2011.

| Comparison of SCB's Performance with Thai Commercial Banking Sector* as at December 31, 2010 | | | | | |
|---|-------------------------------------|-----------|-----------------|-------------|--------------------------|
| Unit: Baht million | | | | | |
| Financial statement (consolidated) | Thai commercial banking sector * | | Change % yoy | SCB 2010 | SCB market share % |
| | 2010 | 2009 | | | |
| Assets | 9,608,637 | 8,643,286 | 11.2 | 1,476,764 | 15.4 |
| Gross loans | 6,671,134 | 5,972,272 | 11.7 | 1,058,574 | 15.9 |
| Deposits | 6,602,110 | 6,269,894 | 5.3 | 1,092,138 | 16.5 |
| Shareholders' equity | 892,153 | 832,952 | 7.1 | 154,316 | 17.3 |
| Net interest and dividend income | 291,114 | 264,215 | 10.2 | 44,505 | 15.3 |
| Non-interest income | 196,875 | 156,394 | 25.9 | 32,655 | 16.6 |
| Non-interest expenses | 281,097 | 241,354 | 16.5 | 38,607 | 13.7 |
| Operating profits | 206,891 | 179,254 | 15.4 | 38,553 | 18.6 |
| Loan loss provision | 44,896 | 51,379 | -12.6 | 4,661 | 10.4 |
| Corporate income tax | 46,804 | 34,637 | 35.1 | 9,563 | 20.4 |
| Net profits | 108,808 | 90,850 | 19.8 | 24,206 | 22.2 |

* The Thai commercial banking sector comprises 12 commercial banks listed on the Stock Exchange of Thailand.

In 2010, Thai commercial banking sector's aggregate net profits increased 19.8% to Baht 108,808 million, from Baht 90,850 million in 2009. All banks reported improved net profits mainly due to the combined effects of robust growth in net interest and dividend income, as well as sharp growth in non-interest income, and lower provisions as asset quality improved.

Net interest and dividend income, which remained the main source of the sector's income, decreased, in relative terms, from 63% of total income in 2009 to 60% in 2010. On the other hand, in absolute terms, the net interest and dividend income increased by 10.2% to Baht 291,114 million in 2010, from Baht 264,215 million in 2009, mainly due to higher interest income from loans, driven by robust loan growth and the increase in lending rates in 2H10.

Non-interest income increased sharply by 25.9% to Baht 196,875 million in 2010, from Baht 156,394 million in 2009, mainly due to (1) higher underwriting income as one of the banks expanded its investment in a life insurance business; (2) robust fee and service income; and (3) higher gain on investments mainly due to one-time gains on the sale of equity investments by some banks. Non-interest income contributions also increased substantially to 40% of total income, up from 37% in 2009.

As of December 31, 2010, the aggregate level of Thai commercial banking sector assets amounted to Baht 9,608,637 million, the equivalent of 95.1% of Thailand's 2010 GDP. Total assets, a key growth

index for banking institutions, grew by Baht 965,351 million, an 11.2% year-on-year increase, attributable to robust loan growth.

Gross loans rose significantly by 11.7% to Baht 6,671,134 million, partly as the result of economic recovery, government tax incentives, and higher loan demand from borrowers. Loans grew well on both the commercial and consumer sides. The consumer side, which mostly comprises personal/consumer loans (23.6% of total loans), grew at 18.2%, mainly from the 14.2% growth in home loans, driven by the government tax incentive for purchase of new homes in 1H10, and hire-purchase loans, which grew 29.5% following robust vehicle sales growth. On the commercial side, manufacturing/production loans, which accounted for 19.6% of total loans, also increased by 5.6%, mainly from loan demand by businesses to expand capacity. Agricultural loans rose by 12.1%, partly benefiting from higher agricultural prices, while loans relating to government projects (public administration, defense, and compulsory social security) also increased by 70.6%. In 2010, the central bank increased its policy rate by 75 bps, from 1.25% at the end of 2009 to 2.00% at the end of 2010, while the Thai commercial banks also increased their loan rates, and the sector's minimum lending rates (MLRs) rose from 5.85%-8.25% to 6.12%-8.25%.

The commercial banking sector posted a 5.3% increase in deposits, reaching a total of Baht 6,602,110 million. In 2010, competition for deposits was modest, as there was excess liquidity in the banking system. In 2010, the three-month fixed deposit rates increased from 0.50%-1.25% at the beginning of the year to 0.75%-1.85% at year-end. The gross loan-to-deposit ratio of the commercial banking sector increased to 101.0%, from 95.3% in 2009, as loans grew faster than deposits mainly due to robust loan growth. Also the loan-to-deposit and B/E ratio of the commercial banking sector increased to 88.3%, from 85.8% in 2009. (B/E, or Bill of Exchange is akin in most respects to an uninsured deposit instrument).

As of December 31, 2010, the commercial banking sector's gross NPLs*, including substandard, doubtful, doubtful loss, and loss accounts, amounted to Baht 303,158 million or 3.9% of total loans; down from 364,362 million or 5.2% of total loans at the end of 2009, as asset quality improved following the economic recovery. The improvement was mainly attributable to debt restructuring, write offs, and NPL sales.

The operating results of Thai banks were supported by the recovery of the global and Thai economies. The major improvements in the Thai banking sector in 2010 were driven by (1) strong income growth in both NII and Non-NII; (2) better asset quality; (3) robust loan growth; and (4) strong capital positions. However, Thai banks are likely to continue to strengthen their balance sheets in order to meet future regulatory changes, such as the implementation of international accounting measurements (IFRS and IAS) and the implementation of the Basel III framework. In 2010, a handful of major banks decided to adopt the new accounting standard (TAS 19: Employee benefits) earlier than required. (It will be effective in 2011.)

* Source: Gross NPLs figure was obtained from the Bank of Thailand's website.

In 2011 and beyond, Thai banks will likely further strengthen their income generating capabilities by focusing on both fee and interest income. Thai banks are likely to face rigorous competition for deposits due to higher loan demand. At the forefront of the Thai banking sector, SCB is well positioned to benefit from the opportunities that may arise in the future in this economic environment.

Comparative Commercial Bank (consolidated)

Balance Sheet as of December 31, 2010

| Unit: Baht Million | BBL | KTB | KBANK | SCB | TCAP | BAY | TMB | TISCO | KK | CIMBT | ACL | Total |
|--------------------|-----------|-----------|-----------|-----------|----------|----------|----------|---------|---------|---------|---------|-----------|
| Gross Loans | 1,256,123 | 1,247,841 | 1,079,513 | 1,058,574 | 609,646 | 650,165 | 363,177 | 149,731 | 107,867 | 93,793 | 54,704 | 6,671,134 |
| % market share | 18.8% | 18.7% | 16.2% | 15.9% | 9.1% | 9.7% | 5.4% | 2.2% | 1.6% | 1.4% | 0.8% | 100.0% |
| Allowance | (72,452) | (45,126) | (36,832) | (41,595) | (27,959) | (33,958) | (20,546) | (4,162) | (4,235) | (2,613) | (1,016) | (290,493) |
| Net Loans | 1,183,670 | 1,202,716 | 1,042,682 | 1,016,979 | 581,688 | 616,208 | 342,631 | 145,569 | 103,632 | 91,179 | 53,688 | 6,380,642 |
| % market share | 18.6% | 18.8% | 16.3% | 15.9% | 9.1% | 9.7% | 5.4% | 2.3% | 1.6% | 1.4% | 0.8% | 100.0% |
| Total Assets | 1,949,688 | 1,762,710 | 1,551,528 | 1,476,764 | 881,915 | 869,275 | 589,592 | 171,408 | 141,900 | 140,477 | 73,382 | 9,608,637 |
| % market share | 20.3% | 18.3% | 16.1% | 15.4% | 9.2% | 9.0% | 6.1% | 1.8% | 1.5% | 1.5% | 0.8% | 100.0% |
| Deposits | 1,394,388 | 1,248,027 | 1,100,036 | 1,092,138 | 532,382 | 576,479 | 413,115 | 48,536 | 75,932 | 94,060 | 27,017 | 6,602,110 |
| % market share | 21.1% | 18.9% | 16.7% | 16.5% | 8.1% | 8.7% | 6.3% | 0.7% | 1.2% | 1.4% | 0.4% | 100.0% |
| Total Liabilities | 1,718,340 | 1,636,629 | 1,406,040 | 1,321,659 | 810,197 | 770,171 | 539,737 | 156,550 | 120,989 | 128,541 | 59,604 | 8,668,457 |
| % market share | 19.8% | 18.9% | 16.2% | 15.2% | 9.3% | 8.9% | 6.2% | 1.8% | 1.4% | 1.5% | 0.7% | 100.0% |
| Equity | 230,572 | 126,081 | 134,943 | 154,316 | 36,480 | 98,915 | 49,772 | 14,773 | 20,671 | 11,854 | 13,778 | 892,153 |
| % market share | 25.8% | 14.1% | 15.1% | 17.3% | 4.1% | 11.1% | 5.6% | 1.7% | 2.3% | 1.3% | 1.5% | 100.0% |

Remark: The 11 Thai commercial banks listed on the SET

Comparative Commercial Bank (consolidated)
Income Statement as of December 31, 2010

| Unit: Baht Million | BBL | KTB | KBANK | SCB | TCAP | BAY | TMB | TISCO | KK | CIMB | ICBCT | Total | % yoy |
|---|---------------|---------------|----------------|---------------|---------------|---------------|---------------|---------------|--------------|--------------|--------------|----------------|---------------|
| Interest & Dividends Income | 65,498 | 63,055 | 62,740 | 53,679 | 35,252 | 48,728 | 18,499 | 9,520 | 8,841 | 6,452 | 3,124 | 375,387 | 3.7% |
| Interest on loans | 53,205 | 54,031 | 49,895 | 43,511 | 14,684 | 31,644 | 15,810 | 1,632 | 2,331 | 4,891 | 1,636 | 273,270 | 2.4% |
| Interest on interbank and MM | 3,674 | 4,604 | 2,363 | 1,518 | 1,057 | 1,145 | 771 | 199 | 92 | 130 | 88 | 15,641 | 5.9% |
| Hire Purchase & Financial Lease Income | - | - | 2,892 | 4,071 | 15,262 | 13,855 | - | 7,163 | 5,212 | 664 | 1,045 | 50,165 | 7.9% |
| Interest on investment & Dividends | 8,619 | 4,420 | 7,590 | 4,578 | 4,249 | 2,084 | 1,918 | 525 | 1,206 | 766 | 355 | 36,310 | 7.3% |
| Interest Expenses | 13,122 | 16,207 | 11,502 | 9,173 | 10,083 | 10,492 | 6,240 | 2,315 | 2,650 | 1,597 | 890 | 84,273 | -13.9% |
| Interest on deposits | 8,866 | 9,997 | 6,874 | 6,691 | 5,953 | 5,630 | 4,344 | 812 | 1,742 | 1,021 | 425 | 52,354 | -25.2% |
| Interest on interbank and MM | 1,631 | 1,320 | 1,845 | 724 | 512 | 723 | 93 | 210 | 64 | 97 | 158 | 7,376 | 91.2% |
| Interest on borrowings | 2,625 | 4,890 | 2,783 | 1,758 | 3,618 | 4,140 | 1,803 | 1,294 | 844 | 480 | 307 | 24,543 | 2.3% |
| Net Interest & Dividends Income | 52,376 | 46,848 | 51,238 | 44,505 | 25,168 | 38,235 | 12,259 | 7,205 | 6,191 | 4,854 | 2,234 | 291,114 | 10.2% |
| Non Interest Income | 33,944 | 15,946 | 57,946 | 32,655 | 20,144 | 19,336 | 6,966 | 3,876 | 3,455 | 2,085 | 520 | 196,875 | 25.9% |
| Fee and Service Income | 22,028 | 11,683 | 22,821 | 22,585 | 4,042 | 13,003 | 4,803 | 2,924 | 1,256 | 1,015 | 152 | 106,312 | 15.6% |
| Gain on Exchanges | 3,920 | 1,055 | 4,102 | 3,761 | 376 | 745 | 1,284 | (2) | 2 | 289 | 7 | 15,539 | 6.7% |
| Gain on Investment/Securities Trading | 4,821 | 199 | 874 | 1,830 | 895 | 971 | 157 | 210 | 533 | 213 | 34 | 10,738 | 36.8% |
| Other Income | 3,084 | 1,922 | 30,143 | 3,451 | 14,462 | 4,472 | 686 | 745 | 1,665 | 568 | 284 | 61,481 | 54.9% |
| Income from subsidiaries | 91 | 1,088 | 6 | 1,028 | 369 | 144 | 36 | - | - | - | 42 | 2,805 | 19.6% |
| Total Income | 86,319 | 62,794 | 109,184 | 77,160 | 45,312 | 57,571 | 19,225 | 11,081 | 9,647 | 6,939 | 2,754 | 487,989 | 16.0% |
| Personnel expenses | 16,160 | 17,091 | 16,544 | 13,685 | 8,577 | 11,815 | 5,861 | 2,760 | 1,817 | 2,659 | 722 | 97,693 | 12.8% |
| Directors remuneration | 123 | 72 | 115 | 88 | 66 | 28 | 30 | 9 | 9 | 10 | 8 | 559 | 12.9% |
| Premises and Equipment expenses | 8,201 | 5,951 | 10,245 | 8,226 | 3,346 | 5,047 | 2,907 | 707 | 721 | 1,195 | 190 | 46,736 | 8.7% |
| Other expenses | 5,431 | 4,461 | 33,263 | 6,746 | 13,604 | 8,095 | 1,882 | 743 | 1,466 | 487 | 144 | 76,321 | 38.7% |
| Administrative expenses | 29,915 | 27,574 | 60,167 | 28,745 | 25,593 | 24,985 | 10,680 | 4,220 | 4,014 | 4,350 | 1,064 | 221,309 | 19.5% |
| Fees and service expenses | 4,909 | 1,349 | 5,417 | 4,030 | 239 | 4,165 | 1,424 | 359 | 407 | 382 | 35 | 22,717 | 12.3% |
| Taxes and duties | 2,679 | 2,142 | 2,437 | 2,056 | 635 | 1,535 | 628 | 154 | 208 | 192 | 99 | 12,765 | 7.3% |
| Contribution to the Deposit Protection Agency | 4,935 | 4,862 | 4,026 | 3,777 | 1,915 | 2,155 | 1,613 | 256 | 291 | 350 | 126 | 24,306 | 1.0% |
| Total Non Interest Expenses | 42,439 | 35,927 | 72,047 | 38,607 | 28,381 | 32,840 | 14,346 | 4,989 | 4,920 | 5,274 | 1,325 | 281,097 | 16.5% |
| Operating Profit | 43,880 | 26,867 | 37,137 | 38,553 | 16,931 | 24,731 | 4,880 | 6,092 | 4,726 | 1,665 | 1,429 | 206,891 | 15.4% |
| Provision | 7,568 | 6,124 | 6,696 | 4,661 | 1,786 | 12,391 | 1,654 | 1,933 | 647 | 800 | 635 | 44,896 | -12.6% |
| Earning Before Income Tax | 36,313 | 20,743 | 30,440 | 33,892 | 15,146 | 12,340 | 3,225 | 4,159 | 4,080 | 864 | 794 | 161,996 | 26.7% |
| Income Tax | 11,505 | 5,536 | 9,094 | 9,563 | 4,843 | 3,524 | 14 | 1,256 | 1,213 | 24 | 231 | 46,804 | 35.1% |
| Minority Interests | (215) | 0 | (1,299) | (122) | (4,664) | (23) | (9) | (14) | (26) | (12) | - | (6,384) | 167.3% |
| Net Profit | 24,593 | 15,207 | 20,047 | 24,206 | 5,639 | 8,793 | 3,202 | 2,888 | 2,840 | 829 | 563 | 108,808 | 19.8% |

Product and Service Offering

Sources of Funds

As at December 31, 2010, deposits accounted for 74.0% of SCB funding base. Other sources of funds included 10.4% from shareholders' equity, 4.2% from the issuance of debt instruments, and 3.3% from interbank borrowings. Of that total, 71.7% was used for loans, while another 10.4% was applied to net investments in securities, and 10.1% was lent in the interbank and money markets.

As compared with loans and deposits by maturity shown that loans classified by time to maturity up to 1 year was Baht 417,183 million and over 1 year was Baht 641,391 million while deposits classified by time to maturity up to 1 year was Baht 952,693 million and over 1 year was Baht 139,445 million. The Bank was fully aware of its liquidity gap in each period, and adopted a policy of acquiring funds in line with fund utilization in the optimal manner, while taking into consideration of interest rates, currencies, and maturity on both source and use of funds to readjust the gap as it may deem appropriate.

Borrowings

As at 31 December 2010 and 2009, borrowings consist of the following:

| | Interest rate (%) | Year of maturity | Consolidated | | | | | | |
|--------------------|-----------------------|------------------|---------------|----------|---------------|---------------|----------|----------|---------------|
| | | | 2010 | | | 2009 | | | |
| | | | Domestic | Foreign | Total | Domestic | Foreign | Total | |
| Bonds | | | | | | | | | |
| - Baht | 4.21-5.64 | 2010 | - | - | - | 4,200 | - | - | 4,200 |
| Subordinated Bonds | | | | | | | | | |
| - Baht | 3.50-6.25 | 2010-2018 | 20,000 | - | 20,000 | 22,851 | - | - | 22,851 |
| Structured Notes | | | | | | | | | |
| - Baht | Variable [*] | 2010-2011 | 306 | - | 306 | 777 | - | - | 777 |
| Bill of Exchanges | | | | | | | | | |
| - Baht | 0.50-4.55 | 2010-2014 | 41,973 | - | 41,973 | 19,152 | - | - | 19,152 |
| Others | | | 330 | - | 330 | 10,203 | - | - | 10,203 |
| Total | | | 62,609 | - | 62,609 | 57,183 | - | - | 57,183 |

^{*} Variable rates linked to reference interest rates and average price of marketable equity securities

Funding Policy

The Bank has a policy of maintaining balanced growth between the sources and uses of funds by taking into account costs, income, and maturity of both source and use of funds. The aim is to be in line with market circumstances without relying solely on any specific source of funds. Deposits are the Bank's main funding source and the Bank has adopted a policy to maintain a solid deposit base under all market situations.

Lending Activities

SCB has clearly defined credit policies, strategies, and lending targets, with emphasis on both credit quality and market opportunities. This credit planning approach is a result of coordinated efforts between the Head Office, business relationship centers, and branches, with regular reviews of plans and targets. The Bank's lending policy takes into account the regulatory requirements of the supervisory authority, overall economic growth, and trends within specific business segments.

The SCB lending policy is directed under a Credit Policy Guide (CPG), which sets the overall lending policy framework. A set of underwriting standards guides the Bank's business strategies for existing and new clients, by clearly identifying target groups, strategies for each target group, business goals, minimum standards for credit underwriting and other related services. In addition, the SCB Credit Manual comprises guidelines and detailed credit procedures in line with the Credit Policy Guide.

For credit underwriting, the Bank emphasizes on checks and balances in the structure of its lending organizations. Business origination units and credit approval units are clearly separated.

The business origination units are responsible for fostering sound relationship with clients for business expansion and seeking new clients and markets. Organization of the business origination units is based on business nature to respond to different client needs. The Wholesale Banking Group is responsible for corporate and commercial lending, whereas Business Banking Group caters specifically to Small and Medium-Sized Enterprise (SME) lending.

For retail lending, the Retail Banking Group is responsible for personal and SSME lending in accordance with the underwriting criteria established by the retail credit risk management unit. Credit approval units under Credit Risk Management Division are responsible for providing independent comments and recommendations in line with the Credit Policy Guide to support authorized approvers' considerations in credit approval.

In addition, credit approval authority is assigned to reflect different risk profiles, and the 3-signature rule is adopted for credit approval.

Lending Policy

The Bank diversifies its lending to cover different business segments, including individuals, SMEs, and large corporations. In extending loans, the Bank focuses on potential and high growth business segments, both existing or new clients, and strongly emphasizes the importance of clients' cash flow and repayment ability.

Credit Process and Approval

The Bank expects that its credit process has appropriate risk diversification, which yield reasonable return. Regardless of credit approval authority, staff members involved in the

credit process, are expected to avoid any conflict of interest and to comply with the Bank's credit related regulations.

As for loan approval, SCB has designated credit approval authority to individual employees and committees. Individual employees with credit approval authority are (1) Chairman of the Executive Committee, (2) President, (3) Chief Risk Officer, (4) Head of Credit Risk Management, (5) Senior Credit Officers, and (6) Credit Officers. The credit approval authority under (5) and (6) will be specifically designated to a particular person. A staff member may or may not be granted with credit approval authority, or staff members in the same position may have different limits of credit approval authority. Each delegation depends on their experience and expertise, which is subject to the President's consideration on a case-by-case basis.

Committees with Credit Approval Authority are as follows:

1. The Board of Directors has the authority to consider, review, and approve a credit line according to the regulations on credit approval authority. A credit line for SCB-related parties, SCB major shareholders and their related parties is subject to the Board of Directors' approval.
2. The Executive Committee has authority to consider, review, and approve a credit line according to the regulations on credit approval authority, and to propose comments on credit applications for further consideration by the Board of Directors, when a case requires the Board's approval.
3. The Underwriting Risk Committee has authority to consider, review, and approve an underwriting risk credit line, and to propose comments for further consideration by the Executive Committee or the Board of Directors, when it is beyond its authority.
4. The Credit Committee, Retail Credit Committee, and Special Assets Committee have authority to consider, review, and approve a credit line according to the regulations on credit approval authority, and to propose comments on credit applications that are beyond its approval authority for further consideration by the Executive Committee.

Credit Quality Control and Monitoring

After a credit line has been approved for a client, the Bank regularly monitors account movements and undertakes a periodic client review to analyze, review, and monitor risk exposure, and define appropriate business strategy and action plan. The Bank conducts client reviews at least annually for every corporate and business banking clients with credit lines of Baht 20 million and above, and semi-annually for clients with credit lines of Baht 1 billion and above and borrower risk rating (BRR) of 08 or lower. In addition, an extra client review is required when there is any event materially affecting the client's financial position.

As for initial collection efforts, Business Relationship Management Units are responsible for business banking accounts, while the Collection Unit is responsible for retail accounts. In case of non-performing loans (NPL), the collection will, typically, be transferred to the Special Assets Group within 1 month for further action by work-out specialists.

Credit review

For wholesale and business banking clients, a periodic client review is required for each client with credit lines of Baht 50 million and above. In addition, Portfolio Review (PD Pool) is required for a client with group credit lines of Baht 5-50 million to develop better credit underwriting practices.

For retail banking clients, a periodic client review is required at least annually. For new customers, the first review will usually be conducted 6 months after client acceptance, by using, among others, customer repayment history based reviews.

Concentration risk

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

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

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

The Bank ensures that lending is not concentrated in any particular industry. This is determined from industry trends, the proportion for the banking industry, probability of loss, and probability of default. In 2010, the Bank has applied statistical tools to determine industry limits, such as the Herfindahl-Hirschman Index (HHI), which is an index adopted for measuring industry concentration.

Debt Restructuring Policy

In the event that a debtor is in default, SCB will resort to debt structuring only when the following conditions are met: the debtor's business is still viable; it is willing to fully cooperate with the Bank; and the Bank anticipates greater repayment amount than other means.

Options of debt structuring are as follows: 1) Relaxation of repayment terms and haircut, 2) Refinancing, 3) Disposal of collateral mortgaged to the Bank, 4) Deed in lieu of foreclosure, 5) Debt/equity swap and 6) Rehabilitation. Selecting an option depends on each debtor's suitability, that is, some may require only one option while others may need a combination approach.

According to the current guidelines on debt structuring, in some cases the Bank may need to provide a debtor with an additional credit. In this process, the Bank proceeds with extreme caution to ensure that the additional credit is well covered by the collateral, and/or the Bank's right is better than the one in the extant debt, in order to optimize the Bank's benefits from debt restructuring.

Problem Loans and Debt Restructuring

The Special Assets Group (SAG) is responsible for managing the bulk of the Bank's portfolio of non-performing loans (NPLs) and non-performing assets (NPAs). The Bank created the Special Assets Group primarily to develop a center of expertise for the work-out of its legacy NPLs that arose from Asia's 1997 economic crisis. Since that time, the Group's capabilities have been extended to cover all NPLs and to dispose of the Bank's NPAs.

In late 2008, the Special Situations Group (SSG) was established to manage potential NPLs that might arise from the economic crisis emerging at that time. Its main function was to screen potential NPLs and provide debt restructuring solutions to clients to prevent the creation of new NPLs.

SSG's successful efforts led to it being merged with SAG in 2010, in line with the Bank's aim to focus its efforts on preventing the formation of new NPLs through early intervention where customers were faced with difficulties in meeting payment obligations.

The Special Assets Group had a key role in reducing the Bank's gross NPL ratio from 4.4% (on a consolidated basis) at the end of 2009 to 3.25% at the end of 2010, or to 1.6% on a net basis. The SAG has implemented various methods for debt restructuring, including transfers of assets and equity securities, changes in repayment conditions, and combinations thereof.

Capital Adequacy Ratio

The Bank of Thailand requires commercial banks to have a capital adequacy ratio of not less than 8.5%, no less than 4.25% of which must be Tier 1 capital, while Tier 2 capital shall not exceed the Tier 1 ratio. If commercial banks cannot maintain this regulatory capital level, the Bank of Thailand has the authority to take appropriate action.

From December 31, 2008, SCB adopted Basel II's Standardized Approach as a guideline for maintaining capital adequacy for credit risk, market risk in the trading book and operational risk.

The Standardized Approach requires that information from external credit rating agencies be applied in the calculation of risk assets and off-balance sheet items using risk weights as determined by the Bank of Thailand. The Bank used three major rating agencies, namely Standard & Poor's for sovereign and financial institution obligors, and TRIS or Fitch Rating (Thailand) for private sector customers. If the ratings assigned by the two agencies differ, the Bank will adopt the one with higher risk weight in the calculation to ensure capital adequacy.

From 2008, the Bank began the process of capital adequacy assessment through stress test according to assumptions predetermined by the Bank of Thailand and those of the Bank itself for 2009. The process helped identify potential NPL levels, reserve requirements, and impact to Bank capital funds. Moreover, the Bank has established the internal capital adequacy assessment process per the Bank of Thailand's requirement in order to submit the ICAAP report by end of March 2011.

As of December 31, 2010, the Bank had total capital of Baht 163,680 million, classified as Tier 1 capital of Baht 122,662 million (11.6% of risk-weighted capital) and Tier 2 capital of Baht 41,018 million (3.9% of risk-weighted capital). This is computed using the more stringent Basel II Standardized Approach. Therefore, the Bank's capital is significantly higher than regulatory capital requirements (15.5%, versus the minimum threshold of 8.5%). Accordingly, the Bank is confident that this level of capital is more than adequate in responding to economic uncertainties that may have an impact on the operations of the Bank in the year ahead.

Capital Fund

| | | Basel II |
|--|---------------------|----------------|
| Tier 1 capital | Million Baht | 122,662 |
| Tier 2 capital | Million Baht | 41,018 |
| Total Capital Funds | Million Baht | 163,680 |
| | | |
| Total Tier 1 capital / Total Risk Assets | | 11.6% |
| Total Tier 2 capital / Total Risk Assets | | 3.9% |
| Total Capital / Total Risk Assets | | 15.5% |
| Total Risk Assets | Million Baht | 1,054,458 |

Notes to Financial Statements clause 6.1

Liquidity and Liquidity Management Policy

In terms of liquidity management, the Bank maintains sources of liquidity of no less than 3% of deposits. The ratio is determined from the study of previous cash requirements to ensure the sufficiency of funds to meet the Bank's daily needs. Moreover, the Bank has developed a contingency plan for sufficiency of liquidity under stress scenarios, e.g., in the event that depositors panic and rush to withdraw deposits due to a lack of confidence in the banking system. The combined liquid assets and sources of liquidity are maintained at a level of no less than 7% of deposits.

As of December 31, 2010, the Bank has liquid funds of Baht 277,903 million or 25.57% of deposits, which is much higher than both the level required by the Bank of Thailand and the higher levels set by its management. Furthermore, the Bank has additional sources of liquidity to draw on under crisis-type scenarios.

Research and Development

This section is revoked by the Capital Market Supervisory Board's notification no. Tor Chor 11/2552, Re: Rules, Conditions, and Reporting Procedure for Information Disclosure Concerning Securities Issuer's Financial Position and Performance.

5. Business Assets

Main Fixed Assets For Business Operations

Premises and Equipment

As at 31 December 2010 and 2009, premises and equipment consist of the following:

| | Unit: Million Baht | |
|------------------------------------|--------------------|---------------|
| | 2010 | 2009 |
| Land | 12,118 | 11,656 |
| Premises | 20,336 | 20,277 |
| Equipment | 16,091 | 14,984 |
| Leasehold - net | 466 | 550 |
| Others | 676 | 209 |
| Total | 49,687 | 47,676 |
| Less Accumulated depreciation | (19,958) | (18,796) |
| Allowance for impairment of assets | (728) | (578) |
| Net Premises and Equipment | 29,001 | 28,302 |

Notes to Financial Statements clause 4.8 and 4.10

Leaseholds

As of 31 December 2010, the Bank and its subsidiaries have a leasehold balance for lands/buildings used for Bank offices in the amount of Baht 466 million.

Long-term leases and service agreements

The remaining rental and service expenses to be paid for long-term leases and service agreements are as follows:

| | Unit : Million Baht | |
|----------------------|---------------------|--------------|
| | 2010 | 2009 |
| Land and/or Premises | | |
| Within 1 year | 909 | 961 |
| 1 - 5 years | 717 | 771 |
| Over 5 years | 119 | 144 |
| Equipment | | |
| Within 1 year | 69 | 104 |
| 1 - 5 years | 2 | 6 |
| Vehicles | | |
| Within 1 year | 188 | 198 |
| 1 - 5 years | 322 | 144 |
| Total | 2,326 | 2,328 |

Notes to Financial Statements clause 6.5

Loans

As of December 31, 2010, loans (excluding accrued interest receivable) were Baht 1,058,574 million, up Baht 118,338 million (12.6%) from the end of 2009.

Asset Classification

The Bank's asset classification is in accordance with the Bank of Thailand's announcement re: Loan classification and provisioning criteria of financial institutions dated August 3, 2008, which requires banks to formulate loan classification, provisioning, and write-off policies in writing to enhance its ability to maintain sufficient reserves to support losses arising from any future asset write-downs.

Classified Assets

- Gross Non-Performing Loans - the Bank adopts the Bank of Thailand's announcement dated August 3, 2008 as the criteria for consideration of non-performing loans consisting of substandard, doubtful, doubtful loss, and loss in the consolidated financial statement which includes transactions between the Bank and interbank and money markets. As of 31 December 2010, non-performing loans were Baht 38,684 million, representing 3.3% of total loans, down Baht 6,274 million from Baht 44,958 million (4.4%) in 2009.
- Classified debtors under the Bank of Thailand's criteria consist of loans and accrued interest receivables as follows:

| Loans and accrued interest receivables (Consolidated) | Unit: Million Baht | |
|---|--------------------|----------------|
| | 2010 | 2009 |
| Normal | 992,308 | 864,472 |
| Special Mention | 29,338 | 32,601 |
| Substandard | 8,855 | 6,938 |
| Doubtful | 4,516 | 5,747 |
| Doubtful loss | 25,381 | 32,120 |
| Total | 1,060,398 | 941,878 |

Notes to Financial Statements clause 4.6

- Classified Assets - Assets owned by the Bank and its finance and leasing related subsidiaries are classified under guidelines provided by the Bank of Thailand, which include loans and accrued interest receivables, lending to financial institutions and accrued interest receivables, investment in securities, foreclosed properties, and other assets as follows:

| Classified Assets (Consolidated) | Unit: Million Baht | |
|----------------------------------|--------------------|------------------|
| | 2010 | 2009 |
| Normal | 1,122,756 | 944,295 |
| Special Mention | 29,339 | 32,602 |
| Substandard | 8,857 | 6,938 |
| Doubtful | 4,517 | 5,747 |
| Doubtful loss | 30,104 | 38,439 |
| Total | 1,195,573 | 1,028,023 |

Notes to Financial Statements clause 4.6

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 year end. 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 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 the statement of income. Bad debts recovery is recorded as income and is presented net of bad debt and doubtful accounts expense in the statement of income.

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.

Allowance for Doubtful Accounts (Consolidated)

Allowance for doubtful accounts as at December 31, 2010 consists of the following:

| | (Million Baht) |
|---------------------------------|----------------|
| Beginning balance | 42,142 |
| Bad debt and doubtful accounts* | 5,577 |
| Others | (80) |
| Bad debt written off | (6,639) |
| Ending balance | 41,000 |

* Before deducting bad debt recovered of Baht 1,064 million (see Note 5.2)

As at December 31, 2010, revaluation allowances for debts restructured consist of the following:

| | (Million Baht) |
|--------------------------|----------------|
| Beginning balance | 752 |
| Increase during the year | (157) |
| Ending balance | 595 |

Notes to Financial Statements clause 4.4 and 4.5

Loan classification and allowance as at 31 December 2010

| Loan classification | Consolidated financial statements | | | | | |
|--|-----------------------------------|--------------------------------|-----------------------------------|--------------------------------|---------------------|---------------|
| | 2010 | | | | | |
| | Loan and accrued interest | Loan and accrued interest, net | Allowance per BoT's guideline (%) | Allowance | | Total |
| | | | | Collateral / Cashflow approach | Collective approach | |
| <i>(in million Baht)</i> | | | <i>(in million Baht)</i> | | | |
| Normal | 992,308 | 963,358* | 1 | 9,466 | 13 | 9,479 |
| Special Mention | 29,338 | 29,218* | 2 | 554 | 13 | 567 |
| Sub - Standard*** | 8,855 | 4,360** | 100 | 4,198 | 35 | 4,233 |
| Doubtful | 4,516 | 2,187** | 100 | 2,100 | 235 | 2,335 |
| Doubtful Loss | 25,381 | 12,189** | 100 | 10,384 | 855 | 11,239 |
| Total | 1,060,398 | 1,011,312 | | 26,702 | 1,151 | 27,853 |
| Allowance established in excess of BoT regulations | | | | | | 13,147 |
| Total | | | | | | 41,000 |

* 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

Notes to Financial Statements clause 4.3.5

Loan Loss Provision

The Bank has a policy of setting aside provision each year in line with expected losses from NPLs.

Following the onset of the global financial crisis in 2H08, the Bank adopted a more prudent provisioning policy by increasing the provisioning level from Baht 0.9 billion per quarter to Baht 1.5 billion per quarter since 4Q08, giving it a greater cushion to absorb any loan losses which could emerge should NPLs rise in the subsequent quarters. Nonetheless, the Bank's asset quality turned out to be relatively resilient to the economic downturn, with NPLs continuing to decline and reserve coverage strengthening in the subsequent quarters. With the economy on the path to recovery and deterioration in asset quality becoming less of a concern, in 4Q09 the Bank decided to ease its provisioning policy down to Baht 1.2 billion per quarter.

