

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

Financial statements for the year ended
31 December 2015
and
Independent Auditor's Report

Independent Auditor's Report

To the Shareholders of The Siam Commercial Bank Public Company Limited

I have audited the accompanying consolidated and the Bank's financial statements of The Siam Commercial Bank Public Company Limited and its subsidiaries (the "Group"), and of The Siam Commercial Bank Public Company Limited (the "Bank"), respectively, which comprise the consolidated and the Bank's statements of financial position as at 31 December 2015, the consolidated and the Bank's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated and the Bank's Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated and the Bank's financial statements in accordance with Thai Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated and the Bank's financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

My responsibility is to express an opinion on these consolidated and the Bank's financial statements based on my audit. I conducted my audit in accordance with Thai Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated and the Bank's financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

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

(Winid Silamongkol)
Certified Public Accountant
Registration No. 3378

KPMG Phoomchai Audit Ltd.
Bangkok
23 February 2016

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Statement of financial position

	Note	Consolidated		The Bank	
		31 December		31 December	
Assets		2015	2014	2015	2014
		<i>(in thousand Baht)</i>			
Cash		38,979,295	42,131,800	38,737,313	41,922,318
Interbank and money market items, net	9	260,942,972	291,614,750	246,492,375	276,806,702
Claims on security	5.11	4,545,098	6,059,162	4,545,098	6,059,162
Derivative assets	10	57,397,448	43,629,965	58,559,234	43,759,401
Investments, net	11	536,655,307	502,111,054	333,861,095	340,090,493
Investments in subsidiaries and associates, net	12	344,215	696,829	26,979,728	22,128,612
Loans to customers and accrued interest receivables, net	13				
Loans to customers		1,856,004,740	1,797,561,397	1,844,260,304	1,790,005,534
Accrued interest receivables		4,544,595	3,814,239	4,107,045	3,543,663
Total loans to customers and accrued interest receivables		1,860,549,335	1,801,375,636	1,848,367,349	1,793,549,197
Less deferred revenue		(22,598,424)	(20,426,639)	(22,598,424)	(20,426,639)
Less allowance for doubtful accounts	13.9	(64,777,286)	(59,014,088)	(63,541,368)	(58,251,730)
Total loans to customers and accrued interest receivables, net		1,773,173,625	1,721,934,909	1,762,227,557	1,714,870,828
Customers' liabilities under acceptances		58,266	47,747	58,266	47,747
Properties for sale, net	16	10,558,081	9,720,839	10,553,526	9,711,206
Premises and equipment, net	17	39,987,650	33,775,729	38,713,417	32,608,529
Goodwill and other intangible assets, net	18	12,031,442	11,406,133	2,250,011	2,131,434
Assets pending transfer	19	2,268,037	4,104,157	2,352,923	4,104,158
Deferred tax assets	43	65,586	67,694	2,073	11,207
Other assets, net	20	37,302,153	32,402,317	32,093,243	28,557,938
Total assets		2,774,309,175	2,699,703,085	2,557,425,859	2,522,809,735

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Statement of financial position

	Note	Consolidated		The Bank	
		31 December		31 December	
Liabilities and equity		2015	2014	2015	2014
		<i>(in thousand Baht)</i>			
Liabilities					
Deposits	21	1,890,728,922	1,895,343,384	1,884,903,678	1,890,388,475
Interbank and money market items	22	142,937,063	140,285,606	145,717,872	146,014,407
Liabilities payable on demand		8,484,207	7,400,145	8,480,486	7,399,327
Liabilities to deliver security	5.11	4,563,438	6,063,117	4,545,098	6,059,162
Derivative liabilities	10	59,587,955	42,413,034	59,498,470	42,486,703
Debt issued and borrowings	23	121,163,995	113,916,834	121,385,957	114,485,513
Bank's liabilities under acceptances		58,266	47,747	58,266	47,747
Provisions	24	7,227,782	7,210,567	6,876,481	6,881,247
Liabilities under insurance contracts	25	184,778,729	151,757,056	-	-
Liabilities pending transfer	26	11,544,516	14,267,471	11,479,413	14,027,322
Deferred tax liabilities	43	3,141,226	3,562,997	2,771,706	2,941,078
Other liabilities	27	32,400,042	31,137,083	25,802,975	25,796,218
Total liabilities		<u>2,466,616,141</u>	<u>2,413,405,041</u>	<u>2,271,520,402</u>	<u>2,256,527,199</u>
Equity					
Share capital					
Authorised share capital					
3,583,965,486 preference shares of Baht 10 each		35,839,655	35,842,374	35,839,655	35,842,374
3,416,034,514 ordinary shares of Baht 10 each		34,160,345	34,157,626	34,160,345	34,157,626
Issued and paid-up share capital					
4,703,321 preference shares of Baht 10 each		47,033	48,802	47,033	48,802
3,394,488,877 ordinary shares of Baht 10 each		33,944,889	33,943,120	33,944,889	33,943,120
Premium on share capital					
Premium on preference shares		18,392	19,084	18,392	19,084
Premium on ordinary shares		11,105,799	11,105,107	11,105,799	11,105,107
Other reserves	28	17,926,079	21,914,917	18,783,380	19,461,413
Retained earnings					
Appropriated					
Legal reserve	28	7,000,000	7,000,000	7,000,000	7,000,000
Unappropriated		237,420,539	211,301,429	215,005,964	194,705,010
Total shareholders' equity		307,462,731	285,332,459	285,905,457	266,282,536
Non-controlling interests		230,303	965,585	-	-
Total equity		<u>307,693,034</u>	<u>286,298,044</u>	<u>285,905,457</u>	<u>266,282,536</u>
Total liabilities and equity		<u>2,774,309,175</u>	<u>2,699,703,085</u>	<u>2,557,425,859</u>	<u>2,522,809,735</u>

(Mr. Arthid Nanthawithaya)

CEO and Deputy Chairman of the Executive Committee

(Mr. Yol Phokasub)

President

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Statement of profit or loss and other comprehensive income

	Note	Consolidated		The Bank	
		For the year ended		For the year ended	
		31 December		31 December	
		2015	2014	2015	2014
		<i>(in thousand Baht)</i>			
Interest income	37	122,462,489	123,381,101	115,032,853	116,949,638
Interest expense	38	39,628,062	42,281,297	39,662,902	42,359,301
Net interest income		82,834,427	81,099,804	75,369,951	74,590,337
Fees and service income	39	32,704,402	31,524,645	35,524,464	35,216,039
Fees and service expense	39	5,629,598	5,215,834	4,832,784	4,646,435
Net fees and service income	39	27,074,804	26,308,811	30,691,680	30,569,604
Net trading income	40	8,314,590	7,303,791	7,799,882	7,316,173
Net gain on investments	41	9,390,068	2,563,133	8,590,566	1,908,935
Share of loss of investment in associates	12	(89,120)	(78,950)	-	-
Dividend income		1,386,124	1,182,555	4,295,049	5,493,311
Net earned insurance premiums		52,419,038	49,187,862	-	-
Other operating income		697,437	595,669	63,532	85,002
Total operating income		182,027,368	168,162,675	126,810,660	119,963,362
Net insurance claims		44,618,476	40,032,843	-	-
Net operating income		137,408,892	128,129,832	126,810,660	119,963,362
Other operating expenses					
Staff costs		22,378,785	21,954,351	19,578,782	19,198,084
Directors' remuneration		95,120	93,421	89,200	86,724
Premises and equipment expenses		9,664,552	9,766,012	8,837,972	8,963,860
Taxes and duties		4,216,087	4,240,704	3,997,561	4,055,682
Others		12,593,537	12,034,114	13,918,855	13,574,991
Total operating expenses		48,948,081	48,088,602	46,422,370	45,879,341
Impairment loss on loans and debt securities	42	29,722,628	13,214,064	29,725,915	13,238,851
Profit before tax		58,738,183	66,827,166	50,662,375	60,845,170
Income tax expense	43	11,498,256	13,175,226	9,325,316	11,091,389
Net profit		47,239,927	53,651,940	41,337,059	49,753,781

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Statement of profit or loss and other comprehensive income

	Note	Consolidated		The Bank	
		For the year ended		For the year ended	
		31 December		31 December	
		2015	2014	2015	2014
<i>(in thousand Baht)</i>					
Other comprehensive income (loss)					
<i>Items that are or may be reclassified to profit or loss</i>					
(Loss) gain on remeasuring available-for-sale investments		(7,910,650)	4,654,400	(6,270,799)	1,516,921
Foreign currency translation differences for foreign operations		165,393	3,993	-	-
Share of other comprehensive income of investment in associates		53,769	2,075	-	-
Income tax on other comprehensive income	43	1,484,998	(902,499)	1,231,828	(281,052)
		<u>(6,206,490)</u>	<u>3,757,969</u>	<u>(5,038,971)</u>	<u>1,235,869</u>
<i>Items that will never be reclassified to profit or loss</i>					
Change in revaluation surplus		5,823,356	(28,982)	5,728,326	(28,982)
Defined benefit plan actuarial losses	24	(627,936)	-	(589,164)	-
Income tax on other comprehensive income	43	(1,039,083)	5,796	(1,027,832)	5,796
		<u>4,156,337</u>	<u>(23,186)</u>	<u>4,111,330</u>	<u>(23,186)</u>
Total other comprehensive (loss) income, net of income tax		<u>(2,050,153)</u>	<u>3,734,783</u>	<u>(927,641)</u>	<u>1,212,683</u>
Total comprehensive income		<u>45,189,774</u>	<u>57,386,723</u>	<u>40,409,418</u>	<u>50,966,464</u>
Net profit attributable to					
Shareholders of the parent company		47,182,412	53,334,623	41,337,059	49,753,781
Non-controlling interests		57,515	317,317	-	-
Total comprehensive income attributable to					
Shareholders of the parent company		45,113,456	56,942,458	40,409,418	50,966,464
Non-controlling interests		76,318	444,265	-	-
Earnings per share of the parent company					
Basic earnings per share <i>(in Baht)</i>	44	<u>13.88</u>	<u>15.69</u>	<u>12.16</u>	<u>14.64</u>

.....
(Mr. Arthid Nanthawithaya)
CEO and Deputy Chairman of the Executive Committee

.....
(Mr. Yol Phokasub)
President

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The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statement of changes in equity

		Consolidated												
		Issued and		Premium on		Other reserves				Retained earnings		Total	Non-	
		paid-up share capital		share capital		Change in	remeasuring	Total		Legal		shareholders'	controlling	
<i>Note</i>		Preference	Ordinary	Preference	Ordinary	revaluation	available-for-sale	Others	reserves	reserve	Unappropriated	equity	interests	Total
		shares	shares	shares	shares	surplus	investments							
<i>(in thousand Baht)</i>														
Year ended 31 December 2015														
	Balance at 31 December 2014 - as reported	48,802	33,943,120	19,084	11,105,107	12,507,773	9,744,122	(336,978)	21,914,917	7,000,000	211,301,429	285,332,459	965,585	286,298,044
	Impact of change in accounting policy	-	-	-	-	-	-	-	-	-	(391,344)	(391,344)	-	(391,344)
	Balance at 1 January 2015	48,802	33,943,120	19,084	11,105,107	12,507,773	9,744,122	(336,978)	21,914,917	7,000,000	210,910,085	284,941,115	965,585	285,906,700
	Dividend paid	-	-	-	-	-	-	-	-	-	(20,395,153)	(20,395,153)	(15,826)	(20,410,979)
	Conversion of preference shares to ordinary shares	(1,769)	1,769	(692)	692	-	-	-	-	-	-	-	-	-
	Acquisitions of non-controlling interests without a change in control	-	-	-	-	243	129,310	(2,326,166)	(2,196,613)	-	(74)	(2,196,687)	(795,774)	(2,992,461)
	Profit for the year	-	-	-	-	-	-	-	-	-	47,182,412	47,182,412	57,515	47,239,927
	Other comprehensive income (loss)	-	-	-	-	4,658,685	(6,444,519)	219,162	(1,566,672)	-	(502,284)	(2,068,956)	18,803	(2,050,153)
	Total comprehensive income (loss) for the year	-	-	-	-	4,658,685	(6,444,519)	219,162	(1,566,672)	-	46,680,128	45,113,456	76,318	45,189,774
	Transfer to retained earnings	-	-	-	-	(225,553)	-	-	(225,553)	-	225,553	-	-	-
	Balance at 31 December 2015	47,033	33,944,889	18,392	11,105,799	16,941,148	3,428,913	(2,443,982)	17,926,079	7,000,000	237,420,539	307,462,731	230,303	307,693,034

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statement of changes in equity

