

**The Siam Commercial Bank Public Company Limited,
Hong Kong Branch
Interim Financial Disclosure Statement
For the period ended 30 June 2018**

Statement of Compliance

The Siam Commercial Bank Public Company Limited is a company incorporated in Thailand with limited liability. Its Hong Kong Branch provides banking and financial related services.

We have prepared this unaudited Financial Disclosure Statement of The Siam Commercial Bank Public Company Limited, Hong Kong Branch (“the Branch”) as of 30 June, 2018. It is compiled in accordance with the Banking (Disclosure) Rules under the Banking Ordinance (Chapter 155).

As the General Manager of the Branch, I confirm, to the best of my knowledge, that the information contained in the Disclosure Statement is correctly compiled in accordance with disclosure standards set out in the “Banking (Disclosure) Rules” and the “Guideline on the Application of the Banking (Disclosure) Rules” issued by the Hong Kong Monetary Authority (“HKMA”) and consistent with the books and records of the Branch.

The information contained in this disclosure statement is not false or misleading in any material respect.

The Siam Commercial Bank Public Company Limited,
Hong Kong Branch



Theerapan Nunthapolpat
General Manager

28 September 2018

**The Siam Commercial Bank Public Company Limited,
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Section A – Branch information (Hong Kong office only)

I. Profit and Loss Account

	For the period ended 30 Jun 2018 HK\$ in thousands	For the period ended 30 Jun 2017 HK\$ in thousands
Income		
Interest Income	169,813	240,930
Interest expense	<u>(141,016)</u>	<u>(209,660)</u>
Net interest income	28,797	31,270
Fees and commission income	12,926	3,024
Fees and commission expenses	<u>0</u>	<u>(813)</u>
Net fee and commission income	12,926	2,211
Gains less losses arising from trading in foreign currencies	899	512
Other income	<u>16</u>	<u>12</u>
Total operating income	42,638	34,005
Expenses		
Operating expenses		
- Staff expense	(2,303)	(2,163)
- Rental expenses	(1,646)	(1,638)
- Head Office allocated expenses	(900)	(780)
- Other expenses	<u>(1,143)</u>	<u>(1,202)</u>
Total operating expenses	(5,992)	(5,783)
Operating profit before impairment losses	36,646	28,222
Net credit (charge) for debt provision	(733)	5,112
Profit before taxation	<u>35,913</u>	<u>33,334</u>
Tax expense	<u>(2,979)</u>	<u>(2,680)</u>
Profit after taxation	<u><u>32,934</u></u>	<u><u>30,654</u></u>

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II. Balance Sheet

	30 Jun 2018 HK\$ in millions	31 Dec 2017 HK\$ in millions
Assets		
Cash and balances with banks	13	17
Placements with banks which have		
- A residual contractual maturity within one month	0	0
- A residual contractual maturity more than one month but not more than twelve months	0	0
Amount due from overseas offices of the institution	12,286	12,443
Trade bills	124	0
Loans and advances		
- Loans and advances to customers	2,188	2,037
- Allowances for doubtful accounts	(7)	(20)
Accrued interest receivables	13	11
Investment in securities	0	0
Property, plant and equipment	0	0
Other assets	10	10
Total assets	<u>14,627</u>	<u>14,498</u>
Liabilities		
Deposits and balances from banks	0	0
Deposits from customers		
- Demand deposits and current accounts	0	0
- Time, call and notice deposits	1,125	1,274
Amount due to overseas offices of the institution	13,425	13,129
Debt securities issued	0	0
Other liabilities	77	95
Total liabilities	<u>14,627</u>	<u>14,498</u>

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III. Additional Balance Sheet Information

	30 Jun 2018 HK\$ in millions	31 Dec 2017 HK\$ in millions
(a) Loans and advances		
Trade financing	124	0
Loan and advances to customers	2,188	2,037
Loan Accrued interest	13	11
Allowance for doubtful accounts	(6)	(20)
	<u>2,319</u>	<u>2,028</u>

(b) Overdue and rescheduled loans and advances

There were no impaired or overdue loans and advances to banks, other financial institutions or customers as of 30 June 2018 (31 December 2017: Nil).

No repossessed assets were held for impaired or overdue loans and advances as of 30 June 2018 (31 December 2017: Nil).

There were no loans and advances which were rescheduled as of 30 June 2018 (31 December 2017: Nil).