The Bank's total allowance for doubtful accounts at the end of December 2010 stood at Baht 41,595 million, a decrease from Baht 42,894 million at the end of December 2009, while NPLs declined from Baht 44,958 million (4.41%) at the end of 2009 to Baht 38,684 million (3.25%) at the end of December 2010

Suspension of Revenue Recognition for Outstanding Principle or Interest

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 balance sheet 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 on an accrual basis.

Properties foreclosed

As at 31 December 2010, properties foreclosed consist of the following:

| | Consolidated financial statements | | | |
|---|-----------------------------------|--------------|----------------|----------------|
| | 2010 | | | |
| | Beginning balance | Additions | Disposals | Ending balance |
| Foreclosed assets | | | | |
| Immovable assets | 14,214 | 3,223 | (3,629) | 13,808 |
| Movable assets | 217 | 944 | (1,094) | 67 |
| Others | 293 | 1,425 | (1,525) | 193 |
| Total properties foreclosed | 14,724 | 5,592 | (6,248) | 14,068 |
| Less Allowance for impairment of assets | (1,734) | - | 350 | (1,384) |
| Total properties foreclosed, net | 12,990 | 5,592 | (5,898) | 12,684 |

Unit: Million Baht

Notes to Financial Statements clause 4.7

Investment

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 balance sheet as either short-term investments, long-term investments or investments in subsidiaries and associated companies. Short-term investments are those investments that the Bank intends to hold for less than 1 year. Long-term investments are those investments that the Bank intends to hold for more than 1 year.

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 carried at fair value. Changes in fair value are recognised in the statement of income as either non-interest income or expense. Interest income on trading securities is recognised using the accrual basis of accounting.

Marketable debt and 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 carried at fair value, with the valuation surplus or deficit on investments presented as a Bank component of equity until realised upon disposition or sale of the underlying securities. Interest income on available-for-sale securities is recognised using the accrual basis of accounting.

Debt securities for which the Bank has both the intention and ability to hold until maturity are classified as held-to-maturity securities. Such securities are carried at amortised cost, net of allowances for impairment, if any. Premiums and discounts on held-to-maturity securities are amortised or accreted as adjustments to interest income using the effective interest rate method over the term of the securities. Interest income on held-to-maturity securities is recognised using the accrual basis of accounting.

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 readily marketable securities and are not subsidiaries and associated companies are classified as general investments and are carried at the historical cost, net of allowances for impairment, if any.

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

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

According to the announcement of Federation of Accounting Professions No. 27/2550 regarding "The Provision to Apply Thai Accounting Standards No.27 and 28", investments in subsidiaries and

associated companies acquired from troubled debt restructuring and for which the Bank has received the permission from the Bank of Thailand to hold shares exceeding the regulation 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 end of the year.

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 non-interest expense in the statement of income, when impairment in value of investment has occurred.

Cost of securities sold during the year is calculated using the weighted average method.

Provisioning for the Write-down of Securities

Debt securities for which the Bank has both the intention and ability to hold until maturity are classified as held-to-maturity securities. Such securities are carried at amortised cost, net of allowances for impairment, if any. Premiums and discounts on held-to-maturity securities are amortised or accreted as adjustments to interest income using the effective interest rate method over the term of the securities. Interest income on held-to-maturity securities is recognised using the accrual basis of accounting.

Equity securities which are not readily marketable securities and are not subsidiaries and associated companies are classified as general investments and are carried at the historical cost, net of allowances for impairment, if any.

Provisioning for the write-down of securities is based on the write-down of securities criteria under accounting standards. As of 31 December 2010, the Bank set aside investment in debt and equity securities in a total amount of Baht 1,719 million (consolidated statement - Please refer to Clause 4.2 of Notes to the Financial Statement). The Bank believes that such provisioning is sufficient.

Investment Policy

The Bank's investment in its subsidiaries, associated companies, and relevant companies as of December 31, can be divided into two groups as follows:

Investment in the SCB Financial Group

The Bank has established the Financial Group which has investment policies focusing on long-term investments in financial service and companies supporting its banking services. To be 'the Premier Universal Bank' in Thailand with a high yet sustainable return, the Bank encourages companies under this umbrella to collaborate for the maximum benefit of the group as a whole.

Investment in Other Businesses

The Bank's objective is either to yield high returns from these investments in the terms of dividend and capital gain and/or to strengthen the long-term relationship with its business partners and customers.

Investment Supervision and Risk Management

The Bank's investment supervision covers policy formulation and business operation, risk management for the overall group and specific businesses, and periodical monitoring of performance and risk.

Furthermore, the Bank has nominated some of its executives to serve as directors in companies in which it has invested to ensure that their business operations will move in line with the Bank's overall policy

Future Plans

This section is revoked by the Capital Market Supervisory Board's notification no. Tor Chor 11/2552, Re: Rules, Conditions, and Reporting Procedure for Information Disclosure Concerning Securities Issuer's Financial Position and Performance.

6. Legal Dispute

Opposing Party: Thai Melon Polyester PCL

SCB has an unsettled legal dispute which has the potential to negatively impact its assets, as the claimed amount is worth over 5% of net equity according to financial statements for the accounting year ending on 31 December 2009.

On 21 March 2007, Thai Melon Polyester PCL (TMP), the plaintiff, filed a civil lawsuit against the Thai Asset Management Corporation (TAMC) (the first defendant), Mr. Somjet Moosirilert (the second defendant), BankThai PCL (the third defendant), Bangkok Bank PCL (the fourth defendant), and Siam Commercial Bank PCL (the fifth defendant) on the ground of tort, with a claimed amount of Baht 24.5 billion.

According to the plaint, TMP claimed that SCB wrongfully transferred non-performing assets of TMP to TAMC, which wrongfully received the title deed to the non-performing assets. TMP claimed that it suffered from the tort and loss of trade reputation and earnings.

On 1 June 2007, SCB filed a response that the prescription period had expired, and that the transfer of non-performing assets to the first defendant was lawful and that SCB did not commit any tort against the plaintiff. Moreover, no damage was incurred by the plaintiff as claimed.

On 30 May 2008, the Civil Court dismissed the charge and ordered that the plaintiff pay court fees and costs for the five defendants, with the lawyer's fee of Baht 20,000 for each defendant.

The plaintiff filed an appeal on 10 September 2008, and SCB filed a response to the appeal on 26 November 2008. The Civil Court ordered a transcript of the proceedings be submitted for the Appeals Court's review. The case is currently in the trial process at the Appeal Court.

The Bank believes that its has not committed any tort as claimed, because its transfer of non-performing assets to TAM was lawful under the provision of the Emergency Decree of the Thai Asset Management Corporation, B.E. 2544 (2001). Since the Civil Court has dismissed the charge, the Bank believes that the appellate court will uphold the judgement of the Civil Court and that this legal dispute should not have any negative impact on SCB.

7. Capital Structure

Securities

Registered Capital, as at December 31, 2010, worth Baht 70,000 million, dividing to:

| | | | |
|--------------------------------|-----------|----|------|
| 3,413,844,210 Common Shares | Par Value | 10 | Baht |
| 3,586,155,790 Preferred Shares | Par Value | 10 | Baht |

Paid in Capital, as at December 31, 2010, worth Baht 33,992 million, dividing to:

| | | | |
|-----------------------------|-----------|----|------|
| 3,392,620,271 Common Shares | Par Value | 10 | Baht |
| 6,571,927 Preferred Shares | Par Value | 10 | Baht |

Details of Securities

SCB's securities listed on the Stock Exchange of Thailand are as follows:

1. Common Shares
2. Preferred Shares

1. Common Shares

| | |
|-----------|---|
| Numbers | 3,392,620,271 shares as at December 31, 2010 |
| Issuer | The Siam Commercial Bank Public Company Limited |
| Registrar | Thailand Securities Depository Co., Ltd. |
| Trading | Traded on both Main Board and Foreign Board by: <ul style="list-style-type: none"> - Using the symbol SCB on the Main Board - Using the symbol SCB-F on the Foreign Board |

2. Preferred Shares

| | |
|--------------------------|--|
| Numbers | 6,571,927 shares as at December 31, 2010 |
| Issuer | The Siam Commercial Bank Public Company Limited |
| Registrar | Thailand Securities Depository Co., Ltd. |
| Preferred Share Features | <p>(1) A senior class of shares having prior claim over dividends as follows:</p> <p>(1.1) Payable any year, if the bank reports profits after legal or other reserves have fully been set aside, does not have retained loss and can maintain in statutory capital funds, it will pay preferred shares dividend as a priority at the fixed rate of 5.25% p.a. of the initial price purchased by the Ministry of Finance (at Baht 26.00).</p> <p>(1.2) Preferred shares must receive all dividends before paying common share dividends.</p> <p>(1.3) In any year, if the bank pays higher rate of common shares dividends, it must increase the rate of preferred share dividends to the same.</p> <p>(1.4) In case the, the profits allocated for dividend payment are not sufficient to pay preferred share dividends as per the agreed rate, the bank will pay preferred share dividends according to the allotted amount in proportion to the number of holding shares.</p> <p>(1.5) Preferred shares are not subject to accumulated dividends.</p> |

| | |
|-------------------------|---|
| | <p>(2) In case of capital reduction due to loss from operations prior to the increase of statutory capital by the Ministry of Finance, the bank will reduce the common share capital first.</p> <p>In case of capital reduction due to loss from operations after the increase of statutory capital by the Ministry of Finance, the bank will reduce the preferred shares and common share capitals in proportion. In case of discontinuation of operation, preferred shares will have prior claim over the returned capital.</p> <p>(3) The preferred rights of the preferred shares will be valid for 10 years, starting the initial payment date of proceeds for the preferred shares received from the Ministry of Finance (on May 10, 1999). Upon the expiry date, the preferred rights of the preferred shares shall be immediately terminated, the preferred shares will be converted to common shares and will have the right of the common shareholders.</p> <p>(4) Preferred shares can be converted to common shares by submitting application together with the share certificates according to the schedule and conditions set by the bank.</p> <p>* Nevertheless, the 10-year preferential rights of the preferred shares expired on May 10, 2009</p> |
| Conversion Rate | Preferred share can be converted to common share at the rate of 1:1. |
| Conversion Price | Nil |
| Initial Conversion Date | June 30, 1999 |
| Conversion Schedule | <p>On a quarterly basis on March 31, June 30, September 30 and December 31 by</p> <ul style="list-style-type: none"> - Conversion on March 31, submit application on March 16-30. - Conversion on June 30, submit application on June 5-29. - Conversion on September 30, submit application on September 15-29 - Conversion on December 31, submit application on December 16-30. |
| Conversion Method | <p>(1) Preferred shareholders can submit application to convert preferred shares to common shares at Thailand Securities Depository Co., Ltd., or securities broker on office hours.</p> <p>(2) Preferred shareholders can request for conversion application at Thailand Securities Depository Co., Ltd., or securities broker.</p> <p>(3) Preferred shareholders wish to convert shares to common shares must submit the following documents:</p> <ol style="list-style-type: none"> 1. Conversion Application according to SCB format. 2. Preferred Share Certificates or warrants (according to SET format). 3. In case of individual person, a certified copy of ID, or alien ID, or passport. <p>In case of juristic person, a certified copy of the license issued within 1 year together with a certified copy of the authorized director ID.</p> |
| Conversion Venue | <p>(1) Thailand Securities Depository Co., Ltd., or</p> <p>(2) Securities Broker</p> |

The Bank's Obligation in Future Share Issuance

The Bank has no obligation to issue shares in the future.

The Issuance of Warrants with NVDR Based Return

As at December 31, 2010, the bank has paid in registered capital of 3,399,192,198 shares, dividing to shares held through Thai NVDR Co., Ltd. of 143,910,400 common shares (4.24% of the total common shares) and 7,900 preferred shares (0.12% of the total preferred shares), or 143,918,300 shares (4.23% of total shares). As shares held through NVDR do not have voting rights in the shareholder meeting, except for voting of SET delisting, shares with voting right will be lowered by the corresponding numbers which will increase the voting portion for other shareholders.

Investors can check the number of NVDR shares from the Stock Exchange of Thailand Web Site: www.set.or.th/nvdr

Note: NVDR are the warrants from the Non-voting Depositary Receipt. The Thai NVDR Co., Ltd, is a juristic person holding shares on behalf of foreign investors, and enabling the transfer of shares held by foreign investors without restrictions.

Policy on Issuing New Shares to Existing Shareholders

In addition to the issuing new shares according to warrants or convertible subordinated debentures as described above, presently the Bank does not have plans to issue new shares to existing shareholders.

Major Shareholders (as at March 15, 2011)

| No. | Shareholders | Ordinary Shares | Preferred Shares | Total of Shares | Percentage of Shares |
|-----|--|----------------------|------------------|----------------------|----------------------|
| 1 | Bureau of The Crown Property and Group | 805,309,758 | - | 805,309,758 | 23.69 |
| 2 | Vayupak Mutual Fund 1 | 785,798,200 | - | 785,798,200 | 23.12 |
| 3 | Chase Nominees Limited 42 | 173,757,600 | - | 173,757,600 | 5.11 |
| 4 | Thai NVDR Company Limited | 135,020,525 | 7,900 | 135,028,425 | 3.97 |
| 5 | Nortrust Nominees Ltd. | 117,656,966 | - | 117,656,966 | 3.46 |
| 6 | HSBC (Singapore) Nominees Pte Ltd | 113,647,274 | - | 113,647,274 | 3.34 |
| 7 | State Street Bank and Trust Company | 105,057,569 | - | 105,057,569 | 3.09 |
| 8 | Social Security Office (2) | 52,066,400 | - | 52,066,400 | 1.53 |
| 9 | Government of Singapore Investment Corporation C | 37,623,800 | - | 37,623,800 | 1.11 |
| 10 | State Street Bank and Trust Company for London | 35,083,154 | - | 35,083,154 | 1.03 |
| 11 | Others | 1,031,707,060 | 6,455,992 | 1,038,163,052 | 30.54 |
| | Total Issued Share Capital | 3,392,728,306 | 6,463,892 | 3,399,192,198 | 100.00 |

| | | | | |
|----------------------|---------------|-----------|---------------|-------|
| Thai Shareholders | 2,269,648,317 | 5,923,478 | 2,275,571,795 | 66.94 |
| Foreign Shareholders | 1,123,079,989 | 540,414 | 1,123,620,403 | 33.06 |

Remark: (1) Ministry of finance holds 3,051,786 ordinary shares 0.09% of total share capital.

Dividend Payment Policy*Dividend Payment Policy of the Bank*

The Bank has a policy to pay dividends at the rate of 30-50% of net profit according to the consolidated financial statements in any year in which the Bank posts a profitable operating result, provided there are no accumulated losses, and the Bank has set aside all statutory and other reserves and is able to maintain adequate capital funds in compliance with the regulatory requirements.

In 2010, the dividend from the Bank's operational results in the financial year 2009 was paid to holders of the Bank's preferred and ordinary shares at the rate of Baht 2.50 per share, equivalent to Baht 8,498 million or 40.9% of the 2009 net profit.

Dividend Payment Policy of Subsidiaries

When the Bank has full controlling power of a subsidiary and such a subsidiary is not a listed company, the dividend payment policy is to pay dividends at the maximum amount from the net profits after appropriation for legal reserve or pursuant to business requirement.

When the subsidiary is a listed company or a company over which the Bank does not have full control, the policy for dividend payment shall be in accordance with the policy announced by such company, consistent with the applicable laws, rules, and regulations.

8. Management

Our Vision: To be the Bank of Choice;

For our customers,

Provide and **deliver** the “**right**” products & services to “**world class**” standards

For our shareholders,

Provide sustainable and attractive “**long-term**” returns

For our employees,

Retain, attract, and engage all staff

For our community,

Adhere to **good corporate governance** standards & actively engage in “**community-oriented**” developments

Our Mission:

To be recognized as

THE PREMIER UNIVERSAL BANK in Thailand with a strong focus on all key financial markets and customer segments, maximum leverage from the SCB group franchise, and a firm commitment to social responsibility

Organization Structure

Governance Structure

Board of Directors

Board Committees

Executive Committee
(Chairperson: Dr. Vichit Suraphongchai)

Audit Committee
(Chairperson: Maris Samaram)

Nomination, Compensation and Corporate
Governance Committee
(Chairperson: Chumpol NaLamlieng)

Corporate Social Responsibility Committee
(Chairperson: Dr. Chirayu Isarangkun Na Ayuthaya)

Management Committees

Management Committee
(Chairperson: Kannikar Chalitaporn)

People Development Committee
(Chairperson: Dr. Vichit Suraphongchai)

Change Program Steering Committee
(Chairperson: Kannikar Chalitaporn)

Assets and Liabilities Management
Committee
(Chairperson: Dr. Vichit Suraphongchai)

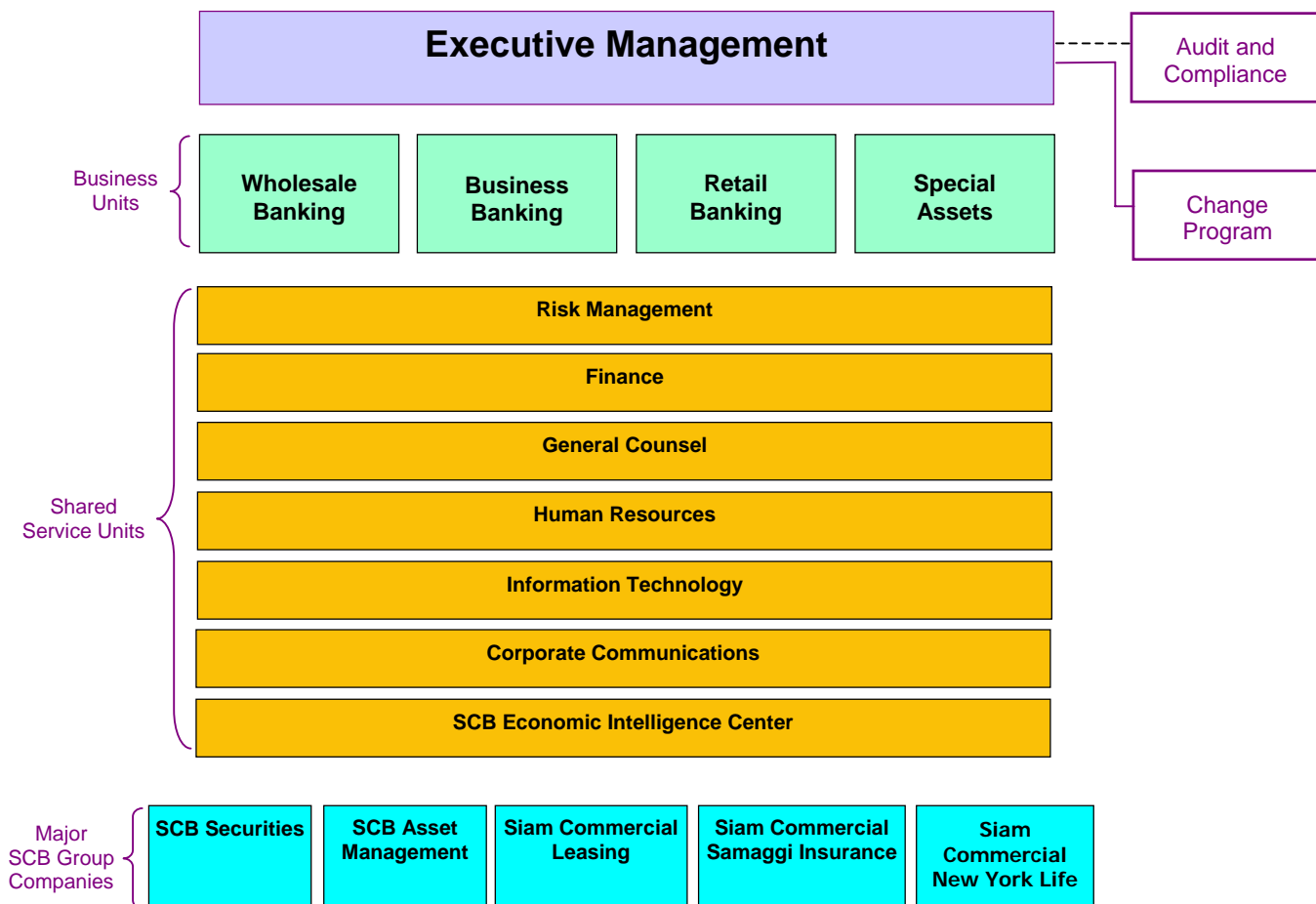
Equity Investment
Management Committee
(Chairperson: Kannikar Chalitaporn)

Global Investment Committee
(Chairperson: Dr. Vichit Suraphongchai)

Risk Management Committee
(Chairperson: Kannikar Chalitaporn)

Management Structure

As of January 1, 2011



Corporate Governance Report

The Board recognizes the critical importance of corporate governance in supporting the Bank's sustainable growth, creating shareholder value, and securing trust from all stakeholders, including shareholders, customers, employees, and the general public. The Board is determined to adhere to good corporate governance practices. The Bank has been recognized for the fourth year in a row with "The Best of Asia 2010 Award" from Corporate Governance Asia, the leading magazine covering corporate governance in Asia. The Bank was also recognized with the Best CG Report 2010 award by the Stock Exchange of Thailand. The Thai Institute of Directors (IOD) CG assessment results for year 2010 recognized that the Bank has continuously maintained and developed excellent corporate governance practices for six years from 2005 through 2010.

Corporate Governance Policy

The Board has formulated corporate governance policy, which includes guidelines covering governance structure, the roles and duties of the Board of Directors and Board committees, stakeholder rights, shareholder meetings, codes of business conduct, conflict-of-interest management, internal controls, and disclosure policy.

The Board has assigned the Nomination, Compensation, and Corporate Governance Committee to formulate corporate governance policy and monitor compliance. The Committee also reviews and adapts the policy to ensure that it is in line with guidelines issued by supervisory authorities for commercial banks and listed companies, and moves towards the best internationally accepted standards. The Bank's goal is to adopt world-class practices in order to benefit stakeholders and maintain their trust. The Bank's policy statement on corporate governance is available to the public on its website (www.scb.co.th) under "Corporate Governance".

The Bank's corporate governance practices in 2010, in accordance with guidelines of the Stock Exchange of Thailand, were as follows:

1) Rights of Shareholders

1.1 Policy of Protecting Shareholders' Rights

The Bank has a policy of ensuring that shareholders receive their basic rights in buying, selling, or transferring shares, profit sharing, participating in shareholder meetings to cast votes in an independent and equitable manner, taking part in important business decisions (e.g., appointment and removal of directors, approval of directors' remuneration, appointment of the auditor, approval of the audit fee, etc.), and receiving adequate, timely, and complete information about the Bank via easily accessible channels.

The Bank has formulated information about shareholders' rights, including news which may be of benefit to shareholders, and posted this information on its websites. The Bank has assigned the

Board Secretariat and Shareholder Services Office to assist shareholders in exercising their rights. Shareholders can contact the Office via telephone at 0-2544 4216-8 and by fax at 0-2937 7931.

1.2 Shareholders' Meeting

The Bank holds its Annual General Meeting of Shareholders in compliance with laws and other relevant regulations, including good governance practices concerning shareholders' rights and the equitable treatment of shareholders. The 2010 Annual General Meeting of Shareholders was held on April 2, 2010. The Bank took the following actions:

Prior to the Meeting Day

The invitation to minority shareholders to propose agenda items and questions and to nominate directors in advance of the 2011 AGM was open during the period of October 1-31, 2010. The Board resolved to approve the schedule of dividend payments, the date of the 2010 Annual General Shareholders' Meeting, detailed agendas, as well as the relevant details and date of closing of the Register Book in order to determine the right to attend the Annual General Shareholders' Meeting and receive dividends. This information was disseminated to shareholders well in advance via the disclosure channels of the Stock Exchange of Thailand. The Bank also posted the information on bulletin boards at its head office and all branches.

The Meeting Notice, containing detailed agendas, factual details, rationales, and Board recommendations for each agenda item, as well as accompanying documents, details of meeting procedures, voting, proxy appointments, and the 2009 Annual Report in the form of a CD-ROM, were provided to shareholders via various channels, including on the Bank's website 34 days in advance of the Meeting, so that shareholders would have sufficient information for consideration and effective exercise of their rights on each agenda item. The Meeting Notice and accompanying documents were prepared in both Thai and English. They were delivered to all shareholders 14 days in advance of the 2010 Annual General Shareholders' Meeting. The printed copy of the Annual Report was also available upon request to the company secretary.

On the Meeting Day

Registration was conducted through a bar code system for shareholders and proxy holders. Separate voting slips were provided for each agenda item. This process provided additional convenience and speed. The registration is open for shareholders both prior to and during the Meeting, by virtue of which shareholders were still able to register to attend the Meeting at any time and vote on agenda items not yet dealt with.

The 2010 Annual General Meeting of Shareholders was chaired by the chairman of the Board. All of the SCB directors attended the Meeting. There were 1,568 shareholders in attendance, in person and via independent directors and others acting as their proxies. They represented 2,819,333,580 shares, accounting for 82.94% of the total shares issued.

The company secretary explained the voting procedures before the Meeting formally commenced. Voting and ballot counting were conducted openly. Each agenda item voting result, compiled through the bar code system, was announced by the company secretary with inspectors appointed to ensure that voting was performed correctly and in a transparent manner.

For shareholder convenience, multi-media presentations were shown during the Meeting, and a simultaneous English translation was provided for foreign shareholders. The chairman of the Meeting and the chairpersons of the Board committees allowed shareholders full opportunity to ask questions and make recommendations, and provided comprehensive clarification when requested. Other directors and management also clarified and answered related issues. The meeting minutes and detailed votes for each agenda item were recorded by the company secretary.

The Bank recognized and respected shareholders' rights. The Meeting Agenda was neither added to nor revised on the meeting date.

Following the Meeting Day

The Minutes of the 2010 Annual General Meeting of Shareholders were submitted to the Stock Exchange of Thailand within 14 days of the Meeting, and disclosed on the Bank's website (www.scb.co.th) to allow shareholders early access to the information.

1.3 Dividend Payment Policy

- Dividend Payment Policy of the Bank

The Bank has a policy to pay dividends at the rate of 30-50% of net profit according to the consolidated financial statements in any year in which the Bank posts a profitable operating result, provided there are no accumulated losses, and the Bank has set aside all statutory and other reserves and is able to maintain adequate capital funds in compliance with the regulatory requirements.

In 2010, the dividend from the Bank's operational results in the financial year 2009 was paid to holders of the Bank's preferred and ordinary shares at the rate of Baht 2.50 per share, equivalent to Baht 8,498 million or 40.9% of the 2009 net profit.

- Dividend Payment Policy of Subsidiaries

When the Bank has full controlling power of a subsidiary and such a subsidiary is not a listed company, the dividend payment policy is to pay dividends at the maximum amount from the net profits after appropriation for legal reserve or pursuant to business requirement.

When the subsidiary is a listed company or a company over which the Bank does not have full control, the policy for dividend payment shall be in accordance with the policy announced by such company, consistent with the applicable laws, rules, and regulations.

2. Equitable Treatment of Shareholders

2.1 Shareholders' Rights to Propose Agenda Items, Nominate Directors, and Submit Questions to the Annual General Meeting of Shareholders in Advance

The Bank is determined to duly adhere to good corporate governance practice to ensure the proper treatment of shareholders. This allows shareholders to propose key issues, such as meeting agenda items and director nominations, as well as questions, in advance of the Meeting. Proposals can be made in accordance with the Bank's rules: by letter, by e-mail (company_secretary@scb.co.th), or via the Bank's website. The Nomination, Compensation, and Corporate Governance Committee will screen submitted proposals and make its recommendations to the Board. Shareholders who make proposals will be informed of the results of the Board's decision. Accepted agenda items will be included in the next notice of the Annual General Meeting of Shareholders.

For the 2010 Annual General Meeting of Shareholders, the Bank allowed shareholders to submit agenda items and director nominations by sending proposals during October 1-31, 2009 for the Nomination, Compensation, and Corporate Governance Committee to screen and make its recommendations to the Board. However, no agenda items, director nominations, or questions were proposed for the 2010 Annual General Meeting of Shareholders.

The proposal period for eligible shareholders to submit agenda items, director nominations, and questions in advance for the 2011 Annual General Meeting of Shareholders was set during October 1-31, 2010. No agenda items, director nominations, or questions were proposed before the expiration of such period.

2.2 Designation of Proxies to the Annual General Meeting of Shareholders

The Bank allowed shareholders who were unable to attend the Meeting in person to designate another person or a relevant independent director to act as their proxy. The Bank provided full details of the designated independent directors, such as background, address, education, and membership on boards of other listed companies that compete with or are related to the Bank, relationships of such independent directors, and interests connected to the agendas under consideration. Proxy forms submitted to shareholders fully described all agenda items to be assigned to the proxy as stipulated by Department of Business Development, Ministry of Commerce. Shareholders could also cast their specific votes using proxy forms.

2.3 Ballots Used for the Annual General Meeting of Shareholders

The Bank used ballots for all Meeting agendas. In order to expedite the vote counting process, the Bank only collects the ballots of those who did not agree with the proposed Meeting resolutions or abstained from exercising their rights, and retains these ballots for later verification.

2.4 Individual Election of Directors

One-third of the Bank's directors retire by rotation at each Annual General Meeting of Shareholders. With respect to the election process, the Bank has the shareholders elect the directors individually by voting ballots, counted in the same manner as voting on other agenda items.

2.5 Internal Control on the Use of Inside Information by Directors and Staff

The Board of Directors has laid out measures designed to disclose and prevent conflicts of interest and prevent the use of inside information by formulating policy, operational guidelines, and supervision through the following means:

- (1) The Bank has a Code of Conduct for Directors and a Code of Conduct for Employees, including such matters as the use of inside information and the confidentiality of customer information, and has disseminated these to all concerned parties. Details of the Codes of Conduct are available to the public on www.scb.co.th under "Corporate Governance".
- (2) The Bank has guidelines for directors and regulations for employees concerning securities trading that prohibit directors and relevant staff from using or disclosing inside information for personal interest.
- (3) The Bank imposes non-trading periods on directors, executives, and employees involved in financial statement preparations, prohibiting them from trading in the Bank's securities during a 14-day period preceding the announcement of quarterly, semi-annual, and annual financial statements. Furthermore, the Bank prohibits directors and executives from investing in the Bank's stock futures.
- (4) Directors and executives are required to disclose information on their shareholdings and to report trading transactions related to the Bank's shares to the Bank and the Securities and Exchange Commission within three days. The company secretary is responsible for collecting data on any changes in such shareholding for reporting as part of the regular agenda of the Board of Directors Meeting.

2.6 Connected Transactions

- (1) In considering connected transactions, the Bank has adopted regulations of the Stock Exchange of Thailand, the Securities and Exchange Commission, and the Capital Market Supervisory Board as strict guidelines. Board members or executives are prohibited from participating in consideration of any matters in which they might have a beneficial interest. The company secretary takes note of their related interests in the minutes of meetings.
- (2) The Bank has a policy for price quotations and other conditions for related party transactions, to ensure that such pricing and conditions are in line with those of other regular business.

- (3) The Board of Directors, (excluding those with an interest in a connected transaction), have the duty of approving loans to and investments in parties having connected transactions with the Bank, Board members, or executives.

2.7 Conflict-of-Interest Report

The directors and executives of the Bank are required to report on their, and their related persons' interests to the company secretary on a quarterly year basis in compliance with the Securities and Exchange Act, B.E. 2535. The directors and executives of the Bank must report any change of information with regard to interests during the quarter to the chairman of the Board and chairman of the Audit Committee for acknowledgment. The Bank will utilize such information to supervise the transactions between the Bank and the directors, senior executives, and related persons.

3. Role of Stakeholders

3.1 Policy and Treatment of Stakeholders

The Bank recognizes the rights of all stakeholders, as evidenced in its vision of being "the bank of choice" for customers, shareholders, employees, and the community, including other stakeholders. In addition, the Bank has in place a policy whereby all stakeholder rights are safeguarded, in a fair manner for mutual sustainable growth, by strict compliance with applicable laws and regulations, including the Bank's policies and good governance practices as stated in the Corporate Code of Conduct. Details are as follows:

- Customers

The Bank recognizes customers as a priority and aims to provide optimal benefits and satisfaction to its customers through the delivery of quality products and services, corresponding to requirements in terms of speed, friendliness, and effectiveness.

To achieve expectations, the Bank has created awareness among all staff of the need for an attitude of giving customers a priority in all matters. Product and service development, process redesign, revamp of system applications, and improvement of work environments have been implemented to meet customer requirements. The Bank has, since 2004, measured "customer engagement" by commissioning an independent international research company to conduct customer surveys at all SCB branches to measure service satisfaction and compare it with the research company's global database. Since 2008, a satisfaction survey has also been conducted among corporate and SME customers.

The Bank has utilized these survey results for regular improvement of its customer services, to enhance customer engagement in the long term. On the retail banking front, the Bank has improved service quality to bring customer engagement to world-class levels since 2006.

- Shareholders

In delivering satisfactory returns to our shareholders, the Bank enhances the efficiency of management to sustain superior operating results with effective internal controls and risk management. The Bank has a policy of disclosing information to shareholders with transparency and accountability. Consequently, the Bank's market capitalization calculated from total shares (ordinary and preferred shares) as of year-end 2010 was equivalent to Baht 352 billion, the highest among Thai financial institutions.

- Employees

Recognizing that people are one of the key drivers of the Bank's performance and sustained development, emphasis is placed on comprehensive employee development programs and human resource management. These are aimed to enhance learning, competency and skill development, the ability to respond to challenges in an increasingly volatile and competitive business environment, and appropriate compensation and benefits. Employees receive equitable treatment, and there is no gender, age, or religious discrimination or discrimination against disability in the workplace.

Emphasis is also placed on promoting adherence to the code of conduct regarding human rights, mutual respect, and non-harassment, including the creation of a pleasant and safe work environment. Employees are entitled to full legal rights, for instance; the establishment of a benefits and work safety committee; 5 S and work environment training program; "Big Cleaning Day"; annual fire and security drills; emergency plans for protection of employee property and Bank property in a crisis situation; sick rooms with nurses and doctors; and the freedom to exercise legal rights concerning labor unions. Most importantly, the Bank actively encourages employee motivation and commitment to growing together with the Bank.

In human resource management during 2010, the strategies were intricately linked with the Bank's overall strategic plans and direction, people development, and creating a work environment that both challenges and encourages all concerned. The major projects that were implemented during the year were:

- **People Development Committee (PDC)**

The People Development Committee was set up with the aim to encourage managers and supervisors to take ownership of, and assume responsibility for, staff development, with the HR Group acting as adviser on HR policy, principles, and best practices. The main functions of the PDC are to:

1. Formulate the Bank's human resource development policy to be in alignment with its business direction.
2. Monitor implementation of HR development policy.
3. Formulate a long-term plan for developing talent to fill key positions.

▪ **Employee Engagement**

Employee engagement is actively promoted from the first day that a new employee joins the SCB community through the on-boarding program and building a team spirit between supervisors, subordinates, and colleagues. The Bank recognizes that a happy workforce is a productive and motivated workforce.

In an employee engagement poll carried out by Gallup in August 2010, involving a high employee participation rate of 99%, the Bank's overall engagement score was 4.65, ranking in the 92nd percentile, a level considered world class.