	<i>Note</i>	Consolidated													
		Issued and		Premium on		Other reserves					Retained earnings		Total shareholders' equity	Non- controlling interests	Total
		paid-up share capital		share capital		Change in revaluation surplus	Gain on remeasuring available-for-sale investments	Total other reserves	Legal reserve	Unappropriated					
		Preference shares	Ordinary shares	Preference shares	Ordinary shares										
<i>(in thousand Baht)</i>															
Year ended 31 December 2014															
Balance at 1 January 2014		51,817	33,940,105	20,263	11,103,928	12,802,243	6,116,916	(332,481)	18,586,678	7,000,000	175,569,326	246,272,117	1,767,958	248,040,075	
Dividend paid	29	-	-	-	-	-	-	-	-	-	(17,845,759)	(17,845,759)	(133,439)	(17,979,198)	
Conversion of preference shares to ordinary shares		(3,015)	3,015	(1,179)	1,179	-	-	-	-	-	-	-	-	-	
Disposal of non-controlling interests without a change in control		-	-	-	-	-	-	-	-	-	12	12	(1,804)	(1,792)	
Disposal of controlling interests with a change in control		-	-	-	-	(50,852)	2,254	(10,565)	(59,163)	-	22,794	(36,369)	(1,103,699)	(1,140,068)	
Gain from decrease in capital of subsidiary		-	-	-	-	-	-	-	-	-	-	-	(7,696)	(7,696)	
Profit for the year		-	-	-	-	-	-	-	-	-	53,334,623	53,334,623	317,317	53,651,940	
Other comprehensive income (loss)		-	-	-	-	(23,185)	3,624,952	6,068	3,607,835	-	-	3,607,835	126,948	3,734,783	
Total comprehensive income (loss) for the year		-	-	-	-	(23,185)	3,624,952	6,068	3,607,835	-	53,334,623	56,942,458	444,265	57,386,723	
Transfer to retained earnings		-	-	-	-	(220,433)	-	-	(220,433)	-	220,433	-	-	-	
Balance at 31 December 2014		48,802	33,943,120	19,084	11,105,107	12,507,773	9,744,122	(336,978)	21,914,917	7,000,000	211,301,429	285,332,459	965,585	286,298,044	

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statement of changes in equity

	Note	The Bank									Total
		Issued and		Premium on		Other reserves			Retained earnings		
		paid-up share capital		share capital		Change in	remeasuring	Total	Legal		
		Preference	Ordinary	Preference	Ordinary	revaluation	available-for-sale	other	reserve	Unappropriated	
		shares	shares	shares	shares	surplus	investments	reserves			
<i>(in thousand Baht)</i>											
Year ended 31 December 2015											
Balance at 31 December 2014 - as reported		48,802	33,943,120	19,084	11,105,107	11,999,507	7,461,906	19,461,413	7,000,000	194,705,010	266,282,536
Impact of change in accounting policy	4	-	-	-	-	-	-	-	-	(391,344)	(391,344)
Balance at 1 January 2015		48,802	33,943,120	19,084	11,105,107	11,999,507	7,461,906	19,461,413	7,000,000	194,313,666	265,891,192
Dividend paid	29	-	-	-	-	-	-	-	-	(20,395,153)	(20,395,153)
Conversion of preference shares to ordinary shares		(1,769)	1,769	(692)	692	-	-	-	-	-	-
Profit for the year		-	-	-	-	-	-	-	-	41,337,059	41,337,059
Other comprehensive income (loss)		-	-	-	-	4,582,661	(5,038,971)	(456,310)	-	(471,331)	(927,641)
Total comprehensive income (loss) for the year		-	-	-	-	4,582,661	(5,038,971)	(456,310)	-	40,865,728	40,409,418
Transfer to retained earnings		-	-	-	-	(221,723)	-	(221,723)	-	221,723	-
Balance at 31 December 2015		47,033	33,944,889	18,392	11,105,799	16,360,445	2,422,935	18,783,380	7,000,000	215,005,964	285,905,457

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statement of changes in equity

	Note	The Bank									
						Other reserves					
		Issued and paid-up share capital		Premium on share capital		Change in revaluation surplus	Gain on remeasuring available-for-sale investments	Total other reserves	Retained earnings		Total
		Preference shares	Ordinary shares	Preference shares	Ordinary shares				Legal reserve	Unappropriated	
<i>(in thousand Baht)</i>											
Year ended 31 December 2014											
Balance at 1 January 2014		51,817	33,940,105	20,263	11,103,928	12,246,265	6,226,038	18,472,303	7,000,000	162,573,415	233,161,831
Dividend paid	29	-	-	-	-	-	-	-	-	(17,845,759)	(17,845,759)
Conversion of preference shares to ordinary shares		(3,015)	3,015	(1,179)	1,179	-	-	-	-	-	-
Profit for the year		-	-	-	-	-	-	-	-	49,753,781	49,753,781
Other comprehensive income (loss)		-	-	-	-	(23,185)	1,235,868	1,212,683	-	-	1,212,683
Total comprehensive income (loss) for the year		-	-	-	-	(23,185)	1,235,868	1,212,683	-	49,753,781	50,966,464
Transfer to retained earnings		-	-	-	-	(223,573)	-	(223,573)	-	223,573	-
Balance at 31 December 2014		48,802	33,943,120	19,084	11,105,107	11,999,507	7,461,906	19,461,413	7,000,000	194,705,010	266,282,536

(Mr. Arthid Nanthawithaya)

CEO and Deputy Chairman of the Executive Committee

(Mr. Yol Phokasub)

President

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statement of cash flows

	Consolidated		The Bank	
	For the year ended		For the year ended	
	31 December		31 December	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit before tax	58,738,183	66,827,166	50,662,375	60,845,170
<i>Adjustments for</i>				
Depreciation and amortisation	2,755,448	2,786,909	2,567,272	2,593,170
Impairment loss on loans and debt securities	31,696,117	14,799,454	31,644,746	14,818,145
Reversal on impairment of properties for sale	(383,064)	(213,289)	(383,064)	(213,289)
Reversal on impairment of premises and equipment	(168,274)	-	(167,041)	-
Gain on sales of premises and equipment	(21,798)	(25,426)	(16,084)	(16,590)
Net trading income	(8,314,590)	(7,303,791)	(7,799,882)	(7,316,173)
Net gain on investments	(9,390,068)	(2,563,133)	(8,590,566)	(1,908,935)
Share of loss of investment in associates	89,120	78,950	-	-
	<u>75,001,074</u>	<u>74,386,840</u>	<u>67,917,756</u>	<u>68,801,498</u>
Net interest income	(82,834,427)	(81,099,804)	(75,369,951)	(74,590,337)
Dividend income	(1,386,124)	(1,182,555)	(4,295,049)	(5,493,311)
Proceeds from interest	121,709,859	123,126,122	114,208,308	116,674,379
Interest paid	(40,613,323)	(46,362,822)	(40,639,152)	(46,443,362)
Proceeds from dividend	1,385,197	1,185,693	4,295,049	5,493,627
Income tax paid	(11,819,484)	(13,107,624)	(9,852,396)	(11,343,262)
Income from operations before changes in operating assets and liabilities	61,442,772	56,945,850	56,264,565	53,099,232
<i>(Increase) decrease in operating assets</i>				
Interbank and money market items	31,336,321	(120,039,576)	30,248,280	(121,776,340)
Claims on security	1,514,064	(2,970,222)	1,514,064	(2,970,222)
Derivative assets	808,881	9,222,461	(603,736)	9,318,342
Investments in securities for trading	6,662,233	19,784,581	6,533,998	19,830,325
Loans to customers	(90,210,184)	(68,158,773)	(87,819,654)	(67,330,415)
Properties for sale	8,851,194	10,225,890	8,846,117	10,221,530
Reinsurance receivables and assets	-	919,670	-	-
Other assets	(3,730,097)	(2,949,131)	(2,643,198)	(2,801,952)
<i>Increase (decrease) in operating liabilities</i>				
Deposits	(5,067,399)	72,432,390	(5,484,797)	69,660,164
Interbank and money market items	2,651,457	21,158,995	(296,535)	22,022,880
Liabilities payable on demand	1,084,062	(1,006,128)	1,081,159	(968,046)
Liabilities to deliver security	(1,499,679)	2,974,177	(1,514,064)	2,970,222
Derivative liabilities	17,174,921	(4,413,458)	17,011,767	(4,336,263)
Short-term debt issued and borrowings	265,575	(12,880,639)	(81,142)	(5,265,966)
Other liabilities	31,734,445	21,086,445	(2,145,331)	1,198,099
Net cash from (used in) operating activities	<u>63,018,566</u>	<u>2,332,532</u>	<u>20,911,493</u>	<u>(17,128,410)</u>

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statement of cash flows

	Consolidated		The Bank	
	For the year ended		For the year ended	
	31 December		31 December	
	2015	2014	2015	2014
	<i>(in thousand Baht)</i>			
Cash flows from investing activities				
Purchases of available-for-sale securities	(437,902,894)	(355,646,130)	(341,944,291)	(335,417,562)
Proceeds from sales of available-for-sale securities	400,417,055	348,531,279	344,219,996	344,751,568
Purchases of held-to-maturity securities	(25,065,811)	(51,418,050)	(450,000)	(942,000)
Proceeds from redemption of held-to-maturity securities	24,585,638	47,002,356	1,857,696	3,526,579
Purchases of general securities	(2,091)	-	(2,091)	(1,463)
Proceeds from sales of general securities	27	55,909	27	55,909
Purchases of investments in subsidiaries and/or associates	(1,394,112)	(88,868)	(4,743,021)	(365,590)
Proceeds from sales of investments in subsidiaries and/or associates	-	3,744,239	-	3,744,239
Proceeds from decrease in capital of subsidiary	-	-	202,601	2,979,420
Purchases of premises and equipment	(2,624,199)	(1,282,154)	(2,493,312)	(1,233,927)
Proceeds from sales of premises and equipment	230,162	195,972	193,888	179,582
Purchases of intangible assets	(663,175)	(472,758)	(542,838)	(361,698)
Net cash (used in) from investing activities	(42,419,400)	(9,378,205)	(3,701,345)	16,915,057
Cash flows from financing activities				
Acquisitions of non-controlling interests	(3,506,085)	-	-	-
Proceeds from long-term debt issued and borrowings	-	31,397,500	-	24,397,500
Dividend paid to equity holders of the Bank	(20,395,153)	(17,845,759)	(20,395,153)	(17,845,759)
Dividend paid to non-controlling interests	(15,826)	(133,439)	-	-
Net cash (used in) from financing activities	(23,917,064)	13,418,302	(20,395,153)	6,551,741
Foreign currency translation differences	165,393	3,993	-	-
Net (decrease) increase in cash	(3,152,505)	6,376,622	(3,185,005)	6,338,388
Cash at 1 January	42,131,800	35,755,178	41,922,318	35,583,930
Cash at 31 December	38,979,295	42,131,800	38,737,313	41,922,318

Supplementary disclosures of cash flow information

Significant non-cash items were as follows:

(Loss) gain on remeasuring available-for-sale investments	(7,910,650)	4,654,400	(6,270,799)	1,516,921
Foreign currency translation differences for foreign operations	165,393	3,993	-	-
Share of other comprehensive income of investment in associates	53,769	2,075	-	-
Change in revaluation surplus	5,823,356	(28,982)	5,728,326	(28,982)
Defined benefit plan actuarial losses	(627,936)	-	(589,164)	-
Properties for sale from loan payment	9,305,372	10,083,919	9,305,372	10,083,919

(Mr. Arthid Nanthawithaya)

CEO and Deputy Chairman of the Executive Committee

(Mr. Yol Phokasub)

President

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the financial statements

Note	Contents	Pages
1	General information	14
2	Basis of preparation of the financial statements	14
3	Significant event and transaction	15
4	Change in accounting policy	16
5	Significant accounting policies	16
6	Financial risk management	30
7	Fair value of assets and liabilities	40
8	Maintenance of capital fund	44
9	Interbank and money market items, net (Assets)	47
10	Derivatives	49
11	Investments, net	52
12	Investments in subsidiaries and associates, net	54
13	Loans to customers and accrued interest receivables, net	57
14	Troubled debt restructuring	65
15	Disclosure of the statement of cash flows of the asset management company	67
16	Properties for sale, net	67
17	Premises and equipment, net	69
18	Goodwill and other intangible assets, net	73
19	Assets pending transfer	75
20	Other assets, net	75
21	Deposits	75
22	Interbank and money market items (Liabilities)	76
23	Debt issued and borrowings	77
24	Provisions	78
25	Liabilities under insurance contracts	80
26	Liabilities pending transfer	80
27	Other liabilities	81
28	Reserve	81
29	Dividends	82
30	Assets pledged as collateral and under restriction	82
31	Contingencies	82
32	Related parties	83
33	Key management personnel compensation	84
34	Long-term leases and service agreements	84
35	Operating segments	85
36	The financial position and results of operations classified by domestic and foreign business	86
37	Interest income	88
38	Interest expense	88
39	Net fees and service income	88
40	Net trading income	89
41	Net gain on investments	89
42	Impairment loss on loans and debt securities	89
43	Income tax	90
44	Basic earnings per share	95
45	Events after the reporting period	95
46	Thai Financial Reporting Standards (TFRS) not yet adopted	96

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from and are consistent with the Thai language statutory financial statements, and both the English and Thai language financial statements were approved and authorised for issue by the Board of Directors on 23 February 2016.

1 General information

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

The Bank was established by Royal Charter on 30 January 1906 and was listed on the Stock Exchange of Thailand on 6 February 1976.

The principal business of the Bank is the provision of financial products and services through its Head office and branch network in Thailand, its branches in Singapore, Hong Kong, Laos and Cayman Islands and its subsidiaries in Thailand, Cambodia and Vietnam. (The Bank is now in the process of transferring all of the assets and liabilities from its subsidiary in Vietnam to its newly established branch in Ho Chi Minh City, Vietnam.) The Bank also has a sizeable investment in its life insurance subsidiary. Details of the Bank’s subsidiaries as at 31 December 2015 and 2014 are given in note 12.

2 Basis of preparation of the financial statements

(a) *Statement of compliance*

The financial statements are prepared in accordance with Thai Financial Reporting Standards (TFRS); guidelines promulgated by the Federation of Accounting Professions (“FAP”); and applicable rules and regulations of the Thai Securities and Exchange Commission; and presented as prescribed by the Bank of Thailand (BoT) notification number Sor Nor Sor 21/2558, directive dated 4 December 2015, regarding “The preparation and announcement of the financial statements of commercial banks and holding companies which are the parent company of a group of companies offering financial services”.