(c) Breakdown of the gross amount of loans and advances to customers by economic sectors

	30 Jun 2018 HK\$ in millions		31 Dec 2017 HK\$ in millions	
	Gross advances	Gross advances covered by collateral	Gross advances	Gross advances covered by collateral
Trade financing	124	0	0	0
Loans and advances for use inside Hong Kong	275	0	0	0
Loans and advances for use outside Hong Kong	1,913	0	2,037	0
	<u>2,312</u>	<u>0</u>	<u>2,037</u>	<u>0</u>

(d) Analysis of gross loans and advances to customers by geographical areas

	30 Jun 2018 HK\$ in millions	Percentage of total loans	31 Dec 2017 HK\$ in millions	Percentage of total loans
- Asia Pacific (excluding Hong Kong)	1,513	65.4%	1,507	74.0%
- Hong Kong	799	34.6%	530	26.0%
- Others	0	0.0%	0	0.0%
	<u>2,312</u>	<u>100.0%</u>	<u>2,037</u>	<u>100.0%</u>

Note : A country or geographical area is disclosed where it constitutes 10% of more of the gross amount of advances to customers after taking into consideration any transfers of risk.

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**III. Additional Balance Sheet Information (continued)
(e) Non-bank mainland exposures**

As of 30 June 2018

Types of counterparties	On- balance sheet exposures HK\$ in millions	Off-balance sheet exposures HK\$ in millions	Total HK\$ in millions
1. Central governments, central government-owned entities and their subsidiaries and joint ventures (“JVs”)	0	157	157
2. Local government, local government-owned entities and their subsidiaries and JVs	0	0	0
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,514	0	1,514
4. Other entities of central government not reported in item (1) above	0	0	0
5. Other entities of local government not report in item (2) above	0	0	0
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China were the credit is granted for use in Mainland China	0	0	0
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	0	0
	1,514	157	1,671
Total assets after provision	14,627		
On-balance sheet exposures as percentage of total assets	10.35%		

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III. Additional Balance Sheet Information (continued)

(e) Non-bank mainland exposures

As of 31 December 2017

Types of counterparties	On- balance sheet exposures HK\$ in millions	Off-balance sheet exposures HK\$ in millions	Total HK\$ in millions
1. Central governments, central government-owned entities and their subsidiaries and joint ventures (“JVs”)	0	156	156
2. Local government, local government-owned entities and their subsidiaries and JVs	0	0	0
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,508	0	1,508
4. Other entities of central government not reported in item (1) above	0	0	0
5. Other entities of local government not report in item (2) above	0	0	0
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China were the credit is granted for use in Mainland China	0	0	0
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	0	0
	1,508	156	1,664
Total assets after provision	14,497		
On-balance sheet exposures as percentage of total assets	10.40%		

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IV. International claims – the major country or geographical segment breakdown of international claims by types of counterparties

**As of 30 June 2018
(HK\$ in million)**

	Banks	Official Sector	Non-financial Private sector	Total
- Developed countries	9	0	0	9
Of which,				
- United Kingdom	5	0	0	5
- United States	4	0	0	4
- Offshore centres	6	0	800	806
Of which,				
- Hong Kong SAR	3	0	800	803
- Singapore	3	0	0	3
- Cayman Islands	0	0	0	0
- Developing Asia and Pacific	12,294	0	1,514	13,808
Of which,				
- China	0	0	1,514	1,514
- Thailand	12,294	0	0	12,294
	<u>12,309</u>	<u>0</u>	<u>2,314</u>	<u>14,623</u>

**As of 31 December 2017
(HK\$ in million)**

	Banks	Official Sector	Non-financial Private sector	Total
- Developed countries	7	0	0	7
Of which,				
- United Kingdom	2	0	0	2
- United States	5	0	0	5
- Offshore centres	1	0	530	531
Of which,				
- Hong Kong SAR	1	0	530	531
- Singapore	0	0	0	0
- Cayman Islands	0	0	0	0
- Developing Asia and Pacific	12,452	0	1,507	13,959
Of which,				
- China	0	0	1,507	1,507
- Thailand	12,452	0	0	12,452
	<u>12,460</u>	<u>0</u>	<u>2,037</u>	<u>14,497</u>

The figures are reported on net basis after taking into account the effect of any recognized risk transfer.

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V. Currency risk

Foreign currency exposures (Position of individual currency reported is the net position and constitutes 10% or more of the total net position in all foreign currencies).

As of 30 June 2018

	HK\$ in millions		
	USD	OTHERS	TOTAL
Spot assets	14,561	26	14,587
Spot liabilities	(14,518)	(40)	(14,478)
Forward purchases	0	13	13
Forward sales	(13)	0	(13)
Net long position	<u>30</u>	<u>(1)</u>	<u>29</u>

As of 31 December 2017

	HK\$ in millions		
	USD	OTHERS	TOTAL
Spot assets	14,428	3	14,431
Spot liabilities	(14,382)	(27)	(14,409)
Forward purchases	0	24	24
Forward sales	(24)	0	(24)
Net long position	<u>22</u>	<u>0</u>	<u>22</u>

There was no structural position held by the branch as of 30 June 2018 and 31 December 2017.