The Bank was recognized as the best employer in Asia 2010 by the Employer Branding Institute of India for its commitment to raising employee engagement levels, the only Thai bank to have received this accolade. _

- Corporate Social Responsibility

The Bank adheres to the principle of conducting business with responsibility to society, and with sensitivity when dealing with matters relating to the public interest, and regularly supports and participates in activities beneficial to youth, local communities, and society as a whole. Employees are also encouraged to embrace volunteerism in line with the policy of the Corporate Social Responsibility Committee. In 2010, the Bank continued to conduct business while keeping up with social progress. Details on our Corporate Social Responsibility projects are available on SCB annual report.

- Business Partners

The Bank treats its partners and competitors with integrity and confidentiality in compliance with applicable laws and regulations, and provides mutually beneficial assistance towards achieving their business goals. At the same time, the Bank has provided useful input concerning rules and regulations to be adopted as standard practice for the industry.

- Competitors

The Bank treats its business competitors fairly, without any dishonest or unethical actions. In the past year, the Bank has had no dispute with its competitors and did not procure competitor information by unethical means.

- Creditors

It is the policy of the Bank to provide transparent and accountable information to creditors. The Bank strictly honors agreements entered into with the Bank's creditors and suppliers in accordance with agreed terms and relevant laws and regulations.

- Suppliers

The Bank has formulated a clearly defined strategy for supply procurement and hiring, which is aimed at creating fairness, transparency, and accountability for all parties concerned. Specific procurement committees have been formed for procurement of general items, technology systems, premiums for

sales promotion, and advertisement media. Full details of procurement regulations and manuals are available.

- Environment

The Bank seeks to comply with environmental laws and regulations, implement effective safety and environmental management measures to prevent negative impact on local communities, and promote employee awareness of, and concern for, the environment. Details of environmental activities are provided in the section titled “Corporate Social Responsibility” on SCB annual report.

3.2 Mechanism for stakeholder participation

The Bank aims to operate to the satisfaction of all stakeholders, and a variety of communication channels enable anyone to contact the Bank. Customers can contact any branch or responsible staff/relationship manager, and employees can contact the HR Client Services Division. Any complaints, suggestions, or comments can also be addressed to the Board of Directors and management by:

1. Contacting the SCB Easy Call Center at: 0-2777 7777.
2. Contacting the Board Secretariat and Shareholder Services Office

Fax number: 0-2937 7931

E-mail at: company_secretary@scb.co.th

Mail or by hand to the attention of the company secretary at:

The Siam Commercial Bank PCL, Head Office
19th Floor, Board Secretariat and Shareholder Services Office
9 Ratchadapisek Road, Jatujak Sub-district, Jatujak District
Bangkok 10900

The Bank has laid down a clear policy and practical guidelines for handling customer complaints. All information is kept confidential. The Bank will investigate, find solutions (if any), and report to the Audit Committee and the Board of Directors.

4. Disclosure and Transparency

4.1 Disclosure Policy

A disclosure policy has been formulated with the aim of delivering timely, complete, and accurate disclosure of information to shareholders, investors, and the general public. This policy complies with all laws and regulations related to the dissemination of information. The main intent is to ensure that investment in the Bank’s securities is based on fair and informed decisions. The information disclosed to the general public comprises financial and non-financial information, such as Form 56-1, the Annual Report, quarterly/semi-annual/annual financial statements, report of the Audit Committee, report of the Compensation Committee, report on related transactions and internal controls, corporate governance policy and report, charters of the Board of Directors and Board committees, etc.

The Bank discloses information on directors and executives and their shareholdings, and any changes thereto, via the disclosure channel of the Securities and Exchange Commission. Such information is also disclosed to the public via the Securities and Exchange Commission's website. Changes of shareholding of the Bank's directors and executives during 2010 can be viewed in Table 4.

4.2 Investor Relations

An Investor Relations Unit is responsible for disclosing information to shareholders, investors, and securities analysts pursuant to its policy of providing accurate, timely, fair, and transparent information to related parties in a timely manner. Furthermore, Investor Relations is responsible for preparing and disseminating information to the general public and other interested persons via the following channels:

- The Stock Exchange of Thailand and the Securities and Exchange Commission via regular or special reports.
- The Bank's website (www.scb.co.th) under the topic "Investor Relations". This is the Bank's database for information already submitted to the Stock Exchange of Thailand, the Securities and Exchange Commission, and other regulators, including supporting documents for securities analysts' meetings, investor conferences, and road shows, so that investors and the general public can access and obtain up-to-date Bank information in a timely manner.

The Bank executives designated as disclosure officers are the chairman of the Board, the chairman of the Executive Committee, the president, the chief financial officer, and the head of the Investor Relations Division.

In a bid to establish fair treatment for information disclosure, the Investor Relations Unit will abstain from disclosing information related to operating performance of the Bank to shareholders, investors, and securities analysts seven days prior to the submission of quarterly operating results to the Stock Exchange of Thailand.

The Investor Relations Unit can be reached at:

The Siam Commercial Bank PCL
 9 Ratchadapisek Road
 Sub-district Jatujak, District Jatujak
 Bangkok 10900
 Telephone : 0-2544 4358
 Fax : 0-2544 2658
 E-mail : investor.relations@scb.co.th

Investor relations activities organized during 2010 comprised:

| Investor Relations Activities | Times |
|--|-------|
| One-on-one meetings with investors and equity analysts | 109 |
| General meetings with equity analysts | 4 |
| Investor conferences | 4 |
| Global road shows | 2 |

During 2010, the Bank held press conferences and media events to promote its important activities. It also issued press releases.

5. Responsibilities of the Board

5.1 Board Composition

At the end of 2010, there were 15 Board members. Members of the Board comprise professionals with diverse backgrounds in finance, banking, business management, marketing, law, auditing and accounting, corporate governance, social and community project management, and other experience considered beneficial to banking supervision. The number of Board members is commensurate with the Bank's size and business.

The Bank's Board composition conforms with the Capital Market Supervisory Board Notification no. TorJor 28/2551 re: Application for and Approval of Offer for Sale of Newly Issued Shares and the Bank of Thailand's Notification no. 13/2552 re: Corporate Governance of Financial Institutions, as follows:

Independent director means a director who does not have any related business or hold any position or have any beneficial interest with the Bank that may affect his or her independent decision. The Bank's independent directors meet more stringent qualifications than those required in the Capital Market Supervisory Board Notification no. TorJor 28/2551 re: Application for and Approval of Offer for Sale of Newly Issued Shares.

Nine of the directors are independent directors (representing 60% of the total directors), namely Mr. Anand Panyarachun, Mr. Maris Samaram, Mr. John William Hancock, Mr. Chumpol NaLamlieng, Khunying Jada Watthanasiritam, Assoc. Prof. Dr. Kulpatra Sirodom, Mr. Sumate Tanthuwani, Prof. Vicharn Panich MD, and Mr. Robert Ralph Parks.

An executive director is a director who holds an executive position, or any director who is in charge of any actions deemed to be taken by an executive, and shall include authorized directors.

In 2010, the Bank had three executive directors (representing 20% of the total directors), namely Dr. Vichit Suraphongchai, Mrs. Kannikar Chalitaporn, and Mr. Bodin Asavanich.

Authorized Directors

Directors who have signing authority according to the Bank's Articles of Association are Dr. Vichit Suraphongchai, chairman of the Executive Committee, or Mrs. Kannikar Chalitaporn, president. Either one is authorized to sign on behalf of the Bank.

Names of the Bank's Board members are provided in Table 1.

Table 1: Board of Directors

| Name | Positions |
|--|--|
| 1. Mr. Anand Panyarachun | Chairman of the Board, Independent Director, and Member of the Corporate Social Responsibility Committee |
| 2. Dr. Vichit Suraphongchai | Director, Chairman of the Executive Committee, and Member of the Corporate Social Responsibility Committee |
| 3. Mr. Maris Samaram | Independent Director and Chairman of the Audit Committee |
| 4. Dr. Chirayu Isarangkun Na Ayuthaya ¹ | Director and Chairman of the Corporate Social Responsibility Committee |
| 5. Mr. Chumpol NaLamlieng | Independent Director and Chairman of the Nomination, Compensation, and Corporate Governance Committee |
| 6. Khunying Jada Wattanasiritham | Independent Director, Member of the Executive Committee, and Member of the Corporate Social Responsibility Committee |
| 7. Mr. Sumate Tanthuwaniit | Independent Director and Member of the Audit Committee |
| 8. Assoc. Prof. Dr. Kulpatra Sirodom | Independent Director and Member of the Audit Committee |
| 9. M.R. Disnadda Diskul ¹ | Director and Member of the Corporate Social Responsibility Committee |
| 10. Prof. Vicharn Panich MD | Independent Director and Member of the Corporate Social Responsibility Committee |
| 11. Mr. John William Hancock | Independent Director and Member of the Nomination, Compensation, and Corporate Governance Committee |
| 12. Miss Supa Piyajitti ¹ | Director and Member of the Nomination, Compensation, and Corporate Governance Committee |
| 13. Mr. Robert Ralph Parks ² | Independent Director and Member of the Nomination, Compensation, and Corporate Governance Committee |
| 14. Mrs. Kannikar Chalitaporn | President, Member of the Executive Committee, and Member of the Corporate Social Responsibility Committee |
| 15. Mr. Bodin Asavanich | Director, Member of the Executive Committee, and Senior Executive Vice President, Group General Counsel |

Remarks:

1. Dr. Chirayu Isarangkun Na Ayuthaya, M.R. Disnadda Diskul, Miss Supa Piyajitti represent the majority shareholders.
2. Mr. Robert Ralph Parks was appointed by the Board of Directors as an independent director on 23 March 2010 and as member of Nomination and Corporate Governance Committee on 20 April 2010

5.2 Tenure

The Bank has a guideline on director's tenure for the purpose of transparency and in compliance with good governance practices at the international level, as follows:

1. Chairman: The tenure shall not exceed three consecutive terms, inclusive of the year he or she is elected as chairman.
2. Independent director: The tenure shall not exceed three consecutive full terms.

5.3 Segregation of Positions

According to the Bank's governance structure, the Bank has segregated the positions and capacities of the chairman of the Board, the chairman of the Executive Committee, and the president, to enhance the operation, governance, and transparency of internal operations, as follows:

Chairman of the Board - The chairman of the Board of Directors is an independent director and shall not be the chairman of the Executive Committee or the president of the Bank, nor be involved in the Bank's routine management. This is in compliance with the principle of segregation of roles in policy formulation and oversight from those in operations management.

Chairman of the Executive Committee - The Board has appointed one of its members as chairman of the Executive Committee with powers and duties to manage and control the business of the Bank as assigned by the Board. The chairman of the Executive Committee is an authorized director who is empowered to develop and review key strategies and practices with roles and responsibilities relating to business of the Bank and other Board committees as appointed by the Board of Directors, including overseeing the Executive Committee's compliance with its charter, and signing on behalf of the Bank. The Executive Committee Charter is available to the public on www.scb.co.th under "Corporate Governance".

President - Under the Articles of Association, the president is an ex-officio member of the Executive Committee. The president is also an authorized director with powers and duties, as assigned by the Board, to:

1. Implement the Bank's operations according to policies, strategies, and goals as set forth by the Board.
2. Monitor and prepare reports on business conditions and the Bank's position, and recommend alternatives and strategies consistent with Bank policies and market conditions.
3. Consider and screen the Bank's business operations with approval authority according to Bank regulations.
4. Manage and supervise the Bank's operations, such as finance, risk management, internal controls, operations, and human resources.
5. Represent the Bank with the authority to assign another person to deal with government agencies and other regulatory bodies.
6. Oversee communications with the public, shareholders, customers, and employees to ensure that they are positive and enhance the Bank's reputation and image.
7. Implement assignments entrusted to him/her by the Board and the Board Committees.
8. Apply good governance principles across the organization.

5.4 Membership of Other Listed Company Boards

The Bank has laid down a clear policy regarding membership of other listed company boards, which is in line with ethical practices as prescribed by the relevant supervisory bodies, such as the Bank of Thailand and the Stock Exchange of Thailand. The Stock Exchange of Thailand has recommended

that a director of a listed company shall not hold positions in more than five listed companies, while the Bank of Thailand has announced that a director of any commercial bank shall not be chairman, executive director, or an authorized director of limited companies of more than three business groups.

In addition, the Bank has established internal practical guidelines for directorship of other companies, requiring directors to notify the Bank via the Nomination, Compensation, and Corporate Governance Committee and the company secretary in advance before assuming any position in companies or organizations so that the Nomination, Compensation, and Corporate Governance Committee may review the appointment for appropriateness and compliance with relevant laws and regulations. The company secretary shall regularly inform the Board of the membership status of each director. Membership of other listed company boards is disclosed to shareholders in the Annual Report.

5.5 Company Secretary

The Board of Directors appointed Mrs. Siribunchong Uthayophas, senior vice president and manager, Board Secretariat and Shareholder Services Office, as company secretary with the responsibilities as set forth by law.

The company secretary reports functionally to the chairman of the Board of Directors and operationally to the senior executive vice president, Group General Counsel.

5.6 Board Committees

The Board has appointed the following Board committees to study and review specific matters.

5.6.1 Board committees appointed by the Board of Directors

At present, the Bank has four committees appointed by the Board of Directors: the Executive Committee; the Audit Committee; the Nomination, Compensation, and Corporate Governance Committee; and the Corporate Social Responsibility Committee, as follows:

- **Executive Committee**

Members of the Executive Committee are drawn from the Board and hold tenure concurrent with that of directorship. Currently, the Executive Committee comprises four directors, namely Dr. Vichit Suraphongchai (chairman), Mrs. Kannikar Chalitaporn, Khunying Jada Wattanasiritham, and Mr. Bodin Asavanich.

The major functions and responsibilities of the Committee are to operate the Bank's business by following the Bank's strategies and policies. In 2010, the Board of Directors reviewed the structure of the Committee to increase flexibility and efficiency in management's operation and decision making. A change will be proposed to the Annual General Meeting of Shareholders, which requires an amendment to the Bank's Articles of Association. In 2010, the Executive Committee held 31 meetings.

- **Audit Committee**

The Board of Directors first appointed an Audit Committee in 1998. Tenure of the members of the Audit Committee is concurrent with that of directorship. In 2010, the Audit Committee comprised three independent directors, namely Mr. Maris Samaram (chairman), Mr. Sumate Tantuvanit, and Assoc. Prof. Dr. Kulpatra Sirodom. Mr. Maris Samaram and Assoc. Prof. Dr. Kulpatra Sirodom are Board members who possess strong knowledge of, and experience in, reviewing financial statements. In 2010, the Audit Committee held 15 meetings.

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

The Board of Directors resolved to approve the merger of the Nomination and Corporate Governance Committee and the Compensation Committee to form the Nomination, Compensation, and Corporate Governance Committee, with effect from 22 September 2010. Tenure of the Committee members is concurrent with that of their directorship. The Nomination, Compensation, and Corporate Governance Committee is composed of four members, namely Mr. Chumpol NaLamlieng (chairman), Mr. John William Hancock, Miss Supa Piyajitti, and Mr. Robert Ralph Parks. In 2010, the Nomination and Corporate Governance Committee held four meetings, the Compensation Committee held five meetings, and the combined Nomination, Compensation, and Corporate Governance Committee held three meetings.

- **Corporate Social Responsibility Committee**

Tenure of the Corporate Social Responsibility Committee members is concurrent with that of directorship. The seven members of the Committee comprise Dr. Chirayu Isarangkun Na Ayuthaya (chairman), Mr. Anand Panyarachun, Dr. Vichit Suraphongchai, Khunying Jada Wattanasiritham, Prof. Vicharn Panich M.D., M.R. Disnadda Diskul, and Mrs. Kannikar Chalitaporn. In 2010, the Corporate Social Responsibility Committee held nine meetings to advance the Bank's social responsibility projects within the framework and policy set by the Board of Directors, which included: The Youth Development Project following the Royally Initiated Sufficiency Economy Philosophy; SCB Challenge Project; SCB, Let's Do Good; etc.

5.6.2 Management Committees

There are seven Management Committees, namely the Risk Management Committee, the Management Committee, the Change Program Steering Committee, the Assets and Liabilities Management Committee, the Global Investment Committee, the Equity Investment Management Committee, and the People Development Committee, described as follows:

- **Risk Management Committee**

The Board of Directors established a Risk Management Committee in 2002. The Committee is chaired by the president. Members comprise top management of relevant units. The Committee meets at least once per quarter.

- **Management Committee**

Commencing in 2011, the Strategy and Review Committee will be restructured and renamed the Management Committee, chaired by the president and with other members comprising relevant management at the group head level. The Committee has major responsibilities in providing opinions on the Bank's business such as reviewing and making adjustments of the policies and plans to be in line with the current situation. The Committee also has the duty of monitoring and assessing operational performance and considering appropriate actions, including considering and signing off on the launch of new products, services, and operational processes.

- **Change Program Steering Committee**

The Change Program represents the transformational change agenda of the Bank, approved by the Board in October 2001. The Program aims to rebuild the Bank's foundation and strengthen efficiency and service quality to world-class levels, ultimately increasing shareholder value.

The Committee is responsible for determining direction and steering Change Program projects to completion by allocating resources, monitoring progress, making critical decisions associated with the change agenda, and resolving problems or contentious issues that may arise within any project. The Change Program Steering Committee is chaired by the president, with the senior executive vice president, chief financial officer and change program, as vice chairman in charge of developing the program framework, project monitoring, and project consistency. Other members include senior executives at the senior executive vice president level.

- **Assets and Liabilities Management Committee**

The Assets and Liabilities Management Committee is part of the Bank's market risk management framework. The Committee is chaired by the chairman of the Executive Committee. Other members include the president, senior executive vice presidents, and executive vice presidents in charge of lending, finance, treasury, risk management and SCB Economic Intelligence Center. The Committee is mainly responsible for strategies for managing liquidity risk, interest rate risk, and exchange rate risk to ensure that they are at the appropriate levels. The Committee also formulates strategy for balance sheet management to be adopted as guidelines for business operations, and ensures that the interest rate risk is at an appropriate level, as well as to approve the policy guidelines in management of accounting position for banking and the Bank's trading portfolios.

- **Global Investment Committee**

The Global Investment Committee is chaired by the chairman of the Executive Committee. Other members include the president, and senior executives in charge of finance, lending, deposits, investment, treasury and risk management. The Committee is responsible for seeking out investments, both local and international, that have high liquidity, for the Bank to gain long-term profit at the appropriate risk level. The Committee is also responsible for monitoring the status of invested funds in terms of asset value, expected return, risk, and liquidity, as well as to co-operate with other entities to consider the Bank's investment process.

- **Equity Investment Management Committee**

The Equity Investment Management Committee is chaired by the president. Other members include senior executives in charge of equity investment management and credit which is related to equity investment. The Committee is responsible for developing an equity investment plan consistent with overall policy relating to the Bank, in terms of business strategies and expected return, and for formulating strategy for supervising and developing synergy in doing business with portfolio companies, as well as setting investment procedure, implementation, and human resource management related to investment.

- **People Development Committee**

The People Development Committee was established in early 2010 in order to set policy and strategy for human resources management and to superintend, follow-up, and review the implementation of such policy and strategy by various business units of the Bank.

This Committee is chaired by the chairman of the Executive Committee while the president is the vice chairman of the Committee. Other members are persons in the position of senior executive vice president of the Bank.

The composition, functions, and responsibilities of the Board committees appointed by the Board of Directors and Management Committee are detailed in the "Corporate Governance" section of the Bank website (www.scb.co.th).

5.7 Roles, Duties, and Responsibilities of Board Members

The Board is committed to conducting itself in accordance with the highest standards of ethical behavior and with the law. The functions and responsibilities of the Board are as stipulated by laws, such as the Financial Institutions Act B.E. 2551, the Securities and Exchange Act B.E. 2535, the Public Company Limited Act B.E. 2535, Articles of Association, and shareholder resolutions. Details of the functions and responsibilities of the Board can be viewed on the Bank's website, www.scb.co.th, under "Corporate Governance", re The Board Charter.

5.8 Board Meetings

The Board Charter requires that there be not fewer than six Board meetings per year, with dates scheduled in advance for the entire year. Special meetings are convened as necessary. The chairman of the Board, the chairman of the Executive Committee, and the president co-operate in selecting and setting agendas. Other directors also have the right to propose agenda items. Principal meeting agendas involve consideration of the Bank's strategic direction, annual business plan and budget, quarterly, semi-annual, and annual financial reports, progress of the Change Program, significant credit and debt restructuring matters, significant acquisition and disposal of major assets, key organization and management changes, risk management, and reports from Board Committees. The relevant senior executives will also make presentations at the meeting to provide additional

information on matters under consideration. The chairman of the Board allocates sufficient time for management to clearly present matters to enable all directors to prudently discuss issues.

The company secretary ordinarily prepares and circulates the agenda and relevant documents at least seven days before each meeting to allow Board members sufficient time to consider the issues. The company secretary records the minutes, and proposes the draft to all directors for consideration. Drafts are ordinarily distributed to Board members before the minutes are adopted at the next meeting, and are kept for scrutiny by Board members and other concerned parties.

In addition, the Bank also arranges a special outside “Board Retreat” at least once a year, to consult and discuss significant and specific Bank matters, and a non-executive directors’ meeting every six months.

In 2010, there were 11 Board meetings (including two Board Retreats) and two non-executive directors’ meetings. Details of each meeting in 2010 are shown in Table 2.

Table 2: Details of Director Attendance Records in 2010

| Name | The Board of Directors | The Executive Committee | The Audit Committee | The Nomination and Corporate Governance Committee ¹ | The Compensation Committee ¹ | The Nomination, Compensation, and Corporate Governance Committee ¹ | The Corporate Social Responsibility Committee | The Annual General Meeting |
|---|------------------------|-------------------------|---------------------|--|---|---|---|----------------------------|
| 1. Mr. Anand Panyarachun | 11/11 | | | | | | 9/9 | 1/1 |
| 2. Dr. Vichit Suraphongchai | 10/11 | 31/31 | | | | | 7/9 | 1/1 |
| 3. Mr. Maris Samaram | 11/11 | | 15/15 | | | | | 1/1 |
| 4. Dr. Chirayu Isarangkun Na Ayuthaya | 11/11 | | | | | | 8/9 | 1/1 |
| 5. Mr. Chumpol NaLamlieng | 10/11 | | | 4/4 | 5/5 | 3/3 | | 1/1 |
| 6. Khunying Jada Wattanasiritham | 10/11 | 30/31 | | | | | 8/9 | 1/1 |
| 7. Mr. Sumate Tanthuanit | 11/11 | | 14/15 | | | | | 1/1 |
| 8. Assoc. Prof. Dr. Kulpatra Sirodom | 11/11 | | 14/15 | | | | | 1/1 |
| 9. M.R. Disnadda Diskul | 10/11 | | | | | | 7/9 | 1/1 |
| 10. Prof. Vicharn Panich MD | 11/11 | | | | | | 8/9 | 1/1 |
| 11. Mr. John William Hancock | 10/11 | | | 4/4 | 5/5 | 3/3 | | 1/1 |
| 12. Miss Supa Piyajitti | 11/11 | | | 3/4 | | 3/3 | | 1/1 |
| 13. Mr. Robert Ralph Parks ² | 7/9 | | | 2/2 | | 2/3 | | 1/1 |
| 14. Mrs. Kannikar Chalitaporn | 11/11 | 31/31 | | | | | 8/9 | 1/1 |
| 15. Mr. Bodin Asavanich | 11/11 | 25/31 | | | | | | 1/1 |
| 16. Dr. Areepong Bhoocha-Oom ³ | 5/5 | | | | 2/2 | | | 1/1 |

Remarks:

- (1) The Board of Directors resolved to approve the merger of the "Nomination and Corporate Governance Committee" and the "Compensation Committee" to form the "Nomination, Compensation, and Corporate Governance Committee", with effect from 22 September 2010. The Committee comprises Mr. Chumpol NaLamlieng as chairman and Mr. John William Hancock, Miss Supa Piyajitti, and Mr. Robert Ralph Parks as members.
- (2) Mr. Robert Ralph Parks was appointed a director on 23 March 2010 and a member of the Nomination and Corporate Governance Committee on 20 April 2010.
- (3) Dr. Areepong Bhoocha-oom resigned as a director and member of the Compensation Committee on 2 June 2010.

5.9 Board and Senior Executive Assessment

- **Board Assessment**

Board assessment is divided into three parts covering: 1) self assessment of individual Board members, 2) assessment of the chairman of the Board, and 3) assessment of the Board as a whole. The company secretary is assigned to send assessment forms and to gather those forms for delivery to the chairman of the Nomination, Compensation, and Corporate Governance Committee for consideration, as per the Board's charter. The results are discussed at a Board meeting. Details of the process are available on the Bank's website (www.scb.co.th) under "Corporate Governance".

The Board assessment is undertaken every two years. Recommendations resulting from the Board assessment have been adopted for improving the effectiveness of Board performance to the optimal benefit of the Bank's good corporate governance. In 2010 the Bank has enhanced the Board assessment form to be consistent with the principles of Internal Capital Adequacy Assessment Process (ICAAP) on the advice of an external consulting firm, which increases the coverage of governance practices to be more international.

- **Senior Executive Assessment**

The Nomination, Compensation, and Corporate Governance Committee is responsible for performance assessment of the chairman of the Executive Committee, president, and other senior executives on an annual basis. Regarding the performance assessment of the chairman of the Executive Committee and the president, the said Committee has the duty to review the targets and performance criteria, to monitor and assess the performance, and to propose assessment results to the Board of Directors for consideration.

As for the performance assessment of other senior executives, management will set up the key performance indicators following the goal and strategy for each year, monitor and assess the performance, and propose assessment results to the Nomination, Compensation, and Corporate Governance Committee for consideration. The Committee will then propose the results to the Board of Directors for considering appropriate remuneration and other benefits. The Board has assigned the Nomination, Compensation, and Corporate Governance Committee responsibility for performance assessment of the chairman of the Executive Committee, president, and other senior executives on an annual basis. The Nomination, Compensation, and Corporate Governance Committee has the duty to review the targets and performance criteria of the chairman of the Executive Committee and the president for approval by the Board of Directors, and propose performance results compared with targets and performance criteria to the Board of Directors for considering appropriate remuneration and other benefits.

5.10 Procedure for Nomination of Directors and Executives

The Nomination, Compensation, and Corporate Governance Committee has the duty to screen and propose to the Board qualified candidates to serve as directors and members of Board committees. The Committee's recommendations are based on the candidates' knowledge, capabilities, and past experience required to meet the Bank's requirements in filling vacant positions. The Nomination, Compensation, and Corporate Governance Committee will consider a list of candidates proposed by shareholders and by individual directors and, after scrutiny to ensure their qualifications are in compliance with the related laws and regulations, make recommendations to the Board. After the Board acknowledges a candidate, management will seek approval from the Bank of Thailand prior to proposing the candidate to the Board and the shareholders for approval.

The Nomination, Compensation, and Corporate Governance Committee is responsible for screening executive positions at the levels of: chairman of the Executive Committee; president; senior executive vice presidents; and executive vice presidents reporting directly to the president. The Nomination,

Compensation, and Corporate Governance Committee is thus responsible for proposing screened nominees to the Board of Directors for its approval. After approval by the Board, management will seek approval from the Bank of Thailand prior to the appointment process.

5.11 Succession Planning

The Board assigned the Nomination, Compensation, and Corporate Governance Committee to be responsible for succession planning to ensure that the Bank has an appropriate succession plan in place for the key positions.

- **Succession plan for the positions of chairman of the Executive Committee and president**

In 2010, the Board and the Nomination, Compensation, and Corporate Governance Committee addressed the succession plan for the positions of chairman of the Executive Committee and president in Board meetings and on other occasions, including identifying potential future leadership.

- **Succession plan for senior executive and key management positions**

In 2010, the Nomination, Compensation, and Corporate Governance Committee endorsed the search procedure, succession plan, and competency criteria for senior executive and key management positions that were proposed by management. The Committee will monitor and review progress of the plan on a regular basis.

The succession planning procedures adopted by management for senior executive and key management positions are as follows:

- Identifying the position for which a succession plan is required and the competency criteria.
- Identifying candidates for the successor pool.
- Evaluating individual candidates in the successor pool in relation to the higher-level job profile, to identify strengths and development requirements.
- Forming a competency development plan to ready the candidates for the higher position
- Assessing competency and selecting the successor.

In 2010 the Nomination, Compensation, and Corporate Governance Committee proposed that the Board renew the employment contract of the president, Mrs. Kannikar Chalitaporn, whose tenure will end on 31 January 2011. The Board approved the renewal of the president's contract for four years until 31 January 2015.

5.12 Director and Management Remuneration

Board policy requires that remuneration of directors should be appropriate and reflect their duties and responsibilities to fulfill stakeholder expectations and comply with applicable laws and regulations. It is implicit that Bank directors must possess appropriate experience and qualifications and must receive appropriate remuneration corresponding to these contributions and responsibilities. The Nomination, Compensation, and Corporate Governance Committee is responsible for proposing remuneration of

directors and members of Board committees to the Board for consideration and proposal to shareholders for annual approval.

- **Remuneration of Board Members**

The current Board remuneration was approved at the 2010 Annual General Meeting. The Board chairman receives a remuneration of Baht 1.8 million per year, and Board members receive Baht 1.2 million per year. This rate was adopted in 2000. In 2010, the Board of Directors, totaling 16 persons, received aggregate remuneration of Baht 18.83 million.

Furthermore, at the 2009 Annual General Meeting of Shareholders, shareholders approved the payment of a directors' bonus at the rate of 0.5 percent of the dividend, and authorized the Board to determine how the bonus should be distributed. Shareholders approved a dividend payment of Baht 2.50 per share for 2009 operating results, for a total payment of Baht 8,498 million. Accordingly, the total directors' bonus for 2009 performance was Baht 42.49 million.

- **Remuneration of Board Committee Members**

Remuneration of the current Board committee members, based on the approval of the 2010 Annual General Meeting of Shareholders, was as follows:

| Board of Directors * | Monthly Remuneration (Baht) | Meeting Allowance (Baht/Time) |
|---|--|--|
| Executive Committee | | |
| Chairman | - | - |
| Non-Executive Members | 150,000 | - |
| Audit Committee | | |
| Chairman | 75,000 | 15,000 |
| Members | 50,000 | 10,000 |
| Nomination and Corporate Governance Committee ** | | |
| Chairman | 30,000 | 15,000 |
| Members | 20,000 | 10,000 |
| Compensation Committee ** | | |
| Chairman | 30,000 | 15,000 |
| Members | 20,000 | 10,000 |
| Corporate Social Responsibility Committee | | |
| Chairman | 30,000 | 15,000 |
| Members | 20,000 | 10,000 |

Remark: * Chairman of the Executive Committee, president, director and senior executive vice president, and group general counsel do not receive remuneration for serving on Board committees.

** The Board of Directors resolved to approve the merger of the "Nomination and Corporate Governance Committee" and the "Compensation Committee" to form the "Nomination, Compensation, and Corporate Governance Committee", with effect from 22 September 2010. The Bank will seek approval from the shareholders for the remuneration at the same rate as that of the previous Nomination, Compensation, and Corporate Governance Committee in 2007 as approved by the shareholders' meeting along the following lines:

- The chairman will receive monthly remuneration of Baht 60,000 per month and a meeting allowance of Baht 15,000 per meeting.
- Committee members will receive monthly remuneration of Baht 40,000 per month and a meeting allowance of Baht 10,000 per meeting.

In 2010, Board committee member, namely the members of the Executive Committee, the Audit Committee, the Nomination, Compensation, and Corporate Governance Committee (inclusive of the prior Nomination and Corporate Governance Committee and the Compensation Committee), and the Corporate Social Responsibility Committee received remuneration totaling Baht 11.95 million.

Individual remuneration is shown in Table 3.

- **Remuneration of Senior Management**

The Nomination, Compensation, and Corporate Governance Committee is responsible for proposing the remuneration of senior management to the Board of Directors and in this respect to consider the appropriate remuneration according to the Bank's policy linking the Bank's operational results and each individual's performance result based on transparent criteria and the responsibilities of such executives. To the extent possible, such compensation should reflect relative compensation levels in the finance and banking marketplace for senior executives with similar capabilities and experience.

In accordance with the definition of the Securities and Exchange Commission, the word "executives" means "the executives at the senior executive vice president level and up including the executive of finance and accounting department". In 2010, according to that definition, the remuneration of the relevant 12 executives was Baht 251.41 million. In accordance with the definition of the Bank of Thailand, the word "executives" means "the executives at the executive vice president level and up". In 2010, according to that definition, the remuneration for the relevant 49 executives was Baht 569.17 million.

- **Other Benefits for Directors and Executives**

Directors are entitled to receive other benefits in accordance with the Bank's regulations, including medical welfare. International travel and related accommodation expenses are covered for non-resident foreign directors attending meetings in Thailand.

Senior management are also entitled to other benefits in the same manner as those of general staff, such as health insurance, life and accident insurance, travel expenses, and welfare loan services, including contributions to provident funds. In 2010, the Bank's provident fund contribution to senior management at the senior executive vice president level and up, including the executive of finance and accounting department according to the definition of the Securities and Exchange Commission, (nine persons) was Baht 7.51 million, and at the executive vice president level and up including the executive of finance and accounting department, according to the definition of the Bank of Thailand, (46 persons) was Baht 21.20 million.

Table 3: Details of Individual Remuneration in 2010.