The FAP has issued new and revised TFRS effective for annual accounting periods beginning on or after 1 January 2015. The initial application of these new and revised TFRS has resulted in change in certain of the Bank and its subsidiaries’ accounting policies. The effects of this change, where such effects are considered material to the financial statements, are disclosed in note 4.

In addition to the above new TFRS, the FAP has issued a number of other revised TFRS which are effective for annual financial periods beginning on or after 1 January 2016 and have not been adopted in the preparation of these financial statements. Those revised TFRS that are relevant to the Bank and its subsidiaries’ operations are disclosed in note 46.

(b) *Basis of measurement*

The financial statements have been prepared on the historical cost basis except for the following items, which are measured on an alternative basis on each reporting date.

<i>Items</i>	<i>Measurement bases</i>
Derivative financial instruments	Fair value
Available-for-sale financial assets	Fair value
Net defined benefit liability	Present value of the defined benefit obligations, limited as explained in Note 5.12

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

(c) *Functional and presentation currency*

The financial statements are presented in Thai Baht, which is the Bank and its subsidiaries' functional currency. All financial information presented in Thai Baht has been rounded in the notes to the financial statements to the nearest million unless otherwise stated.

(d) *Interest in unconsolidated structured entity arising in the normal business*

The Bank and its asset management subsidiary have transactions with unconsolidated structured entities, through various activities such as involvement in establishment process, fund management, acting as the trustee, as well as providing source of funds. These structure entities are normally in the form of mutual funds.

The provision of funds is in the form of loans and derivatives which are in normal business terms. The loans and derivatives are managed in the same way as all other loans and derivatives. As at 31 December 2015, transactions of the Bank and its subsidiaries relating to structured entities were not material to the financial statements.

(e) *Use of judgments and estimates*

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Assumptions and estimation uncertainties

Information about significant areas of estimation uncertainties that have a significant risk of resulting in a material adjustment to the amounts recognised in the financial statements is included in the following notes:

Note 10	Derivatives
Note 13.9	Allowance for doubtful accounts

Measurement of fair values

A number of the Bank and its subsidiaries' accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. Details of the methods and assumptions over the measurement of fair values are provided in notes 7 and 17.

3 Significant event and transaction

Financial compensation payment to a customer

In January 2015, the Bank was made aware of a complaint filed with the Royal Thai Police by a customer stating, among others, that funds had been embezzled from its bank accounts with the Bank amounting to about Baht 1.5 billion.

On 27 February 2015, the Bank entered into an agreement with the customer to provide financial compensation of up to Baht 1.5 billion for losses suffered by the customer. If the actual loss sustained by the customer amounts to less than Baht 1.5 billion, the compensation payment will be reduced accordingly. The amount of Baht 1.5 billion has been recorded as an expense in the period and an insurance claim has been made. Recoveries will be credited in the period in which they are received by the Bank.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

4 Change in accounting policy

(a) Overview

From 1 January 2015, consequent to the adoption of new TFRS as set out in note 2, the Bank and its subsidiaries have adopted the following new TFRS that has a material impact on the Bank and its subsidiaries' financial statements:

- TFRS 13 *Fair Value Measurement*

A description of the nature and effect of the change in accounting policy consequent to the adoption of this new TFRS is included in note 4(b) below.

(b) Fair value measurement

TFRS 13 establishes a single framework for measuring fair value and making disclosures about fair value measurements, when such measurements are required or permitted by other TFRSs. In particular, it unifies the definition of fair value as the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurements date. It also replaces and expands the disclosure requirements about fair value measurements in other TFRSs. Accordingly, the Bank and its subsidiaries have included additional disclosures in this regard (See notes 7 and 17).

In accordance with the transitional provisions of TFRS 13, the Bank and its subsidiaries have applied the new fair value measurement guidance as follows:

- (1) Through retained earnings at 1 January 2015 for the effect of changes resulting from an assessment of the underlying credit risk when measuring the fair value of financial liabilities and financial assets recorded at fair value as at 31 December 2014;
- (2) Prospectively for the effects of all other changes

Further details of the effect of the change are set out as below.

	Effect of change in accounting policy Consolidated		
	As previously reported	Change <i>(in million Baht)</i>	As restated
At 1 January 2015			
Retained earnings - Unappropriated	211,301	(391)	210,910
	Effect of change in accounting policy The Bank		
	As previously reported	Change <i>(in million Baht)</i>	As restated
At 1 January 2015			
Retained earnings - Unappropriated	194,705	(391)	194,314

5 Significant accounting policies

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

5.1 Basis of consolidation

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

Business combinations

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

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

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

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

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

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

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

Subsidiaries

Subsidiaries are entities controlled by the Bank. The Bank controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Loss of control

When the Bank loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interests and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity - accounted investees

The Bank’s interests in equity-accounted investees comprise interests in associates.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

Associates are those entities in which the Bank has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Bank's share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

Transactions eliminated on consolidation

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

The consolidated financial statements include the accounts of the Head Office, all domestic and overseas branches and the Bank's subsidiaries. All inter-company transactions and balances within this Group have been eliminated.

The consolidated financial statements for the years ended 31 December 2015 and 2014 do not consolidate certain companies which are in the process of being dissolved and companies in which the Bank and/or a subsidiary has control as a result of debt restructuring and the Bank and/or the subsidiary intend to hold these investments only for a temporary period. The investment in the latter group of companies is classified as "general investments".

5.2 Cash

Cash includes cash in hand and cash on collection.

5.3 Investments

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

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

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

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

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

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

Investments in subsidiaries and associates acquired from troubled debt restructuring for which the Bank has received permission from the Bank of Thailand to hold the shares, and which are included in general investments and available-for-sale securities, are not required to be either accounted for by the equity method or to be consolidated.

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

Disposal of investments

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

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

5.4 Loans

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

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

5.5 Allowance for doubtful accounts

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

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 Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

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. For finance lease receivables, since 1 September 2012, the Bank has used the Collective Approach method which considers the historical loss experience of each loan cohort.

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

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

5.6 Troubled debt restructuring

Troubled debt restructuring can involve any one of the following: modification of repayment terms, a reduction in the debt amount, asset disposition for debt settlement, asset transfer, and debt to equity swap.

As for modification of repayment terms, the Bank complies the Bank of Thailand's regulations, whereby the Bank is required to use the collateral method to calculate loss and/or the current value of expected future cash flow. Fair value is calculated based on the market interest rate on the troubled debt restructuring date. Losses from troubled debt restructuring are recognised in profit or loss on the date of restructuring.

A reduction in the debt amount, asset disposition for debt settlement, asset transfer, and debt to equity swap may result in a loss from lower principal and accrued interest receivables. The Bank recognises this directly in profit or loss.

For asset transfer and debt to equity swap, the Bank recognises the asset or transferred equity interests at fair value, less estimated selling expenses. However, the amount must not exceed the pending principal plus interest that the creditor is legally entitled to. Resultant gains or losses are recognised in profit or loss on the transfer date. This is in accordance with TAS 104 *Accounting for Troubled Debt Restructuring*.

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

5.7 Properties for sale

Properties for sale consist of immovable and movable properties which are carried at the lower of the carrying amount of the loan or fair value of the property as at the reporting date. Should the carrying value of a property for sale become impaired, an allowance for impairment will be recorded in accordance with TAS 36 (revised 2014) *Impairment of Assets*.

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

5.8 Premises and equipment

Recognition and measurement

Owned assets

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

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

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

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of premises and equipment have different useful lives, they are accounted for as separate items (major components) of premises and equipment.

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

Revalued assets

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

Any increase in value on revaluation is recognised in other comprehensive income and presented in other reserves in equity unless it offsets a previous decrease in value recognised in profit or loss in respect of the same asset. A decrease in value is recognised in profit or loss to the extent it exceeds an increase previously recognised in other comprehensive income in respect of the same asset. The revaluation surplus is utilised by reference to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost and transferred directly to retained earnings. Upon disposal of a revalued asset, any remaining related revaluation surplus is transferred directly to retained earnings and is not taken into account in calculating the gain or loss on disposal.

Subsequent costs

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

Depreciation

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

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

Premises	20-40 years
Building improvement	10 years
Furniture, fixtures, office equipment, equipment and vehicles	5 years

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

5.9 Goodwill and other intangible assets

Goodwill

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

Other intangible assets

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

Subsequent expenditure

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

Amortisation

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

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

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

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

5.10 Impairment

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

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

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

Calculation of recoverable amount

The recoverable amount of held-to-maturity securities carried at amortised cost is calculated as the present value of the estimated future cash flows discounted at the original effective interest rate.

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

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

Reversals of impairment

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

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

5.11 Claims on security and liabilities to deliver security

The Bank records claims on security and liabilities to deliver security in the statement of financial position as assets and liabilities, respectively, according to the BoT's guidance.

These represent the Bank and its subsidiaries right to claim and liability to return collateral, respectively, in the form of securities for private repurchase or securities borrowing and lending transactions where these securities are used to further borrow or lend in other transactions.

Gains or losses arising from securities sold short are included in determining income. Fees for borrowing and lending are recognised on an accrual basis.

5.12 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans are expensed as the related service is provided.

Defined benefit plans

The Bank and its subsidiaries' net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount.

The calculation of defined benefit obligations is performed by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in OCI. The Bank and its subsidiaries determine the interest expense on the net defined benefit liability for the period by applying the discount rate used to measure the defined benefit obligation, taking into account any changes in the net defined benefit liability during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Bank and its subsidiaries recognise gains and losses on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Bank and its subsidiaries' net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Bank and its subsidiaries have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

5.13 Provisions

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

5.14 Initial recognition

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

Ordinary shares

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

Preference shares

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

5.15 Interest income and interest expense

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

Interest expense is recognised in profit or loss on an accrual basis.

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

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

5.16 Income from finance lease contracts

The Bank recognises income from finance lease contracts based on the effective interest method.

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

5.17 Fees and service income

Fees and service income for the performance of services are recognised as and when the related services are performed.

5.18 Dividend income

The Bank recognises dividend income in profit or loss on an accrual basis on the date which the Bank earns the rights to receive the dividend.

5.19 Net trading income

Net trading income is recognised in profit or loss on an accrual basis.

5.20 Contributions to the Deposit Protection Agency

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

5.21 Income tax

Income tax expense for the year comprises current and deferred tax. Current and deferred tax are recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in equity or in other comprehensive income.

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank and its subsidiaries expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

5.22 Earnings per share

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

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

5.23 Segment reporting

Segment results that are reported to the Executive Committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

5.24 Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of the Bank and its subsidiaries at exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date.

Non-monetary assets and liabilities measured at cost in foreign currencies are translated to the functional currency at the exchange rates at the dates of the transactions.

Foreign currency differences are generally recognised in profit or loss.

Foreign operations

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

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

Foreign exchange differences are recognised in other comprehensive income and accumulated in the translation reserve, except to extent that the translation difference is allocated to non-controlling interests.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

When a foreign operation is disposed of in its entirety or partially such that control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. If the Bank disposes of part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Bank disposes of only part of an associate while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

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

5.25 Derivatives

Recognition of derivatives is as follows:

- 1 Derivatives for trading are recognised initially at fair value; attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, they are remeasured at fair value. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.
- 2 Derivatives for hedging, Gains or losses resulting from the changes in fair values of contracts are recognised in accordance with the standard accounting treatment for income or expenses on hedged items as follows:
 1. Where hedged items are measured at fair value, hedging instruments are measured at fair value consistently.
 2. Where hedged items are measured on an accrual basis, hedging instruments are measured on an accrual basis consistently.

5.26 Sales of bills of exchange

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

5.27 Significant accounting policies of the life insurance subsidiary

5.27.1 Recognition of revenues

For first year premium, income is recognised as revenue on the effective date of the insurance policies, provided the premium is paid. For renewal insurance policies, premium income is recognised as revenue when premium is due and the policy is still in force at the end of the reporting period. Personal accident premium and group insurance premium are recognised as revenue on the effective date of the insurance policy.

Premiums received in advance are not recognised until their due date.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

Ceded premiums

Ceded premiums are recognised net of premium income when the risks are transferred to the reinsurer.

5.27.2 Life policy reserves

Life policy reserves represent the accumulated total liability for the life insurance policies in force on the reporting date. Such reserves are established to meet the estimated future obligations of all the life insurance policies in force. The reserves are calculated using actuarial methods with reference to Net Premium Valuation (NPV), based on assumptions for mortality, morbidity and discount rate and using an implicit allowance for future policy-related expenses that were established at the time the contract was written.

The assumptions are reviewed, at least, annually to assess whether they reflect actual experience, and where there is an indication that they are not appropriate then the assumption will, typically, be revised to reflect actual experience.

At the reporting date, the subsidiary performs a liability adequacy assessment by comparing the carrying amount of the life policy reserve against the present value of estimated future cash flows using current assumptions. If the amount is greater than the carrying value then an additional reserve is recognised in the financial statements.

Premium reserves

The premium reserves comprises of unearned premium for group insurance and short-term riders which is calculated on a pro-rata basis of the premium using the outstanding duration of each policy.

At the reporting date, the subsidiary performs a liability adequacy assessment by comparing the unearned premium reserve to the unexpired risk reserve which is determined by estimating the claims and related costs which are expected to occur over the remaining duration of the policies. Where the unexpired risk reserve exceeds the unearned premium reserve, this excess is recognised as unexpired risk reserve in the financial statements.