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VI. Off-balance sheet exposures

(a) The contractual amounts of each of the following class of off-balance sheet exposures outstanding were as follows:

	30 Jun 2018 HK\$ in millions	31 Dec 2017 HK\$ in millions
Contingent liabilities and commitments		
- Direct credit substitutes	393	399
- Other commitments	446	346
	<u>839</u>	<u>745</u>

Contingent liabilities and commitments arise from credit-related instruments which include letters of credit, guarantees and commitments to extend credit. The risk involved in these credit-related instruments is essentially the same as the credit risk involved in extending loan facilities to customers. The contractual amounts represent the amounts at risk should the contract be fully drawn upon and the client default. As the facilities may expire without being drawn upon, the contract amounts do not represent expected future cash flows.

(b) Derivative transactions

	30 Jun 2018 HK\$ in millions	31 Dec 2017 HK\$ in millions
Exchange rate – related derivative contract		
- Notional amount	27	49
- Positive Fair value	0	0
- Negative Fair value	0	0

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VII. Liquidity

(a) Liquidity Maintenance Ratio

	For the quarter ended 30 Jun 2018	For the quarter ended 31 Mar 2018
The average liquidity maintenance ratio for the financial period	<u>67.96 %</u>	<u>69.63%</u>
		For the period ended 30 Jun 2017 Percentage
The average liquidity maintenance ratio for the financial period		<u>138.85%</u>

Before 2018, the average liquidity maintenance ratio is the simple average of each calendar month's average liquidity maintenance ratio for that period as reported in the "Return of Liquidity Position of an Authorized Institution". Starting 1 January 2018, the average liquidity maintenance ratio is the simple average of each calendar month's average liquidity maintenance ratio as reported in the "Return of Liquidity Position of an Authorized Institution" for that quarter.

(b) Liquidity Risk Management Approach

Hong Kong Branch seeks to manage its liquidity position (including intraday position) so as to meet payment and financial obligations on a timely basis under both normal and stressed conditions.

The management of liquidity is in compliance with the Liquidity Risk Management Guidelines of Hong Kong Branch. Hong Kong Branch manages liquidity on a daily basis and includes intraday position, so that payment and financial obligations for both on and off balance sheet are met on a timely basis.

The Liquidity Risk Management Guidelines set out the liquidity management framework that is consistent with Head Office policy and practices, with adjustments to local regulatory requirements and operating environment that Hong Kong Branch needs to comply with. Hong Kong Branch also follows the guidance set forth by the HKMA in Supervisory Policy Manuals LM-1 (Regulatory Framework for Supervision of Liquidity Risk) and LM-2 (Sound systems and controls for liquidity risk management).

Liquidity risk management indicators and limits are established to identify, measure, monitor and control the liquidity risk. Hong Kong Branch also performs cashflow projections and stress testing regularly to identify liquidity risk exposures and impacts.

Head Office's Balance Sheet Management and Group Treasury functions monitor and support Hong Kong Branch's liquidity management.

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Section B – Bank Information (Consolidated basis)

VIII. Capital and Capital Adequacy

	30 Jun 2018	31 Dec 2017
(a) Capital adequacy ratio (Basel III)	17.1 %	17.7%

	30 Jun 2018 HK\$ in millions	31 Dec 2017 HK\$ in millions
(b) Total capital (paid up and premium)	10,677	10,793
(c) Total amount of shareholders' fund	87,021	87,018

IX. Other financial information (audited)

(a) Total assets	733,503	723,401
(b) Total liabilities	646,481	636,382
(c) Total loans and advances	498,330	487,539
(d) Total deposits	507,748	500,552

	For the period ended 30 Jun 2018 HK\$ in millions	For the period ended 30 Jun 2017 HK\$ in millions
(e) Pre-tax profit	6,560	6,765

- 1 The conversion rates of HKD/THB as of 30 June 2018, 31 December 2017 and 30 June 2017 were 4.23, 4.18 and 4.35 respectively.
- 2 Section B – Bank Information (Consolidated Basis) were prepared in accordance with the information as of 30 June 2018 which is the latest information available to the public.

X. Remuneration system

Since remuneration information for senior management and key personnel is disclosed by Head Office, such information is not separately disclosed by Hong Kong Branch in line with Supervisory Policy Manual CG-5 “Guideline on a Sound Remuneration System” issued by the Hong Kong Monetary Authority.