Unit: Million Baht

| Name | The Board of Directors | The Executive Committee | The Audit Committee | The Nomination and Corporate Governance Committee | The Compensation Committee | The Nomination, Compensation, and Corporate Governance Committee ¹⁾ | The Corporate Social Responsibility Committee | The Directors' Bonus for 2009 Operations |
|--|------------------------|-------------------------|---------------------|---|----------------------------|--|---|--|
| 1. Mr. Anand Panyarachun | 1.80 | | | | | | 0.33 | 3.98 |
| 2. Dr. Vichit Suraphongchai | 1.20 | | | | | | | 2.65 |
| 3. Mr. Maris Samaram | 1.20 | | 1.14 | | | | | 2.65 |
| 4. Dr. Chirayu Isarangkun Na Ayuthaya | 1.20 | | | | | | 0.48 | 2.65 |
| 5. Mr. Chumpol NaLamlieng ¹⁾ | 1.20 | | | 0.21 | 0.34 | 0.14 | | 2.65 |
| 6. Khunying Jada Wattanasiritham ²⁾ | 1.20 | 1.80 | | | | | 0.32 | 2.65 |
| 7. Mr. Sumate Tanthuwant | 1.20 | | 0.75 | | | | | 2.65 |
| 8. Assoc. Prof. Dr. Kulpatra Sirodom ³⁾ | 1.20 | | 0.75 | | | | | 1.33 |
| 9. M.R. Disnadda Diskul | 1.20 | | | | | | 0.31 | 2.65 |
| 10. Prof. Vicharn Panich MD | 1.20 | | | | | | 0.32 | 2.65 |
| 11. Mr. John William Hancock ¹⁾ | 1.20 | | | 0.32 | 0.22 | 0.10 | | 2.65 |
| 12. Miss Supa Piyajitti ^{1), 4)} | 1.20 | | | 0.20 | | 0.10 | | 2.00 |
| 13. Mr. Robert Ralph Parks ^{1), 5)} | 0.93 | | | 0.12 | | 0.09 | | |
| 14. Mrs. Kannikar Chalitaporn | 1.20 | | | | | | | 2.65 |
| 15. Mr. Bodin Asavanich | 1.20 | | | | | | | 2.65 |
| 16. Mr. Tiraphot Vajrabhaya ⁶⁾ | | | | | | | | 1.33 |
| 17. Mr. Peter Seah Lim Huat ⁷⁾ | | | | | | | | 2.00 |
| 18. Mrs. Puntip Surathin ⁸⁾ | | | | | | | | 2.24 |
| 19. Mr. Sanit Rangnoi ⁸⁾ | | | | | | | | 2.24 |
| 20. Dr. Areepong Bhoocha-Oom ⁹⁾ | 0.50 | | | | 0.12 | | | 2.22 |
| Total | 18.83 | 1.80 | 2.64 | 0.85 | 0.68 | 0.43 | 1.76 | 42.49 |

Remarks:

- 1) The Board of Directors resolved to approve the merger of the "Nomination and Corporate Governance Committee" and the "Compensation Committee" to form the "Nomination, Compensation, and Corporate Governance Committee", with effect from 22 September 2010 at the same rate of remuneration. The Committee comprises Mr. Chumpol NaLamlieng as chairman, Mr. John William Hancock, Miss Supa Piyajitti, and Mr. Robert Ralph Parks as committee members.
- 2) Khunying Jada Wattanasiritham also received a remuneration for her position in the Bank's subsidiary in the amount of Baht 1.37 million.
- 3) Assoc. Prof. Dr. Kulpatra Sirodom was appointed by the Board of Directors as an independent director and a member of the Audit Committee in place of Mr. Tiraphot Vajrabhaya on 19 June 2009.
- 4) Miss Supa Piyajitti was appointed by the Annual General Meeting of Shareholders no. 186 as an SCB director on 3 April 2009.
- 5) Mr. Robert Ralph Parks was appointed by the Board of Directors as a director on 23 March 2010 and a member of the Nomination and Corporate Governance Committee on 20 April 2010.

- 6) Mr. Tiraphot Vajrabhaya resigned as a director on 18 June 2009.
- 7) Mr. Peter Seah Lim Huat resigned as a director and a member of the Compensation Committee on 1 October 2009.
- 8) Mrs. Puntip Surathin and Mr. Sanit Rangnoi resigned as directors on 20 January 2009.
Dr. Areepong Bhoocha-Oom resigned as a director on 2 June 2010.

5.13 Director and Executive Development

The Bank considers the development of directors and managers to be important, and has set a policy to encourage learning activities for them. The Bank encourages its directors to attend courses or join activities aimed at enhancing their performance on the Board and its committees. Such activities are organized by the Thai Institute of Directors, Stock Exchange of Thailand, and Securities and Exchange Commission. The Bank always keeps directors informed of training courses well in advance. Thirteen directors have participated in various Thai Institute of Directors' director programs as per the details shown on attachment 1.

Executive development is aimed at building competency and integrity through enhancing skills, knowledge, and professional and management capabilities that are aligned with the Bank's strategic plan and policies to achieve world class competitiveness and business excellence.

Executive development is undertaken on a continuing basis through the Executive Development Program. Sponsorship is available for courses in local and foreign universities on banking, people management, and leadership. Special meetings and seminars are held regularly on such themes as the Change Forum, and Leadership Retreat. Importance is given to network and team building along with skills and knowledge development to ready the Bank's executives for business challenges.

Attention is given to people building at all levels to increase competency through the employee development process and an environment that encourages learning, empowerment, and a path for career advancement. Comprehensive training programs are offered such as a training roadmap, coaching, and functional young talent programs, as well as self-paced training through an e-learning network. Sponsorship is available for advanced university degrees in Thailand and abroad.

The Bank arranged or sponsored a total of 249 in-house courses and 187 external courses in Thailand and abroad for executives and personnel. The average training for each employee was six days per year.

To promote integrity and ethical conduct, all employees are encouraged to attend dharma sermons and talks on various lifestyles by experts. Self-taught programs on professional ethics in banking are available on e-learning networks.

5.14 Director Orientation

The Bank holds orientation meetings for new board members. In these meetings, briefings on Bank vision, strategies, and key business targets and operations plans are given by the chairman of the

Executive Committee, president, and senior executives. Important documents are also provided to new directors, including the Director's Manual, the Memorandum and Articles of Association of the Bank, and the Banks' latest Annual Report. The main areas of focus are roles and responsibilities of directors, policy statement on corporate governance, approval authorities, prohibitions under applicable laws, and roles and responsibilities of the Board committees.

Table 4: Changes in Bank Shareholding or Debenture Holding of Directors and Senior Management

| Name | Position | Amount of shares as at 31 December 2009 | Amount of shares as at 31 December 2010 | Changes (increase/decrease) |
|---------------------------------------|--|---|---|-----------------------------|
| 1. Mr. Anand Panyarachun | Chairman of the Board, Independent Director, and Member of the Corporate Social Responsibility Committee | 461,093 SCB | 461,093 SCB | - |
| 2. Dr. Vichit Suraphongchai | Director, Chairman of the Executive Committee, and Member of the Corporate Social Responsibility Committee | - | - | - |
| 3. Mr. Maris Samaram | Independent Director and Chairman of the Audit Committee | - | - | - |
| 4. Dr. Chirayu Isarangkun Na Ayuthaya | Director and Chairman of the Corporate Social Responsibility Committee | - | - | - |
| 5. Mr. Chumpol NaLamlieng | Independent Director and Chairman of the Nomination, Compensation, and Corporate Governance Committee | - | - | - |
| 6. Khunying Jada Wattanasiritham | Independent Director, Member of the Executive Committee, and Member of the Corporate Social Responsibility Committee | - | - | - |
| 7. Mr. Sumate Tanthuanit | Independent Director and Member of the Audit Committee | 51,953 SCB | 51,953 SCB | - |
| 8. Assoc. Prof. Dr. Kulpatra Sirodom | Independent Director and Member of the Audit Committee | - | - | - |
| 9. M.R. Disnadda Diskul | Director and Member of the Corporate Social Responsibility Committee | - | - | - |
| 10. Prof. Vicharn Panich MD | Independent Director and Member of the Corporate Social Responsibility Committee | - | - | - |
| 11. Mr. John William Hancock | Independent Director and Member of the Nomination, Compensation, and Corporate Governance Committee | 1,000 SCB | 1,000 SCB | - |
| 12. Miss Supa Piyajitti | Director and Member of the Nomination, Compensation, and Corporate Governance Committee | - | - | - |
| 13. Mr. Robert Ralph Parks | Independent Director and Member of the Nomination, Compensation, and Corporate Governance Committee | - | - | - |
| 14. Mrs. Kannikar Chalitaporn | President, Member of the Executive Committee, and Member of the Corporate Social Responsibility Committee | 43,000 SCB | 43,000 SCB | - |
| 15. Mr. Bodin Asavanich | Director, Member of the Executive Committee, and Senior Executive Vice President, Group General Counsel | 580 SCB | 580 SCB | - |

| Name | Position | Amount of shares as at 31 December 2009 | Amount of shares as at 31 December 2010 | Changes (increase/decrease) |
|------------------------------------|---|---|---|-----------------------------|
| 16. Mr. Deepak Sarup | Senior Executive Vice President, Change Program and Chief Financial Officer | - | - | - |
| 17. Mr. Sirichai Sombutsiri | Senior Executive Vice President, Business Banking Group | - | - | - |
| 18. Mr. Yokporn Tantisawetrat | Senior Executive Vice President, Chief Risk Officer | 9,434 SCB | 9,434 SCB | - |
| 19. Mr. Yol Phokasub | Senior Executive Vice President, Retail Banking Group | 10 SCB | 10 SCB | - |
| 20. Mr. Na Bhengbhasang Krishnamra | Senior Executive Vice President, Sales & Service Division, Retail Banking Group | 96,719 SCB | 96,719 SCB | - |
| 21. Mr. Arthid Nanthawithaya | Senior Executive Vice President, Corporate Banking Group | - | - | - |
| 22. Mr. Sarunthorn Chutima | Senior Executive Vice President, Special Assets Group | 2,320 SCB 3,030 SCB-P | 2,320 SCB 3,030 SCB-P | - |
| 23. Mr. Krieng Wongnongtaey | Executive Vice President, Financial Reporting & Controls Division | - | - | - |

Remarks: SCB = SCB Ordinary Shares
SCB-P = SCB Preferred Shares

No Bank directors had direct or indirect interest in any contract made by the Bank.

Staffing

As of 31 December 2010, there were 18,097 employees serving the Bank at its head office, local branch networks, and representative offices overseas. Employees performing local operations functions can be segregated under the Bank's business groups as follows:

| | |
|-------------------------|----------------|
| Wholesale Banking Group | 1,625 persons |
| Business Banking Group | 1,129 persons |
| Retail Banking Group | 12,955 persons |
| Special Asset Group | 289 persons |
| Support Unit | 2,099 persons |

Employees' Gross Incomes

Employees' gross income in 2010 amounted to Baht 11,551.85 million. Included are salary, overtime pay, living cost allowance, bonus, risk premium allowance, shift allowance, car allowance, assignment allowance, long distance assignment allowance, transportation allowance, one-time relocation allowance, per diem, special living tourist location allowance, gasoline, depreciation allowance, one-time legal payment allowance, incentives, social security benefit, and provident fund contribution.

Recruitment and Training

In 2010, SCB recruited qualified personnel nationwide to support its continuous business growth and branch network expansion. Meanwhile, the Bank also focused on job rotation to promote staff development and career advancement.

In addition, SCB cooperated with colleges and universities across the country to share knowledge about banking business and information technology, offer internship programs to students, and job opportunities for new graduates.

Labour Relations

On 22 February 2010, Siam Commercial Bank Labour Union (SCBLU) exercised its right in accordance with the Labour Relations Act, B.E. 2518 (1975) by submitting a request for changes in employment conditions.

The Bank appointed representatives to negotiate with SCBLU. The negotiation progressed well and reached mutual agreement with a memorandum of agreement on employment conditions for a period of 3 years.

In addition, the Bank held meetings with SCBLU on a monthly basis to discuss issues and listen to comments and suggestions from SCBLU in a constructive manner. Outcome of the meetings have been considered to further improve human resources management. This is a useful dialogue to nurture healthy labor relations in the organization.

Executives as per S.E.C definition

(As of February 28, 2011)

1. Mrs. Kannikar Chalitaporn

President

2. Mr. Bodin Asavanich

Senior Executive Vice President, Group General Counsel

3. Mr. Deepak Sarup

Senior Executive Vice president, Chief Financial Officer & Head, Change Program

4. Mr. Sirichai Sombutsiri

Senior Executive Vice President, Group Head, Business Banking Group

5. Mr. Yokporn Tantisawetrat

Senior Executive Vice President, Chief Risk Officer

6. Mr. Na Bhengbhasang Krishnamra

Senior Executive Vice President, Division Head, Sales and Service Division

7. Mr. Yol Phokasub

Senior Executive Vice President, Group Head, Retail Banking Group

8. Mr. Arthid Nanthawithaya

Senior Executive Vice President, Group Head, Wholesale Banking Group

9. Mr. Manoon Sunkunakorn

Senior Executive Vice President, Group Head, Human Resources Group

10. Mr. Sarunthorn Chutima

Senior Executive Vice President, Group Head, Special Assets Group

11. Mr. Krieng Wongnongtaey

Executive Vice President, Division Head, Financial Reporting & Controls Division

Executive Officers**First Executive Vice Presidents****Mrs. Sutharntip Phisitbuntoon**

First Executive Vice President, Deputy Group Head, Business Banking

Mr. Permpoon Krairiksh

First Executive Vice President, Division Head, Retail Credit and Business Support Division

Mrs. Kannika Ngamsopee

First Executive Vice President, Chief Audit and Compliance Officer

Mrs. Ongorn Abhakorn Na Ayuthaya

First Executive Vice President, Division Head, Corporate Communications Division

Ms. Phanporn Kongyingyong

First Executive Vice President, Branch Network

Mrs. Paspun Suwanchinda

First Executive Vice President, Division Head, Commercial Banking 2

Mr. Grish Attagrish

First Executive Vice President, Division Head, Commercial Banking 1

Mr. Rungruang Sukkirdkijpiboon

First Executive Vice President, Division Head, Wealth

Mr. Narong Srichukrin

First Executive Vice President, Division Head, Auto Finance Business

Mr. Sarut Ruttanaporn

First Executive Vice President, Head of Commercial Banking

Mr. Thun Reansuwan

First Executive Vice President, Head of Capital Markets

Mr. Kittiphun Anutarasoti

First Executive Vice President, Head of Corporate Banking

Executive Vice Presidents**Mr. Somchai Sanyalaksiri**

Executive Vice President, Ministry of Finance and Government Offices

Dr. Amarit Laorakpong

Executive Vice President, CIO, Operations

Mr. Wutipong Vechayanon

Executive Vice President, Legal Services & Research and Development Division

Mrs. Praralee Ratanaprasartporn

Executive Vice President, Head of Retail Credit Risk Management

Miss Araya Phuphanich

Executive Vice President, Division Head, Credit Card and Personal Loan

Mrs. Apiphan Charoenanusorn

Executive Vice President, Division Head, Management Services & Retail Operations Division

Mrs. Parnkae Nandavisai

Executive Vice President, Head of GTS

Miss Siripen Olankijcharoen

Executive Vice President, CIO, Development

Mr. Pongsit Chaichutpornasuk

Executive Vice President, Division Head, Fraud Management Division

Mrs. Bussakorn Puttinan

Executive Vice President, Head of Wholesale Operations Division

Mrs. Wareemon Niyomthai

Executive Vice President, Head, Small Business

Dr. Sethaput Suthiwart-Narueput

Executive Vice President, SCB Economic Intelligence Center

Mr. Chatri Sotangkur

Executive Vice President, Head of Group Treasury

Mr. Trirong Butragat

Executive Vice President, Head, Strategy and Product

Mr. Pises Sethsathira

Executive Vice President, Banking Finance 1 & Capital Market Division

Miss Ellen Nora Ryan

Executive Vice President, Head of Market and Operational Risk

Mrs. Arunporn Limskul

Executive Vice President, Division Head, CRM & Electronic Channels

Mr. Sopon Asawanuchit

Executive Vice President, Head of Corporate Finance

Mr. Suthipat Serirat

Executive Vice President, Division Head, Corporate Banking 4

Miss Sutapa Amornvivat

Executive Vice President, Head of Credit Risk Analytics

ML Chiradej Chakrabandhu

Executive Vice President, Division Head, Corporate Banking 3

Mr. Smith Banomyong

Executive Vice President, Head of Corporate Strategy

Mr. Jim V. Moore

Executive Vice President, CIO, Business Alignment

Mr. Chanmanu Sumawong

Executive Vice President, Banking Finance 2 & Litigation Division

Miss Lilly Ngamtrakulpanit

Executive Vice President, Division Head, Retail Marketing

Miss Pikun Ketngam

Executive Vice President, Division Head, Mortgage Business

Miss Jamaree Ketrakool

Executive Vice President, Retail Credit

Miss Sanannart Kulpaisantham

Executive Vice President, Head SSME Business Division

Company Secretary

Mrs. Siribunchong Uthayophas

9. Internal Control

The Bank recognizes that a sound internal control system will enable it to achieve business goals. The Bank, therefore, applies the guidance on sound internal control set forth by the Committee of Sponsoring Organization (COSO) in the USA as follows:

- **Organization, Environment, and Management Operational Control**

The Bank encourages all business units including those under the umbrella of its financial group to maintain a culture and environment that includes sound and effective internal control systems. The organizational structure is implemented with clear supervisory lines, scope of authority for management and staff, and proper segregation of duties. In addition, the Bank has established policies, regulations, operational procedures, manuals as well as formal instructions to facilitate decision making and orderly execution of its transactions. These policies, procedures and measures are reviewed and updated on a regular basis to better reflect changes in business practices and concerns arising from past performance. Further, the Bank provides training to ensure that executives and staff have sufficient knowledge and skills to efficiently perform their assignments, with both transparency and accountability.

- **Risk Management**

The Board of Directors has appointed the Risk Management Committee to set policy and assign risk management related functions within the Bank and its financial group, as well as to monitor and control the effectiveness and efficiency of the risk management system on a regular basis. In 2010, the Bank took action to ensure that the Internal Capital Adequacy Assessment Process (ICAAP) is implemented, covering all significant risks, and to ensure an adequate capital level is maintained to accommodate those risks under both normal and extreme conditions. These measures include developing written policies, processes, and procedures related to ICAAP such as risk appetite, risk materiality assessment (RMA), stress test policy, and identification of risk exposures, etc, to ensure that the Bank fully complies with the Bank of Thailand's Guideline on Supervisory Review of Capital Adequacy (Pillar 2).

- **Information System and Communication**

The Bank has continuously developed and enhanced its information systems and that of its financial group to ensure that the Board of Directors, executives and other stakeholders including shareholders and regulators are kept abreast of complete and reliable financial, management, operational, and other essential information in a timely manner. Additionally, the Bank realizes that information technology security is critical and has established information technology security policies for both the Bank's internal systems and its E-Banking services for internet based banking business transactions. Moreover, an Intranet system has been set up as internal communications within the Bank and its

financial group as a channel to disseminate policies, regulations, instructions, and news and information to all employees.

▪ **Audit and Monitoring System**

The Audit and Compliance Group under the supervision of the Audit Committee is responsible for assessing the internal control and the risk management system of business units within the Bank and its financial group in accordance with the approved audit plans. Audit observations and issues related to control weakness found from the audit engagements are properly resolved with due consideration to the root cause of such issues as well as control measures to prevent future risks of this type. The Group is also responsible for monitoring the Bank and its financial group compliance with legal and statutory regulations such as the Financial Institution Act, the Consumer Protection Act, the Securities and Exchange Act, and regulations and notifications of the Stock Exchange of Thailand and the Bank of Thailand. This is to ensure that Bank's internal control system is adequate, appropriate, of high quality, and efficient; that financial, management and operational information are materially accurate, complete, reliable, and timely; and its operations are comply with relevant policies, regulations, and laws. Moreover, in 2010 the Audit and Compliance Group reviewed the ICAAP processes to ensure that they are reasonable, reliable, and appropriate with the Bank's risk level. The Group also participated in assessment of the Bank's internal control and corporate governance.

10. Related Transactions

The Bank's related transactions are conducted and approved in a manner whereby fair prices will be obtained, in the same manner as transactions generally concluded with the public to ensure full benefit to the Bank and its shareholders, and to prevent any conflict of interest. Further, such transactions comply with the regulatory guidelines set forth by the Bank of Thailand and other regulatory bodies, including the Stock Exchange of Thailand. The transactions with related parties or persons are as follows:

Loans, deposits, borrowings and contingencies to related parties or persons as at December 31, 2010 and 2009 are as follows:

| | Consolidated | | | | | | | | Director/Executive |
|---|--------------|--------------|------------|---------------|-------|--------------|------------|---------------|--|
| | 2010 | | | | 2009 | | | | |
| | Loans | Deposits | Borrowings | Contingencies | Loans | Deposits | Borrowings | Contingencies | |
| Associated companies | | | | | | | | | |
| Finance & Insurance | | | | | | | | | |
| The Siam Industrial Credit PCL and affiliates | - | 64 | - | 1 | - | 106 | - | 1 | Miss Araya Phuphanich Mrs. Apiphan Charoenanusorn Miss Kluaymai Devahastin Na Ayuthaya |
| Siam Commercial New York Life Insurance PCL* | - | 1,118 | - | 396 | - | 940 | - | 439 | Mr. Yol Phokasub Mr. Arthid Nanthawithaya Mr. Narong Srichukrin Miss. Phanporn Kongyingyong |
| SCB Leasing PCL | - | 115 | - | - | - | 20 | - | - | Miss Araya Phuphanich Mr. Krieng Wongnongtaey Mr. Manat Wisetsingha |
| VinaSiam Bank (Vietnam) | - | 1 | - | - | - | 1 | - | - | Mr. Yol Phokasub Mr. Arthid Nanthawithaya Mrs. Kannika Ngamsopee |
| Total associated companies | - | 1,298 | - | 397 | - | 1,067 | - | 440 | |
| Related companies (10% to 20% ownership) | | | | | | | | | |
| Finance & Insurance | - | 26 | - | 1 | - | 22 | - | 1 | |
| Service | - | 39 | - | - | - | 53 | - | - | |
| Real estate | - | - | - | - | - | 4 | - | - | |
| Others | - | 3 | - | - | - | 2 | - | - | |
| Total related companies (10% to 20% ownership) | - | 68 | - | 1 | - | 81 | - | 1 | |
| Related companies (Shareholding acquired through debt restructuring process) | | | | | | | | | |
| Fuel Pipeline Transportation Co., Ltd. | 770 | 11 | - | 8 | 806 | 23 | - | 7 | Mr. Seksom Intralawan |
| Phoenix Land Development Co., Ltd. | - | 54 | - | 32 | - | 52 | - | 32 | Mr. Sirichai Sombutsiri Mr. Seksom Intralawan Mr. Songchai Borisut |
| Manasika Co., Ltd.** | - | - | - | - | - | 10 | - | 2 | (Sold on 20-1-2010) |

| | Consolidated | | | | | | | | Director/Executive |
|--|--------------|---------------|------------|---------------|------------|--------------|------------|---------------|------------------------------------|
| | 2010 | | | | 2009 | | | | |
| | Loans | Deposits | Borrowings | Contingencies | Loans | Deposits | Borrowings | Contingencies | |
| Total related companies (Shareholding acquired through debt restructuring process) | 770 | 65 | - | 40 | 806 | 85 | - | 41 | |
| Related companies (Shareholding through other companies' debt restructuring process) | | | | | | | | | |
| Siam Media and Communication Co., Ltd. and affiliate ^{***} | - | - | - | 1 | - | - | - | 1 | |
| Total related companies (Shareholding through other companies' debt restructuring process) | - | - | - | 1 | - | - | - | 1 | |
| Major shareholder (more than 10% ownership) | | | | | | | | | |
| The Crown Property Bureau | - | 1,603 | - | - | - | 988 | - | - | Dr. Chirayu Isarangkun Na Ayuthaya |
| Subsidiaries and associated companies of major shareholder which are not included in the above lists | | | | | | | | | |
| Subsidiaries | 1 | 2,616 | - | 6 | 1 | 1,417 | - | 5 | |
| Associated companies | - | 16,169 | - | 8,832 | - | 435 | - | 5,022 | |
| Total related companies (Subsidiaries and associated companies of major shareholder) | 1 | 18,785 | - | 8,838 | 1 | 1,852 | - | 5,027 | |
| Entity in which the directors, management or close members of their families have significant influence | - | 194 | - | 4 | - | 177 | - | 35 | |
| Directors and key executive officers | 71 | 579 | 5 | - | 50 | 392 | 9 | - | |
| Total | 842 | 22,592 | 5 | 9,281 | 857 | 4,642 | 9 | 5,545 | |

* Khun Deepak Sarup was appointed to be the Board of Directors of SCNYL on March 22, 2011, the date of which the changes in Board of Directors were registered with the Ministry of Commerce.

** Sold in 2010

*** Discontinued operations or in the process of dissolution

Income and expenses

Income and expenses between the Bank and its subsidiaries, associated companies and related companies for the years ended December 31, 2010 and 2009 are as follows:

Unit: Million Baht

| | Consolidated | | | | | | | |
|----------------------|-----------------------|--------|----------|--------|-----------------------|--------|----------|--------|
| | 2010 | | | | 2009 | | | |
| | Income | | Expenses | | Income | | Expenses | |
| | Interest and dividend | Others | Interest | Others | Interest and dividend | Others | Interest | Others |
| Associated companies | 215 | 3,617 | 2 | 94 | 246 | 3,045 | 2 | 93 |
| Major shareholder | - | - | 12 | 16 | - | - | 10 | 16 |

Investments in subsidiaries and associated companies

As at December 31, 2010 and December 31, 2009, the Bank and its subsidiaries have investments in subsidiaries and associated companies as follows:

Unit: Million Baht

| | Type of business | Type of share | Consolidated financial statements | | | | | |
|---|--------------------------------------|---------------|--------------------------------------|------|------------------|--------------|---------------|--------------|
| | | | Direct and indirect Shareholding (%) | | Investment value | | | |
| | | | | | Cost method | | Equity method | |
| | | | 2010 | 2009 | 2010 | 2009 | 2010 | 2009 |
| Associated companies | | | | | | | | |
| Finance & Insurance | | | | | | | | |
| VinaSiam Bank (Vietnam) | Banking | Ordinary | 33.0 | 33.0 | 697 | 697 | 660 | 704 |
| The Siam Industrial Credit PCL and affiliates | Finance and hire-purchase | Ordinary | 38.6 | 38.6 | 1,250 | 1,250 | 1,535 | 1,519 |
| Siam Commercial New York Life Insurance PCL | Life insurance | Ordinary | 47.3 | 47.3 | 633 | 633 | 3,258 | 2,437 |
| SCB Leasing PCL | Leasing, hire-purchase and factoring | Ordinary | 44.3 | 44.3 | 45 | 45 | 57 | 64 |
| Services | | | | | | | | |
| Siam Children Care Co., Ltd.* | Nursery | Ordinary | - | 30.0 | 2 | 2 | - | (1) |
| Total | | | | | 2,627 | 2,627 | 5,510 | 4,723 |
| Less allowance for impairment of investments | | | | | (327) | - | (259) | - |
| Total investments in associated companies, net | | | | | 2,300 | 2,627 | 5,251 | 4,723 |

* Dissolution in 2010

Measures and Procedures for Approving Related Transactions

The Bank has formulated policies, regulations, and procedures for consideration and approval of related transactions in compliance with all applicable regulations set out by the Bank of Thailand, the Stock Exchange of Thailand, and the Office of the Securities and Exchange Commission. The main aim is to ensure that its related transactions with connected entities, including subsidiaries, affiliates, relevant companies, third parties, and/or interested parties, are in line with reasonable criteria and procedures whereby fair prices and conditions are applied in the same manner as transactions generally concluded with the public. Not only will these measures yield optimum benefit to the Bank and its shareholders but they will also prevent any conflict of interest. Significant transactions with connected entities in 2010 and 2009 are detailed in the notes to financial statements.

The Bank has also made it clear that for any grant of loans to or investment in businesses in which the Bank or its directors or management (EVPs or higher position) and other interested parties may be involved, either directly or indirectly, or for any grant of loans to the Bank's shareholders in material amounts as defined by the Bank of Thailand, approval authority shall rest with the Board of Directors. Further, the Bank's directors or management (division heads or higher position) having an involvement with any transaction which may lead to a conflict of interest shall be excluded from the process used for consideration and approval of any related transaction.

In general, the Bank's related transactions concluded with its shareholders, directors, executive committee members, president, senior executive vice presidents, and management (division heads or higher position) whose direct responsibilities involve matters related to the Bank's financial statement,

and other relevant persons as regulated, shall be considered based on specific criteria, e.g. type of transaction, volume, specific commercial conditions, etc. Related transactions shall be approved only by board resolution to ensure fair prices or conditions are adopted for the Bank's benefit, provided that interested committee or Board members shall be excluded from the meeting where these matters are considered and approved. The procedures for approval of related transactions are for these to be initially proposed to the Executive Committee and then to the Board of Directors and, if applicable, for further submission to the shareholders' meeting for final approval. If the matter is submitted to the shareholders' meeting, opinions must be sought from the Audit Committee and an independent financial advisor appointed for this purpose.

The Bank has determined that SCB Financial Group related transaction policies be used as a framework for the creation of guidelines in supervising all financial group companies to ensure that they conform with relevant regulatory requirements and avoid conflicts of interest when conducting lending, investment, contingent liability, quasi-credit, and other transactions supporting their businesses, including purchase, sale, and the renting or letting of assets.

Apart from formulating related party transaction policies and regulations, the Bank has also implemented a process to ensure that transactions conducted comply with the internal control framework and relevant regulatory requirements. This has been accomplished by adopting proactive prevention and monitoring approaches, such as implementing a system to list the names of individuals regarded as related parties for verification before entering into transactions, and arranging transaction reviews to ensure conformity with relevant regulations.

In light of the need for disclosure of any transactions which may lead to a conflict of interest, or connected transactions, or related transactions according to regulations of the Stock Exchange of Thailand, the Office of the Securities and Exchange Commission, and the Bank of Thailand, the Bank has made such disclosures in its Annual Report as may be appropriate based on the criteria, conditions, and methods for the financial disclosure report and operating performance of the securities issuer. In this regard, the Bank has assigned the unit responsible for the preparation of a financial statements to collect information from all relevant units for disclosure in the annual report.

The Disclosure of Intra-Group Transaction Policy

Governance on Intra-Group Transactions

In order to enhance transparency for intra-group transactions between companies in the SCB Financial Group and to avoid any conflict of interest between SCB and other shareholders in businesses which are not wholly owned by SCB, an Intra-Group Transaction Policy has been approved by the SCB Board of Directors as a guideline to control govern intra-group transaction, particularly a ratio for significant transactions, e.g. lending, investment, contingent liabilities or lending-related transactions, including acceptance of securities issued by companies in the SCB Financial Group as collateral, consistent with the Bank of Thailand's guidelines for consolidated supervision.

SCB has also adopted a more stringent risk management policy as a prudential measure to deal with intra-group transactions. Specifically, the policy requires that every transaction must be concluded in writing, have legal enforceability, and must not include special conditions that differ from similar business transactions. In addition all documentary evidence shall be kept properly in accordance with customary business practice, and that approval authorization shall be determined consistent with risk level of each transaction.

Policies and Trends of Related Transactions

The Bank abides by good governance practice for related transactions and ensures compliance with all applicable regulatory requirements, including laws, SET announcements, and Bank of Thailand regulations regarding transactions with connected entities and the acquisition or sales of listed company assets.

It is likely that the Bank will have related transactions arising from general business operations in the future; however, these shall be subject to the Bank's policies and approval processes that may apply to such transaction.

Connected Transactions

The Bank has established policies and procedures for consideration and approval of connected transactions through the following practices.

- Terms and conditions shall be reasonable and prices will be applied in the same manner as transactions generally concluded with the public to ensure full benefit to the Bank and its shareholders, and to prevent any conflict of interest.
- Prohibition of directors and executives from participating in consideration and voting of any matter in which they may have beneficial interest.
- The procedure for approval initial consideration and endorsement of the Executive Committee and then to the Audit Committee for an opinion through Compliance and Operational Control Division prior to submission to the Board of Directors for approval or consideration before, if required, further submission to the Shareholders' meeting for final approval. If the matter is submitted to shareholder's meeting, an opinion must be sought from the Independent Financial Advisor appointed for this purpose.

Connected Transactions

During 2010, Connected Transaction is summarized as follows:

| | | |
|--|---|--|
| Transaction feature | : | Sale of common shares of Bangkok Synthetics Co., Ltd. |
| Connected Party | : | SCG Chemicals Co.,Ltd. |
| Relationship | : | The purchaser is a subsidiary of The Siam Cement PCL. Whereas the Crown Property Bureau holds 31.94% of paid-up common shares of SCG and holds 23.73% of paid-up common shares of SCB as of 31 March 2010. Therefore the purchaser is related party with SCB's major shareholder. |
| Quantity | : | 514,595 shares or 4.39% of total paid-up capital |
| Market price/Appraised price/ transaction price | : | 2,100 Baht/share |
| Value of connected transaction | : | Value of transaction Baht 1,080.65 million SCB's investment value Baht 51.46 million |
| Transaction size | : | Based on Connected Transaction basis, the size of transaction as of 30 June 2010 represents 0.75% of SCB's net tangible asset value. This transaction relates to property or service having value more than 0.03% but less than 3.00% of SCB's net tangible asset value, which such transaction is subject to Board of Director's approval and disclosure to the Stock Exchange of Thailand. |
| Condition of connected transaction | : | Transactions typically general terms of trade. |

11. Financial Position and Operating Performance

Auditor Report of the Independent Certified Public Accountants and Auditing Fees

Auditors

2008 Mr. Thirdthong Thepmongkorn CPA Registration No. 3787 of KPMG Phoomchai Audit Ltd.

2009 Mr. Supot Singhasaneh CPA Registration No. 2826 of KPMG Phoomchai Audit Ltd.

2010 Mr. Supot Singhasaneh CPA Registration No. 2826 of KPMG Phoomchai Audit Ltd.

Report of the Independent Certified Public Accountants for 2008-2010

2008

Auditor opinion that the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 2008 and the results of operations and cash flows for the year 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 generally accepted accounting principles.

2009

Auditor opinion that the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 2009 and the results of operations and cash flows for the year 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 generally accepted accounting principles.

2010

Auditor opinion that the consolidated and separate financial statements referred to above present fairly, in all material respects, the financial positions as at 31 December 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 generally accepted accounting principles.

Appointment of Auditors and Fixing Auditing Fees

The Board assigned the Audit Committee to consider and propose the appointment of external auditors and auditing fees to shareholders for approval at every Annual General Meeting of shareholders. At the 2010 Annual General Meeting, shareholders approved the following items:

The appointment of Mr. Supot Singhasaneh CPA Registration No. 2826, Mr. Charoen Phosamritlert CPA Registration No. 4068 and Miss Pantip Gulsantitamrong CPA Registration No. 4208, of KPMG

Phoomchai Audit Ltd. to be auditors of the Bank for the financial year 2010. The Bank of Thailand concurred with these appointments.

Audit Fees

The Bank and its subsidiaries paid to the audit firm, its auditors, and persons related to the audit firm and auditors, audit fees totaling Baht 19.5 million for the fiscal year 2010.

Non-audit Fees

The Bank and its subsidiaries paid non-audit fees for: (1) special audit in accordance with the Bank of Thailand's notification, (2) examination of foreign exchange booths, (3) examination of banking returns as required under section 63(3) and 63(3A) of Hong Kong Banking Ordinance and compilation of half yearly financial disclosure statement of the Branch, (4) annual report review for filing at the Department of Insurance, (5) corporate and business tax services (Singapore branch and Hong Kong branch), (6) asset revaluation, and (7) additional audit as required by the Bank. Non-audit fees of Baht 0.8 million for the fiscal year 2010 were paid to the Bank's audit firm, its auditors, and persons related to the audit firm and auditors. However, payment for agreed non-audit fee totaling Baht 7.1 million will be due in the future, because certain services have not yet been completed.