5.27.3 Unpaid policy benefits

Unpaid policy benefits represent claims and benefits payable to policyholders in relation to deaths, surrenders, maturities and other payables, and are based on the best estimate.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

6 Financial risk management

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Bank and its subsidiaries' risk management framework. The Board has established at the Bank and, to the extent required, at its subsidiaries an Asset and Liability Committee (ALCO), Executive Committee, Audit Committee, Risk Management Committee, which are collectively responsible for developing, implementing and monitoring the Bank and its subsidiaries risk management policies in specified areas and reporting regularly to the Board of Directors on their activities.

The Bank and its subsidiaries' risk management policies and Internal Capital Adequacy Assessment Policy (ICAAP Policy) are established to identify and analyse the risks faced by the Bank and its subsidiaries, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. These policies are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank and its subsidiaries, through implementing and monitoring appropriate policies, procedures and measures, aim to establish an effective and efficient internal control environment, in which all employees understand their roles and obligations.

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

6.1 Credit risk

Credit risk refers to risk arising from the failure of either debtors to repay principal and interest as agreed, or of counterparties to comply with conditions or contracts. Credit risk covers all types of financial products: transactions on-financial reporting such as loans, overdrafts, bills of exchange, and other types of debts; and those off-financial reporting such as derivatives trading, letters of guarantee etc.

The Bank has established a credit function organisational structure based on a system of checks and balances. Business units are clearly separated from credit approval units. Credit approval authority at each level is assigned to match potential risk or loss levels. Credit risk management policies and frameworks for critical credit risk have been developed and approved by the Board of Directors. For example:

- Credit policy guide
- Collateral and NPA appraisal policy
- Classification, Provision and Bad Debt Write-Off Policy and Practice
- Credit risk model governance policy
- Credit risk rating for non-retail exposures
- Counterparty risk management policy
- Country risk management policy

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

Since credit risk varies by type of credit, different risk measurement methods are applied, ranging from basic statistical tools to more advanced ones, to appropriately reflect the credit risk of each type of product/transaction.

The Bank has credit risk reporting on a regular basis. The Bank and its subsidiaries credit risk report, including loan growth, debt quality, credit concentration, and investment diversification, is presented to the Risk Management Committee on a monthly basis.

6.2 Interest rate risk

Interest rate risk arises from the change in interest rates which will affect the net interest earnings in the current reporting period and in the future and/or economic value. Interest rate risk arises from the structure and characteristics of the Bank's assets, liabilities, equity and off-financial reporting items.

The Bank has established policies for interest rate risk management to ensure that interest rate risk remains within the Bank's risk appetite. The Bank uses various derivative transactions to manage its own asset and liability positions in order to manage interest rate exposure. The use of derivative transactions is in accordance with the policies and guidelines set by the Board of Directors and the Executive Committee (EXCOM) and is under the oversight and control of the Assets and Liabilities Committee (ALCO).

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

As at 31 December 2015 and 2014, significant financial assets and liabilities can be repriced as follows:

	Consolidated							Total
	2015							
	Reprice on demand	Reprice within 3 months	Reprice within 3 - 12 months	Reprice within 1 - 5 years	Reprice over 5 years	Non Performing Loans	Non interest bearing	
	<i>(in million Baht)</i>							
Financial assets								
Cash	-	-	-	-	-	-	38,979	38,979
Interbank and money market items *	7,416	213,332	9,208	4,308	1,126	-	25,767	261,157
Investments, net	-	138,596	120,440	88,659	165,038	-	23,922	536,655
Loans to customers **	1,007,016	318,097	169,024	264,792	15,481	58,996	-	1,833,406
Accrued interest receivables	-	-	-	-	-	-	4,545	4,545
Total financial assets	1,014,432	670,025	298,672	357,759	181,645	58,996	93,213	2,674,742
Financial liabilities								
Deposits	1,114,635	333,300	376,196	9,590	-	-	57,008	1,890,729
Interbank and money market items	13,177	88,676	2,564	22,125	7,208	-	9,187	142,937
Debt issued and borrowings	-	61	41,894	39,168	40,041	-	-	121,164
Other liabilities	-	-	-	-	-	-	6,685	6,685
Total financial liabilities	1,127,812	422,037	420,654	70,883	47,249	-	72,880	2,161,515
Difference	(113,380)	247,988	(121,982)	286,876	134,396	58,996	20,333	513,227

* Before deducting allowance for doubtful accounts amounting to Baht 214 million

** Net of deferred revenue

	Consolidated							Total
	2014							
	Reprice on demand	Reprice within 3 months	Reprice within 3 - 12 months	Reprice within 1 - 5 years	Reprice over 5 years	Non Performing Loans	Non interest bearing	
	<i>(in million Baht)</i>							
Financial assets								
Cash	-	-	-	-	-	-	42,132	42,132
Interbank and money market items *	5,169	247,097	11,414	3,802	1,208	-	23,160	291,850
Investments, net	-	66,042	139,186	138,452	131,346	-	27,085	502,111
Loans to customers **	1,015,417	317,417	169,697	227,284	4,577	42,743	-	1,777,135
Accrued interest receivables	-	-	-	-	-	-	3,814	3,814
Total financial assets	1,020,586	630,556	320,297	369,538	137,131	42,743	96,191	2,617,042
Financial liabilities								
Deposits	1,008,618	291,357	429,708	112,053	-	-	53,607	1,895,343
Interbank and money market items	11,271	83,567	5,015	28,161	1,350	-	10,922	140,286
Debt issued and borrowings	-	105	5	73,789	40,018	-	-	113,917
Other liabilities	-	-	-	-	-	-	7,786	7,786
Total financial liabilities	1,019,889	375,029	434,728	214,003	41,368	-	72,315	2,157,332
Difference	697	255,527	(114,431)	155,535	95,763	42,743	23,876	459,710

* Before deducting allowance for doubtful accounts amounting to Baht 235 million

** Net of deferred revenue

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the financial statements

	The Bank							Total
	2015							
	Reprice on demand	3 months	Reprice within 3 - 12 months	1 - 5 years	Reprice over 5 years	Non Performing Loans	Non interest bearing	
	<i>(in million Baht)</i>							
Financial assets								
Cash	-	-	-	-	-	-	38,737	38,737
Interbank and money market items *	2,663	211,842	7,037	-	-	-	25,164	246,706
Investments, net	-	127,947	117,262	64,367	15,889	-	8,396	333,861
Loans to customers **	1,000,120	317,015	169,025	262,824	15,481	57,197	-	1,821,662
Accrued interest receivables	-	-	-	-	-	-	4,107	4,107
Total financial assets	1,002,783	656,804	293,324	327,191	31,370	57,197	76,404	2,445,073
Financial liabilities								
Deposits	1,110,215	332,900	376,024	9,473	-	-	56,292	1,884,904
Interbank and money market items	14,916	88,676	2,564	22,125	7,208	-	10,229	145,718
Debt issued and borrowings	-	11	41,436	39,898	40,041	-	-	121,386
Other liabilities	-	-	-	-	-	-	6,700	6,700
Total financial liabilities	1,125,131	421,587	420,024	71,496	47,249	-	73,221	2,158,708
Difference	(122,348)	235,217	(126,700)	255,695	(15,879)	57,197	3,183	286,365

* Before deducting allowance for doubtful accounts amounting to Baht 214 million

** Net of deferred revenue

	The Bank							Total
	2014							
	Reprice on demand	3 months	Reprice within 3 - 12 months	1 - 5 years	Reprice over 5 years	Non Performing Loans	Non interest bearing	
	<i>(in million Baht)</i>							
Financial assets								
Cash	-	-	-	-	-	-	41,922	41,922
Interbank and money market items *	2,788	245,007	7,574	-	-	-	21,673	277,042
Investments, net	-	55,884	138,280	119,609	10,776	-	15,541	340,090
Loans to customers **	1,010,167	317,417	169,697	226,095	4,577	41,626	-	1,769,579
Accrued interest receivables	-	-	-	-	-	-	3,544	3,544
Total financial assets	1,012,955	618,308	315,551	345,704	15,353	41,626	82,680	2,432,177
Financial liabilities								
Deposits	1,004,668	291,041	429,705	112,053	-	-	52,921	1,890,388
Interbank and money market items	16,930	83,567	5,015	28,160	1,350	-	10,992	146,014
Debt issued and borrowings	-	1	5	74,462	40,018	-	-	114,486
Other liabilities	-	-	-	-	-	-	7,786	7,786
Total financial liabilities	1,021,598	374,609	434,725	214,675	41,368	-	71,699	2,158,674
Difference	(8,643)	243,699	(119,174)	131,029	(26,015)	41,626	10,981	273,503

* Before deducting allowance for doubtful accounts amounting to Baht 235 million

** Net of deferred revenue

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

As at 31 December 2015 and 2014, interest earning and interest bearing financial instruments were as follows:

	Consolidated					
	2015			2014		
	Average	Interest	Average	Average	Interest	Average
	(in million Baht)	(%)	(in million Baht)	(in million Baht)	(%)	(%)
Interbank and money market items, net (Assets)	276,279	3,687	1.3	231,568	4,380	1.9
Investments, net	519,383	12,873	2.5	503,149	13,127	2.6
Loans to customers *	1,805,271	105,826	5.9	1,756,208	105,846	6.0
Deposits	1,893,036	35,032	1.9	1,859,127	37,334	2.0
Interbank and money market items (Liabilities)	141,611	1,078	0.8	129,706	1,605	1.2
Debt issued and borrowings	117,540	3,512	3.0	104,464	3,341	3.2

	The Bank					
	2015			2014		
	Average	Interest	Average	Average	Interest	Average
	(in million Baht)	(%)	(in million Baht)	(in million Baht)	(%)	(%)
Interbank and money market items, net (Assets)	261,650	3,280	1.3	215,849	3,967	1.8
Investments, net	336,976	6,234	1.8	354,129	7,443	2.1
Loans to customers *	1,795,620	105,443	5.9	1,748,787	105,512	6.0
Deposits	1,887,646	35,074	1.9	1,855,558	37,418	2.0
Interbank and money market items (Liabilities)	145,866	1,085	0.7	135,003	1,615	1.2
Debt issued and borrowings	117,936	3,498	3.0	104,726	3,325	3.2

* Net of deferred revenue

6.3 Foreign exchange risk

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

It is the Bank's policy to manage foreign exchange risk by setting risk limits on foreign exchange risk exposures. These limits are net open position limits, open position by currency, management action triggers, and value at risk which are monitored on a daily basis and in compliance with the Bank of Thailand's regulations on foreign exchange.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

As at 31 December 2015 and 2014, the Bank has financial assets and liabilities denominated in the various currencies as follows:

	Consolidated					Total
	2015					
	THB	USD	EURO	YEN	Others	
	<i>(in million Baht)</i>					
Financial assets						
Cash	37,913	501	172	102	291	38,979
Interbank and money market items *	213,840	43,575	411	574	2,757	261,157
Investments, net	520,440	14,552	246	367	1,050	536,655
Loans to customers **	1,711,851	106,346	1,784	309	13,116	1,833,406
Accrued interest receivables	4,250	282	4	-	9	4,545
Total financial assets	<u>2,488,294</u>	<u>165,256</u>	<u>2,617</u>	<u>1,352</u>	<u>17,223</u>	<u>2,674,742</u>
Financial liabilities						
Deposits	1,797,911	89,769	1,236	469	1,344	1,890,729
Interbank and money market items	126,388	15,926	622	1	-	142,937
Debt issued and borrowings	40,615	80,549	-	-	-	121,164
Other liabilities	5,918	755	-	-	12	6,685
Total financial liabilities	<u>1,970,832</u>	<u>186,999</u>	<u>1,858</u>	<u>470</u>	<u>1,356</u>	<u>2,161,515</u>
On-financial reporting items, net	<u>517,462</u>	<u>(21,743)</u>	<u>759</u>	<u>882</u>	<u>15,867</u>	<u>513,227</u>
Off-financial reporting items - contingencies (currency swap contracts)	<u>-</u>	<u>28,553</u>	<u>(962)</u>	<u>(252)</u>	<u>(13,143)</u>	<u>14,196</u>

* Before deducting allowance for doubtful accounts amounting to Baht 214 million

** Net of deferred revenue

	Consolidated					Total
	2014					
	THB	USD	EURO	YEN	Others	
	<i>(in million Baht)</i>					
Financial assets						
Cash	40,993	598	193	82	266	42,132
Interbank and money market items *	255,631	32,248	394	336	3,241	291,850
Investments, net	492,682	8,893	3	-	533	502,111
Loans to customers **	1,648,685	124,102	2,670	270	1,408	1,777,135
Accrued interest receivables	3,269	534	7	-	4	3,814
Total financial assets	<u>2,441,260</u>	<u>166,375</u>	<u>3,267</u>	<u>688</u>	<u>5,452</u>	<u>2,617,042</u>
Financial liabilities						
Deposits	1,816,309	76,525	1,135	428	946	1,895,343
Interbank and money market items	126,237	13,879	169	1	-	140,286
Debt issued and borrowings	40,292	73,625	-	-	-	113,917
Other liabilities	7,122	663	-	-	1	7,786
Total financial liabilities	<u>1,989,960</u>	<u>164,692</u>	<u>1,304</u>	<u>429</u>	<u>947</u>	<u>2,157,332</u>
On-financial reporting items, net	<u>451,300</u>	<u>1,683</u>	<u>1,963</u>	<u>259</u>	<u>4,505</u>	<u>459,710</u>
Off-financial reporting items - contingencies (currency swap contracts)	<u>-</u>	<u>(2,656)</u>	<u>(1,294)</u>	<u>484</u>	<u>(3,192)</u>	<u>(6,658)</u>

