

**The Siam Commercial Bank Public Company Limited,  
Hong Kong Branch  
Financial Disclosure Statement  
For the year ended 31 December 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 31 December, 2018. It is compiled in accordance with the Banking (Disclosure) Rules under the Banking Ordinance (Chapter 155).

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

  
Cyrus Man-Shing Chiu  
Alternate Chief Executive

29 April 2019

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**Section A – Branch information (Hong Kong office only)**

**I. Profit and Loss Account**

	<b>For the period ended 31 Dec 2018 HK\$ in thousands</b>	<b>For the period ended 31 Dec 2017 HK\$ in thousands</b>
<b>Income</b>		
Interest income	379,669	423,073
Interest expense	(314,114)	(367,030)
Net interest income	65,555	56,043
Fees and commission income	19,284	8,519
Fees and commission expenses	0	(1,153)
Net fee and commission income	19,284	7,366
Gains less losses arising from trading in foreign currencies	1,720	9,420
Other income	776	729
Total operating income	87,335	73,558
<b>Expenses</b>		
Operating expenses		
- Staff expense	(4,801)	(4,605)
- Rental expenses	(3,291)	(3,280)
- Head Office allocated expenses	(2,082)	(1,796)
- Other expenses	(2,690)	(2,845)
Total operating expenses	(12,864)	(12,526)
Operating profit before impairment losses	74,471	61,032
Net credit (charge) for debt provision	60	6,597
<b>Profit before taxation</b>	74,531	67,629
Tax expense	(6,290)	(5,730)
<b>Profit after taxation</b>	68,241	61,899

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**II. Balance Sheet**

	31 Dec 2018 HK\$ in millions	30 Jun 2018 HK\$ in millions
<b>Assets</b>		
Cash and balances with banks	6	13
Placements with banks which have		
- A residual contractual maturity within one month	533	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	11,684	12,286
Trade bills	73	124
Loans and advances		
- Loans and advances to customers	1,770	2,188
- Allowances for doubtful accounts	(6)	(7)
Accrued interest receivables	39	13
Investment in securities	0	0
Property, plant and equipment	0	0
Other assets	9	10
<b>Total assets</b>	<u>14,108</u>	<u>14,627</u>
<b>Liabilities</b>		
Deposits and balances from banks	0	0
Deposits from customers		
- Demand deposits and current accounts	0	0
- Time, call and notice deposits	957	1,125
Amount due to overseas offices of the institution	13,019	13,425
Debt securities issued	0	0
Other liabilities	132	77
<b>Total liabilities</b>	<u>14,108</u>	<u>14,627</u>

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**III. Additional Balance Sheet Information**

	31 Dec 2018 HK\$ in millions	30 Jun 2018 HK\$ in millions
<b>(a) Loans and advances</b>		
Trade financing	73	124
Loan and advances to customers	1,770	2,188
Loan accrued interest	39	13
Allowance for doubtful accounts	(6)	(6)
	<u>1,876</u>	<u>2,319</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 31 December 2018 (30 June 2018: Nil).

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

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

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

	31 Dec 2018 HK\$ in millions		30 Jun 2018 HK\$ in millions	
	Gross advances	Gross advances covered by collateral	Gross advances	Gross advances covered by collateral
Trade financing	73	0	124	0
Loans and advances for use inside Hong Kong	274	0	275	0
Loans and advances for use outside Hong Kong	1,496	0	1,913	0
	<u>1,843</u>	<u>0</u>	<u>2,312</u>	<u>0</u>

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

	31 Dec 2018 HK\$ in millions	Percentage of total loans	30 Jun 2018 HK\$ in millions	Percentage of total loans
- Asia Pacific (excluding Hong Kong)	1,208	65.5%	1,513	65.4%
- Hong Kong	635	34.5%	799	34.6%
- Others	0	0.0%	0	0.0%
	<u>1,843</u>	<u>100.0%</u>	<u>2,312</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 31 Dec 2018

<b>Types of counterparties</b>	<b>On- balance sheet exposures HK\$ in millions</b>	<b>Off-balance sheet exposures HK\$ in millions</b>	<b>Total HK\$ in millions</b>
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	1,209	0	1,209
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
	1,209	157	1,366
<b>Total assets after provision</b>	14,108		
<b>On-balance sheet exposures as percentage of total assets</b>	8.57%		

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

**As of 31 December 2018  
(HK\$ in million)**

	<b>Banks</b>	<b>Official Sector</b>	<b>Non-financial Private Sector</b>	<b>Total</b>
- Developed countries	3	0	0	3
Of which,				
- United Kingdom	2	0	0	2
- United States	1	0	0	1
- Offshore centres	538	0	636	1,174
Of which,				
- Hong Kong SAR	535	0	636	1,171
- Singapore	3	0	0	3
- Developing Asia and Pacific	11,718	0	1,209	12,927
Of which,				
- China	0	0	1,209	1,209
- Thailand	11,718	0	0	11,718
	<u>12,259</u>	<u>0</u>	<u>1,845</u>	<u>14,104</u>

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

	<b>Banks</b>	<b>Official Sector</b>	<b>Non-financial Private Sector</b>	<b>Total</b>
- 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
- 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>

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 31 December 2018**

	<b>HK\$ in millions</b>		
	<b>USD</b>	<b>OTHERS</b>	<b>TOTAL</b>
Spot assets	13,971	72	14,043
Spot liabilities	(13,942)	(72)	(14,014)
Forward purchases	0	0	0
Forward sales	0	0	0
Net long position	<u>29</u>	<u>0</u>	<u>29</u>