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED (BANK)
BALANCE SHEETS AS AT DECEMBER 31

| | 2010 | | 2009 | | 2008 | |
|--|--------------------------|----------------|--------------------------|----------------|--------------------------|----------------|
| ASSETS | | | | | | |
| CASH | 33,171,784,271 | 2.26% | 32,788,024,836 | 2.59% | 29,784,860,675 | 2.36% |
| INTERBANK AND MONEY MARKET ITEMS | | | | | | |
| Interest bearing | 133,118,441,921 | 9.08% | 92,367,321,230 | 7.28% | 70,844,662,358 | 5.61% |
| Non-interest bearing | 13,273,301,690 | 0.91% | 3,893,757,094 | 0.31% | 12,794,913,661 | 1.01% |
| Total investments | 163,415,619,962 | 11.15% | 176,459,747,060 | 13.92% | 172,395,352,316 | 13.66% |
| Loans and accrued interest receivables | | | | | | |
| Loans | 1,042,945,155,928 | 71.14% | 908,872,254,021 | 71.67% | 892,849,597,675 | 70.75% |
| Accrued interest receivables | 1,797,442,009 | 0.12% | 1,609,785,937 | 0.13% | 2,712,461,162 | 0.21% |
| Total loans and accrued interest receivables | 1,044,742,597,937 | 71.27% | 910,482,039,958 | 71.80% | 895,562,058,837 | 70.96% |
| Less allowance for doubtful accounts | (38,867,757,165) | -2.65% | (39,427,471,489) | -3.11% | (38,033,933,509) | -3.01% |
| Less revaluation allowance for debt restructured | (594,759,224) | -0.04% | (752,492,345) | -0.06% | (673,262,741) | -0.05% |
| Net loans and accrued interest receivables | 1,005,280,081,548 | 68.58% | 870,302,076,124 | 68.63% | 856,854,862,587 | 67.90% |
| Properties foreclosed | 12,551,756,020 | 0.86% | 12,709,933,616 | 1.00% | 11,492,055,361 | 0.91% |
| Customer' liability under acceptances | 162,944,913 | 0.01% | 231,540,971 | 0.02% | 186,124,467 | 0.01% |
| Premises and equipment | 27,324,796,113 | 1.86% | 26,418,013,967 | 2.08% | 27,616,241,172 | 2.19% |
| Assets pending transfer | 6,701,302,128 | 0.46% | 1,790,244,884 | 0.14% | 1,462,079,947 | 0.12% |
| Receivables from selling of investments | 29,578,241,038 | 2.02% | 19,909,134,973 | 1.57% | 30,359,164,684 | 2.41% |
| Receivables from disposal of assets | 1,840,668,116 | 0.13% | 1,421,935,358 | 0.11% | 1,182,306,654 | 0.09% |
| Derivatives revaluation | 31,589,204,841 | 2.15% | 23,137,126,396 | 1.82% | 33,493,220,132 | 2.65% |
| Other assets | 7,941,125,170 | 0.54% | 6,654,519,596 | 0.52% | 13,520,936,638 | 1.07% |
| TOTAL ASSETS | 1,465,949,267,731 | 100.00% | 1,268,083,376,105 | 100.00% | 1,261,986,780,652 | 100.00% |

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED (BANK)
BALANCE SHEETS AS AT DECEMBER 31 (continued)

| | 2010 | | 2009 | | 2008 | |
|--|--------------------------|----------------|--------------------------|----------------|--------------------------|----------------|
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | |
| Deposits | 1,090,524,096,083 | 74.39% | 952,741,640,258 | 75.13% | 913,534,038,162 | 72.39% |
| Interbank and money market items | | | | | | |
| Interest bearing | 44,903,394,765 | 3.06% | 46,493,288,976 | 3.67% | 22,474,029,977 | 1.78% |
| Non-interest bearing | 5,008,186,465 | 0.34% | 3,424,967,242 | 0.27% | 3,346,775,770 | 0.27% |
| Liabilities payable on demand | 6,866,150,654 | 0.47% | 5,672,468,122 | 0.45% | 3,733,745,341 | 0.30% |
| Borrowings | 62,789,368,429 | 4.28% | 42,982,913,984 | 3.39% | 78,428,763,229 | 6.21% |
| Bank's liabilities under acceptances | 162,944,913 | 0.01% | 231,540,971 | 0.02% | 186,124,467 | 0.01% |
| Interest payable on deposits | 2,002,871,509 | 0.14% | 1,823,278,802 | 0.14% | 3,311,681,281 | 0.26% |
| Liabilities pending transfer | 13,083,204,183 | 0.89% | 12,176,566,563 | 0.96% | 11,480,294,468 | 0.91% |
| Payables from purchases of investments | 33,431,691,272 | 2.28% | 23,799,515,896 | 1.88% | 51,035,459,691 | 4.04% |
| Derivatives revaluation | 29,135,231,525 | 1.99% | 23,135,205,756 | 1.82% | 35,380,397,184 | 2.80% |
| Provisions | 4,359,861,098 | 0.30% | 3,792,212,541 | 0.30% | 2,733,552,738 | 0.22% |
| Other Liabilities | 24,306,507,271 | 1.66% | 15,694,237,775 | 1.24% | 11,781,338,600 | 0.93% |
| TOTAL LIABILITIES | 1,316,573,508,167 | 89.81% | 1,131,967,836,886 | 89.27% | 1,137,426,200,908 | 90.13% |
| Issued and fully paid-up share capital | 33,991,921,980 | 2.32% | 33,991,921,980 | 2.68% | 33,991,921,980 | 2.69% |
| Premium on preferred shares | 25,699,200 | 0.00% | 28,015,974 | 0.00% | 3,583,176,130 | 0.28% |
| Premium on ordinary shares | 11,098,491,426 | 0.76% | 11,096,174,652 | 0.88% | 7,541,014,496 | 0.60% |
| Revaluation surplus on land appraisal | 5,770,828,192 | 0.39% | 5,770,828,192 | 0.46% | 5,770,828,192 | 0.46% |
| Revaluation surplus on premises appraisal | 4,877,501,665 | 0.33% | 5,039,604,825 | 0.40% | 5,199,916,611 | 0.41% |
| Revaluation surplus on investments | 4,695,995,096 | 0.32% | 2,716,984,542 | 0.21% | 2,955,166,342 | 0.23% |
| Foreign currency translation | - | - | - | - | - | - |
| Unrealized gain from capital surplus on investment in subsidiary | - | - | - | - | - | - |
| Retained earnings | | | | | | |
| Legal reserve | 7,000,000,000 | 0.48% | 6,034,293,864 | 0.48% | 5,062,683,827 | 0.40% |
| Unappropriated | 81,915,322,005 | 5.59% | 71,437,715,190 | 5.63% | 60,455,872,166 | 4.79% |
| Total shareholders' equity of the bank | 149,375,759,564 | 10.19% | 136,115,539,219 | 10.73% | 124,560,579,744 | 9.87% |
| Total shareholders' equity | 149,375,759,564 | 10.19% | 136,115,539,219 | 10.73% | 124,560,579,744 | 9.87% |
| TOTAL LIABILITIES and SHAREHOLDERS' EQUITY | 1,465,949,267,731 | 100.00% | 1,268,083,376,105 | 100.00% | 1,261,986,780,652 | 100.00% |

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

| | 2010 | | 2009 | | 2008 | |
|---|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|
| INTEREST AND DIVIDEND INCOME | | | | | | |
| Interest on loans | 43,542,664,512 | 53.40% | 44,142,509,767 | 58.30% | 49,935,346,222 | 61.27% |
| Interest on interbank and money market items | 1,506,817,497 | 1.85% | 2,043,942,155 | 2.70% | 4,038,110,239 | 4.96% |
| Hire purchase and financial lease | 2,247,236,414 | 2.76% | 1,027,312,945 | 1.36% | 286,989,559 | 0.35% |
| Investments | 6,550,292,089 | 8.03% | 5,427,985,110 | 7.17% | 6,218,354,928 | 7.63% |
| Total Interest and Dividend Income | 53,847,010,512 | 66.03% | 52,641,749,977 | 69.53% | 60,478,800,948 | 74.21% |
| INTEREST EXPENSES | | | | | | |
| Interest on deposits | 6,686,739,757 | 8.20% | 9,431,931,028 | 12.46% | 14,546,631,013 | 17.85% |
| Interest on interbank and money market items | 749,926,211 | 0.92% | 510,201,344 | 0.67% | 566,720,069 | 0.70% |
| Interest on short-term borrowings | 542,519,462 | 0.67% | 1,201,104,852 | 1.59% | 1,535,825,377 | 1.88% |
| Interest on long-term borrowings | 1,021,203,629 | 1.25% | 1,053,862,962 | 1.39% | 1,127,684,289 | 1.38% |
| Total Interest Expenses | 9,000,389,059 | 11.04% | 12,197,100,186 | 16.11% | 17,776,860,748 | 21.81% |
| Net Interest and Dividend Income | 44,846,621,453 | 55.00% | 40,444,649,791 | 53.42% | 42,701,940,200 | 52.40% |
| Bad debt and doubtful accounts | 4,651,416,000 | 5.70% | 5,555,220,798 | 7.34% | 4,086,367,470 | 5.01% |
| Loss on debt restructuring | 148,584,000 | 0.18% | 144,779,202 | 0.19% | 113,632,530 | 0.14% |
| Net Interest and Dividend Income after Bad Debt and Doubtful Accounts and Loss on Debt Restructuring | 40,046,621,453 | 49.11% | 34,744,649,791 | 45.89% | 38,501,940,200 | 47.24% |
| NON-INTEREST INCOME | | | | | | |
| Gain on investments | 1,778,158,622 | 2.18% | 1,358,803,573 | 1.79% | 368,205,319 | 0.45% |
| Income from equity interest in associated companies | - | - | - | - | - | - |
| Fees and service income | | | | | | |
| Acceptances, avals and guarantees | 936,336,850 | 1.15% | 1,003,152,986 | 1.32% | 1,085,206,990 | 1.33% |
| Others | 20,587,520,451 | 25.25% | 16,867,968,162 | 22.28% | 14,750,386,036 | 18.10% |
| Gain on exchanges | 3,755,314,091 | 4.61% | 3,456,595,110 | 4.57% | 3,819,775,390 | 4.69% |
| Underwriting income | - | - | - | - | - | - |
| Other income | 639,408,586 | 0.78% | 387,025,880 | 0.51% | 992,611,624 | 1.22% |
| Total Non-Interest Income | 27,696,738,600 | 33.97% | 23,073,545,711 | 30.47% | 21,016,185,359 | 25.79% |
| NON-INTEREST EXPENSES | | | | | | |
| Personnel expenses | 12,443,352,718 | 15.26% | 11,250,374,442 | 14.86% | 10,359,724,831 | 12.71% |
| Premises and equipment expenses | 7,682,564,876 | 9.42% | 7,302,799,920 | 9.65% | 7,129,195,785 | 8.75% |
| Taxes and duties | 2,044,041,592 | 2.51% | 2,050,766,884 | 2.71% | 1,884,544,667 | 2.31% |
| Fees and service expenses | 4,421,189,862 | 5.42% | 3,427,355,300 | 4.53% | 3,219,458,617 | 3.95% |
| Directors' remuneration | 78,048,769 | 0.10% | 55,202,611 | 0.07% | 103,894,400 | 0.13% |
| Contributions to the Financial Institutions Development Fund | 3,776,540,254 | 4.63% | 3,738,801,913 | 4.94% | 3,466,029,754 | 4.25% |
| Underwriting expenses | - | - | - | - | - | - |
| Other expenses | 5,197,264,741 | 6.37% | 4,043,180,703 | 5.34% | 3,519,909,022 | 4.32% |
| Total Non-Interest Expenses | 35,643,002,812 | 43.71% | 31,868,481,773 | 42.09% | 29,682,757,076 | 36.42% |
| Income before income tax | 32,100,357,241 | 39.37% | 25,949,713,729 | 34.27% | 29,835,368,483 | 36.61% |
| Less income tax | 8,921,974,757 | 10.94% | 6,513,999,603 | 8.60% | 8,336,187,832 | 10.23% |
| NET INCOME | 23,178,382,484 | 28.42% | 19,435,714,126 | 25.67% | 21,499,180,651 | 26.38% |

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

| | 2010 | 2009 | 2008 |
|---|-------------------|------------------|------------------|
| Cash flows from operating activities | | | |
| Income before income tax | 32,100,357,241 | 25,949,713,729 | 29,835,368,483 |
| <i>Adjustments for</i> | | | |
| Depreciation and amortisation | 2,390,765,399 | 2,563,244,645 | 2,482,014,154 |
| Bad debt and doubtful accounts | 4,651,416,000 | 5,555,220,798 | 4,086,367,470 |
| Loss on debt restructuring | 148,584,000 | 144,779,202 | 113,632,530 |
| Loss (reversal) of impairment of assets | 13,498,140 | 2,948 | (6,375,369) |
| Loss of impairment of properties foreclosed | (490,900) | 7,435,468 | 6,849,493 |
| Loss (reversal) of impairment of investment in securities | 147,574,704 | (561,734,255) | (947,967,899) |
| (Gain) loss on sales of investments | (1,938,748,052) | (939,972,432) | 709,552,345 |
| (Gain) loss on transferring investment portfolio | (2,526,702) | - | (1) |
| Amortisation of discounts and premiums of investment in debt securities | 694,507,727 | (1,152,004,279) | (55,688,333) |
| (Gain) loss on sales of premises and equipment | 26,621,836 | 7,240,616 | 635,908 |
| (Gain) loss on sales of properties foreclosed | (474,553,924) | (164,349,464) | (745,992,273) |
| Gain on exchange | (3,755,314,091) | (3,456,595,110) | (3,819,775,390) |
| Unrealised (gain) loss on revaluation of securities | 15,541,428 | 142,903,114 | (129,789,764) |
| Amortisation of goodwill (derecognition of negative goodwill) | - | - | - |
| Prepaid interest amortisation | - | - | - |
| Increase (decrease) in other accrued expenses | 2,743,373,988 | 126,625,939 | (332,153,300) |
| Income from equity interest in associated companies | - | - | - |
| | 36,760,606,794 | 28,222,510,919 | 31,196,678,054 |
| Net interest and dividend income | (44,846,621,453) | (40,444,649,791) | (42,701,940,200) |
| Proceed from interest and dividend | 53,847,134,349 | 54,193,536,204 | 60,833,077,086 |
| Interest paid | (8,857,510,248) | (13,875,134,957) | (17,595,912,810) |
| Income tax paid | (7,178,293,191) | (7,500,156,526) | (8,476,483,763) |
| Income from operations before changes in operating assets and liabilities | 29,725,316,251 | 20,596,105,849 | 23,255,418,367 |
| <i>(Increase) decrease in operating assets</i> | | | |
| Interbank and money market items | (50,125,662,221) | (12,737,979,992) | 20,660,419,964 |
| Investment in securities for trading | 345,061,432 | 14,258,724,250 | (13,879,747,672) |
| Loans and accrued interest receivables | (142,657,894,620) | (23,416,755,990) | (98,769,603,087) |
| Properties foreclosed | 3,832,351,294 | 3,228,948,443 | 5,222,337,050 |
| Other assets | (21,245,445,169) | 30,260,636,698 | (9,327,882,204) |

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

| | 2010 | 2009 | 2008 |
|--|-------------------------|-------------------------|-------------------------|
| Cash flows from operating activities | | | |
| <i>Increase (decrease) in operating liabilities</i> | | | |
| Deposits | 137,782,455,825 | 39,207,602,096 | 64,200,139,184 |
| Interbank and money market items | (6,674,989) | 24,097,450,471 | (5,974,484,223) |
| Liabilities payable on demand | 1,193,682,532 | 1,938,722,781 | (422,734,209) |
| Short-term borrowings | 18,558,520,404 | (31,942,858,307) | 6,398,974,761 |
| Other liabilities | 21,038,259,173 | (33,817,483,004) | 31,317,530,178 |
| Net cash provided by operating activities | (1,560,030,088) | 31,673,113,295 | 22,680,368,109 |
| Cash flows from investing activities | | | |
| Purchases of available-for-sale securities | (46,081,727,055) | (61,667,307,278) | (55,978,976,992) |
| Proceeds from sales of available-for-sale securities | 49,483,079,434 | 30,204,454,428 | 38,683,785,678 |
| Purchases of held-to-maturity securities | (1,313,651,632) | (8,239,875,717) | (10,409,457,539) |
| Proceeds from redemption of held-to-maturity securities | 12,098,751,995 | 16,629,133,131 | 14,183,917,274 |
| Purchases of general securities | (2,299,987) | (37,235,420) | (818,734) |
| Proceeds from sales of general securities | 1,212,007,000 | 425,430,955 | 901,183,920 |
| Purchases of investments in subsidiaries and/or associated companies | - | (1,197,826) | (496,859,590) |
| Proceeds from sales of investments in subsidiaries and/or associated companies | 40,000,000 | 5,228,716,892 | 3,415,771,147 |
| Purchases of premises and equipment | (2,862,012,146) | (1,641,103,769) | (1,465,374,804) |
| Proceeds from sales of premises and equipment | 18,880,566 | 730,413,009 | 50,691,450 |
| Net cash provided by (used in) investing activities | 12,593,028,175 | (18,368,571,595) | (11,116,138,190) |
| Cash flows from financing activities | | | |
| Increase (decrease) in long-term borrowings | 1,247,934,041 | (3,502,990,938) | 3,784,660,675 |
| Dividend paid | (11,897,172,693) | (6,798,386,601) | (6,798,655,459) |
| Dividend paid to minority interests | - | - | - |
| Net cash provided by (used in) financing activities | (10,649,238,652) | (10,301,377,539) | (3,013,994,784) |
| Increase (decrease) in foreign currency translation | - | - | - |
| Net increase (decrease) in cash and cash equivalents | 383,759,435 | 3,003,164,161 | 8,550,235,135 |
| Cash and cash equivalents at beginning of year | 32,788,024,836 | 29,784,860,675 | 21,234,625,540 |
| Cash and cash equivalents at end of year | 33,171,784,271 | 32,788,024,836 | 29,784,860,675 |

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED (CONSOLIDATED)
BALANCE SHEETS AS AT DECEMBER 31

| | 2010 | | 2009 | | 2008 | |
|---|--------------------------|----------------|--------------------------|----------------|--------------------------|----------------|
| ASSETS | | | | | | |
| Cash | 33,273,009,695 | 2.25% | 32,868,013,035 | 2.54% | 29,940,840,387 | 2.35% |
| Interbank and money market items | | | | | | |
| Interest bearing | 135,530,777,586 | 9.18% | 95,831,683,632 | 7.41% | 73,691,501,948 | 5.78% |
| Non-interest bearing | 13,487,656,477 | 0.91% | 4,263,751,110 | 0.33% | 14,015,435,388 | 1.10% |
| Total investments | 153,746,259,466 | 10.41% | 165,418,584,140 | 12.78% | 155,197,115,827 | 12.17% |
| Loans | 1,058,573,926,661 | 71.68% | 940,238,034,536 | 72.66% | 916,920,343,771 | 71.91% |
| Accrued interest receivables | 1,824,400,090 | 0.12% | 1,640,284,052 | 0.13% | 2,270,351,313 | 0.18% |
| Total loans and accrued interest receivables | 1,060,398,326,751 | 71.81% | 941,878,318,588 | 72.79% | 919,190,695,084 | 72.09% |
| <u>Less</u> allowance for doubtful accounts | (41,000,178,707) | -2.78% | (42,141,546,188) | -3.26% | (41,037,596,325) | -3.22% |
| <u>Less</u> revaluation allowance for debt restructured | (594,759,224) | -0.04% | (752,492,345) | -0.06% | (673,262,741) | -0.05% |
| Net loans and accrued interest receivables | 1,018,803,388,820 | 68.99% | 898,984,280,055 | 69.47% | 877,479,836,018 | 68.81% |
| Properties foreclosed | 12,683,713,046 | 0.86% | 12,989,964,773 | 1.00% | 11,986,847,238 | 0.94% |
| Customer' liability under acceptances | 162,944,914 | 0.01% | 231,540,971 | 0.02% | 186,124,467 | 0.01% |
| Premises and equipment | 28,534,779,477 | 1.93% | 27,752,369,410 | 2.14% | 29,111,794,386 | 2.28% |
| Assets pending transfer | 6,809,073,716 | 0.46% | 1,810,048,171 | 0.14% | 1,548,198,130 | 0.12% |
| Receivables from selling of investments | 29,578,247,038 | 2.00% | 19,909,137,973 | 1.54% | 30,359,164,684 | 2.38% |
| Receivables from disposal of assets | 1,840,668,116 | 0.12% | 1,421,935,358 | 0.11% | 1,183,636,654 | 0.09% |
| Derivatives revaluation | 31,589,204,841 | 2.14% | 23,137,126,396 | 1.79% | 33,493,220,132 | 2.63% |
| Other assets | 10,724,062,485 | 0.73% | 9,428,080,286 | 0.73% | 16,939,179,288 | 1.33% |
| TOTAL ASSETS | 1,476,763,785,677 | 100.00% | 1,294,046,515,310 | 100.00% | 1,275,132,894,547 | 100.00% |

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED (CONSOLIDATED)
BALANCE SHEETS AS AT DECEMBER 31 (continued)

| | 2010 | | 2009 | | 2008 | |
|--|--------------------------|----------------|--------------------------|----------------|--------------------------|----------------|
| LIABILITIES AND SHAREHOLDERS' EQUITY | | | | | | |
| Deposits | 1,092,137,786,624 | 73.95% | 955,976,147,672 | 73.87% | 911,482,282,926 | 71.48% |
| Interbank and money market items | | | | | | |
| Interest bearing | 43,091,039,409 | 2.92% | 45,188,557,435 | 3.49% | 25,660,029,415 | 2.01% |
| Non-interest bearing | 4,948,232,848 | 0.34% | 3,349,701,673 | 0.26% | 3,218,296,579 | 0.25% |
| Liabilities payable on demand | 6,883,221,937 | 0.47% | 5,675,197,573 | 0.44% | 3,686,008,269 | 0.29% |
| Borrowings | 62,609,368,429 | 4.24% | 57,182,913,984 | 4.42% | 82,410,763,229 | 6.46% |
| Bank's liabilities under acceptances | 162,944,913 | 0.01% | 231,540,971 | 0.02% | 186,124,467 | 0.01% |
| Interest payable on deposits | 2,003,091,628 | 0.14% | 1,823,930,637 | 0.14% | 3,314,865,088 | 0.26% |
| Liabilities pending transfer | 13,202,177,122 | 0.89% | 12,333,124,262 | 0.95% | 11,488,805,352 | 0.90% |
| Payables from purchases of investments | 33,431,691,272 | 2.26% | 23,799,515,896 | 1.84% | 51,035,459,691 | 4.00% |
| Derivatives revaluation | 29,135,231,526 | 1.97% | 23,135,205,756 | 1.79% | 35,380,397,184 | 2.77% |
| Provision | 5,033,060,032 | 0.34% | 4,282,976,035 | 0.33% | 3,205,197,627 | 0.25% |
| Other Liabilities | 29,020,868,797 | 1.97% | 20,146,227,514 | 1.56% | 16,169,002,702 | 1.27% |
| TOTAL LIABILITIES | 1,321,658,714,537 | 89.50% | 1,153,125,039,408 | 89.11% | 1,147,237,232,529 | 89.97% |
| Issued and fully paid-up share capital | 33,991,921,980 | 2.30% | 33,991,921,980 | 2.63% | 33,991,921,980 | 2.67% |
| Premium on preferred shares | 25,699,200 | 0.00% | 28,015,974 | 0.00% | 3,583,176,130 | 0.28% |
| Premium on ordinary shares | 11,098,491,426 | 0.75% | 11,096,174,652 | 0.86% | 7,541,014,496 | 0.59% |
| Revaluation surplus on land appraisal | 6,096,802,705 | 0.41% | 6,096,802,705 | 0.47% | 6,102,022,066 | 0.48% |
| Revaluation surplus on premises appraisal | 4,941,356,804 | 0.33% | 5,106,811,204 | 0.39% | 5,278,653,102 | 0.41% |
| Revaluation surplus on investments | 5,068,928,402 | 0.34% | 3,034,834,124 | 0.23% | 3,140,869,328 | 0.25% |
| Foreign currency translation | (413,129,084) | -0.03% | (245,651,725) | -0.02% | (215,747,439) | -0.02% |
| Unrealized gain from capital surplus on investment in subsidiary | 60,454,357 | 0.00% | 60,454,357 | 0.00% | 60,454,357 | 0.00% |
| Retained earnings | | | | | | |
| Legal reserve | 7,000,000,000 | 0.47% | 6,034,293,864 | 0.47% | 5,062,683,827 | 0.40% |
| Unappropriated | 86,445,116,470 | 5.85% | 74,936,162,922 | 5.79% | 62,659,470,199 | 4.91% |
| Total shareholders' equity of the bank | 154,315,642,260 | 10.45% | 140,139,820,057 | 10.83% | 127,204,518,046 | 9.98% |
| Minority interest | 789,428,880 | 0.05% | 781,655,845 | 0.06% | 691,143,972 | 0.05% |
| Total shareholders' equity | 155,105,071,140 | 10.50% | 140,921,475,902 | 10.89% | 127,895,662,018 | 10.03% |
| TOTAL LIABILITIES and SHAREHOLDERS' EQUITY | 1,476,763,785,677 | 100.00% | 1,294,046,515,310 | 100.00% | 1,275,132,894,547 | 100.00% |

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

| | 2010 | | 2009 | | 2008 | |
|--|-----------------------|---------------|-----------------------|---------------|-----------------------|---------------|
| INTEREST AND DIVIDEND INCOME | | | | | | |
| Interest on loans | 43,511,136,079 | 50.40% | 43,567,485,828 | 53.32% | 48,802,177,745 | 55.16% |
| Interest on interbank and money market items | 1,518,216,305 | 1.76% | 2,069,400,325 | 2.53% | 4,162,836,294 | 4.71% |
| Hire purchase and financial lease income | 4,071,091,144 | 4.72% | 4,256,534,496 | 5.21% | 5,169,791,380 | 5.84% |
| Investments | 4,578,079,063 | 5.30% | 4,737,447,456 | 5.80% | 5,196,527,648 | 5.87% |
| Total Interest and Dividend Income | 53,678,522,591 | 62.18% | 54,630,868,105 | 66.86% | 63,331,333,067 | 71.58% |
| INTEREST EXPENSES | | | | | | |
| Interest on deposits | 6,690,898,111 | 7.75% | 9,457,098,589 | 11.57% | 14,580,975,489 | 16.48% |
| Interest on interbank and money market items | 724,235,640 | 0.84% | 584,408,009 | 0.72% | 1,307,875,531 | 1.48% |
| Interest on short-term borrowings | 737,069,569 | 0.85% | 1,530,827,077 | 1.87% | 1,792,598,022 | 2.03% |
| Interest on long-term borrowings | 1,021,218,937 | 1.18% | 1,053,887,840 | 1.29% | 1,320,248,755 | 1.49% |
| Total Interest Expenses | 9,173,422,257 | 10.63% | 12,626,221,515 | 15.45% | 19,001,697,797 | 21.48% |
| Net Interest and Dividend Income | 44,505,100,334 | 51.55% | 42,004,646,590 | 51.41% | 44,329,635,270 | 50.11% |
| Bad debt and doubtful accounts | 4,512,823,097 | 5.23% | 5,459,897,378 | 6.68% | 4,840,430,848 | 5.47% |
| Loss on debt restructuring | 148,584,000 | 0.17% | 144,779,202 | 0.18% | 113,632,530 | 0.13% |
| Net Interest and Dividend Income after Bad Debt and Doubtful Accounts and Loss on Debt Restructuring | | | | | | |
| NON-INTEREST INCOME | 39,843,693,237 | 46.15% | 36,399,970,010 | 44.55% | 39,375,571,892 | 44.51% |
| Gain on investments | | | | | | |
| Income from equity interest in associated companies | 1,829,661,370 | 2.12% | 946,908,261 | 1.16% | (909,004,594) | -1.03% |
| Fees and service income | 1,028,484,290 | 1.19% | 697,006,619 | 0.85% | 692,304,257 | 0.78% |
| Acceptances, avals and guarantees | | | | | | |
| Others | 936,336,850 | 1.08% | 1,003,126,845 | 1.23% | 1,085,175,410 | 1.23% |
| Gain on exchanges | 21,649,161,938 | 25.08% | 17,909,909,123 | 21.92% | 15,976,511,430 | 18.06% |
| Underwriting income | 3,760,931,809 | 4.36% | 3,461,964,302 | 4.24% | 3,821,823,617 | 4.32% |
| Other income | 2,273,611,324 | 2.63% | 2,012,220,127 | 2.46% | 2,224,960,139 | 2.51% |
| Total Non-Interest Income | 1,177,125,174 | 1.36% | 1,050,413,618 | 1.29% | 2,249,069,718 | 2.54% |
| NON-INTEREST EXPENSES | 32,655,312,755 | 37.82% | 27,081,548,895 | 33.14% | 25,140,839,977 | 28.42% |
| Personnel expenses | | | | | | |
| Premises and equipment expenses | 13,685,132,640 | 15.85% | 12,209,512,559 | 14.94% | 11,775,474,607 | 13.31% |
| Taxes and duties | 8,225,657,834 | 9.53% | 8,067,223,492 | 9.87% | 8,022,999,086 | 9.07% |
| Fees and service expenses | 2,056,017,950 | 2.38% | 2,064,977,406 | 2.53% | 1,926,909,012 | 2.18% |
| Directors' remuneration | 4,029,559,505 | 4.67% | 3,500,529,476 | 4.28% | 3,064,569,753 | 3.46% |
| Contributions to the Financial Institutions Development Fund | 88,467,143 | 0.10% | 60,881,471 | 0.07% | 120,006,986 | 0.14% |
| Loss from adjustment of selling price of loans sold to TAMC | 3,776,540,254 | 4.37% | 3,738,801,913 | 4.58% | 3,466,029,753 | 3.92% |
| Underwriting expenses | 1,128,458,338 | 1.31% | 1,022,629,440 | 1.25% | 1,299,242,248 | 1.47% |
| Other expenses | 5,617,621,533 | 6.51% | 4,889,650,435 | 5.98% | 4,661,747,892 | 5.27% |
| Total Non-Interest Expenses | 38,607,455,197 | 44.72% | 35,554,206,192 | 43.51% | 34,336,979,337 | 38.81% |
| Income before income tax | 33,891,550,795 | 39.26% | 27,927,312,713 | 34.18% | 30,179,432,532 | 34.11% |
| <u>Less</u> income tax | 9,563,170,233 | 11.08% | 7,075,855,690 | 8.66% | 8,888,259,394 | 10.05% |
| <u>Less</u> minority interest in net income of subsidiaries | 122,411,926 | 0.14% | 93,334,982 | 0.11% | (122,527,008) | -0.14% |
| NET INCOME | 24,205,968,636 | 28.04% | 20,758,122,041 | 25.40% | 21,413,700,146 | 24.20% |

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

| | 2010 | 2009 | 2008 |
|---|-------------------|------------------|------------------|
| <i>Cash flows from operating activities</i> | | | |
| Income before income tax | 33,891,550,795 | 27,927,312,713 | 30,179,432,532 |
| <i>Adjustments for</i> | | | |
| Depreciation and amortisation | 2,532,509,643 | 2,742,351,986 | 2,653,823,291 |
| Bad debt and doubtful accounts | 4,512,823,097 | 5,459,897,378 | 4,840,430,848 |
| Loss on debt restructuring | 148,584,000 | 144,779,202 | 113,632,530 |
| Loss (reversal) of impairment of assets | 13,498,140 | 2,948 | 11,048,184 |
| Loss of impairment of properties foreclosed | (490,900) | 7,435,468 | 6,849,493 |
| Loss (reversal) of impairment of investment in securities | 111,383,150 | (294,450,072) | (481,915,153) |
| (Gain) loss on sales of investments | (1,953,695,069) | (760,143,428) | 1,390,584,291 |
| (Gain) loss on transferring investment portfolio | (2,526,702) | - | 76,922,571 |
| Amortisation of discounts and premiums of investment in debt securities | 694,507,727 | (1,152,004,279) | (55,688,333) |
| (Gain) loss on sales of premises and equipment | 15,323,050 | (16,844,907) | (11,829,812) |
| (Gain) loss on sales of properties foreclosed | (504,062,227) | 70,177,124 | (56,676,792) |
| Gain on exchange | (3,760,931,809) | (3,461,964,302) | (3,821,823,617) |
| Unrealised (gain) loss on revaluation of securities | 15,177,251 | 107,685,239 | (76,587,115) |
| Amortisation of goodwill (derecognition of negative goodwill) | - | - | (3,326,348) |
| Allowance for due from insurers | - | 178,655,396 | - |
| Prepaid interest amortisation | - | - | 653,551,003 |
| Increase (decrease) in other accrued expenses | 2,684,489,686 | (26,295,973) | (43,381,919) |
| Income from equity interest in associated companies | (1,028,484,290) | (697,006,619) | (692,304,257) |
| | 37,369,655,542 | 30,229,587,874 | 34,682,741,397 |
| Net interest and dividend income | (44,505,100,334) | (42,004,646,590) | (44,329,635,270) |
| Proceed from interest and dividend | 53,684,576,677 | 55,674,173,219 | 64,164,895,568 |
| Interest paid | (9,077,712,325) | (14,310,768,470) | (18,877,757,473) |
| Income tax paid | (7,887,877,738) | (7,846,759,263) | (9,365,482,514) |
| Income from operations before changes in operating assets and liabilities | 29,583,541,822 | 21,741,586,770 | 26,274,761,708 |
| <i>(Increase) decrease in operating assets</i> | | | |
| Interbank and money market items | (48,936,219,496) | (12,502,750,624) | 22,070,696,752 |
| Investment in securities for trading | 728,494,834 | 13,995,917,196 | (13,793,596,468) |
| Loans and accrued interest receivables | (128,110,262,412) | (31,090,614,995) | (64,864,917,207) |
| Properties foreclosed | 4,756,251,048 | 3,393,742,462 | 8,007,316,330 |
| Other assets | (21,331,477,359) | (2,556,331,343) | (9,567,202,334) |

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

| | 2010 | 2009 | 2008 |
|--|-------------------------|-------------------------|-------------------------|
| Cash flows from operating activities | | | |
| <i>Increase (decrease) in operating liabilities</i> | | | |
| Deposits | 136,161,638,951 | 44,493,864,746 | 61,253,018,991 |
| Interbank and money market items | (498,986,852) | 19,659,933,114 | (23,952,353,522) |
| Liabilities payable on demand | 1,208,024,364 | 1,989,189,304 | (472,631,968) |
| Short-term borrowings | 4,178,520,404 | (17,524,858,307) | (10,087,618,186) |
| Other liabilities | 21,644,931,079 | (229,294,053) | 29,513,341,237 |
| Net cash provided by operating activities | (615,543,617) | 41,370,384,270 | 24,380,815,333 |
| Cash flows from investing activities | | | |
| Purchases of available-for-sale securities | (48,913,506,004) | (68,331,761,948) | (72,652,798,036) |
| Proceeds from sales of available-for-sale securities | 51,936,060,353 | 36,922,018,204 | 55,364,053,400 |
| Purchases of held-to-maturity securities | (3,988,295,636) | (9,329,505,569) | (9,363,075,543) |
| Proceeds from redemption of held-to-maturity securities | 14,309,751,995 | 17,225,341,121 | 14,539,095,984 |
| Purchases of general securities | (23,459,770) | (40,048,410) | (25,595,259) |
| Proceeds from sales of general securities | 1,222,507,000 | 425,825,955 | 940,981,297 |
| Purchases of investments in subsidiaries and/or associated companies | - | - | (434,494,295) |
| Proceeds from sales of investments in subsidiaries and/or associated companies | 244,408,964 | 114,237,216 | 546,141,831 |
| Purchases of premises and equipment | (2,925,046,244) | (1,695,638,702) | (1,566,493,543) |
| Proceeds from sales of premises and equipment | 96,704,820 | 799,506,965 | 103,979,131 |
| Net cash provided by (used in) investing activities | 11,959,125,478 | (23,910,025,168) | (12,548,205,033) |
| Cash flows from financing activities | | | |
| Increase (decrease) in long-term borrowings | 1,247,934,041 | (7,702,990,938) | 3,484,660,675 |
| Dividend paid | (11,897,172,693) | (6,798,386,601) | (6,798,655,459) |
| Dividend paid to minority interests | (121,869,189) | (1,904,630) | (106,104,352) |
| Net cash provided by (used in) financing activities | (10,771,107,841) | (14,503,282,169) | (3,420,099,136) |
| Increase (decrease) in foreign currency translation | (167,477,360) | (29,904,285) | 67,882,356 |
| Net increase (decrease) in cash and cash equivalents | 404,996,660 | 2,927,172,648 | 8,480,393,520 |
| Cash and cash equivalents at beginning of year | 32,868,013,035 | 29,940,840,387 | 21,460,446,867 |
| Cash and cash equivalents at end of year | 33,273,009,695 | 32,868,013,035 | 29,940,840,387 |

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED
FINANCIAL RATIOS

| | 2010 | 2009 | 2008 |
|---|--------|--------|---------|
| PROFITABILITY RATIO | | | |
| Operating Profit Margin | 85.38% | 80.88% | 74.95% |
| Net Profit Margin | 31.37% | 30.05% | 30.82% |
| Return on Equity | 16.44% | 15.48% | 17.99% |
| Yield ⁽¹⁾ | 4.81% | 5.39% | 6.47% |
| Cost of Funds ⁽²⁾ | 0.81% | 1.21% | 1.89% |
| Spread ⁽³⁾ | 4.01% | 4.18% | 4.58% |
| Return on Investment | 4.02% | 3.55% | 3.02% |
| EFFICIENCY RATIO | | | |
| Cost Income Ratio | 50.04% | 51.46% | 49.43% |
| Net Interest Income to Asset | 3.21% | 3.27% | 3.63% |
| Return on Asset | 1.75% | 1.62% | 1.75% |
| Asset Turnover Ratio (times) | 0.06 | 0.05 | 0.06 |
| FINANCIAL POLICY RATIO | | | |
| Liability to Total Equity (Times) | 8.52 | 8.13 | 8.97 |
| Loan to Borrowing Ratio | 91.13% | 92.29% | 91.91% |
| Loan to Deposit Ratio | 96.93% | 98.35% | 100.60% |
| Deposit to Liability Ratio | 82.63% | 82.97% | 79.45% |
| Dividend payout ⁽⁴⁾ | 42.13% | 40.93% | 31.75% |
| Total capital Funds (Bank only) ⁽⁵⁾ | 15.5% | 16.5% | 15.2% |
| ASSET QUALITY RATIO | | | |
| Allowance for Doubtful Account to Loan and Accrued Interest Receivables | 3.87% | 4.47% | 4.46% |
| Bad Debt to Loan and Accrued Interest Receivables | 0.63% | 0.52% | 0.97% |
| % Non-Performing Loan to Total Loans ⁽⁶⁾ | 3.3% | 4.4% | 5.1% |
| Accrued Interest Receivables to Loan and Accrued Interest Receivables | 0.17% | 0.17% | 0.25% |

Remark:

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

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

(3) Spread = Yield - Cost of Funds

(4) Dividend payment in 2010 was Baht 3.00 per share (ordinary and preferred shares) in accordance with Annual General Meeting of Shareholders in April 2011. (Interim dividend Baht 1.0 per share)

(5) Total capital funds in 2008-2010 were derived using the Basel II standardized approach

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

Management Discussion and Analysis

For the year ended December 31, 2010

IMPORTANT DISCLAIMER:

Information contained in this document has been prepared from several sources and the Bank cannot confirm, in all cases, the accuracy and completeness of such data, particularly where sourced from outside the Bank. In addition, any forward looking statements are subject to change as a result of market conditions and the final result may be different to that indicated. The Bank makes no representation or warranty of any type whatsoever on the accuracy or completion of the information contained herein.