* Before deducting allowance for doubtful accounts amounting to Baht 235 million

** Net of deferred revenue

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

	The Bank					Total
	2015					
	THB	USD	EURO	YEN	Others	
	<i>(in million Baht)</i>					
Financial assets						
Cash	37,863	322	172	102	278	38,737
Interbank and money market items *	205,194	37,962	401	574	2,575	246,706
Investments, net	332,957	3	3	-	898	333,861
Loans to customers **	1,704,491	102,950	1,784	309	12,128	1,821,662
Accrued interest receivables	3,838	260	4	-	5	4,107
Total financial assets	<u>2,284,343</u>	<u>141,497</u>	<u>2,364</u>	<u>985</u>	<u>15,884</u>	<u>2,445,073</u>
Financial liabilities						
Deposits	1,798,570	83,681	1,236	469	948	1,884,904
Interbank and money market items	129,119	15,976	622	1	-	145,718
Debt issued and borrowings	40,107	81,279	-	-	-	121,386
Other liabilities	5,945	754	-	-	1	6,700
Total financial liabilities	<u>1,973,741</u>	<u>181,690</u>	<u>1,858</u>	<u>470</u>	<u>949</u>	<u>2,158,708</u>
On-financial reporting items, net	<u>310,602</u>	<u>(40,193)</u>	<u>506</u>	<u>515</u>	<u>14,935</u>	<u>286,365</u>
Off-financial reporting items - contingencies (currency swap contracts)	<u>-</u>	<u>29,400</u>	<u>(962)</u>	<u>(252)</u>	<u>(13,143)</u>	<u>15,043</u>

* Before deducting allowance for doubtful accounts amounting to Baht 214 million

** Net of deferred revenue

	The Bank					Total
	2014					
	THB	USD	EURO	YEN	Others	
	<i>(in million Baht)</i>					
Financial assets						
Cash	40,919	464	193	82	264	41,922
Interbank and money market items *	246,249	26,827	394	336	3,236	277,042
Investments, net	339,553	1	3	-	533	340,090
Loans to customers **	1,642,713	122,518	2,670	270	1,408	1,769,579
Accrued interest receivables	3,003	530	7	-	4	3,544
Total financial assets	<u>2,272,437</u>	<u>150,340</u>	<u>3,267</u>	<u>688</u>	<u>5,445</u>	<u>2,432,177</u>
Financial liabilities						
Deposits	1,816,921	71,209	1,135	428	695	1,890,388
Interbank and money market items	131,948	13,896	169	1	-	146,014
Debt issued and borrowings	40,188	74,298	-	-	-	114,486
Other liabilities	7,123	662	-	-	1	7,786
Total financial liabilities	<u>1,996,180</u>	<u>160,065</u>	<u>1,304</u>	<u>429</u>	<u>696</u>	<u>2,158,674</u>
On-financial reporting items, net	<u>276,257</u>	<u>(9,725)</u>	<u>1,963</u>	<u>259</u>	<u>4,749</u>	<u>273,503</u>
Off-financial reporting items - contingencies (currency swap contracts)	<u>-</u>	<u>(3,092)</u>	<u>(1,294)</u>	<u>484</u>	<u>(3,192)</u>	<u>(7,094)</u>

* Before deducting allowance for doubtful accounts amounting to Baht 235 million

** Net of deferred revenue

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

6.4 Equity risk

Equity risk is the risk arising from changes in the price of equities or common stock that may cause volatility in the Bank's earning or fluctuations in the value of the Bank's financial assets. The Bank and its subsidiaries have policies to manage the risk by maintaining long-term equity investments and investing in growth potential equities and/or those intended to support the business. The Bank has established the Policy that only companies within the Financial Group that are engaged in the financial business with specific supervisory bodies and those permitted to engage in portfolio management can initiate action with respect to equity investments, as allowed under applicable regulations. The Bank has closely managed and monitored market situations to provide information for management to monitor the risk to the Bank. (Further details of equity investments are provided under notes 11 and 12).

6.5 Liquidity risk

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

In order to manage liquidity risk, the Bank has established a Liquidity Risk Management Policy which is approved by the Board of Directors. In addition, the Assets and Liabilities Committee (ALCO) ensures that its liquidity risk management complies with the said policy.

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

The Bank also conducts stress test on regular basis to estimate impact under each stress scenario as required by the Bank of Thailand and using scenarios developed by the Bank. The stress test results may result in the development of contingency funding plan. The contingency funding plan establishes appropriate action plans based on specific scenarios and assigns clear roles and responsibility to manage liquidity in the event of a given crisis.

As at 31 December 2015, the liquidity ratio (liquid assets to total deposits) stood at 29.1% on a bank-only basis (2014: 28.5%).

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

As at 31 December 2015 and 2014, financial assets and liabilities were classified according to their contractual maturity as follows:

	Consolidated						Total
	2015						
	Maturity on demand	Maturity within 3 months	Maturity within 3 - 12 months	Maturity within 1 - 5 years	Maturity over 5 years	No maturity	
	<i>(in million Baht)</i>						
Financial assets							
Cash	-	-	-	-	-	38,979	38,979
Interbank and money market items*	28,228	218,054	6,926	6,753	1,196	-	261,157
Investments, net	-	139,085	120,440	88,659	166,546	21,925	536,655
Loans to customers**	187,252	271,125	199,107	606,869	569,053	-	1,833,406
Accrued interest receivables	409	4,136	-	-	-	-	4,545
Total financial assets	215,889	632,400	326,473	702,281	736,795	60,904	2,674,742
Financial liabilities							
Deposits	1,163,151	333,449	379,579	14,550	-	-	1,890,729
Interbank and money market items	22,364	86,871	2,564	23,930	7,208	-	142,937
Debt issued and borrowings	-	61	14,898	66,164	40,041	-	121,164
Other liabilities	-	1,626	5,013	46	-	-	6,685
Total financial liabilities	1,185,515	422,007	402,054	104,690	47,249	-	2,161,515
Net liquidity gap	(969,626)	210,393	(75,581)	597,591	689,546	60,904	513,227

* Before deducting allowance for doubtful accounts amounting to Baht 214 million

** Including non-performing loans and net of deferred revenue

	Consolidated						Total
	2014						
	Maturity on demand	Maturity within 3 months	Maturity within 3 - 12 months	Maturity within 1 - 5 years	Maturity over 5 years	No maturity	
	<i>(in million Baht)</i>						
Financial assets							
Cash	-	-	-	-	-	42,132	42,132
Interbank and money market items *	19,681	250,307	6,649	13,991	1,222	-	291,850
Investments, net	-	66,142	139,186	138,452	131,346	26,985	502,111
Loans to customers**	210,713	276,897	189,362	587,368	512,795	-	1,777,135
Accrued interest receivables	255	3,559	-	-	-	-	3,814
Total financial assets	230,649	596,905	335,197	739,811	645,363	69,117	2,617,042
Financial liabilities							
Deposits	1,053,263	289,946	433,281	118,853	-	-	1,895,343
Interbank and money market items	22,194	73,677	5,015	38,050	1,350	-	140,286
Debt issued and borrowings	-	105	5	73,789	40,018	-	113,917
Other liabilities	-	1,316	6,018	452	-	-	7,786
Total financial liabilities	1,075,457	365,044	444,319	231,144	41,368	-	2,157,332
Net liquidity gap	(844,808)	231,861	(109,122)	508,667	603,995	69,117	459,710

* Before deducting allowance for doubtful accounts amounting to Baht 235 million

** Including non-performing loans and net of deferred revenue

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

	The Bank						Total
	2015						
	Maturity on demand	3 months	Maturity within 3 - 12 months	1 - 5 years	Maturity over 5 years	No maturity	
	<i>(in million Baht)</i>						
Financial assets							
Cash	-	-	-	-	-	38,737	38,737
Interbank and money market items *	23,381	216,519	4,453	2,353	-	-	246,706
Investments, net	-	127,947	117,262	64,367	15,889	8,396	333,861
Loans to customers**	179,554	271,092	198,863	603,558	568,595	-	1,821,662
Accrued interest receivables	-	4,107	-	-	-	-	4,107
Total financial assets	202,935	619,665	320,578	670,278	584,484	47,133	2,445,073
Financial liabilities							
Deposits	1,157,888	333,175	379,408	14,433	-	-	1,884,904
Interbank and money market items	25,145	86,871	2,564	23,930	7,208	-	145,718
Debt issued and borrowings	-	11	14,440	66,894	40,041	-	121,386
Other liabilities	-	1,615	5,039	46	-	-	6,700
Total financial liabilities	1,183,033	421,672	401,451	105,303	47,249	-	2,158,708
Net liquidity gap	(980,098)	197,993	(80,873)	564,975	537,235	47,133	286,365

* Before deducting allowance for doubtful accounts amounting to Baht 214 million

** Including non-performing loans and net of deferred revenue

	The Bank						Total
	2014						
	Maturity on demand	3 months	Maturity within 3 - 12 months	1 - 5 years	Maturity over 5 years	No maturity	
	<i>(in million Baht)</i>						
Financial assets							
Cash	-	-	-	-	-	41,922	41,922
Interbank and money market items *	16,424	248,145	2,473	10,000	-	-	277,042
Investments, net	-	55,884	138,280	119,609	10,776	15,541	340,090
Loans to customers**	205,405	276,897	189,281	585,201	512,795	-	1,769,579
Accrued interest receivables	-	3,544	-	-	-	-	3,544
Total financial assets	221,829	584,470	330,034	714,810	523,571	57,463	2,432,177
Financial liabilities							
Deposits	1,048,627	289,630	433,278	118,853	-	-	1,890,388
Interbank and money market items	27,922	73,677	5,015	38,050	1,350	-	146,014
Debt issued and borrowings	-	1	5	74,462	40,018	-	114,486
Other liabilities	-	1,316	6,018	452	-	-	7,786
Total financial liabilities	1,076,549	364,624	444,316	231,817	41,368	-	2,158,674
Net liquidity gap	(854,720)	219,846	(114,282)	482,993	482,203	57,463	273,503

* Before deducting allowance for doubtful accounts amounting to Baht 235 million

** Including non-performing loans and net of deferred revenue

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

Loans to deposits ratio

As at 31 December 2015 and 2014, the loans to deposits ratios in the consolidated financial statements were as follows:

	2015	2014
		(%)
Gross loans to deposits ratio (Consolidated financial statements)	97.0	93.8
Gross loans to deposits and B/E ratio (Consolidated financial statements)	97.0	93.8

7 Fair value of assets and liabilities

The Bank and its subsidiaries have an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and reports through to the CFO.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which such valuations should be classified.

Significant valuation issues are reported to the Bank and its subsidiaries Audit Committee.

When measuring the fair value of an asset or a liability, the Bank and its subsidiaries use market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Bank and its subsidiaries recognised transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. There were no transfers between Level 1 to Level 2 of the fair value hierarchy during the year ended 31 December 2015.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

7.1 Financial instruments carried at fair value

The fair value of financial instruments carried at fair value in the consolidated and the Bank statement of financial position were as follows:

	Consolidated			The Bank		
	Fair value			Fair value		
	Level 1	Level 2	Total	Level 1	Level 2	Total
	<i>(in million Baht)</i>					
31 December 2015						
Financial assets						
Derivative assets	-	56,288	56,288	-	57,450	57,450
- Foreign exchange rate	-	37,700	37,700	-	38,866	38,866
- Interest rate	-	18,550	18,550	-	18,550	18,550
- Others	-	38	38	-	34	34
Trading securities	294	20,821	21,115	-	20,808	20,808
Available-for-sale securities	21,321	360,879	382,200	8,126	290,975	299,101

Financial liabilities						
Derivative liabilities	5	58,823	58,828	-	58,738	58,738
- Foreign exchange rate	-	42,420	42,420	-	42,312	42,312
- Interest rate	-	16,392	16,392	-	16,392	16,392
- Others	5	11	16	-	34	34

	Consolidated			The Bank		
	Fair value			Fair value		
	Level 1	Level 2	Total	Level 1	Level 2	Total
	<i>(in million Baht)</i>					
31 December 2014						
Financial assets						
Derivative assets	-	43,149	43,149	-	43,278	43,278
- Foreign exchange rate	-	23,803	23,803	-	23,934	23,934
- Interest rate	-	19,319	19,319	-	19,319	19,319
- Others	-	27	27	-	25	25
Trading securities	388	27,285	27,673	-	27,274	27,274
Available-for-sale securities	26,018	315,677	341,695	15,263	282,209	297,472

Financial liabilities						
Derivative liabilities	20	42,142	42,162	-	42,236	42,236
- Foreign exchange rate	-	25,051	25,051	-	25,145	25,145
- Interest rate	-	17,091	17,091	-	17,091	17,091
- Others	20	-	20	-	-	-

The Bank and its subsidiaries determine Level 2 fair values for debt securities using quoted market prices for identical or similar instruments in inactive markets or other inputs that are observable market data.