**As of 30 June 2018**

	<b>HK\$ in millions</b>		
	<b>USD</b>	<b>OTHERS</b>	<b>TOTAL</b>
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>

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

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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:**

	<b>31 Dec 2018</b> <b>HK\$ in millions</b>	<b>30 Jun 2018</b> <b>HK\$ in millions</b>
Contingent liabilities and commitments		
- Direct credit substitutes	392	393
- Trade-related contingent items	14	0
- Other commitments	1,766	446
	<u>2,172</u>	<u>839</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**

	<b>31 Dec 2018</b> <b>HK\$ in millions</b>	<b>30 Jun 2018</b> <b>HK\$ in millions</b>
Exchange rate – related derivative contract		
- Notional amount	0	27
- Positive fair value	0	0
- Negative fair value	0	0

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**VII. Liquidity**

(a) Liquidity Maintenance Ratio

**For the quarter  
ended 31 Dec 2018  
Percentage**

The average liquidity maintenance ratio  
for the financial period 69.13%

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**For the period  
ended 31 Dec 2017  
Percentage**

The average liquidity maintenance ratio  
for the financial period 143.53%

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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

Qualitative disclosures

(i) Governance of liquidity risk management

The management of liquidity is in compliance with the Liquidity Risk Management Guidelines of Hong Kong Branch. 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 the Supervisory Policy Manuals. The Liquidity Risk Management Guidelines also sets out the responsibilities of Hong Kong Branch Assets and Liabilities Committee (ALCO) and the various functions in Head Office and Hong Kong Branch that are responsible for liquidity risk monitoring, control and reporting.

(ii) Funding strategy

Hong Kong Branch tries to maintain a diversified and stable pool of funding sources in the short-, medium- and long-term tenor.

(iii) Liquidity risk mitigation

Specific early warning indicators are established for each key area to assess if the liquidity risk of the Hong Kong Branch is at an appropriate level.

(iv) Stress testing

Hong Kong Branch performs regular stress tests for all currencies in aggregate and for positions in HKD, USD and other foreign currencies in which Hong Kong Branch has significant positions. Head Office also conducts stress testing regularly on a consolidated basis.

(v) Contingency funding plan

Hong Kong Branch has a contingency funding plan which set out the policies, procedures and action plans for responding to the event of severe disruptions, so that some or all of Hong Kong Branch activities can be funded in a timely manner and at a reasonable cost.

Quantitative disclosures

(i) Sources of funding

Mainly from intragroup borrowings and customers deposits.

(ii) Hong Kong Branch follows Head Office guidelines and limits on liquidity exposures and funding needs for individual legal entities, foreign branches and subsidiaries, taking into account legal, regulatory and operational limitations on the transferability of liquidity.

(iii) Cash flows and the resultant liquidity gaps

Position as of 31 December 2018 (HK\$ millions)

	Total amount	Contractual maturity of cash flows and securities flows arising from the relevant items										Balancing amount
		Next day	2 to 7 days	8 days to 1 month	> 1 month up to 3 months	> 3 months up to 6 months	> 6 months up to 1 year	> 1 year up to 2 years	> 2 years up to 3 years	> 3 years up to 5 years	Over 5 years	
On-balance sheet liabilities	14,040	927	15	5,555	5,837	244	227	302	576	343	0	14
Off-balance sheet obligations	2,172	305	0	0	14	0	1,509	0	344	0	0	0
On-balance sheet assets	14,114	1,333	0	6,243	4,811	270	227	302	576	343	0	9
Off-balance sheet claims	0	0	0	0	0	0	0	0	0	0	0	0
Contractual Maturity Mismatch		101	(15)	688	(1,040)	26	(1,510)	0	(344)	0	0	
Cumulative Contractual Maturity Mismatch		101	87	775	(265)	(239)	(1,749)	(1,749)	(2,092)	(2,092)	(2,092)	

The disclosure statement has been lodged with the Hong Kong Monetary Authority's public registry and is available on the website <https://www.scb.co.th/en/corporate-banking/international-network/hong-kong.html> for public information.

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**Section B – Bank Information (Consolidated basis)**

**VIII. Capital and Capital Adequacy**

	<b>31 Dec 2018</b>	<b>30 Jun 2018</b>
(a) Capital adequacy ratio (Basel III)	17.1%	17.1%
	<b>31 Dec 2018</b>	<b>30 Jun 2018</b>
	<b>HK\$ in millions</b>	<b>HK\$ in millions</b>
(b) Total capital (paid up and premium)	10,893	10,677
(c) Total amount of shareholders' fund	97,989	87,021

**IX. Other financial information (audited)**

(a) Total assets	769,591	733,503
(b) Total liabilities	677,602	646,481
(c) Total loans and advances	517,649	498,330
(d) Total deposits	521,448	507,748
	<b>For the period</b>	<b>For the period</b>
	<b>ended 31 Dec 2018</b>	<b>ended 31 Dec 2017</b>
	<b>HK\$ in millions</b>	<b>HK\$ in millions</b>
(e) Pre-tax profit	11,967	12,798

- 1 The conversion rates of HKD/THB as of 31 December 2018, 30 June 2018 and 31 December 2017 were 4.14, 4.23 and 4.18 respectively.
- 2 Section B – Bank Information (Consolidated Basis) were prepared in accordance with the information as of 31 December 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.