Siam Commercial Bank PCL announced audited operating results for 2010, with a consolidated **net profit** of Baht 24,206 million, a 16.6% yoy increase of Baht 3,448 million from Baht 20,758 million recorded in 2009. The year-on-year increase in net profit was mainly attributable to: (1) higher non-interest income which was driven by both robust fee and service income growth and a large one-time investment gain booked in 3Q10; (2) higher net interest and dividend income; and (3) lower provisions as the Bank's asset quality improved.

Operating profit (excluding allowance for doubtful accounts, income tax, and minority interest) increased by 15.0% yoy to Baht 38,553 million in 2010 from Baht 33,532 million in 2009, due to increases in both net interest and dividend income and non-interest income. The increase in the latter was driven by fee and service income and investment gains. Stripping out one-time items, operating profit (excluding allowance for doubtful accounts, income tax, and minority interest) increased by 10.6% yoy.

Alongside net profit, earnings per share (EPS) rose to Baht 7.12 in 2010 from Baht 6.11 in 2009. Return on average equity (ROAE) and return on average assets (ROAA) increased to 16.4% and 1.7% in 2010 from 15.5% and 1.6% in 2009, respectively.

Early adoption of the new accounting standard – TAS 19: Employee Benefits

Although the **TAS 19 (Employee Benefits)** will be effective in 2011, the Bank decided to adopt this standard in 2010. Upon adoption of the TAS 19, the Bank adjusted Retained Earnings to allow for the retroactive impact from this adoption. As the standard requires the Bank to recognize post-employment benefits by using an 'actuarial valuation technique', the Bank appointed an international actuarial firm who concluded that upon applying this new technique, the Group needed to have set aside Baht 1.8 billion at the beginning of 2009. Given that the Bank has already recorded a cumulative sum of Baht 0.9 billion for employee future benefits over a number of years, the Bank then booked an additional Baht 0.9 billion as a one time adjustment to Retained Earnings at the beginning of 2009. Impact to 2009 net profit was minimal and Baht 0.1 billion in 2010. Benefit obligations as of end of 2010 were Baht 2.1 billion.

| (Consolidated) | Unit: Million Baht | | |
|---|--------------------|---------------------|--------------|
| | 2010 | 2009 (restated)* | % yoy |
| Net interest and dividend income | 44,505 | 42,005 | 6.0% |
| Non-interest income | 32,655 | 27,082 | 20.6% |
| Non-interest expenses | 38,607 | 35,554 | 8.6% |
| Operating profit | 38,553 | 33,532 | 15.0% |
| Operating profit excluding non-recurring items** | 37,783 | 34,162 | 10.6% |
| Allowance for doubtful accounts | 4,661 | 5,605 | -16.8% |
| Income tax | 9,563 | 7,076 | 35.2% |
| Minority interest in subsidiaries | 122 | 93 | 31.2% |
| Net profit | 24,206 | 20,758 | 16.6% |
| EPS (Baht) | 7.12 | 6.11 | 16.6% |
| ROE | 16.4% | 15.5% | |
| ROA | 1.7% | 1.6% | |

* The Bank adjusted, retroactively, the personnel expenses in 2009 upon adoption of the Thai Accounting Standard 19 (TAS 19 Employee Benefits) which resulted in the 2009 net profit being restated.

** In 2010, non-recurring items include a one-time gain on the sale of an equity investment. In 2009, non recurring items include a one-time gain on the sale of an equity investment, a one-time retroactive adjustment for special business tax, a one-time provision for a disputed re-insurance claim at a subsidiary, a one-time charge for retirement benefits paid to employees, and a one-time loss from a change in the reference yield curve used in cross currency swap revaluations.

Income Statement for 2010 (Consolidated basis)

1. Net interest and dividend income

Net interest and dividend income rose 6.0% **yoy** to Baht 44,505 million in 2010 from Baht 42,005 million in 2009, as interest expenses fell by a larger magnitude than the decrease in interest income. A sharp decline in interest expenses was primarily (1) the effect from the falling interest rates environment in 2008-1H10; and (2) the maturing of promissory notes of the Bank's subsidiary, Siam Commercial Leasing (SCBL) which trimmed the Bank's interest expenses on short-term borrowing.

Unit: Million Baht

| (Consolidated) | 2010 | 2009 | % yoy |
|--|---------------|---------------|--------------|
| Interest and dividend income | 53,679 | 54,631 | -1.7% |
| - Loans | 43,511 | 43,567 | -0.1% |
| - Interbank and money markets | 1,518 | 2,069 | -26.6% |
| - Hire purchase and financial lease income | 4,071 | 4,257 | -4.4% |
| - Investments | 4,578 | 4,737 | -3.4% |
| Interest expenses | 9,173 | 12,626 | -27.3% |
| - Deposits | 6,691 | 9,457 | -29.2% |
| - Interbank and money markets | 724 | 584 | 23.9% |
| - Short-term borrowings | 737 | 1,531 | -51.9% |
| - Long-term borrowings | 1,021 | 1,054 | -3.1% |
| Net Interest and dividend income | 44,505 | 42,005 | 6.0% |
| Net interest margin | 3.63% | 3.42% | 0.21% |
| Yield on earning assets | 4.38% | 4.44% | -0.07% |
| Yield on loans | 4.95% | 5.32% | -0.37% |
| Yield on interbank | 1.29% | 1.25% | 0.04% |
| Yield on investment | 2.91% | 2.96% | -0.05% |
| Cost of funds* | 0.85% | 1.17% | -0.32% |
| Cost of deposit | 0.70% | 0.99% | -0.29% |
| Spread (yield on earning assets – cost of funds) | 3.52% | 3.27% | 0.25% |

Note Profitability ratios are calculated based on daily average calculations of the denominators

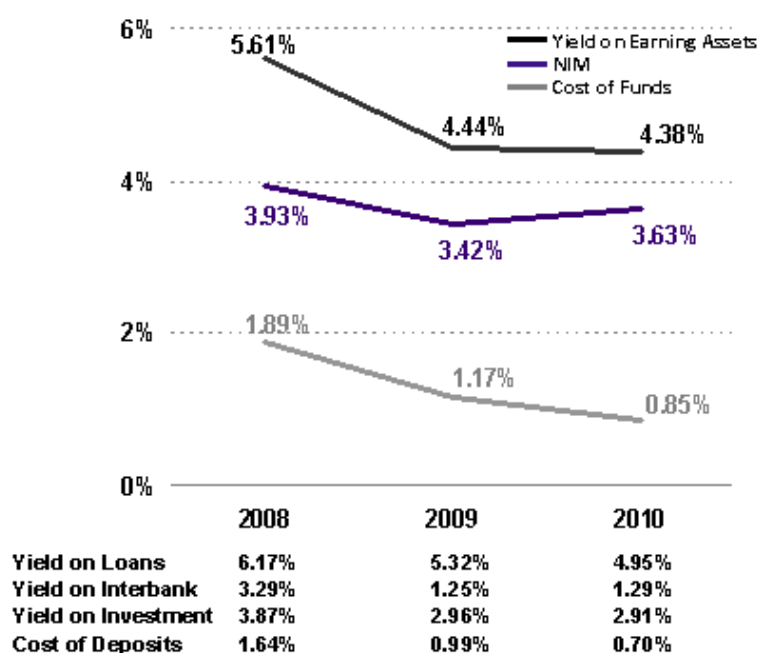
* Cost of funds = interest expenses / interest bearing liabilities

Interest and dividend income in 2010 was Baht 53,679 million, a 1.7% **yoy** decrease of Baht 952 million from Baht 54,631 million in 2009. Details include:

- **Interest income from loans** was flat yoy at Baht 43,511 million primarily due to the reduction in the Bank's interest rates (MLR was reduced by 63 bps during 2009-2010), although loans grew sharply at 12.6% yoy;
- **Interest income from interbank and money markets** declined significantly by 26.6% yoy to Baht 1,518 million because of the reduction in interbank interest rates (policy rate fell by 125 bps during 2009-1H10, although it rose 50 bps in 2H10);
- **Hire purchase and financial lease** income declined 4.4% yoy to Baht 4,071 million, as the impact from growth in hire purchase loans of 28.9% yoy in 2010 was outweighed by the impact of the lower interest rates leading to a decline in the average yield of the Bank's hire purchase portfolio. The new hire purchase loans carry lower yields than the declining proportion of older hire purchase loans;
- **Interest and dividend income from investments** decreased by 3.4% yoy to Baht 4,578 million, mainly due to lower interest income from investments in debt securities, following the decline in interest rates.

At the same time, **interest expenses** declined 27.3% yoy to Baht 9,173 million in 2010. Interest expenses on deposits dropped 29.2% yoy mainly a result of the reduction in deposit rates during 2009-2010 although the deposit base increased by 14.2% yoy. Interest expenses from borrowings also fell by 32.0% yoy on the back of (1) the maturing of some promissory notes of the Bank's subsidiary, SCBL; and (2) the reduction in interest rates.

| SCB Interest Rates | Mar 24, 09 | Apr 20, 09 | May 25, 09 | Jun 18, 09 | Sep 22, 09 | Jul 15, 10 | Jul 27, 10 | Sep 3, 10 | Dec 7, 10 |
|---------------------|------------|------------|------------|------------|------------|-------------|-------------|-------------|-------------|
| Lending Rate | | | | | | | | | |
| MLR | 6.25% | 6.15% | 5.85% | 5.85% | 5.85% | 5.85% | 6.00% | 6.00% | 6.12% |
| Deposit Rate | | | | | | | | | |
| Savings Rate | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% | 0.50% |
| 3-month deposits | 0.75% | 0.75% | 0.75% | 0.65-0.85% | 0.65% | 0.75% | 0.75% | 0.85%-1.00% | 1.00%-1.25% |
| 6-month deposits | 0.75% | 0.75% | 0.75% | 0.65-0.85% | 0.65% | 0.90% | 0.90% | 1.10%-1.20% | 1.25%-1.45% |
| 12-month deposits | 1.00% | 1.00% | 0.75% | 0.65-1.00% | 0.65% | 1.00%-1.20% | 1.00%-1.20% | 1.15%-1.40% | 1.40%-1.65% |
| | Feb 25, 09 | Apr 8, 09 | May 20, 09 | Sep 30, 09 | Jan 13, 10 | Jun 2, 10 | Jul 14, 10 | Aug 25, 10 | Dec 1, 10 |
| Policy Rate | 1.50% | 1.25% | 1.25% | 1.25% | 1.25% | 1.25% | 1.50% | 1.75% | 2.00% |



As a result of the changes in net interest and dividend income, annualized net interest margin (NIM) widened to 3.63% in 2010 from 3.42% in 2009. This is in line with the Bank's full year target of 3.5%-3.8%.

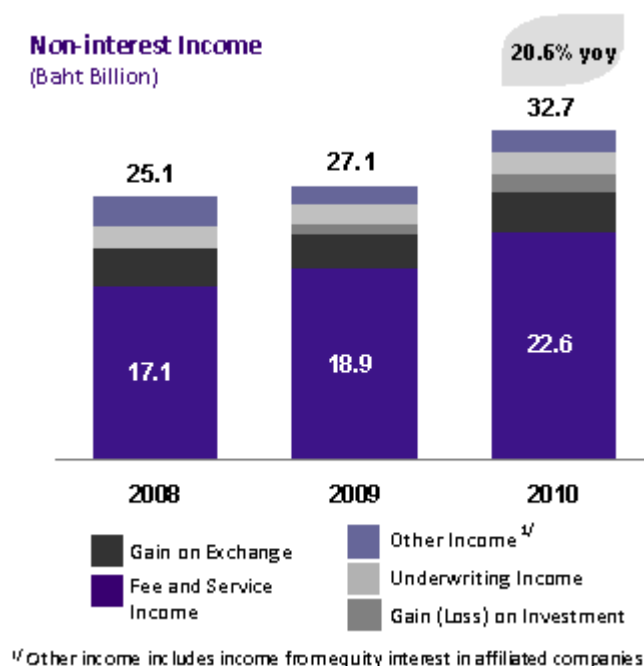
2. Non-interest income

Non-interest income rose 20.6% yoy to Baht 32,655 million in 2010 from Baht 27,082 million in 2009, principally the result of (1) robust growth in fee and service income; and (2) higher gain on investments mainly from a one-time gain on the sale of an equity investment booked in 3Q10. Additional details of non-interest income yoy are provided below:

- **Fee & service** income rose 19.4% yoy, driven by higher fee income from the card business, bancassurance products, and loan-related activities;
- **Gain on exchange** increased 8.6% yoy mainly as the result of higher returns from treasury transactions and positions;
- **Income from equity interests** in associated companies rose dramatically by 47.6% yoy, in line with improved performance of associated companies, particularly the life insurance affiliate of the Bank;
- **Gross underwriting income** increased 13.0% yoy, in line with the increase in the business volume of the Bank's non-life insurance subsidiary;
- **Other income** rose 12.1% yoy primarily from higher gains from sale of foreclosed properties; and
- **Gain on investments** was at Baht 1,830 million in 2010, nearly doubled from the Baht 947 million booked in 2009, largely as a result of a one-time gain on the sale of a non core equity investment booked in 3Q10.

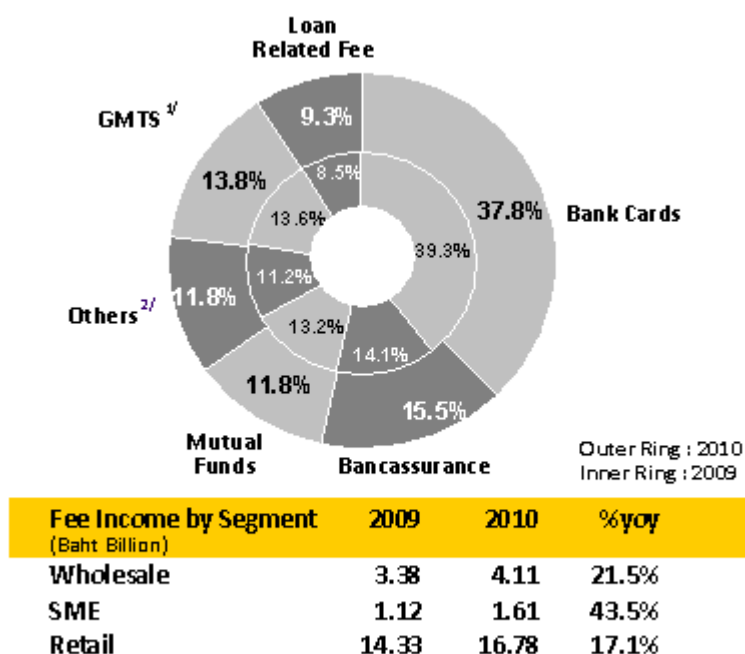
Unit: Million Baht

| (Consolidated) | 2010 | 2009 | % yoy |
|---|--------|--------|-------|
| Fee and service income | 22,585 | 18,913 | 19.4% |
| - Acceptances, aval, and guarantees | 936 | 1,003 | -6.7% |
| - Others | 21,649 | 17,910 | 20.9% |
| Gain on exchange | 3,761 | 3,462 | 8.6% |
| Income from equity interest in affiliated companies | 1,028 | 697 | 47.6% |
| Underwriting income | 2,274 | 2,012 | 13.0% |
| Other income | 1,177 | 1,050 | 12.1% |
| Non-interest income excluding gain on investments | 30,826 | 26,135 | 17.9% |
| Gain on investments | 1,830 | 947 | 93.2% |
| Total non-interest income | 32,655 | 27,082 | 20.6% |



In 2010, non-interest income accounted for 42% of total income (39% in 2009), while fee income made up 29% of total income (27% in 2009). This growth is in line with the Bank's medium-to-long-term objective of having non-interest income account for more than 40% of total income. The Bank also expects the aggregate fee income contribution from Wholesale Banking and Business Banking (SME) to increase from the current level of below 30% of total fee income through a stronger focus on fee based activities in these business segments. This direction is evident from the relatively higher growth rate of fees from these two segments compared to Retail, as noted in the table below.

Fee and Service Income Breakdown



^{1/} GMTS stands for Global Markets and Transaction Services, which includes cash management, trade finance, corporate finance and corporate trust

^{2/} Others include brokerage fee, fund transfer, remittance, etc.

3. Non-interest expenses

Non-interest expenses increased 8.6% **yoy** to Baht 38,607 million in 2010 from Baht 35,554 million in 2009. Key items are explained as follows:

- **Personnel expenses** increased 12.1% yoy mainly as a result of annual salary adjustments, higher level of accrued performance bonus for 2010, and the higher number of employees;
- **Premises and equipment expenses** increased only 2.0% yoy due to the Bank's cost control measures despite the continued investments in network expansion and on-going major systems enhancement initiatives;
- **Taxes and duties** were flat yoy;
- **Fee and service** expenses rose 15.1% yoy alongside the higher volume of fee-based activities;
- **Contribution to the Deposit Protection Agency** increased 1.0% yoy alongside the expansion of the Bank's deposit base;
- **Underwriting expenses** rose 10.3% yoy in line with business volume growth of the Bank's non-life insurance subsidiary; and
- **Other expenses** rose 14.9% yoy mainly due to the promotion expenses relating to the Bank's efforts to rapidly revive consumer demand in selected retail markets following the political unrest in 2Q10, and the higher reserves for reward redemption for the credit card business as the Bank revised its redemption rate upwards in 3Q10.

Unit: Million Baht

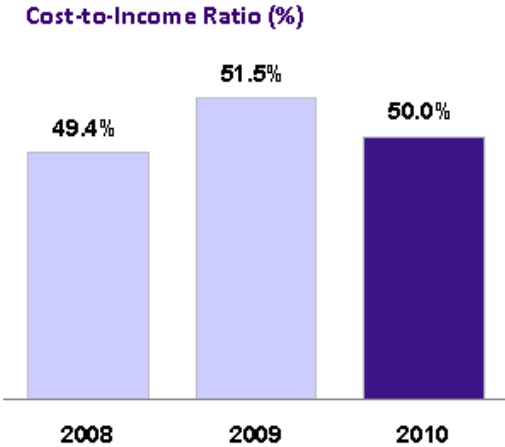
| (Consolidated) | 2010 | 2009 (restated) | % yoy |
|---|--------------|--------------------|-------|
| Personnel expenses | 13,685 | 12,210 | 12.1% |
| Premises and equipment expenses | 8,226 | 8,067 | 2.0% |
| Tax and duties | 2,056 | 2,065 | -0.4% |
| Fee and service expenses | 4,030 | 3,501 | 15.1% |
| Director remuneration | 88 | 61 | 45.3% |
| Contribution to the Deposit Protection Agency | 3,777 | 3,739 | 1.0% |
| Underwriting expenses | 1,128 | 1,023 | 10.3% |
| Other expenses | 5,618 | 4,890 | 14.9% |
| Total non-interest expenses | 38,607 | 35,554 | 8.6% |
| Cost to income ratio | 50.0% | 51.5% | |
| Cost to income ratio excluding SCB Samaggi Insurance (the Bank's non-life subsidiary) | 48.8% | 50.0% | |

* The Bank adjusted, retroactively, the personnel expenses in 2009 upon adoption of the Thai Accounting Standard 19 (TAS 19 Employee Benefits).

In 2010, the cost to income ratio was 50.0%, declining from 51.5% recorded in 2009. This level was well below the Bank's full-year cost to income ratio target of 51%. It should be noted that the consolidated cost to income ratio is distorted by the consolidation of the Bank's non-life insurance

subsidiary, SCB Samaggi Insurance. If the non-life insurance subsidiary is excluded, the ratio would be even lower at 48.8% in 2010.

The Bank expects cost to income ratio for 2011 to remain at 50% supported by strong loan growth and fee income growth. The Bank’s capital expenditure continues to be in line with levels established in prior periods, undertaken to support the ongoing investment in network expansion and planned systems enhancement initiatives required in the rapidly changing competitive landscape. The outlay on these investments is unlikely to have significant impact to the cost to income ratio level over the next few quarters.



4. Loan loss provisions

The Bank’s current provisioning policy is to set aside provisions of approximately Baht 1,200 million per quarter, down from the Baht 1,500 million used during 4Q08-3Q09, given the improved economic conditions and as asset quality concerns recede.

On a **bank only** basis, the Bank set aside Baht 4,800 million of loan loss provisions in 2010. On a **consolidated** basis, the provision was Baht 4,661 million in 2010, which was lower than provisions on a bank only basis, mainly due to a clawback of provisions at Siam Commercial Leasing (SCBL) given improvements to its portfolio quality. The Bank’s total allowance for doubtful accounts at the end of December 2010 stood at Baht 41,595 million, a decrease from Baht 42,894 million at the end of December 2009, while NPLs declined from Baht 44,958 million (4.41%) at the end of 2009 to Baht 38,684 million (3.25%) at the end of December 2010, even as the coverage level over these NPLs increased from 95.4% to 107.5% at the end of December 2010.

Balance sheet as of December 31, 2010 (Consolidated basis)

As of December 31, 2010, the Bank reported total assets of Baht 1,476,764 million, an increase of Baht 182,717 million (14.1%) yoy from Baht 1,294,047 million at the end of 2009. Details of the consolidated balance sheet are as follows:

1. Loans and Deposits

As of December 31, 2010, total outstanding loans stood at Baht 1,058,574 million, an increase of Baht 118,336 million (12.6%) yoy from Baht 940,238 million at the end of 2009. In 2010, loan growth was broad based and well above the Bank's full year loan growth target of 7-10%. The strong growth was the direct result of the Bank's market-share growth strategies adopted for 2010. Loans written-off amounted to Baht 6,639 million in 2010.

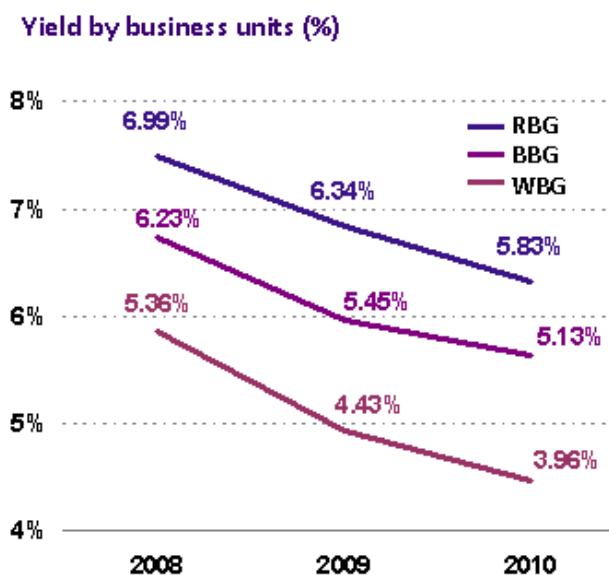
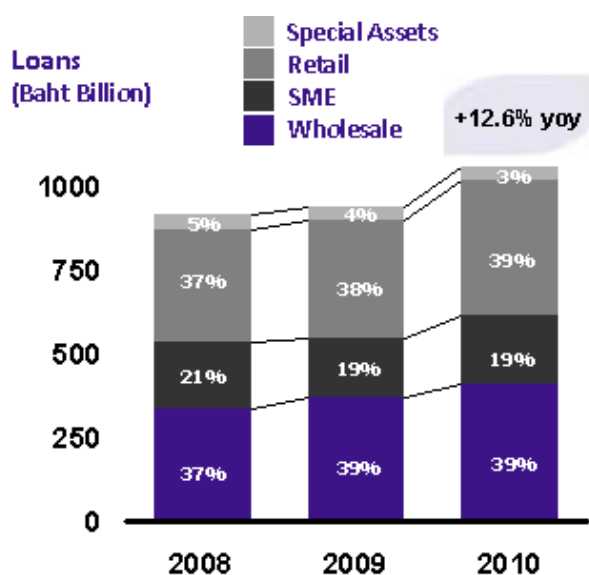
Additional details of loan breakdown by business units are as follows:

- **Wholesale Banking** loans rose 11.0% yoy. The strong growth in wholesale loans reflects the success of the Bank's pro-active strategy to capture market share in the blue-chip corporates & public sector segments;
- **Business Banking** loans, or loans to SMEs, rose 14.4% yoy, following the launch of the Bank's new business model and specific strategies to better penetrate the SME segments at the beginning of the year, particularly at the smaller end of this segment. The strong growth in SME loans was mainly from the successful launch of special campaigns with bundled products designed to appeal to this segment;
- **Retail Banking** loans increased 15.6% yoy.
 - **Housing loans** rose 10.3% yoy. Housing loans grew strongly in 1H10 driven by the combined effect of three factors: the low interest rate environment, the Government's tax incentives for the purchase of new homes which ended in June 2010, and the Bank's ability to leverage its business platform to process record-high housing loans volumes. However, housing loans grew more modestly in 2H10 following the expiration of the Government's tax incentive.
 - **Hire purchase loans** increased 28.9% yoy as a result of the Bank's new growth-oriented strategy to enhance business volumes and market share in this segment. Strong hire purchase loan growth also benefited from Thailand's robust vehicle sales growth;
 - **Other loans** (largely personal and credit card loans) increased 20.0% yoy mainly from sharp increases in personal loans as the Bank expands its market share in this segment.

Unit: Million Baht

| Loans | Dec 31, 10 | Dec 31, 09 | % yoy |
|----------------------|------------|------------|-------|
| Good Bank | 1,022,664 | 901,110 | 13.5% |
| Wholesale | 411,710 | 370,954 | 11.0% |
| SME | 199,741 | 174,577 | 14.4% |
| Retail | 411,213 | 355,579 | 15.6% |
| - Housing loans* | 240,835 | 218,418 | 10.3% |
| - Hire purchase | 83,598 | 64,835 | 28.9% |
| - Others loans | 86,779 | 72,327 | 20.0% |
| Special assets group | 35,910 | 39,127 | -8.2% |
| Total loans | 1,058,574 | 940,238 | 12.6% |

* Classified by business units. Covers only housing loans booked under the Retail Banking unit. If classified as a product the total housing loans portfolio at December 31, 2010 stood at Baht 280,557 million. Other categories included housing loans extended to business owners, staff housing loans, and housing loans transferred to the Special assets group.



As noted in the table below, loans to manufacturing and commercial sectors continued to account for the largest portion of the total loan portfolio while housing loans made up the second largest portion. Other loans, comprising mostly hire purchase, credit card and personal loans, recorded the highest growth of 22.0% yoy, followed by manufacturing and commercial loans of 17.8% yoy.

The Bank's key growth strategies for 2010 to expand market shares in the blue-chip corporates, SMEs, and automobile hire purchase segments yielded strong results as evidenced by strong overall loan growth of 12.6% yoy in 2010. The Bank's key 'delta growth' drivers for 2011 continue to be these three key areas which will enable the Bank to obtain market share growth over and above 'business as usual' and to achieve the 2011 loan growth target of 10-12%.

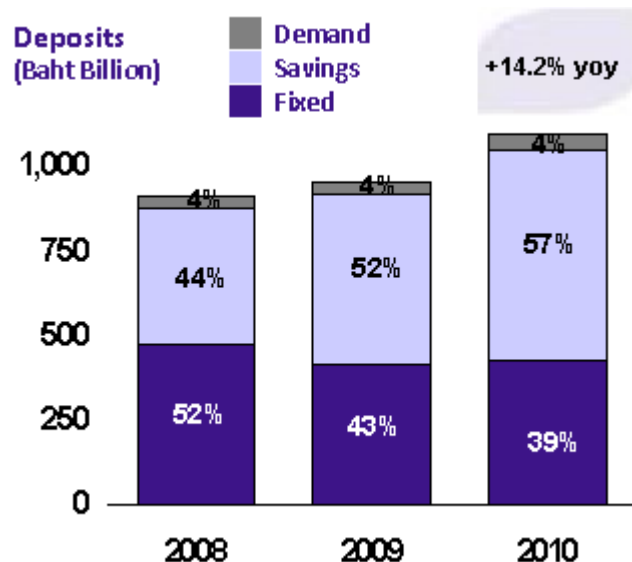
Unit: Million Baht

| (Consolidated) | Dec 31, 10 | Dec 31, 09 | % yoy |
|------------------------------|------------|------------|--------|
| Agricultural and mining | 11,462 | 13,524 | -15.2% |
| Manufacturing and commercial | 404,962 | 343,741 | 17.8% |
| Real estate and construction | 76,193 | 74,769 | 1.9% |
| Utilities and services | 127,371 | 126,760 | 0.5% |
| Housing loans* | 280,557 | 251,869 | 11.4% |
| Others | 158,029 | 129,575 | 22.0% |
| Total loans | 1,058,574 | 940,238 | 12.6% |

* Classified by sector/product.

As of December 31, 2010, **deposits** stood at Baht 1,092,138 million, up 14.2% yoy from Baht 955,976 million at the end of 2009. The strong growth in deposit base during 2H10 was the result of the Bank's special deposit campaigns launched over the period and the continued growth of its cash management products.

Savings deposits, demand deposits and fixed deposits increased (year-on-year) by 23.4%, 13.6% and 3.2% respectively. The proportion of savings and demand deposits as a percentage of total deposit base rose significantly to 60.9% at the end of 2010 from 56.7% at the end of 2009. Also, as a result of the special deposit campaigns, and in anticipation of more upward movement in interest rates, the Bank managed to significantly shift its portfolio mix of term deposits towards more medium and longer term fixed deposits. Concurrently, Bills of Exchange (B/E), akin to an uninsured deposits, were used to attract a growing volume of High Net Worth customer deposits.



Unit: Million Baht

| Deposits | Dec 31,10 | Dec 31, 09 | % yoy |
|-------------------------------|------------------|-------------------|--------------|
| Demand | 46,284 | 40,760 | 13.6% |
| Savings | 619,038 | 501,640 | 23.4% |
| Fixed | 426,816 | 413,576 | 3.2% |
| - Less than 6 months | 155,808 | 199,023 | -21.7% |
| - 6 months and up to 1 year | 65,590 | 27,953 | 134.6% |
| - Over 1 year | 205,418 | 186,600 | 10.1% |
| Total Deposits | 1,092,138 | 955,976 | 14.2% |
| Bill of Exchange (B/E) | 41,902 | 18,802 | 122.9% |

2. Investments

Investments fell 7.1% **yoy** to Baht 153,746 million at the end of 2010 from Baht 165,419 million at the end of 2009, mainly due to a decrease in investment in bonds issued by the Bank of Thailand (BOT) and bonds issued by the government.

Unit: Million Baht

| | Dec 31, 10 | Dec 31, 09 | % yoy |
|--|-------------------|-------------------|--------------|
| - Short-term investment-net | 68,455 | 57,052 | 20.0% |
| - Long-term investment-net | 80,040 | 103,643 | -22.8% |
| - Investment in associated companies-net | 5,251 | 4,723 | 11.2% |
| Total Investments-net | 153,746 | 165,419 | -7.1% |

3. Borrowings

Borrowings increased 9.5% **yoy** to Baht 62,609 million at the end of 2010, largely due to the issuance of Bills of Exchange (B/E) issued by the Bank which were partly offset by the maturing of promissory notes issued by the Bank's subsidiary, SCBL. (The B/E is akin to an uninsured deposit which have gained in popularity among the High Net Worth customers in recent years due to a higher yield when compared to fixed term deposits. As these instruments are not-insured, the Bank does not need to pay the contribution fee to the Deposit Protection Agency and some of this benefit is passed on to holders of these instruments).