Level 2 fair values for simple over-the-counter derivative financial instruments are based on broker quotes. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Bank and its subsidiaries and counterparty when appropriate.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

7.2 Financial instruments not carried at fair value

Fair value hierarchy of financial instruments which are not measured at fair value and for which there is a significant difference with carrying amount as of 31 December 2015 and 2014 are as follows:

	Consolidated		The Bank	
	Carrying amount	Fair value Level 2	Carrying amount	Fair value Level 2
<i>(in million Baht)</i>				
31 December 2015				
Financial assets				
Derivative assets	1,109	1,662	1,109	1,662
Held-to-maturity securities	133,064	147,180	13,682	15,046
Financial liabilities				
Deposits	1,890,729	1,891,037	1,884,904	1,885,211
Interbank and money market items	142,937	142,948	145,718	145,728
Derivative liabilities	760	877	760	877

	Consolidated		The Bank	
	Carrying amount	Fair value Level 2	Carrying amount	Fair value Level 2
<i>(in million Baht)</i>				
31 December 2014				
Financial assets				
Derivative assets	481	1,179	481	1,179
Held-to-maturity securities	132,467	145,198	15,075	17,876
Financial liabilities				
Deposits	1,895,343	1,895,531	1,890,388	1,890,576
Interbank and money market items	140,286	140,315	146,014	146,043
Derivative liabilities	251	509	251	509

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

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

Interbank and money market items (Assets):	Fair value calculated based on present value of estimated cash flows, using the current interest rate in the money market.
Derivatives:	The fair values of derivatives are obtained from quoted market prices in active markets. Fair values of derivatives in an illiquid market are obtained using an average price (quoted from several reliable sources), valuation technique and a benchmark price of instruments which have similar characteristics, as appropriate.
Investments:	<p>The following methodologies are used to determine the fair value of securities held by the Bank.</p> <ul style="list-style-type: none"> - The fair value of 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 debt securities with no active market price, the fair value is estimated based on the yield curve of 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 equity securities. - The fair value of unit trusts is estimated based on the net asset value at the reporting date. - The fair value of foreign debt and equity securities listed on foreign stock exchanges is estimated by using the bid prices at such exchanges as of the last business day of the period. The fair value of non-listed foreign debt and equity securities is determined based on values quoted by reliable international financial institutions.
Loans to customers and accrued interest receivables:	<ul style="list-style-type: none"> - For variable-rate loans that are repriced frequently and have no significant change in credit risk, fair values are based on carrying values. - Fair values of other loans are estimated using discounted cash flow analyses, using market interest rates or the fair value of collateral. There is no significant difference with the carrying amount. - The carrying amount of accrued interest receivables approximates fair value.
Deposits and interbank and money market items (Liabilities):	<ul style="list-style-type: none"> - The fair values disclosed for deposits which are payable on demand by the depositor, are equal to the carrying values of such deposits. - Fair values for fixed-deposits are estimated using a discounted cash flow calculation that applies interest rates currently being offered on similar deposits. - The carrying amount of interbank and money market items approximates their fair value.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

Liabilities payable on demand:	The carrying amount of liabilities payable on demand approximates fair value.
Debt issued and borrowings:	<ul style="list-style-type: none">- The carrying amounts of short-term borrowings maturing within 90 days approximate their fair values.- Fair values of other borrowings are estimated using discounted cash flow analyses based on the Bank's current borrowing rates for similar types of borrowing arrangements.

8 Maintenance of capital fund

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

The Bank maintains its capital fund in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk weighted assets in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand. As announced by the BoT in its circulars dated 8 November 2012 and 17 December 2012, the Bank is required to calculate its Capital Fund in accordance with Basel III. As at 31 December 2015 and 2014, the Consolidated Supervision group and the Bank's total capital funds can be categorised as follows:

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the financial statements

	Basel III	
	Consolidated Supervision	
	2015	2014
	<i>(in million Baht)</i>	
Tier 1 capital		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital	33,992	33,992
Premium on share capital	11,124	11,124
Legal reserve	7,000	7,000
Net gain after appropriations	210,378	181,143
Disclosed reserves		
Other comprehensive income	12,069	18,014
Other owner changes items	(2,342)	-
Capital deduction items on CET1	(6,730)	(7,354)
Total Tier 1 capital	<u>265,491</u>	<u>243,919</u>
Tier 2 capital		
Subordinated debt	40,000	40,000
Allowance for classified assets of “normal” category	19,140	17,835
Total Tier 2 capital	<u>59,140</u>	<u>57,835</u>
Total capital funds	<u>324,631</u>	<u>301,754</u>
Total risk weighted assets	1,880,484	1,776,687
Total capital / Total risk weighted assets (minimum 8.50%)	17.3%	17.0%
Total Tier 1 capital / Total risk weighted assets (minimum 6.00%)	14.1%	13.7%
Total Tier 1 common equity / Total risk weighted assets (minimum 4.50%)	14.1%	13.7%
Total Tier 2 capital / Total risk weighted assets	3.2%	3.3%
Capital after deducting capital add-on arising from Single Lending Limit*	321,596	
Capital ratio after deducting capital add-on arising from Single Lending Limit*	17.1%	

* Effective in January 2015

	Basel III	
	The Bank	
	2015	2014
	<i>(in million Baht)</i>	
Tier 1 capital		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital	33,992	33,992
Premium on share capital	11,124	11,124
Legal reserve	7,000	7,000
Net gain after appropriations	198,492	172,983
Other comprehensive income	12,250	17,349
Capital deduction items on CET1	(5,654)	(5,835)
Total Tier 1 capital	<u>257,204</u>	<u>236,613</u>
Tier 2 capital		
Subordinated debt	40,000	40,000
Allowance for classified assets of “normal” category	19,140	17,835
Total Tier 2 capital	<u>59,140</u>	<u>57,835</u>
Total capital funds	<u>316,344</u>	<u>294,448</u>
Total risk weighted assets	1,841,506	1,742,345

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the financial statements

		Basel III The Bank	
		2015	2014
		<i>(in million Baht)</i>	
Total capital / Total risk weighted assets	(minimum 8.50%)	17.2%	16.9%
Total Tier 1 capital / Total risk weighted assets	(minimum 6.00%)	14.0%	13.6%
Total Tier 1 common equity / Total risk weighted assets	(minimum 4.50%)	14.0%	13.6%
Total Tier 2 capital / Total risk weighted assets		3.2%	3.3%
Capital after deducting capital add-on arising from Single Lending Limit*		314,196	
Capital ratio after deducting capital add-on arising from Single Lending Limit*		17.1%	

* Effective in January 2015

Disclosures of capital maintenance information under the Notification of the Bank of Thailand number Sor Nor Sor 6/2553 dated 18 June 2010, Consolidated Supervision, the Notification of the Bank of Thailand number Sor Nor Sor 7/2558 dated 8 May 2015, Capital Components for Locally - Registered Commercial Banks, the Notification of the Bank of Thailand number Sor Nor Sor 19/2555 dated 17 December 2012, Consolidated Supervision (#2), the Notification of the Bank of Thailand number Sor Nor Sor 4/2556 dated 2 May 2013, the Public Disclosures of Capital Maintenance for Commercial Banks and the Notification of the Bank of Thailand number Sor Nor Sor 5/2556 dated 2 May 2013, the Public Disclosures of Capital Maintenance for Financial Group, were as follows:

Location of disclosure	The Bank's website under Investor Relations section at http://www.scb.co.th/en/about-scb/investor-relations/financial-information/pillar
Date of disclosure	Within 4 months after the year end date as indicated in the notification.
Information as of	31 December 2015

The disclosure for the year ended 31 December 2015 will be provided on or before 30 April 2016 on the Bank's website as noted above.

Capital management

The Bank and its subsidiaries policies are to maintain a strong capital base so as to provide a cushion against future uncertainties, engender market confidence in the Bank's robustness and to support business growth. Further, the impact of the level of capital on shareholders' returns is also considered together with the need to maintain a balance between the higher returns that might be possible with higher gearing and the advantages and security afforded by a sound capital position.

The Bank and its subsidiaries have complied with BoT imposed capital requirements throughout the year and, as noted in the table above, its capital level is well in excess of the minimum requirements.

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the financial statements

9 Interbank and money market items, net (Assets)

As at 31 December 2015 and 2014, interbank and money market items, net (Assets) were as follows:

	Consolidated					
	Demand	2015 Time	Total	Demand	2014 Time	Total
	<i>(in million Baht)</i>					
Domestic items:						
Bank of Thailand and Financial Institutions Development Fund	14,100	160,500	174,600	8,851	209,600	218,451
Commercial banks	2,657	24,173	26,830	1,809	14,232	16,041
Specialised financial institutions*	-	6,682	6,682	-	10,000	10,000
Other financial institutions**	1,194	8,397	9,591	1,344	4,215	5,559
Total	17,951	199,752	217,703	12,004	238,047	250,051
Add accrued interest receivables	-	555	555	1	156	157
Less allowance for doubtful accounts	-	(163)	(163)	-	(141)	(141)
Total domestic items	17,951	200,144	218,095	12,005	238,062	250,067
Foreign items:						
US Dollar	5,886	32,578	38,464	4,835	26,051	30,886
Japanese YEN	574	-	574	336	-	336
Euro	387	24	411	394	-	394
Other currencies	3,430	14	3,444	2,111	7,908	10,019
Total	10,277	32,616	42,893	7,676	33,959	41,635
Add accrued interest receivables	-	6	6	-	7	7
Less allowance for doubtful accounts	-	(51)	(51)	-	(94)	(94)
Total foreign items	10,277	32,571	42,848	7,676	33,872	41,548
Total domestic and foreign items	28,228	232,715	260,943	19,681	271,934	291,615

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

** Other financial institutions mean financial institutions which have a license to offer interest on loans under the Finance Institution Act and, excluding those itemised separately above, such as Finance companies, Securities companies, Credit foncier companies, Life insurance companies, Cooperatives, the Federation of Savings and Credit Cooperatives of Thailand Limited and the Credit Union League of Thailand Limited

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the financial statements

	The Bank					
	Demand	2015 Time	Total	Demand	2014 Time	Total
	<i>(in million Baht)</i>					
Domestic items:						
Bank of Thailand and Financial						
Institutions Development Fund	14,100	160,500	174,600	8,851	209,600	218,451
Commercial banks	979	17,687	18,666	1,118	11,233	12,351
Specialised financial institutions*	-	6,682	6,682	-	10,000	10,000
Other financial institutions**	1,194	8,397	9,591	1,344	4,215	5,559
Total	16,273	193,266	209,539	11,313	235,048	246,361
<i>Add</i> accrued interest receivables	-	53	53	-	137	137
<i>Less</i> allowance for doubtful accounts	-	(163)	(163)	-	(141)	(141)
Total domestic items	16,273	193,156	209,429	11,313	235,044	246,357
Foreign items:						
US Dollar	2,899	29,965	32,864	2,274	23,188	25,462
Japanese YEN	574	-	574	336	-	336
Euro	377	24	401	394	-	394
Other currencies	3,258	14	3,272	2,107	2,238	4,345
Total	7,108	30,003	37,111	5,111	25,426	30,537
<i>Add</i> accrued interest receivables	-	3	3	-	7	7
<i>Less</i> allowance for doubtful accounts	-	(51)	(51)	-	(94)	(94)
Total foreign items	7,108	29,955	37,063	5,111	25,339	30,450
Total domestic and foreign items	23,381	223,111	246,492	16,424	260,383	276,807

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

** Other financial institutions mean financial institutions which have a license to offer interest on loans under the Finance Institution Act and, excluding those itemised separately above, such as Finance companies, Securities companies, Credit foncier companies, Life insurance companies, Cooperatives, the Federation of Savings and Credit Cooperatives of Thailand Limited and the Credit Union League of Thailand Limited

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

10 Derivatives

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

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

The Bank has implemented policies to manage the foreign exchange risk and interest rate risk arising from the volatility of foreign exchange rates and interest rates by using derivatives for serving the client's needs as well as the Bank's assets and liabilities management needs. The Bank controls the counterparty risks by setting-up the credit limits, and controls the market risk by setting-up limits for management action triggers, net open position, basis point value, value at risk and management stress triggers.

The total notional amount of the derivatives at the year end does not represent the risk exposure arising from derivative transactions. The risks arising from derivatives will depend on the changes in the price of each derivative type before maturity of the contract.

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the financial statements

As at 31 December 2015 and 2014, the notional amounts of derivatives were as follows:

	Consolidated			
	2015			
	Notional amount			
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
	<i>(in million Baht)</i>			
Forward exchange contracts	1,050,053	15,810	19,021	1,084,884
Currency swap contracts	84,704	303,905	218,740	607,349
Interest rate swap contracts	454,372	1,035,926	348,931	1,839,229
Equity derivatives	1,018	760	-	1,778

	Consolidated			
	2014			
	Notional amount			
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
	<i>(in million Baht)</i>			
Forward exchange contracts	811,075	22,035	17,739	850,849
Currency swap contracts	87,427	271,805	180,684	539,916
Interest rate swap contracts	359,015	1,068,787	283,818	1,711,620
Equity derivatives	678	-	-	678

	The Bank			
	2015			
	Notional amount			
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
	<i>(in million Baht)</i>			
Forward exchange contracts	1,050,196	15,810	19,021	1,085,027
Currency swap contracts	85,065	305,764	228,987	619,816
Interest rate swap contracts	454,372	1,035,926	348,931	1,839,229
Equity derivatives	-	519	-	519

	The Bank			
	2014			
	Notional amount			
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
	<i>(in million Baht)</i>			
Forward exchange contracts	811,185	22,035	17,739	850,959
Currency swap contracts	87,335	273,782	185,883	547,000
Interest rate swap contracts	359,015	1,068,787	283,818	1,711,620
Equity derivatives	470	-	-	470

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

As at 31 December 2015 and 2014, carrying amount and notional amount classified by type of risk were as follows:

Type of risk	Consolidated					
	2015		Notional amount	2014		Notional amount
	Carrying amount Assets	Liabilities		Carrying amount Assets	Liabilities	
	<i>(in million Baht)</i>					
Foreign exchange rate	38,554	43,074	1,692,233	24,003	25,253	1,390,765
Interest rate	18,805	16,498	1,839,229	19,600	17,140	1,711,620
Equity derivatives	38	16	1,778	27	20	678
Total	57,397	59,588	3,533,240	43,630	42,413	3,103,063

Type of risk	The Bank					
	2015		Notional amount	2014		Notional amount
	Carrying amount Assets	Liabilities		Carrying amount Assets	Liabilities	
	<i>(in million Baht)</i>					
Foreign exchange rate	39,720	42,966	1,704,843	24,134	25,347	1,397,959
Interest rate	18,805	16,498	1,839,229	19,600	17,140	1,711,620
Equity derivatives	34	34	519	25	-	470
Total	58,559	59,498	3,544,591	43,759	42,487	3,110,049

The carrying amount of derivative assets and liabilities comprises trading book derivatives are measured at fair value and banking book derivatives are measured on an accrual basis in accordance with the accounting policy disclosed in note 5.25.