4. Shareholders' equity

As of December 31, 2010, shareholders' equity stood at Baht 154,316 million, a 10.1% **yoy** increase of Baht 14,176 million from Baht 140,140 million at the end of 2009, mainly from the net profit for the period. The net profit appropriations were reduced by the dividend payment of Baht 8,498 million (Baht 2.50 per share or dividend payout ratio of 40.9%) in accordance with the resolution of the Shareholder's Annual General Meeting in April 2010 and an interim dividend payment of Baht 3,399

million (Baht 1.00 per share or dividend payout ratio of 29.1% of 1H10 net profit) in accordance with the resolution of the Board of Directors Meeting in August 2010.

Book value per share as of December 31, 2010 was Baht 45.40 (3,399 million ordinary and preferred shares at the end of December 2010), up from Baht 41.23 at the end of 2009.

Off Balance Sheet: Contingencies

As at December 31, 2010, the Bank and its subsidiaries had combined contingencies of Baht 3,041,817 million, up by Baht 894,377 million (41.6% yoy) from Baht 2,147,440 million at the end of 2009. The increase in contingencies was mainly because of the increase in exchange rate contracts and interest rate contracts, which are part of the risk management products and services offered to customers and make up the majority of the Bank's total contingencies.

Unit: Million Baht

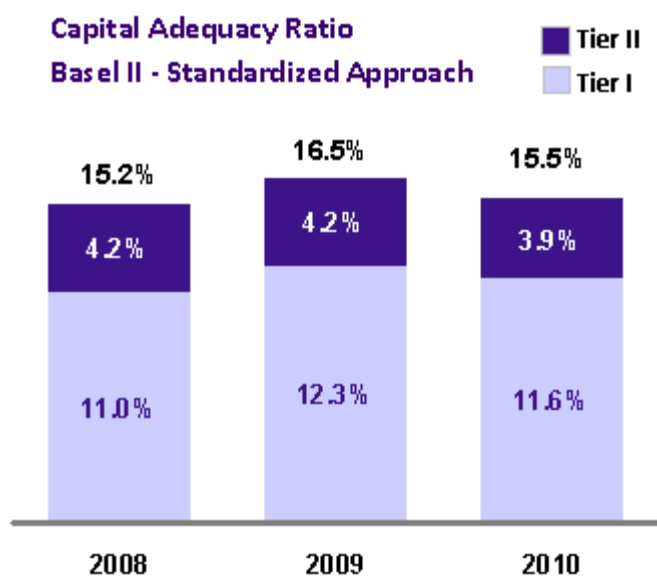
| (Consolidated) | Dec 31, 10 | Dec 31, 09 | % yoy |
|--|------------------|------------------|--------------|
| Aval to bills and loan guarantees | 3,443 | 2,391 | 44.0% |
| Liability under unmatured import bills | 5,778 | 5,264 | 9.8% |
| Letters of credit | 13,877 | 11,743 | 18.2% |
| Other contingencies | 3,018,718 | 2,128,042 | 41.9% |
| Other guarantees | 102,749 | 100,915 | 1.8% |
| Exchange rate contracts | 986,234 | 879,318 | 12.2% |
| Bought | 478,885 | 428,063 | 11.9% |
| Sold | 507,349 | 451,255 | 12.4% |
| Interest rate contracts | 1,824,296 | 1,049,998 | 73.7% |
| Bought | 912,148 | 524,849 | 73.8% |
| Sold | 912,148 | 525,149 | 73.7% |
| Equity derivatives | 1,628 | 833 | 95.4% |
| Bought | 814 | 679 | 19.9% |
| Sold | 814 | 154 | 428.6% |
| Credit derivatives | 199 | 831 | -76.1% |
| Bought | - | - | - |
| Sold | 199 | 831 | -76.1% |
| Commodity derivatives | 14,794 | 14,842 | -0.3% |
| Bought | 7,397 | 7,421 | -0.3% |
| Sold | 7,397 | 7,421 | -0.3% |
| Amount of unused bank overdraft | 88,617 | 81,061 | 9.3% |
| Others | 202 | 244 | -17.2% |
| Total contingencies | 3,041,817 | 2,147,440 | 41.6% |

Statutory Capital (Bank only)

Total capital funds (Tier 1 and Tier 2) as of December 31, 2010 were at a high of 15.52% of total risk-weighted assets, representing Tier-1-capital of 11.63% and Tier-2-capital of 3.89%. The aforementioned ratios do not take into account the 2H10 net profit. The Bank's Tier 1 capital comprises, substantially, tangible capital only. Should the 2H10 net profit be taken into consideration, total capital ratio and Tier 1 capital ratio would be 16.71% and 12.82%, respectively.

The Bank believes this strong capital position, together with its sound loan loss reserve coverage, are sufficient to withstand the impact of any potential shocks, which may arise if the economic recovery is stymied by unexpected events. Its solid capital position would also provide the Bank flexibility to grow its business in a timely manner as and when more growth opportunities arise in the quarters to come. The Bank believes that this strong capital position will place it at an advantageous position compared with less capitalized banks, should the regulatory regime becomes more stringent in the future. The Bank expects to maintain its aggregate capital adequacy ratio well in excess of the regulatory minimum throughout 2011.

| (Bank only) | | Statutory Capital | | |
|----------------------|-------------------------|--------------------------|--------------------------|-------|
| | | Dec 31, 10 (Basel II) | Dec 31, 09 (Basel II) | % yoy |
| Tier-1 Capital | Bt, million % of RWA | 122,662 11.63% | 114,252 12.27% | 7.4% |
| Tier-2 Capital | Bt, million % of RWA | 41,018 3.89% | 39,118 4.20% | 4.9% |
| Total Capital | Bt, million % of RWA | 163,680 15.52% | 153,370 16.47% | 6.7% |
| Risk weighted assets | Bt, million | 1,054,458 | 931,337 | 13.2% |



Non Performing Assets

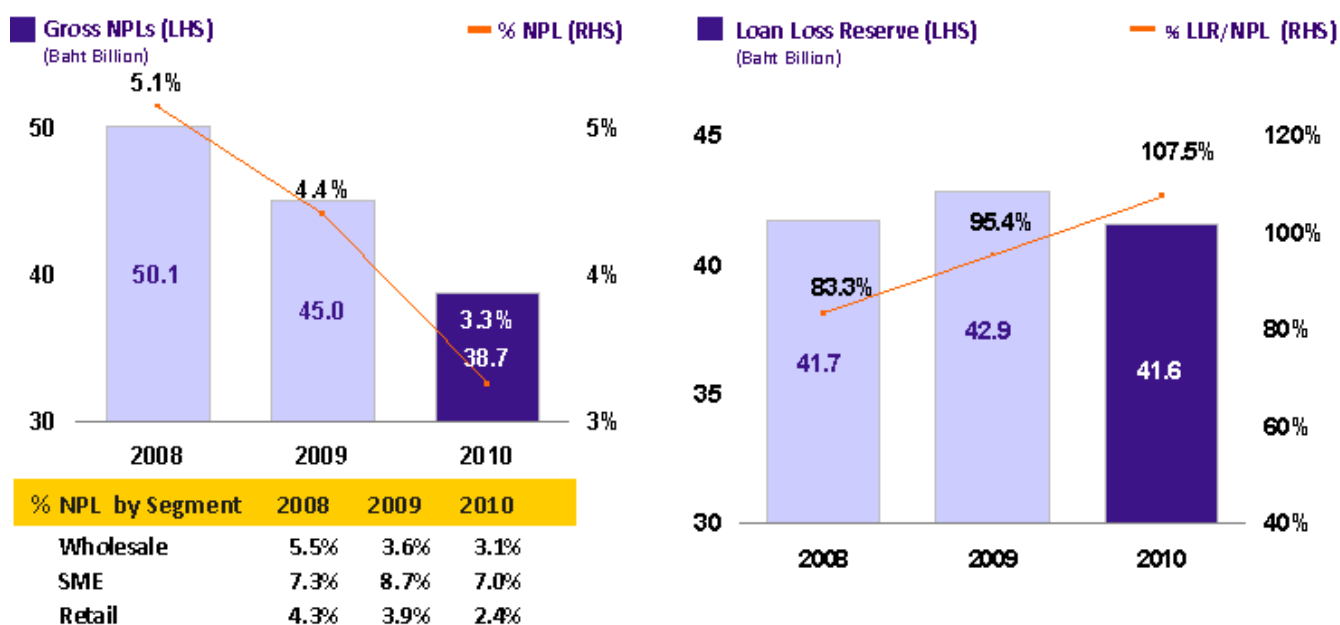
Gross NPLs on a consolidated basis fell to Baht 38,684 million (3.25% of total loans) at the end of December 2010 from Baht 44,958 million (4.41% of total loans) at the end of 2009. Net NPLs declined to Baht 18,827 million (1.61%) at the end of December 2010 from Baht 23,203 million (2.32%) at the end of 2009. The group's asset quality improved in 2010, in part due to the Bank's pre-emptive strategies to prevent new NPL formation, improved collection and workout practice for existing NPLs and NPLs sales in 4Q10. The sharp drop in 4Q10 was facilitated by the expiry of restructuring related tax incentives on December 31, 2010.

Allowance for doubtful accounts as of December 31, 2010 stood at Baht 41,595 million, a decrease of Baht 1,299 million from the end of 2009. The coverage ratio (total allowance to non-performing loans) increased to 107.5% at the end of 2010.

| (Consolidated) | | Dec 31, 10 | Dec 31, 09 |
|---|------------------|------------|------------|
| Non-performing loans (Gross NPLs) | Bt, million | 38,684 | 44,958 |
| | % of total loans | 3.25% | 4.41% |
| Allowance for doubtful accounts* | Bt, million | 41,000 | 42,142 |
| Allowance for revaluation of debt restructuring | Bt, million | 595 | 752 |
| Total allowance for doubtful accounts and revaluation of debt restructuring | Bt, million | 41,595 | 42,894 |
| Total allowance for NPLs (coverage ratio) | | 107.5% | 95.4% |

* Excluding Interbank

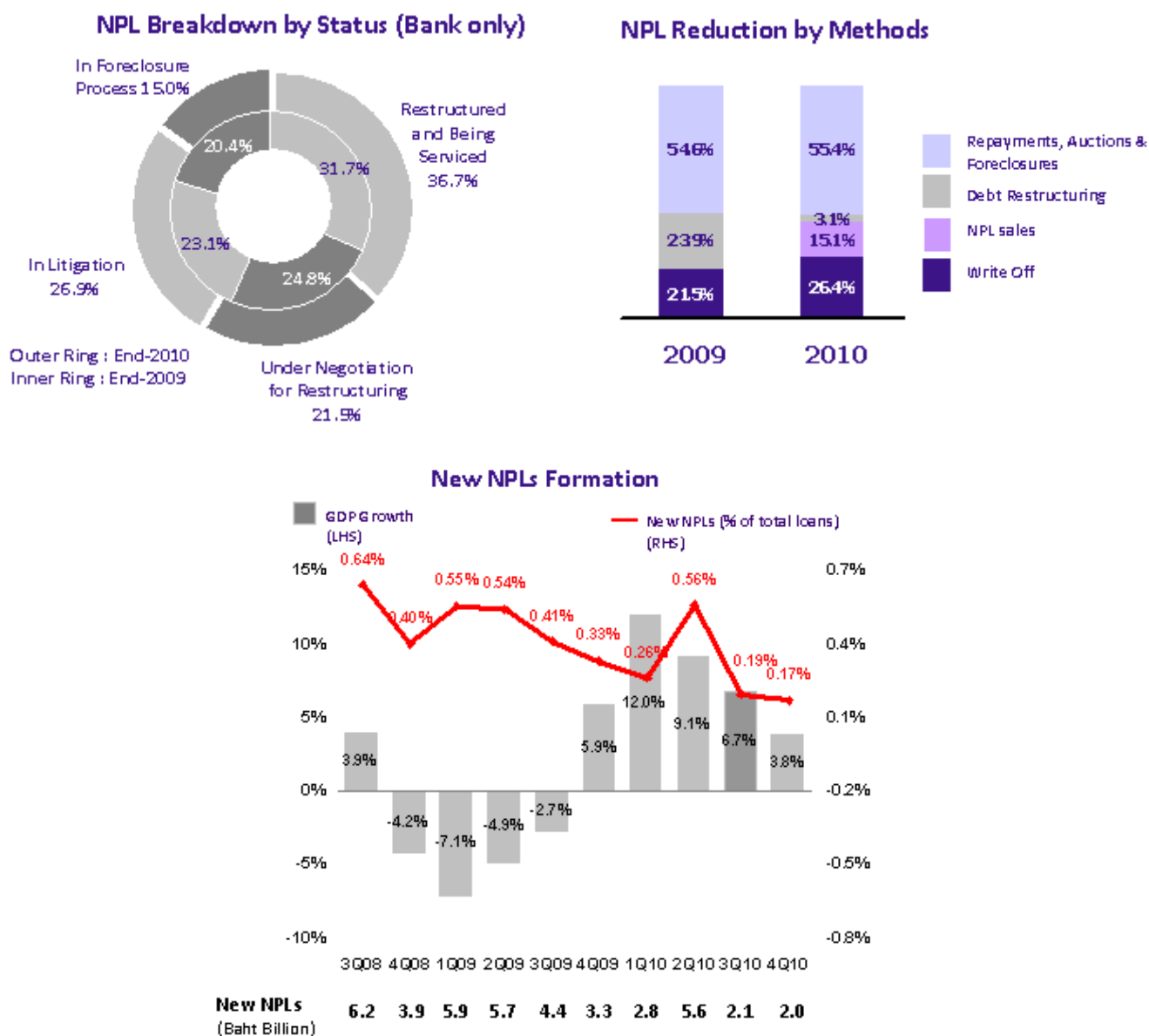
Gross NPLs on a bank only basis fell to Baht 35,688 million (3.04%) at the end of December 2010 from Baht 40,814 million (4.13%) at the end of 2009. Net non-performing loans (net NPLs) declined to Baht 17,066 million (1.48%) at the end of December 2010 from Baht 20,751 million (2.14%) at the end of 2009.



Unit: Million Baht

| (Consolidated) | Dec 31, 10 | | Dec 31, 09 | |
|--|---------------------------|--------------------------------|---------------------------|--------------------------------|
| | Loan and accrued interest | Allowance for classified loans | Loan and accrued interest | Allowance for classified loans |
| Classified loans and allowance for doubtful accounts | | | | |
| Normal | 992,308 | 9,479 | 864,472 | 8,244 |
| Special mention | 29,338 | 567 | 32,601 | 623 |
| Substandard | 8,855 | 4,233 | 6,938 | 2,503 |
| Doubtful | 4,516 | 2,335 | 5,747 | 2,884 |
| Doubtful loss | 25,381 | 11,239 | 32,120 | 14,374 |
| Total | 1,060,398 | 27,853 | 941,878 | 28,628 |
| Allowance established in excess of BoT regulations | | 13,147 | | 13,514 |
| Total allowance | | 41,000 | | 42,142 |

As shown in the chart below, at the end of December 2010, NPLs that are being restructured and serviced accounted for the largest proportion of the total NPLs, followed by NPLs in litigation. For 2010, the Bank reduced its NPLs mainly through repayments, auctions and foreclosures, followed by write-off, NPL sales and debt restructuring. Other than an increase in NPL formation in 2Q10 caused by one corporate borrower who encountered cashflow problems, the new NPL formation has continued to decrease alongside the economic recovery. In the fourth quarter of 2010 new NPL formation fell to low of 0.17%, the lowest level in recent years.



The Bank's foreclosed properties as at December 2010 stood at Baht 12,684 million, a decrease of Baht 306 million (2.4% yoy) from Baht 12,990 million at end of 2009.

Troubled Debt Restructuring

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

As of December 31, 2010, the Bank and its subsidiaries that are financial institutions have outstanding loans that have been restructured amounting to Baht 36,055 million in the consolidated financial statements and Baht 36,055 million for the Bank only. Some of these loans are NPLs and are already included in the NPL level noted above.

In 2010, loans amounting to Baht 6,331 million were restructured. The Bank recognized interest income from debt restructuring in the amount of Baht 2,292 million

| (Consolidated) | | Dec 31, 10 | Dec 31, 09 |
|--|-------------|-------------------|-------------------|
| Loans to restructured debtors | Bt, million | 36,055 | 40,795 |
| - Restructured loans which are classified as NPL | Bt, million | 11,817 | 13,116 |
| - Restructured loans which are not classified as NPL | Bt, million | 24,238 | 27,679 |
| Troubled debt restructuring during the year | Bt, million | 6,331 | 15,089 |
| Interest income recognized from restructured loans | Bt, million | 2,292 | 2,372 |

Liquidity

In 2H10, the Bank was successful in growing its deposits base through special deposit campaigns and leveraging its strong retail franchise. As a result, the **loan to deposit** ratio on a consolidated basis stood at 96.9% as of December 31, 2010, a decline from 98.4% in 2009. Also, loan to deposits and B/E ratio declined to 93.3%, from 96.5% in 2009. Given ample liquidity in the market at the moment, the Bank is comfortable with maintaining the loan to deposit (including B/E) ratio in the mid 90s%.

| | Dec 31,10 | Dec 31, 09 |
|---|------------------|-------------------|
| Gross Loans to Deposits Ratio (Consolidated) | 96.9% | 98.4% |
| Gross Loans to Deposits and B/E (Consolidated) | 93.3% | 96.5% |

The Bank's policy on liquidity management is to source the required level of funding at an acceptable cost. The Bank's Assets and Liabilities Management Committee formulates policies on liquidity management. According to the Bank of Thailand's requirements on liquid assets, with which the Bank is in compliance, commercial banks must maintain liquid assets equal to at least 6% of total deposits. At least 0.8% must be in deposits with the Bank of Thailand, and 0.2% as cash at the Cash Center. Interbank deposits must not exceed 2.5%, and the rest must be in clean securities.

For liquidity management of subsidiaries, the Bank maintains the Group's liquidity at an appropriate level by adherence to specific policies, rules and regulations, especially for lines of business that are involved with lending and asset management activities.

Sources and Uses of Funds

As at December 31, 2010, deposits accounted for 74.0% of SCB funding base. Other sources of funds included 10.4% from shareholders' equity, 4.2% from the issuance of debt instruments, and 3.3% from interbank borrowings. Of that total, 71.7% was used for loans, while another 10.4% was applied to net investments in securities, and 10.1% was lent in the interbank and money markets.

Credit Ratings

The Bank and its subsidiary's credit ratings by Moody's Investors Service, Standard & Poor's, Fitch Ratings and TRIS Ratings as of December 31, 2010 are shown below.

| Credit Ratings of Siam Commercial Bank PCL | December 31, 10 |
|--|-----------------|
| Moody's Investors Service | |
| Bank Financial Strength Rating (BFSR) | D+ |
| Outlook | Stable |
| Deposit – Foreign Currency (Long Term/Short Term) | Baa1/P-2 |
| Deposit – Local Currency (Long Term/Short Term) | A3/P-1 |
| Outlook | Stable |
| Standard & Poor's | |
| Bank Fundamental Strength Rating (BFSR) | C+ |
| Certificate of Deposit | BBB+/A-2 |
| Counterparty Credit Rating | BBB+/A-2 |
| Outlook | Stable |
| Fitch Ratings | |
| Foreign Currency | |
| Long Term Issuer Default Rating | BBB+ |
| Short Term Issuer Default Rating | F2 |
| Outlook | Stable |
| Individual Rating | C |
| Support Rating | 2 |
| National | |
| Long Term Rating | AA (tha) |
| Short Term Rating | F1+ (tha) |
| Outlook | Stable |
| Credit Ratings of Siam Commercial Leasing PCL | |
| December 31, 10 | |
| Fitch Ratings | |
| National Long Term Rating | A+ (tha) |
| National Short Term Rating | F1 (tha) |
| Outlook | Stable |
| TRIS Ratings | |
| Company Rating | A+ |
| Outlook | Stable |
| Issue Rating (Bond 109A) | AA |
| Outlook | Stable |

Research and Development

In 2001, the Bank adopted a bold plan for transformational Change Program. This bank-wide agenda for reform sought to fundamentally improve the competitive position and profitability of SCB's banking franchise.

Under the umbrella of the Change Program, the Bank has launched and successfully completed many important change initiatives: new business and operating models; radical business-process redesign initiatives; and implementation of major new information systems. The timely and successful completion of these change initiatives is critically important to the Bank.

All Change Program initiatives are managed by the Change Program Steering Committee (CPSC) on a project-by-project basis. A key catalyst for the governance processes is the Change Program Management Office (CPMO). It coordinates all initiatives, provides resources and guidance, consolidates all status reports, and directs communications about the Program throughout the SCB Group.

At the top of the Change Program governance structure is the Board of Directors, which periodically reviews the Program's overall direction, its capacity to raise the Bank's growth and performance, and the outcomes of the change initiatives.

The thrust of the Change Program in the year ahead is to continue the accelerated building of new capabilities.

- Accelerate implementation of several large -scale IT related projects: campaign management solution; integrated collection and debt management system; image-based cheque system; trade finance-related processing system; an enhanced portfolio management system in the asset management area; foreign exchange online system; additional systems for the treasury function, specifically to support interest rate derivatives and fixed income products; an enhanced payment management system in the business cash management area; and exploring solutions to improve the retail lending system.
- Implement non-IT system projects, such as preparing for progressive adoption of the International Financial Reporting Standards (IFRS) and Internal Capital Adequacy Assessment Process (ICAAP) and enhancing the treasury function's control and efficiency.
- Complete the construction of a new Data Center, which was commenced last year and will continue throughout 2011. It is expected to be completed by the year-end. New systems will be progressively migrated in 2012.

12. Reference Information

Registrar

Thailand Securities Depository Company Limited

62 The Stock Exchange of Thailand
Ruchadapisek Road, Klongtoey, Bangkok 10110
Tel: 0-2229-2800 and 0-2654-5599
Fax: 0-2359-1259

Auditor

Mr. Supot Singhasaneh

Certified Public Accountant (Thailand) Registration No. 2826

or Mr. Charoen Phosamritlert

Certified Public Accountant (Thailand) Registration No. 4068

or Ms. Pantip Gulsantithamrong

Certified Public Accountant (Thailand) Registration No. 4208

KPMG Phoomchai Audit Ltd.

Empire Tower, 50th-51st Floor,
195 South Sathorn Road, Yannawa, Sathorn, Bangkok 10120, Thailand
Tel: 0-2677-2000
Fax: 0-2677-2222

Tax Advisor

Mr. Verachai Tantikul

The Siam Commercial Bank PCL Head Office Building
9 Ruchadapisek Road, Ladyao, Jatujak, Bangkok 10900
Tel: 0-2544-2490

Part 2
Confirmation of Information Accuracy

We have reviewed all information disclosed in this Annual Information Disclosure Report with due care. We confirm that the information disclosed herein is accurate and complete without any false or missing material information. Furthermore, we would like to confirm that:

- 1. The financial statements and the financial information summarized in the Annual Information Disclosure Report accurately and completely present material information concerning the financial position, performance, and cash flow of the Bank and its subsidiaries.
- 2. It is our responsibility to arrange a sound information disclosure system, so as to ensure that we have accurately and completely disclosed material information of the Bank and its subsidiaries, and supervised system compliance accordingly.
- 3. It is our responsibility to arrange a sound internal control system, and supervise system compliance accordingly. We have reported the internal control assessment as at 31 December 2010 to the Bank's auditor and the Audit Committee. The report covers deficiencies and significant changes in the internal control system, as well as any misconduct that may affect the financial reporting of the Bank and its subsidiaries.

As evidence that this documentation is the same as that confirmed by us, we have assigned Mr. Krieng Wongnongtaey or Mr. Somphop Amonrattanasak to sign every page of the documentation. If any page is not signed by Mr. Krieng Wongnongtaey or Mr. Somphop Amonrattanasak, it will be deemed unconfirmed information.

Authorized Person

| Name | Position | Signature |
|---------------------------|-----------------|------------------|
| Mrs. Kannikar Chalitaporn | President | |

Proxy

| | | |
|----------------------------|--|-------|
| Mr. Krieng Wongnongtaey | EVP, Financial Reporting & Controls Division | |
| Mr. Somphop Amonrattanasak | SVP, Financial Management Systems Division | |

Company seal - None -

Information of the Management and Controller of the Bank as of 31 December 2010

| Name/ Position | Age (yrs) | Education/ Training Program | % of Total Share | Period | Experiences in the past 5 years Positions / Company |
|--|-----------|---|------------------|--------------|---|
| 1. Mr. Anand Panyarachun - Chairman of the Board (Independent Director) - Member of the Corporate Social Responsibility Committee | 78 | - BA (Hons.) in Law, Trinity College, University of Cambridge UK | 0.01% | | |
| | | | | | <i>Past Positions</i> |
| | | | | 2005-2006 | - Chairman, The National Reconciliation Commission (NRC) |
| | | | | 2001-2008 | - Member of Advisory Board, Toyota Motor Corporation Co., Ltd. |
| | | | | 1997-2009 | - Chairman of the University Council, Asian University of Science and Technology (AUST) |
| | | | | | <i>Current Positions</i> |
| | | | | 1989-Present | - Chairman, Eastern Star Real Estate PCL |
| | | | | 1990-Present | - Chairman, Chiang Mai Night Bazaar Co., Ltd. |
| | | | | 1990-Present | - Chairman, Cambridge Thai Foundation |
| | | | | 1993-Present | - Member of Advisory Board, American International Group Inc. |
| | | | | 1995-Present | - Chairman of the Board of Trustees, Mekong Region Law Center |
| | | | | 1996-Present | - UNICEF ambassador in Thailand |
| | | | | 1996-Present | - Chairman of International Advisory Board, The Carlos P. Romulo Foundation |
| | | | | 1999-Present | - Honorary International Advisor, The Governors of Dulwich College, London, UK |
| | | | | 2000-Present | - Member of the Advisory Council of Transparency International. |
| | | | | 2003-Present | - Trustee, U Thant Institute |
| | | | | 2006-Present | - Consultant, Chevron Asia South Co., Ltd. |
| | | | | 2008-Present | - Director, Siam Commercial Foundation |
| | | | | 2009-Present | - Chairman, Green Globe Institute |
| He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups. | | | | | |
| 2. Mr. Vichit Suraphongchai - Director - Chairman of the Executive Committee - Member of the Corporate Social Responsibility Committee | 65 | - BSc (Engineering), Chulalongkorn University - MSc (Engineering), University of California, Berkeley, USA - MBA (Management), Graduate School of Management, UCLA, USA - PhD, Graduate School of Management, UCLA, USA - Role of the Chairman, Thai Institute of Directors Association (IOD) | - | | |
| | | | | | <i>Past Positions</i> |
| | | | | 2004-2006 | - Advisor, Nok Airlines Co., Ltd. |
| | | | | 2007-2009 | - Independent Director, Thai Airways PCL |
| | | | | | <i>Current Positions</i> |
| | | | | 1997-Present | - Advisor, The Bureau of the Crown Property |
| | | | | 1999-Present | - Director, Kempinski AG |
| | | | | 2004-Present | - Board of The Public Policy Development Office (PPDO) |
| | | | | 2006-Present | - Committee, The Tio Chew Association of Thailand |
| | | | | 2006-Present | - Deputy Director, Peiing School Board |
| | | | | 2006-Present | - Director, The Mahidol University Council |
| | | | | 2006-Present | - Director, CPB Equity Co., Ltd. |
| | | | | 2008-Present | - Director, Siam Commercial Foundation |
| | | | | 2009-Present | - Chairman, Nok Airlines Co., Ltd. |
| | | | | 2009-Present | - The Commission for the Judicial Service |
| | | | | 2009-Present | - Chairman, Excel Biotech Co., Ltd. |
| He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups. | | | | | |
| 3. Mr. Maris Samaram - Independent Director - Chairman of the Audit Committee | 68 | - BSBA, Major in Accounting, University of the East, Philippines - Program for Management Development, Harvard Business School, USA - Director Certification Program, Thai Institute of Directors Association (IOD) - Audit Committee Program, Thai Institute of Directors Association (IOD) - Monitoring the System of Internal Control and Risk Management, Thai Institute of Directors Association (IOD) - Monitoring the Internal Audit Function, Thai Institute of Directors Association (IOD) - Monitoring the Quality of Financial Reporting, Thai Institute of Directors Association (IOD) - DCP Refresher Course, Thai Institute of Directors Association (IOD) | - | | |
| | | | | | <i>Past Positions</i> |
| | | | | 2004-2010 | - Director and Member of the Audit Committee, Sub Sri Thai Warehouse PCL |
| | | | | | <i>Current Positions</i> |
| | | | | 1988-Present | - Executive Committee Member, The Harvard Club of Thailand |
| | | | | 2003-Present | - Independent Director, Member of the Audit Committee, and Member of the Corporate Governance and Nomination Committee, TATA Steel (Thailand) PCL |
| | | | | 2004-Present | - Director, Marsh PB Co., Ltd. |
| | | | | 2005-Present | - Director, PAC (Siam) Co., Ltd. |
| | | | | 2006-Present | - Chairman of the Audit Committee and Member of Executive Committee, Asian Institute of Technology (AIT) |
| | | | | 2008-Present | - Director and Member of the Audit Committee, Indorama Polymers PCL |
| | | | | 2010-Present | - Director and Member of the Audit Committee, Indorama Ventures PCL |
| He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups. | | | | | |

Information of the Management and Controller of the Bank as of 31 December 2010

| Name/ Position | Age (yrs) | Education/ Training Program | % of Total Share | Period | Experiences in the past 5 years Positions / Company |
|--|-----------|--|------------------|--------|---|
| 4. Mr. Chirayu Isarangkun Na Ayuthaya | 68 | - BSc (Economics) (Hons.), London School of Economics, University of London, UK - PhD (Economics), Australian National University, Australia - Role of the Chairman, Thai Institute of Directors Association (IOD) | - | | <i>Past Positions</i> 2004-2008 - Chairman, Nok Airlines Co., Ltd. <i>Current Positions</i> 1987-Present - Grand Chamberlain, Bureau of the Royal Household 1987-Present - Director-General, The Crown Property Bureau 1987-Present - Chairman, Deves Insurance PCL 1988-Present - Treasurer, Foundation for Promotion of Supplementary Occupations and Related Techniques of Her Majesty Queen Sirikit 1989-Present - Director, Navuti Co., Ltd. 1990-Present - Director, Phra Dabos Foundation 1991-Present - Secretary General, Queen Sirikit Park Foundation 1992-Present - Secretary General, Royal Project Foundation 1992-Present - Secretary General, Sai Jai Thai Foundation 1998-Present - Director, Chaipattana Foundation 1999-Present - Chairman, Baanboun Vetchakij Co., Ltd. 2001-Present - Director, Siriraj Foundation 2002-Present - Director, Isarangkun Foundation 2006-Present - Chairman, CPB Equity Co., Ltd. 2007-Present - Chairman, Siam Cement PCL 2008-Present - Director, Siam Commercial Foundation |
| - Director | | | | | |
| - Chairman of the Corporate Social Responsibility Committee | | | | | |
| He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups. | | | | | |
| 5. Mr. Chumpol NaLamlieng | 63 | - BSc (Mechanical Engineering), The University of Washington, USA - MBA, Harvard Business School, USA - Role of the Chairman, Thai Institute of Directors Association (IOD) | - | | <i>Past Positions</i> 1990-2009 - Director, Garden River Co., Ltd. 2005-2009 - Director, The British Airways PCL <i>Current Positions</i> 1989-Present - Director, Navuti Co., Ltd. 1990-Present - Director, Supapruk Co., Ltd. 1995-Present - Director, Dole (Thailand) Co., Ltd. 2004-Present - Chairman, Singapore Telecommunications Ltd. 2006-Present - Director and Chairman of Remuneration Committee, Siam Cement PCL 2008-Present - Director, Lum Luk Ka Golf and Country Club Co., Ltd. 2009-Present - Director, Siam Sindthorn Co., Ltd. |
| - Independent Director | | | | | |
| - Chairman of the Nomination, Compensation, and Corporate Governance Committee | | | | | |
| He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups. | | | | | |
| 6. Khunying Jada Wattanasiritham | 65 | - BA (Natural Sciences and Economics), Cambridge University, UK - MA (Natural Sciences and Economics), Cambridge University, UK - MA (Economic Development), Williams College, USA - Role of the Chairman, Thai Institute of Directors Association (IOD) - Director Certification Program, Thai Institute of Directors Association (IOD) - Audit Committee Program, Thai Institute of Directors Association (IOD) - Monitoring the Quality of Financial Report, Thai Institute of Directors Association (IOD) - Monitoring the Internal Audit Function, Thai Institute of Directors Association (IOD) | - | | <i>Past Positions</i> 1999-2007 - President, The Siam Commercial Bank PCL 2006-2008 - Member, The National Legislative Assembly 2007-2008 - Chairman, Settrade.com Co., Ltd. 2006-2010 - Director and Chairman of the Audit Committee, The Stock Exchange of Thailand 2006-2010 - Director, The Stock Exchange of Thailand Foundation 2007-2010 - Director and Chairman of the Audit Committee, PTT PCL <i>Current Positions</i> 1992-Present - Independent Director, Siam Piwat Co., Ltd. 2002-Present - Chairman, Books for Thailand Foundation 2003-Present - Chairman, Thailand Business Coalition on AIDS 2003-Present - Director and Chairman of the Finance Committee, The Kenan Institute Asia 2006-Present - Director, Siam Piwat Holding Co., Ltd. 2006-Present - Board of Trustee, Executive Director, and Member of the Audit Committee, Asian Institute of Technology (AIT) 2006-Present - Vice Chairman, Ramathibodi Foundation 2006-Present - Honorary Director and Chairman of the Investment Policy Committee, Srinakharinwirot University Council 2007-Present - Chairman, Siam Commercial New York Life Insurance PCL 2007-Present - Vice Chairman, Thai Institute of Directors Association (IOD) |
| - Independent Director | | | | | |
| - Member of the Executive Committee | | | | | |
| - Member of the Corporate Social Responsibility Committee | | | | | |