As at 31 December 2015 and 2014, the proportions, determined based on the notional amount of derivatives contracts divided by type of counterparty were as follows:

Counterparty	Consolidated			The Bank	
	2015	2014		2015	2014
	(%)				
Financial institutions	71.91	76.08		71.66	75.88
Affiliated companies	-	-		0.38	0.26
Third parties	28.09	23.92		27.96	23.86

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the financial statements

11 Investments, net

11.1 Classification of investments in securities

As at 31 December 2015 and 2014, the investments in securities of the Bank and its subsidiaries were classified as follows:

	Consolidated		The Bank	
	2015 Fair value	2014 Fair value	2015 Fair value	2014 Fair value
	<i>(in million Baht)</i>			
Trading securities				
Government and state enterprise securities	20,690	25,981	20,677	25,970
Corporate debt securities	131	453	131	453
Foreign debt securities	-	851	-	851
Domestic equity securities	294	388	-	-
Total	21,115	27,673	20,808	27,274
	Consolidated		The Bank	
	2015 Fair value	2014 Fair value	2015 Fair value	2014 Fair value
	<i>(in million Baht)</i>			
Available-for-sale securities				
Government and state enterprise securities	323,977	290,414	290,108	281,937
Corporate debt securities	23,569	17,130	-	-
Foreign debt securities	13,313	7,821	867	244
Domestic equity securities	18,479	23,321	8,126	12,282
Foreign equity securities	2,862	2,981	-	2,981
Other securities	-	28	-	28
Total	382,200	341,695	299,101	297,472
	Consolidated		The Bank	
	2015 Cost / Amortised cost	2014 Cost / Amortised cost	2015 Cost / Amortised cost	2014 Cost / Amortised cost
	<i>(in million Baht)</i>			
Held-to-maturity securities				
Government and state enterprise securities	131,261	131,297	13,239	14,898
Corporate debt securities	36	36	443	676
Foreign debt securities	-	258	-	258
Other securities	1,803	1,800	-	-
Total	133,100	133,391	13,682	15,832
<i>Less allowance for impairment</i>	<i>(36)</i>	<i>(924)</i>	<i>-</i>	<i>(757)</i>
Total	133,064	132,467	13,682	15,075

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the financial statements

	Consolidated		The Bank	
	2015 Cost	2014 Cost	2015 Cost	2014 Cost
	<i>(in million Baht)</i>			
General investments				
Domestic non-marketable equity securities	447	447	441	440
Foreign non-marketable equity securities	17	16	17	16
Total	464	463	458	456
<i>Less</i> allowance for impairment	(188)	(187)	(188)	(187)
Total	276	276	270	269
Total investments, net	536,655	502,111	333,861	340,090

11.2 Unrealised gains (losses) on available-for-sale securities and held-to-maturity securities

As at 31 December 2015 and 2014, unrealised gains (losses) on available-for-sale securities and held-to-maturity securities were as follows:

Type of securities	Consolidated							
	2015			2014				
	Amortised cost	Unrealised gains	Unrealised losses	Fair value	Amortised cost	Unrealised gains	Unrealised losses	Fair value
	<i>(in million Baht)</i>							
Available-for-sale securities	378,632*	6,046	(2,478)	382,200	330,694*	11,851	(850)	341,695
Held-to-maturity securities	133,100	14,080	-	147,180	133,391	11,819	(12)	145,198
Total	511,732	20,126	(2,478)	529,380	464,085	23,670	(862)	486,893

Type of securities	The Bank							
	2015			2014				
	Amortised cost	Unrealised gains	Unrealised losses	Fair value	Amortised cost	Unrealised gains	Unrealised losses	Fair value
	<i>(in million Baht)</i>							
Available-for-sale securities	296,899*	2,646	(444)	299,101	289,091*	8,720	(339)	297,472
Held-to-maturity securities	13,682	1,364	-	15,046	15,832	2,044	-	17,876
Total	310,581	4,010	(444)	314,147	304,923	10,764	(339)	315,348

* Net of allowance for impairment

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

11.3 Investments in companies with holding of 10% and upwards

As at 31 December 2015 and 2014, investments in mutual funds and financial services companies as well as other companies, other than subsidiaries and associate, of which the Bank and its subsidiaries hold 10% or more of the fund or the paid-up capital in each company, classified by industry, were as follows:

	Number of companies	Consolidated		The Bank	
		2015	2014	2015	2014
				<i>(in million Baht)</i>	
Mutual funds and financial services	2	-	28	-	28
Others	6 - 7	76	75	76	75
		<u>76</u>	<u>103</u>	<u>76</u>	<u>103</u>

11.4 Investments in companies with problems in their financial positions

As at 31 December 2015, the Bank and its subsidiaries held investments in a number of securities issued by companies with problems in their financial positions and operating results. The Bank and its subsidiaries have made a provision for diminution in the value of securities equal to the amount by which the aggregate cost exceeds the aggregate market value. The aggregate cost of these securities is Baht 71 million (2014: Baht 95 million).

12 Investments in subsidiaries and associates, net

As at 31 December 2015 and 2014, the Bank and its subsidiaries had an investment in associates, net of any impairment provisions, as follows:

	Type of business	Type of share	Direct and indirect shareholding		Consolidated Investment value			
			2015	2014	Cost method		Equity method	
			(%)		2015	2014	2015	2014
Associates								
Finance								
VinaSiam Bank*	Banking	Ordinary	-	33.0	-	697	-	612
Service								
Supernap (Thailand) Co., Ltd.	Data center	Ordinary	24.9	24.5	351	89	344	85
Total investment in associates, net					<u>351</u>	<u>786</u>	<u>344</u>	<u>697</u>

* On 17 December 2015, the State Bank of Vietnam granted to the Bank an establishment license for a foreign bank branch in Vietnam. On 24 December 2015, the Bank acquired an additional 67% interest in VinaSiam Bank for Baht 1,643 million, increasing its ownership from 33% to 100% of the issued and paid up share capital. The banking license of VinaSiam Bank was revoked on 30 December 2015 and VinaSiam Bank is being dissolved. The Bank is now in the process of transferring all of the assets and liabilities of VinaSiam Bank to its newly established branch in Ho Chi Minh City, the Socialist Republic of Vietnam.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

As at 31 December 2015 and 2014, the Bank had investments in subsidiaries and associates, net of impairment provisions, as follows:

	Type of business	Type of share	The Bank			
			Direct shareholding		Investment value	
			2015	2014	2015	2014
			(%)		(in million Baht)	
Subsidiaries						
Finance & Insurance						
VinaSiam Bank *	Banking	Ordinary	100.0	-	2,340	-
Cambodian Commercial Bank Ltd.	Banking	Ordinary	100.0	100.0	964	964
Rutchayothin Assets Management Co., Ltd.	Asset management	Ordinary	100.0	100.0	25	25
SCB Securities Co., Ltd.	Securities	Ordinary	100.0	100.0	2,107	2,107
SCB Asset Management Co., Ltd.	Asset management	Ordinary	100.0	100.0	222	222
Siam Commercial Leasing PCL	Collection	Ordinary	99.4	99.4	9,976	9,976
SCB Life Assurance PCL**	Life insurance	Ordinary	99.2	94.7	12,540	9,033
Services						
SCB Training Centre Co., Ltd.	Training center	Ordinary	100.0	100.0	390	390
Siam Phitiwat Co., Ltd.	Appraisal services	Ordinary	100.0	100.0	10	10
SCB Plus Co., Ltd.	Collection	Ordinary	100.0	100.0	1	1
Other						
Sor. Or. Kor. PCL***	Commercial	Ordinary	99.7	99.7	582	785
Indirect subsidiary						
Mahisorn Co., Ltd.****	Property management	Ordinary	-	-	-	-
Associates						
Finance						
VinaSiam Bank*	Banking	Ordinary	-	33.0	-	697
Service						
Supernap (Thailand) Co., Ltd.	Data center	Ordinary	10.0	10.0	141	36
Total					29,298	24,246
Less allowance for impairment					(2,318)	(2,117)
Total investments in subsidiaries and associates, net					26,980	22,129

* On 17 December 2015, the State Bank of Vietnam granted to the Bank an establishment license for a foreign bank branch in Vietnam. On 24 December 2015, the Bank acquired an additional 67% interest in VinaSiam Bank for Baht 1,643 million, increasing its ownership from 33% to 100% of the issued and paid up share capital. The banking license of VinaSiam Bank was revoked on 30 December 2015 and VinaSiam Bank is being dissolved. The Bank is now in the process of transferring all of the assets and liabilities of VinaSiam Bank to its newly established branch in Ho Chi Minh City, the Socialist Republic of Vietnam.

** In 2015, the Bank acquired an additional 2,998,567 shares or 4.51% interest in SCB Life Assurance PCL for Baht 3,506 million, increasing its ownership from 94.66% to 99.17% of the issued and paid up share capital.

*** The entire business has been transferred to the Bank on 1 October 2012, was discontinued on 27 November 2012 and is being liquidated.

**** Subsidiary of SCB Plus Co., Ltd.

All subsidiaries and associates were registered and operate in Thailand except for the Cambodian Commercial Bank Ltd., which was registered and operates in Cambodia and VinaSiam Bank which was registered and operates in Vietnam.

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the financial statements

The summarised financial information of the associates was as follows:

	2015 (Unaudited)			2014 (Audited)		
	Total assets	Total liabilities	Equity <i>(in million Baht)</i>	Total assets	Total liabilities	Equity
Finance	-	-	-	4,078	2,224	1,854
Other	1,383	1	1,382	351	4	347
	<u>1,383</u>	<u>1</u>	<u>1,382</u>	<u>4,429</u>	<u>2,228</u>	<u>2,201</u>

For the years ended 31 December

	2015 (Unaudited)			2014 (Audited)		
	Revenue	Expenses	Net loss <i>(in million Baht)</i>	Revenue	Expenses	Net loss
Finance	-	-	-	135	367	(232)
Other	4	29	(25)	-	16	(16)
	<u>4</u>	<u>29</u>	<u>(25)</u>	<u>135</u>	<u>383</u>	<u>(248)</u>

For the years ended 31 December

2015 2014
(in million Baht)

Carrying amount of interests in associates

Group's share of:

- Profit from continuing operations	<u>(89)</u>	<u>(79)</u>
- Total comprehensive income	<u>(89)</u>	<u>(79)</u>

As at 31 December 2015 and 2014, the Bank and a subsidiary have equity securities in companies received as a result of troubled debt restructuring, which represent more than 20% of the paid-up capital of each company. The Bank did not record these securities as investments in subsidiaries and associates. These investments were in Siam Media and Communication Co., Ltd. and S.G. Star Properties Limited. Their financial statements have reported balances which do not have a material impact on the Bank's financial statements.