Information of the Management and Controller of the Bank as of 31 December 2010

| Name/ Position | Age (yrs) | Education/ Training Program | % of Total Share | Period | Experiences in the past 5 years Positions / Company |
|--|-----------|--|------------------|--------------|--|
| 6. Khunying Jada Wattanasiritham (con't) | | | | 2007-Present | - Director, Raj Pracha Samasai Foundation under the Royal Patronage of H.M. the King |
| | | | | 2007-Present | - Advisory Council, Sasin Graduate Institute of Business Administration of Chulalongkorn University |
| | | | | 2008-Present | - Independent Director, Minor International PCL |
| | | | | 2008-Present | - Director, Rajini Foundation |
| | | | | 2008-Present | - Director, Siam Commercial Foundation |
| | | | | 2009-Present | - Chairman, Siam Commercial Samaggi Insurance PCL |
| | | | | 2009-Present | - Chairman, Thai Asset Management Corporation |
| | | | | 2009-Present | - Director, Sordetch Phra Mahitala Dhibesra Adulyadej Vikrom the Prince Father Foundation |
| | | | | 2010-Present | - Director, Patumvanarak Foundation |
| | | | | 2010-Present | - Chairman, the Disciplinary Committee for the directors and executive officers of the securities issuer, Securities and Exchange Commission |
| She does not hold any current position as chairman, or exective director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups. | | | | | |
| 7. Mr. Sumate Tanthuanit | 64 | - BSc (2nd Hons.) degree in Electrical Engineering, Chulalongkorn University | 0.00% | | <i>Past Positions</i> |
| - Independent Director | | - MSc in Management Engineering, the Asian Institute of Technology | | 2006-2008 | - Member, The National Legislative Assembly |
| - Member of the Audit Committee | | - Director Certification Program, Thai Institute of Directors Association (IOD) | | | - Director, Radanasin Bank PCL |
| | | - Monitoring the Internal Audit Function, Thai Institute of Directors Association (IOD) | | | - Director, Bangkok-Thonburi Insurance Co., Ltd. |
| | | - Monitoring the Quality of Financial Report, Thai Institute of Directors Association (IOD) | | | <i>Current Positions</i> |
| | | - Monitoring the System of Internal Control and Risk Management, Thai Institute of Directors Association (IOD) | | 1980-Present | - President, Regional Container Lines PCL |
| | | - DCP Refresher Course, Thai Institute of Directors Association (IOD) | | 1982-Present | - Director, Panjaphum Co., Ltd. |
| | | | | 1985-Present | - Director, Ngow Hock Co., Ltd. |
| | | | | 1985-Present | - Director, Ngow Hock Agency Co., Ltd. |
| | | | | 1985-Present | - Director, Bangkok Terminal Services Co., Ltd. |
| | | | | 1988-Present | - Managing Director, Sintanachote Co., Ltd. |
| | | | | 1989-Present | - Managing Director, Thai Prosperity Terminal Co., Ltd. |
| | | | | 1989-Present | - Director, TIPS Co., Ltd. |
| | | | | 1990-Present | - Chairman of the Executive Committee, NH Prosperity Co., Ltd. |
| | | | | 1995-Present | - Director, Panjamitr Holding Co., Ltd. |
| | | | | 1996-Present | - Director, One Two Seven Co., Ltd. |
| | | | | 2001-Present | - Director, RCL Logistics Co., Ltd. |
| | | | | | - Director, Thai India Corporation Limited |
| | | | | | - Director, N.Y.K. Songkhla Co., Ltd. |
| | | | | | - Director, Hapag-Lloyd (Thailand) Co., Ltd. |
| | | | | | - Director, N. Capital Co., Ltd. |
| | | | | | - Director, Asian Bulk Shipping Co., Ltd. |
| | | | | | - Director, I.C.D. Suranaree Co., Ltd. |
| | | | | | - Director, Burabha Logistics Service Co., Ltd. |
| | | | | | - Director, Eastern Contrans Co., Ltd. |
| | | | | | - Director, NH Logistics Co., Ltd. |
| | | | | | - Director, Phuket Ngow Hock Co., Ltd. |
| | | | | | - Director, Songkhla Ngow Hock Co., Ltd. |
| | | | | | - Director, Songkhla Container Co., Ltd. |
| | | | | | - Director, Songkhla Shipping Agency Co., Ltd. |
| | | | | | - Director, Land Venture Co., Ltd. |
| | | | | | - Director, SMPL Syndicate Co., Ltd. |
| | | | | | - Director, BTS Customs Service Co., Ltd. |
| | | | | | - Director, N.M. Land Co., Ltd. |
| | | | | | - Director, Mahachai Logistics Center Co., Ltd. |
| | | | | | - Director, Prapradang Holding Co., Ltd. |
| | | | | | - Director, Behn Myer & Co (Thailand) Co., Ltd. |
| | | | | | - Director, Siam Offshore Co., Ltd. |
| | | | | | - Director, Jittin Tanthuanit Foundation |
| He does not hold any current position as chairman, or exective director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups. | | | | | |

Information of the Management and Controller of the Bank as of 31 December 2010

| Name/ Position | Age (yrs) | Education/ Training Program | % of Total Share | Period | Experiences in the past 5 years Positions / Company |
|---|-----------|---|------------------|--------|--|
| 8. Mrs. Kulpatra Sirodom - Independent Director - Member of the Audit Committee | 54 | - BBA (1 st Honors) (Finance), Thammasat University - MBA (Finance), West Virginia University, USA - PhD (Finance), University of Pittsburgh, USA - Director Certification Program, Thai Institute of Directors Association (IOD) - Audit Committee Program, Thai Institute of Directors Association (IOD) | - | | <i>Past Positions</i> 2004-2009 - Director, The Agricultural Futures Exchange of Thailand 2006-2009 - Advisor to the Risk Management Committee, Government Housing Bank 2006-2009 - Advisor, Investment Banking Division, Thanachart Securities PCL 2009-2010 - Head of the Department of Finance, Faculty of Commerce and Accountancy, Thammasat University <i>Current Positions</i> 1994-Present - Independent Director and Chairman of the Audit Committee, Thai President Food PCL 2002-Present - Independent Director and Member of the Audit Committee, President Bakery PCL 2006-Present - Director, HRH Prince Pijitjirapa Tevakul Foundation 2006-Present - Member of Operation Committee, The Professor Sangvian Indaravijaya Foundation 2006-Present - Director of the Managerial Accounting Sub-committee, The Federation of Accounting Professions 2009-Present - Dean, Faculty of Commerce and Accountancy, Thammasat University 2010-Present - Independent Director, Thai Wacoal PCL |
| She does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups. | | | | | |
| 9. M.R. Disnadda Diskul - Director - Member of the Corporate Social Responsibility Committee | 71 | - BSc (Business Administration), Indiana University (Bloomington), USA - Role of the Chairman, Thai Institute of Directors Association (IOD) | - | | <i>Past Positions</i> 1997-2006 - Director, The Crown Property Bureau 2002-2006 - Advisor to Prime Minister, Office of the Prime Minister 2004-2006 - Board Member, Office of Knowledge Management and Development (Public Organization) 2006-2006 - Director, Thailand Center of Excellence for Life Sciences <i>Current Positions</i> 1985-Present - Director, Volunteer Doctors Foundation of HRH the Princess Mother 1988-Present - Director-General, Doi Tung Development Project 1989-Present - Director, Navuti Co., Ltd. 1992-Present - Director, Prosthesis Foundation of HRH the Princess Mother 1994-Present - Director and Secretary-General, The Mae Fah Luang Foundation under Royal Patronage 1995-Present - Director, Breast Foundation under the Patronage of HRH the Princess Mother 2002-Present - Director, Elephant Reintroduction Foundation 2007-Present - Director, Siam Commercial Foundation 2009-Present - Director, Japan- American Institute of Management Science (Hawaii, USA) 2010-Present - Chairman, Royal Innovation Institute 2010-Present - Director and Secretary-General, Royal Innovation Foundation |
| He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups. | | | | | |
| 10. Mr. Vicham Panich - Independent Director - Member of the Corporate Social Responsibility Committee | 68 | - MD, Faculty of Medicine, Siriraj University - Master's Degree in Human Genetics from the University of Michigan, USA - Director Accreditation Program, Thai Institute of Directors Association (IOD) - Understanding the Fundamental of Financial Statements, Thai Institute of Directors Association (IOD) - Financial Statement for Director, Thai Institute of Directors Association (IOD) - Director Certification Program, Thai Institute of Directors Association (IOD) - Role of the Chairman, Thai Institute of Directors Association (IOD) | - | | <i>Past Positions</i> 2003 - 2007 - Director, The Knowledge Management Institute (KMI) <i>Current Positions</i> 1994-Present - Member of the University Council, Walailak University 1995-Present - Director, Sodsri-Sardiwongsa Foundation 1995-Present - Director, The Medical Division of the Anandamahidol Foundation 1997-Present - Advisor, Thai Academy of Science and Technology 1999-Present - Director, National Health Foundation 1999-Present - Director, Withithat Foundation 2002-Present - Director, Prince Mahidol Award Foundation under Royal Patronage 2002-Present - Director, Foundation for the Promotion of Science and Technology under the Patronage of H.M. the King 2003-Present - Chairman, Foundation for Regional Empowerment Education 2006-Present - Member of the University Council, Prince of Songkla University 2006-Present - Chairman, The Mahidol University Foundation 2006-Present - Chairman, The Mahidol University Council 2007-Present - Chairman, The Knowledge Management Institute (KMI) Foundation 2007-Present - Vice Chairman, Arsomsilp Institute 2008-Present - Chairman, The Higher Education Commission 2008-Present - Director, Siam Commercial Foundation 2009-Present - Member of the University Council, Chiang Mai University 2010-Present - Chairman of the Executive Committee, The Healthcare Accreditation Institute (Public Organization) |
| He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups. | | | | | |

Information of the Management and Controller of the Bank as of 31 December 2010

| Name/ Position | Age (yrs) | Education/ Training Program | % of Total Share | Period | Experiences in the past 5 years Positions / Company |
|---|-----------|---|------------------|--------|---|
| 11. Mr. John William Hancock - Independent Director - Member of the Nomination, Compensation, and Corporate Governance Committee | 64 | - LLB, University of Adelaide, South Australia, Australia - Role of the Chairman, Thai Institute of Directors Association (IOD) - Director Certification Program, Thai Institute of Directors Association (IOD) - Finance for Non-Finance Director, Thai Institute of Directors Association (IOD) - Board Assessment Program, Thai Institute of Directors Association (IOD) - Chartered Director, Thai Institute of Directors Association (IOD) | 0.00% | | <i>Past Positions</i> 2004-2006 - Director, Electricity Generating PCL 2004-2009 - Independent Director, Chairman of the Nomination, Compensation, and Corporate Governance Committee, Indorama Polymers PCL <i>Current Positions</i> 1974-Present - Director, J.S. Business Services Ltd. 1983-Present - Chairman, John W. Hancock & Associates Ltd. 1994-Present - Independent Director, Chairman of the Nomination and Corporate Governance Committee, Sermasuk PCL 2005-Present - Advisor and Chairman of the Investment Policy Sub-Committee, Board of Trade of Thailand. 2006-Present - Director, School of Management, Asian Institute of Technology (AIT) 2007-Present - Director, C.I.T. Property Consultants Co., Ltd. 2007-Present - Board, Australian Studies Centre (ASC), Thammasat University 2010-Present - Member of Executive Committee, Asian Institute of Technology (AIT) |
| He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups. | | | | | |
| 12. Miss Supa Piyajitti - Director - Member of the Nomination, Compensation, and Corporate Governance Committee | 56 | - BBA, Thammasat University - LLB, Thammasat University - Master's degree in Public Administration, The National Institute of Development Administration (NIDA) - Mini MBA, The Ministry of Finance, Class 20, Thammasat University - Director Certification Program, Thai Institute of Directors Association (IOD) - DCP Refresher Course, Thai Institute of Directors Association (IOD) - The National Defence Course, National Defence College - High Certificate In Judicial Processes for Senior Executive, National Justice Academy, Judicial Training Institute, Office of Judicially | - | | <i>Past Positions</i> 2004-2006 - Chief Inspector General, The Ministry of Finance 2006-2009 - Vice Chairman, The Financial Institutions Development Fund 2006-2009 - Director, The Agricultural Futures Trading Commission 2009-2010 - Director General, The State Enterprise Policy Office, The Ministry of Finance <i>Current Positions</i> 2008-Present - Chairman, National Credit Bureau Co., Ltd. 2010-Present - Deputy Permanent Secretary, The Ministry of Finance 2010-Present - Director, Bangchak Petroleum PCL |
| She does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups. | | | | | |
| 13. Mr. Robert Ralph Parks - Independent Director - Member of the Nomination, Compensation, and Corporate Governance Committee | 66 | - BA, Rice University, USA - MBA, Columbia University Graduate School of Business, USA | - | | <i>Past Positions</i> 2001-2006 - Asia Chairman, JPMorgan Chase <i>Current Positions</i> 1995-Present - Director, Pear Tree Point School 2007-Present - Chairman, Oaktree Capital (Hong Kong) Ltd. 2007-Present - Director, Northshore Power Systems 2008-Present - Director, LT Technology Holding Ltd. 2009-Present - Chairman and Director, Sinnomedical Ltd. 2010-Present - Advisor, Ambow Education Holding Ltd. |
| He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups. | | | | | |
| 14. Mrs. Kannikar Chalitaporn - President - Member of the Executive Committee - Member of the Corporate Social Responsibility Committee | 63 | - Bachelor Degree (Business), University of Colorado, USA - Advanced Management Programme (AMP), Harvard University, USA - Role of the Chairman, Thai Institute of Directors Association (IOD) | 0.00% | | <i>Past Positions</i> 2003-2007 - Director and SEVP, Retails Group, Siam Commercial Bank PCL. 2005-2007 - Director and Member of the Audit Committee, Sermasuk PCL 2005-2007 - Chairman of the Board and Chairman of the Executive Committee, Siam Commercial New York Life Insurance PCL 2006-2007 - Director, Siam Commercial Leasing PCL <i>Current Positions</i> 2003-Present - Advisory Director, MasterCard International (Asia Pacific Region) 2007-Present - Advisory Council, Sasin Graduate Institute of Business Administration of Chulalongkorn University 2008-Present - Director, Siam Commercial Foundation 2009-Present - Director, Mrigadayavan Palace Foundation |
| She does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups. | | | | | |

Information of the Management and Controller of the Bank as of 31 December 2010

| Name/ Position | Age (yrs) | Education/ Training Program | % of Total Share | Period | Experiences in the past 5 years Positions / Company |
|--|--------------|--|------------------|--------|--|
| 15. Mr. Bodin Asavanich - Director - Member of the Executive Committee - SEVP and Group General Counsel | 66 | - LLB, Thammasat University - Thai Bar Association - Master of Comparative Jurisprudence, New York University, USA - Master of Law, New York University, USA - Stanford Executive Program, Stanford University, USA | 0.00% | | <i>Past Positions</i> 2001-2006 - Managing Director, Cementhai Legal Counsel Ltd. 2005-2006 - Manager of the Legal Division and Group General Counsel, Siam Cement PCL 2006-2008 - Member, The National Legislative Assembly <i>Current Positions</i> 2001-Present - Director, SCG Legal Counsel Limited 2006-Present - Senior Vice Chairman, The Federation of Thai Industries 2009-Present - Trustee, Sirindhorn International Institute of Technology 2010-Present - Director and Member of Nomination and Corporate Governance Committee, Shin Corporation PCL |
| He does not hold any current position as chairman, or executive director, or authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups. | | | | | |
| 16. Mr. Deepak Sarup - Senior Executive Vice President, Chief Financial Officer and Change Program | 55 | - BA (Commerce)(Hons.) Delhi University - Diploma in Accounting (with distinction), University of Westminster England - Fellow, Institute of Chartered Accountants in England of Wales (FCA) - Fellow, The Wharton School, University of Pennsylvania USA - Certified Information Systems Auditors (CISA) | - | | <i>Past Positions</i> 2003-2008 - Senior Executive Vice President, Change Program and Chief Information Officer, Siam Commercial Bank PCL |
| 17. Mr. Sirichai Sombutsiri - Senior Executive Vice President, Group Head, Business Banking Group | 57 | - Bachelor's degree (Hons.) in Accounting from Thammasat University - MBA in Finance from the University of Southern California (USA) - Advance Management Program (AMP) Harvard University (USA) - Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD) | - | | <i>Past Positions</i> 2004-2006 - Senior Executive Vice President, Group Head, Corporate Banking Group, Siam Commercial Bank PCL 2006-2008 - Senior Executive Vice President, Group Head, Business Banking Group, Siam Commercial Bank PCL 2008-2008 - Senior Executive Vice President, Group Head, Corporate Banking Group, Siam Commercial Bank PCL 2008-2009 - Senior Executive Vice President, Group Head, Corporate Banking Group 1, Siam Commercial Bank PCL |
| 18. Mr. Yokporn Tantisawatrat - Senior Executive Vice President, Chief Risk Officer, Risk Management Group | 55 | - Bachelor's in Economics from Chulalongkorn University - Master's degree in Economics from Thammasat University - Director Accreditation Program (DAP), Thai Institute of Directors Association (IOD) - Advanced Bank Management Program, Wharton University - Advanced Management Program, Harvard Business School | 0.00% | | <i>Past Positions</i> 2003-2006 - Executive Vice President, Chief Risk Officer, Risk Management Group, Siam Commercial Bank PCL 2006-2007 - Senior Executive Vice President, Chief Risk Officer, Risk Management Group, Siam Commercial Bank PCL 2007-2007 - Senior Executive Vice President, Chief Financial Officer, Finance Group, Siam Commercial Bank PCL |
| 19. Mr. Na Bhengphasang Krishnamra * - Senior Executive Vice President, Division Head, Sales and Service Division | 64 | - BA (Engineer), University of Pennsylvania (USA) - Master of Science F290 (Engineer), University of Pennsylvania (USA) - Director Certification Program (DCP), Thai Institute of Directors Association (IOD) | 0.00% | | <i>Past Positions</i> 2003-2007 - Executive Vice President, Division Head, Sales and Service Division, Siam Commercial Bank PCL |
| 20. Mr. Yol Phokasub - Senior Executive Vice President, Group Head, Retail Banking Group | 49 | - Bachelor's degree (Hons.) in Computer Science and Software Engineering from Imperial College, University of London | 0.00% | | <i>Past Positions</i> 2002-2006 - Managing Director, Unilever Foods 2006-2007 - Chief Operating Officer and Board member of Dutchmill Group |
| 21. Mr. Arthid Nanthawithaya - Senior Executive Vice President, Group Head, Wholesale Banking Group | 43 | - Bachelor's degree in Economics from Chulalongkorn University - MBA in Finance from Sasin Graduate Institute of Business Administration | - | | <i>Past Positions</i> 2001-2006 - Managing Director, Capital Market Thailand, Standard Charter Bank 2006-2008 - Managing Director, Regional Head of Capital Markets, South East Asia, Standard Charter Bank 2008-2009 - Senior Executive Vice President, Group Head, Corporate Banking Group 2, Siam Commercial Bank PCL 2009-2010 - Senior Executive Vice President, Group Head, Corporate Banking Group 2 and GMTS Group, Siam Commercial Bank PCL |

Information of the Management and Controller of the Bank as of 31 December 2010

| Name/ Position | Age (yrs) | Education/ Training Program | % of Total Share | Period | Experiences in the past 5 years Positions / Company |
|---|--------------|---|------------------|-------------------------------------|---|
| 22. Mr. Manoon Sunkunakorn - Senior Executive Vice President, Group Head, Human Resources Group | 59 | - Bachelor of Laws (2 nd Class Honors), Chulalongkorn University - Barrister-at-Law, Thai Bar Association - Management Development Program, The Wharton School, University of Pennsylvania - Advance Management Program, Harvard Business School - Innovation Leadership Program, SCB & INSEAD | - | 1999-2010 | <i>Past Positions</i> - Corporate Human Resource Director, Siam Cement Group PCL |
| 23. Mr. Sarunthorn Chutima - Senior Executive Vice President, Group Head, Special Assets Group | 52 | - Bachelor of Accounting, Chulalongkorn University - MBA, Ohio University, USA | 0.00% | 2003-2008 2008-2009 2009-2010 | <i>Past Positions</i> - Executive Vice President, Division Head, Corporate Banking Division 1, Siam Commercial Bank PCL - First Executive Vice President, Division Head, Strategic Clients Division 1, Siam Commercial Bank PCL - First Executive Vice President, Group Head, Special Situations Group, Siam Commercial Bank PCL |
| 24. Mr. Krieng Wongnongtaey - Executive Vice President, Division Head, Financial Reporting & Controls Division | 45 | - Bachelor's in Accounting from Thammasat University - Master's degree in Accounting from Thammasat University - Certified Public Accountant (Thailand) | - | 2003-2008 | <i>Past Positions</i> - Senior Vice President, Division Head, Financial Reporting & Controls Division, Siam Commercial Bank PCL |

Remark: Khun Na Bhengbhasang Krishnamra is a cousin of Khunying Jada Wattanasiritham

Board member positions at subsidiary & associated and related companies (Reported under the Securities and Exchanges Act section 258)

| Name List | | | | | | | | | | | | | | |
|--------------------------------------|---|--------------------|-------------------------------|---|--------------------|-----------------------|--------------------------------|--------------------------|-----------------------------|-----------------------------|----------------------------------|--------------------------------|--------------------------------|--|
| | The Cambodian Commercial Bank Co., Ltd. | SCB Plus Co., Ltd. | SCB Training Center Co., Ltd. | Rutclaykothin Assets Management Co., Ltd. | Marlison Co., Ltd. | Siam Phivat Co., Ltd. | SCB Asset Management Co., Ltd. | SCB Securities Co., Ltd. | Siam Commercial Leasing PCL | Siam Commercial Leasing PCL | Chaituchak Samaggi Insurance PCL | SCB Capital Services Co., Ltd. | Siam Niji Law Office Co., Ltd. | |
| List of Director's name | | | | | | | | | | | | | | |
| 1 Mr. Anand Panyarachun | | | | | | | | | | | | | | |
| 2 Dr. Vichit Suraphongchai | | | | | | | | | | | | | | |
| 3 Mr. Maris Samaram | | | | | | | | | | | | | | |
| 4 Dr. Chirayu Isarangkul Na Ayuthaya | | | | | | | | | | | | | | |
| 5 Mr. John William Hancock | | | | | | | | | | | | | | |
| 6 Mr. Chumpol NaLamlieng | | | | | | | | | | | | | | |
| 7 Khunying Jada Wattanasiritham | | | | | | | | | x | | | | | |
| 8 Mr. Sumate Tanthuwani | | | | | | | | | | | | | | |
| 9 Assoc. Prof. Dr. Kulpatra Sirodom | | | | | | | | | | | | | | |
| 10 Mom Rajawongse Disnadda Diskul | | | | | | | | | | | | | | |
| 11 Prof. Vicharn Panich, M.D. | | | | | | | | | | | | | | |
| 12 Ms. Supa Piyajitti | | | | | | | | | | | | | | |
| 13 Mr. Ralph Parks | | | | | | | | | | | | | | |
| 14 Mrs. Kannikar Chalitaporn | | | | | | | | | | | | | | |
| 15 Mr. Bodin Asavanich | | | | | | | | | | | | | | |
| 16 Mr. Deepak Sarup | | | | | | | | | | | | | | |
| 17 Mr. Sirichai Sombutsiri | | | | | | | | | | | | | | |
| 18 Mr. Yokporn Tantisawetrat | | | | | | | | x | | | | | | |
| 19 Mr. Na Bhengbhasang Krishnamra | x | | | | | x | | | | | | | | |
| 20 Mr. Yol Phokasub | | | | | | | x | | | | | | | |
| 21 Mr. Arthid Nanthawithaya | | | | | | | | // | | | | | | |
| 22 Mr. Manoon Sunkunakorn | | | x | | | | | | | | | | | |
| 23 Mr. Sarunthorn Chutima | | | | x | | | | | | / | / | | | |
| 24 Mr. Krieng Wongnongtaey | | // | // | // | | | | | | | | | | |

Remark : x = Chairman
// = Director
/= Liquidator

Board member positions at subsidiary & associated and related companies (Reported under the Securities and Exchanges Act section 258)

| Name List | | List of Director's name | | | | | | |
|-----------|------------------------------------|-------------------------|----------------------|--|---|-----------------|--------------------------------|----------------|
| | | SICCO Advisory Co.,Ltd. | SICCO Securities PCL | SSEC Asset Management Securities Company Limited | Siam Commercial New York Life Insurance PCL | SCB Leasing PCL | The Siam Industrial Credit PCL | Vina Siam Bank |
| 1 | Mr. Anand Panyarachun | | | | | | | |
| 2 | Dr. Vichit Suraphongchai | | | | | | | |
| 3 | Mr. Maris Samaram | | | | | | | |
| 4 | Dr. Chirayu Isarangkul Na Ayuthaya | | | | | | | |
| 5 | Mr. John William Hancock | | | | | | | |
| 6 | Mr. Chumpol NaLamlieng | | | | | | | |
| 7 | Khunying Jada Wattanasiritham | | | | x | | | |
| 8 | Mr. Sumate Tanthuwani | | | | | | | |
| 9 | Assoc. Prof. Dr. Kulpatra Sirodom | | | | | | | |
| 10 | Mom Rajawongse Disnadda Diskul | | | | | | | |
| 11 | Prof. Vicharn Panich, M.D. | | | | | | | |
| 12 | Ms. Supa Piyajitti | | | | | | | |
| 13 | Mr. Ralph Parks | | | | | | | |
| 14 | Mrs. Kannikar Chalitaporn | | | | | | | |
| 15 | Mr. Bodin Asavanich | | | | | | | |
| 16 | Mr. Deepak Sarup ⁽¹⁾ | | | | | | | |
| 17 | Mr. Sirichai Sombutsiri | | | | | | | |
| 18 | Mr. Yokporn Tantisawetrat | | | | | | | |
| 19 | Mr. Na Bhengbhasang Krishnamra | | | | | | | |
| 20 | Mr. Yol Phokasub | | | | // | | | // |
| 21 | Mr. Arthid Nanthawithaya | | | | // | | | // |
| 22 | Mr. Manoon Sunkunakorn | | | | | | | |
| 23 | Mr. Sarunthorn Chutima | | | | | | | |
| 24 | Mr. Krieng Wongnongtaey | | | | | // | | |

Remark : x = Chairman

// = Director

/ = Liquidator

(1) Khun Deepak Sarup was appointed to be the Board of Directors of SCNYL on March 22, 2011, the date of which the changes in Board of Directors were registered with the Ministry of Commerce.

Board member positions at subsidiary & associated and related companies (Reported under the Securities and Exchanges Act section 258)

| Name List | | SICCO Special Purpose Vehicle 2 Co.,Ltd. | SICCO Special Purpose Vehicle 3 Co.,Ltd. | Siam Panich SPV 1 Co.,Ltd. | Phoenix Land Development Co.,Ltd. | Phoenix Golf and Country Club Pattaya Co.,Ltd. | Siam Sat Network Co.,Ltd. | Siam Technology Service Co., Ltd. | Siam Media and Communication Co., Ltd. | WTA(Thailand) Co., Ltd. | SG Star Properties Limited | Nippon Koa Insurance Service(Thailand) Co.,Ltd. | National ITX Co., Ltd. | Siam Cement Myanmar Trading Ltd. | Thai U.S. Leather Co., Ltd. | Navur Co., Ltd. | Thai Obayasi Corporation Co., Ltd. | Nanachart Traders Consolidation Limited | Premas (Thailand) Co.,Ltd. |
|-------------------------|------------------------------------|--|--|----------------------------|-----------------------------------|--|---------------------------|-----------------------------------|--|-------------------------|----------------------------|---|------------------------|----------------------------------|-----------------------------|-----------------|------------------------------------|---|----------------------------|
| List of Director's name | | | | | | | | | | | | | | | | | | | |
| 1 | Mr. Anand Panyarachun | | | | | | | | | | | | | | | | | | |
| 2 | Dr. Vichit Suraphongchai | | | | | | | | | | | | | | | | | | |
| 3 | Mr. Maris Samaram | | | | | | | | | | | | | | | | | | |
| 4 | Dr. Chirayu Isarangkul Na Ayuthaya | | | | | | | | | | | | | | | | | | |
| 5 | Mr. John William Hancock | | | | | | | | | | | | | | | | | | |
| 6 | Mr. Chumpol NaLamlieng | | | | | | | | | | | | | | | | | | |
| 7 | Khunying Jada Wattanasiritham | | | | | | | | | | | | | | | | | | |
| 8 | Mr. Sumate Tanthuwani | | | | | | | | | | | | | | | | | | |
| 9 | Assoc. Prof. Dr. Kulpatra Sirodom | | | | | | | | | | | | | | | | | | |
| 10 | Mom Rajawongse Disnadda Diskul | | | | | | | | | | | | | | | | | | |
| 11 | Prof. Vicharn Panich, M.D. | | | | | | | | | | | | | | | | | | |
| 12 | Ms. Supa Piyajitti | | | | | | | | | | | | | | | | | | |
| 13 | Mr. Ralph Parks | | | | | | | | | | | | | | | | | | |
| 14 | Mrs. Kannikar Chalitaporn | | | | | | | | | | | | | | | | | | |
| 15 | Mr. Bodin Asavanich | | | | | | | | | | | | | | | | | | |
| 16 | Mr. Deepak Sarup | | | | | | | | | | | | | | | | | | |
| 17 | Mr. Sirichai Sombutsiri | | | | | | | | | | | | | | | | | | |
| 18 | Mr. Yokporn Tantisawetrat | | | | | | | | | | | | | | | | | | |
| 19 | Mr. Na Bhengbhasang Krishnamra | | | | | | | | | | | | | | | | | | |
| 20 | Mr. Yol Phokasub | | | | | | | | | | | | | | | | | | |
| 21 | Mr. Arthid Nanthawithaya | | | | | | | | | | | | | | | | | | |
| 22 | Mr. Manoon Sunkunakorn | | | | | | | | | | | | | | | | | | |
| 23 | Mr. Sarunthorn Chutima | | | | | | | | | | | | | | | | | | // |
| 24 | Mr. Krieng Wongnongtaey | | | | | | | | | | | | | | | | | | |

Remark : x = Chairman
// = Director
/ = Liquidator

List of Subsidiary Company Directors

| Company Name List | | List of Director's name | | | | | | | | | | | | | |
|-------------------|--------------------------------|---|--------------------|-------------------------------|--|--------------------|-----------------------|--------------------------------|--------------------------|-----------------------------|----------------------------------|--------------------------------|--------------------------------|--|--|
| | | The Cambodian Commercial Bank Co., Ltd. | SCB Plus Co., Ltd. | SCB Training Center Co., Ltd. | Rutchayothin Assets Management Co., Ltd. | Mahisorn Co., Ltd. | Siam Pliwar Co., Ltd. | SCB Asset Management Co., Ltd. | SCB Securities Co., Ltd. | Siam Commercial Leasing PCL | Chatuchak Samaggi Insurance PCL. | SCB Capital Services Co., Ltd. | Siam Niti Law Office Co., Ltd. | | |
| 1 | Mr. Na Bhengbhasang Krishnamra | x | | | | | x | | | | | | | | |
| 2 | Mr. Natthawut Chakanan | // | | | | | | | | | | | | | |
| 3 | Dr. Pakpachong Vadhanasindhu | // | | | | | | | | | | | | | |
| 4 | Mr. Yothin Phiboonkasetkit | // | | | | | | | | | | | | | |
| 5 | Mrs. Suthartip Phisitbuntoon | // | | | | | | | | | | | | | |
| 6 | Mr. Aphisak Kiewkankha | // | | | | | | | | | | | | | |
| 7 | Mr. Krieng Wongnongtaey | | // | // | // | | | | | | | | | | |
| 8 | Mr. Rungruang Sukkirdkijpiboon | | // | | | | | | | // | | | | | |
| 9 | Mr. Wutipong Vechayanon | | // | | | | | | | | | | | | |
| 10 | Mrs. Apiphan Charoenanusorn | | // | | | | | // | // | | | | | | |
| 11 | Mr. Manoon Sunkunakorn | | | x | | | | | | | | | | | |
| 12 | Mr. Phansak Khaoprasert | | | // | | // | | | | | | | | | |
| 13 | Mr. Sasaphon Shoowong | | | // | | | | | | | | | | | |
| 14 | Mrs. Suporn Amnuaypan | | | // | | | | | | | | | | | |
| 15 | Mr. Sarunthorn Chutima | | | | x | | | | | | / | / | | | |
| 16 | Mrs. Virasana Boonyasai | | | | // | | | | | | | | | | |
| 17 | Mr. Somchai Sanyalaksiri | | | | | x | | | | | | | | | |
| 18 | Dr. Schit Laowattana | | | | | // | | | | | | | | | |
| 19 | Mr. Viroaj Tienrungraj | | | | | // | | | | | | | | | |
| 20 | Mr. Sakesom Srirungruangdeja | | | | | // | | | | | | | | | |
| 21 | Mr. Kovit Paopuka | | | | | | // | | | | | | | | |
| 22 | Mr. Chalao Wattanapong | | | | | | // | | | | | | | | |
| 23 | Miss Duangkamon Chaiyaphan | | | | | | // | | | | | | | | |
| 24 | Mr. Maitree Chaimongklanont | | | | | | // | | | | | | | | |
| 25 | Mr. Yol Phokasub | | | | | | | x | | | | | | | |
| 26 | Mrs. Jotika Savanananda | | | | | | | // | | | | | | | |
| 27 | Mr. Thun Reansuwan | | | | | | | // | | | | | | | |
| 28 | Mr. Yokporn Tantisawetrat | | | | | | | | x | | | | | | |
| 29 | M.L. Thongmakut Thongyai | | | | | | | | // | | | | | | |
| 30 | Mr. Pises Sethsathira | | | | | | | | // | // | | | | | |
| 31 | Mr. Arthid Nanthawithaya | | | | | | | | // | | | | | | |
| 32 | Mr. Yuth Vorachattam | | | | | | | | | x | | | | | |
| 33 | Mr. Narong Srichukrin | | | | | | | | // | | | | | | |
| 34 | Mr. Montree Chotikapracal | | | | | | | | // | | | | | | |
| 35 | Mr. Wirutt Ruttanaporn | | | | | | | | // | // | | | | | |

Remark : x = Chairman
// = Director
/ = Liquidator

List of Subsidiary Company Directors

| Company Name List | | The Cambodian Commercial Bank Co., Ltd. | SCB Plus Co., Ltd. | SCB Training Center Co., Ltd. | Rutchayothin Assets Management Co., Ltd. | Mahisorn Co., Ltd. | Siam Pliwat Co., Ltd. | SCB Asset Management Co., Ltd. | SCB Securities Co., Ltd. | Siam Commercial Co., Ltd. | Siam Commercial Leasing PCL | Chatuchak Asset Management PCL. | SCB Capital Services Co., Ltd. | Siam Niti Law Office Co., Ltd. |
|-------------------------|-----------------------------------|---|--------------------|-------------------------------|--|--------------------|-----------------------|--------------------------------|--------------------------|---------------------------|-----------------------------|---------------------------------|--------------------------------|--------------------------------|
| List of Director's name | | | | | | | | | | | | | | |
| 36 | Miss Araya Phuphanich | | | | | | | | // | | | | | |
| 37 | Khunying Jada Wattanasiritham | | | | | | | | | x | | | | |
| 38 | Mr. Chiravuthi Bunyasiri | | | | | | | | | // | | | | |
| 39 | Mr. Chanin Roonsamram | | | | | | | | | // | | | | |
| 40 | Mr. Dechapiwat Na Songkhla | | | | | | | | | // | | | | |
| 41 | Mr. Payungsak Chartsutipol | | | | | | | | | // | | | | |
| 42 | Miss Phanporn Kongyingyong | | | | | | | | | // | | | | |
| 43 | Mr. Viraj Na Songkhla | | | | | | | | | // | | | | |
| 44 | Asso. Prof. Dr. Oranuj Soungswang | | | | | | | | | // | | | | |
| 45 | Mr. Sorason Suvanprakorn | | | | | | | | | | | | / | |

Remark : x = Chairman

// = Director

/ = Liquidator

Attachment 3 Others

- None -