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the financial statements

13 Loans to customers and accrued interest receivables, net

13.1 Classified by product as at 31 December 2015 and 2014

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Overdrafts	110,606	117,313	110,016	116,919
Loans	1,230,012	1,158,725	1,219,735	1,152,643
Bills	275,743	286,184	275,743	286,184
Finance leases	191,579	188,418	191,579	188,418
Others	48,064	46,922	47,187	45,842
Less deferred revenue	(22,598)	(20,427)	(22,598)	(20,427)
Total loans to customers, net	1,833,406	1,777,135	1,821,662	1,769,579
Add accrued interest receivables	4,545	3,814	4,107	3,544
Total loans to customers and accrued interest receivables, net	1,837,951	1,780,949	1,825,769	1,773,123
Less allowance for doubtful accounts				
- allowance established per BoT regulations				
- Individual approach	(48,374)	(35,669)	(47,152)	(34,912)
- Collective approach	(6,218)	(5,420)	(6,218)	(5,420)
- allowance established in excess of BoT regulations	(10,185)	(17,925)	(10,171)	(17,920)
Total	1,773,174	1,721,935	1,762,228	1,714,871

13.2 Classified by currency and residential status of customers as at 31 December 2015 and 2014

	Consolidated					
	2015		2014			
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	1,691,013	20,838	1,711,851	1,648,637	48	1,648,685
US Dollar	79,544	26,802	106,346	84,277	39,825	124,102
Other currencies	14,738	471	15,209	4,348	-	4,348
Total			1,833,406			1,777,135

	The Bank					
	2015		2014			
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	1,683,653	20,838	1,704,491	1,642,665	48	1,642,713
US Dollar	78,706	24,244	102,950	84,277	38,241	122,518
Other currencies	13,750	471	14,221	4,348	-	4,348
Total			1,821,662			1,769,579

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

13.3 Classified by business type and quality of loan classification as at 31 December 2015 and 2014

	Consolidated											
	2015					2014						
	Normal	Special Mention	Sub- Standard	Doubtful	Doubtful Loss	Total *	Normal	Special Mention	Sub- Standard	Doubtful	Doubtful Loss	Total *
	<i>(in million Baht)</i>											
Agriculture and mining	15,710	364	144	78	206	16,502	17,775	242	216	29	22	18,284
Manufacturing and commercial	550,508	7,908	14,114	10,180	11,121	593,831	570,126	33,308	5,221	2,527	10,132	621,314
Real estate and construction	137,138	893	500	164	2,543	141,238	120,804	1,260	650	447	2,088	125,249
Utilities and services	249,231	958	1,598	317	2,020	254,124	215,559	1,868	1,950	448	1,306	221,131
Housing loans	476,562	9,756	4,680	2,648	1,366	495,012	442,250	11,054	4,526	3,145	2,084	463,059
Others	312,013	13,369	3,876	1,422	2,019	332,699	305,532	14,614	4,098	1,669	2,185	328,098
Total *	<u>1,741,162</u>	<u>33,248</u>	<u>24,912</u>	<u>14,809</u>	<u>19,275</u>	<u>1,833,406</u>	<u>1,672,046</u>	<u>62,346</u>	<u>16,661</u>	<u>8,265</u>	<u>17,817</u>	<u>1,777,135</u>

	The Bank											
	2015					2014						
	Normal	Special Mention	Sub- Standard	Doubtful	Doubtful Loss	Total *	Normal	Special Mention	Sub- Standard	Doubtful	Doubtful Loss	Total *
	<i>(in million Baht)</i>											
Agriculture and mining	15,304	340	144	78	44	15,910	17,647	242	216	29	22	18,156
Manufacturing and commercial	547,871	7,908	14,114	10,000	10,939	590,832	569,209	33,308	5,221	2,527	10,132	620,397
Real estate and construction	137,138	859	500	164	1,481	140,142	120,800	1,260	650	447	1,029	124,186
Utilities and services	248,716	957	1,598	317	1,865	253,453	215,031	1,868	1,950	448	1,306	220,603
Housing loans	476,541	9,755	4,680	2,648	1,366	494,990	442,243	11,054	4,526	3,145	2,084	463,052
Others	305,707	13,369	3,876	1,422	1,961	326,335	300,677	14,614	4,098	1,669	2,127	323,185
Total *	<u>1,731,277</u>	<u>33,188</u>	<u>24,912</u>	<u>14,629</u>	<u>17,656</u>	<u>1,821,662</u>	<u>1,665,607</u>	<u>62,346</u>	<u>16,661</u>	<u>8,265</u>	<u>16,700</u>	<u>1,769,579</u>

* Net of deferred revenue, excludes accrued interest receivables

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

13.4 Finance leases

As at 31 December 2015 and 2014, the Bank and its subsidiaries had finance leases as follows:

	Consolidated and the Bank							
	2015				2014			
	Amount due				Amount due			
	Less than 1 year	1-5 years	Over 5 years	Total	Less than 1 year	1-5 years	Over 5 years	Total
Total of gross investments in the lease	59,858	127,170	4,551	191,579	60,208	125,810	2,400	188,418
<i>Less</i> deferred revenue				<u>(22,499)</u>				<u>(20,326)</u>
Present value of the lease payments				169,080				168,092
Allowance for doubtful accounts				<u>(6,218)</u>				<u>(5,420)</u>
Finance leases, net				<u>162,862</u>				<u>162,672</u>

13.5 Loans to listed companies identified for delisting

	Consolidated and the Bank							
	2015				2014			
	Loans and accrued interest		Amount of provision		Loans and accrued interest		Amount of provision	
	No. of companies	receivables*	Collateral	(in million Baht)	No. of companies	receivables*	Collateral	(in million Baht)
Listed companies identified for delisting	2	2,377	1,807	469	3	3,005	1,952	788

* Including loans to financial institutions but excluding other expenses

13.6 Non-Performing Loans

As at 31 December 2015 and 2014, the Bank used the guidelines specified in the BoT's notification dated 3 August 2008 in determining Non-Performing Loans which consist of loans classified as sub-standard, doubtful, doubtful loss and loss under the BoT's guideline. The amounts were as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
Non-Performing Loans (net of allowance for doubtful accounts)	25,069	21,791	24,458	21,413
% of Non-Performing Loans to total loans (net)	1.3	1.1	1.2	1.1
Non-Performing Loans (gross)	58,996	42,743	57,197	41,626
% of Non-Performing Loans to total loans	2.9	2.1	2.8	2.1

In 3Q15, two large corporate customers with loans collectively amounting to over Baht 22 billion were classified as Non-Performing Loans; both were previously classed as special mention loans. These two customers, both in the steel industry had encountered severe liquidity problems as a result of the prolonged and continuing global slump in steel prices. As a result, the Bank set aside additional provisions of Baht 11 billion, in part, to fully provide and then write-off the loans to one of these customers of about Baht 12 billion and, in part, to fully provide for the other customer after allowing for remaining collateral.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

As at 31 December 2015, Rutchayothin Assets Management Co., Ltd. which is a subsidiary of the Bank, had Non-Performing Loans of Baht 465 million (2014: Baht 488 million). However, the Non-Performing Loans based on principal of loans purchased from the group as at 31 December 2015 was Baht 997 million (2014: Baht 1,059 million).

13.7 Non-accrual loans

Non-accrual loans, gross, (including loans to financial institutions) as at 31 December 2015 and 2014 were as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Loans where recognition of income has been suspended *	50,717	39,234	49,661	38,116
% of loans where recognition of income has been suspended	2.5	1.9	2.5	1.9

* Non-accrual loans as announced by the Notification of the Bank of Thailand number Sor Nor Sor 21/2555

13.8 Classified assets

The Bank and its subsidiaries had classified assets as at 31 December 2015 and 2014 as follows:

	Consolidated					Total
	2015					
	Loans and accrued interest receivables*	Loans to financial institutions and accrued interest receivables	Investments	Properties for sale	Other assets	
	<i>(in million Baht)</i>					
Normal	1,745,381	207,306	-	-	20	1,952,707
Special Mention	33,495	-	-	-	3	33,498
Sub-Standard	24,985	-	-	-	4	24,989
Doubtful	14,809	-	-	-	4	14,813
Doubtful Loss	19,281	-	3,111	597	442	23,431
	1,837,951	207,306	3,111	597	473	2,049,438

* Net of deferred revenue

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the financial statements

Consolidated						
2014						
	Loans and accrued interest receivables*	Loans to financial institutions and accrued interest receivables	Investments	Properties for sale	Other assets	Total
	<i>(in million Baht)</i>					
Normal	1,675,361	252,620	-	-	11	1,927,992
Special Mention	62,790	-	-	-	1	62,791
Sub-Standard	16,709	-	-	-	3	16,712
Doubtful	8,265	-	-	-	4	8,269
Doubtful Loss	17,824	-	2,397	997	631	21,849
	<u>1,780,949</u>	<u>252,620</u>	<u>2,397</u>	<u>997</u>	<u>650</u>	<u>2,037,613</u>

The Bank						
2015						
	Loans and accrued interest receivables*	Loans to financial institutions and accrued interest receivables	Investments	Properties for sale	Other assets	Total
	<i>(in million Baht)</i>					
Normal	1,735,064	200,574	-	-	20	1,935,658
Special Mention	33,435	-	-	-	3	33,438
Sub-Standard	24,985	-	-	-	4	24,989
Doubtful	14,629	-	-	-	4	14,633
Doubtful Loss	17,656	-	3,285	594	442	21,977
	<u>1,825,769</u>	<u>200,574</u>	<u>3,285</u>	<u>594</u>	<u>473</u>	<u>2,030,695</u>

The Bank						
2014						
	Loans and accrued interest receivables*	Loans to financial institutions and accrued interest receivables	Investments	Properties for sale	Other assets	Total
	<i>(in million Baht)</i>					
Normal	1,668,659	246,951	-	-	11	1,915,621
Special Mention	62,790	-	-	-	1	62,791
Sub-Standard	16,709	-	-	-	3	16,712
Doubtful	8,265	-	-	-	4	8,269
Doubtful Loss	16,700	-	3,778	991	631	22,100
	<u>1,773,123</u>	<u>246,951</u>	<u>3,778</u>	<u>991</u>	<u>650</u>	<u>2,025,493</u>

* Net of deferred revenue

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

13.9 Allowance for doubtful accounts

13.9.1 Loans classified by quality as at 31 December 2015 and 2014 (inclusive of accrued interest receivables)

	Consolidated 2015						Total
	Individual approach (All loans except for finance leases)			Collective approach (Finance leases)			
	Loans and accrued interest receivables (in million Baht)	Net amount used to set		Allowance for doubtful accounts***	Net amount used to set		
		the allowance for doubtful accounts	% used for setting the allowance		the allowance for doubtful accounts	Allowance for doubtful accounts***	
Minimum allowance under BoT regulations							
- Normal	1,745,381	1,536,211*	1	15,295	156,698	2,855	18,150
- Special Mention	33,495	23,404*	2	469	8,875	1,856	2,325
- Sub-Standard	24,985	14,087**	100	14,087	1,058	468	14,555
- Doubtful	14,809	7,801**	100	7,712	641	275	7,987
- Doubtful Loss	19,281	10,811**	100	10,811	1,808	764	11,575
Total	<u>1,837,951</u>	<u>1,592,314</u>		<u>48,374</u>	<u>169,080</u>	<u>6,218</u>	54,592
Allowance established in excess of BoT regulations							<u>10,185</u>
Total							<u>64,777</u>

	Consolidated 2014						Total
	Individual approach (All loans except for finance leases)			Collective approach (Finance leases)			
	Loans and accrued interest receivables (in million Baht)	Net amount used to set		Allowance for doubtful accounts***	Net amount used to set		
		the allowance for doubtful accounts	% used for setting the allowance		the allowance for doubtful accounts	Allowance for doubtful accounts***	
Minimum allowance under BoT regulations							
- Normal	1,675,361	1,490,991*	1	14,862	154,538	2,240	17,102
- Special Mention	62,790	52,337*	2	1,047	9,895	1,811	2,858
- Sub-Standard	16,709	7,199**	100	7,199	1,151	424	7,623
- Doubtful	8,265	2,812**	100	2,812	719	262	3,074
- Doubtful Loss	17,824	9,749**	100	9,749	1,789	683	10,432
Total	<u>1,780,949</u>	<u>1,563,088</u>		<u>35,669</u>	<u>168,092</u>	<u>5,420</u>	41,089
Allowance established in excess of BoT regulations							<u>17,925</u>
Total							<u>59,014</u>

* Net of cash and near cash collateral

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

*** Excluding revaluation allowance for troubled debt restructuring

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

The Bank							
2015							
	Individual approach (All loans except for finance leases)				Collective approach (Finance leases)		Total
	Loans and accrued interest receivables <i>(in million Baht)</i>	Net amount used to set the allowance for doubtful accounts	% used for setting the allowance	Allowance for doubtful accounts***	Net amount used to set the allowance for doubtful accounts	Allowance for doubtful accounts***	
Minimum allowance under BoT regulations							
- Normal	1,735,064	1,526,918*	1	15,269	156,698	2,855	18,124
- Special Mention	33,435	23,386*	2	468	8,875	1,856	2,324
- Sub-Standard	24,985	14,087**	100	14,087	1,058	468	14,555
- Doubtful	14,629	7,621**	100	7,621	641	275	7,896
- Doubtful Loss	17,656	9,707**	100	9,707	1,808	764	10,471
Total	1,825,769	1,581,719		47,152	169,080	6,218	53,370
Allowance established in excess of BoT regulations							<u>10,171</u>
Total							<u>63,541</u>

The Bank							
2014							
	Individual approach (All loans except for finance leases)				Collective approach (Finance leases)		Total
	Loans and accrued interest receivables <i>(in million Baht)</i>	Net amount used to set the allowance for doubtful accounts	% used for setting the allowance	Allowance for doubtful accounts***	Net amount used to set the allowance for doubtful accounts	Allowance for doubtful accounts***	
Minimum allowance under BoT regulations							
- Normal	1,668,659	1,484,553*	1	14,846	154,538	2,240	17,086
- Special Mention	62,790	52,337*	2	1,047	9,895	1,811	2,858
- Sub-Standard	16,709	7,199**	100	7,199	1,151	424	7,623
- Doubtful	8,265	2,812**	100	2,812	719	262	3,074
- Doubtful Loss	16,700	9,008**	100	9,008	1,789	683	9,691
Total	1,773,123	1,555,909		34,912	168,092	5,420	40,332
Allowance established in excess of BoT regulations							<u>17,920</u>
Total							<u>58,252</u>

* Net of cash and near cash collateral

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

*** Excluding revaluation allowance for troubled debt restructuring

Following an assessment of the ultimate collectability of the Bank's consolidated loan portfolio, the management of the Bank and its subsidiaries believe that the allowance for doubtful accounts established was adequate as at 31 December 2015 and 2014 and in compliance with the BoT's guidelines. The aggregate allowance is based on both quantitative criteria noted above and qualitative criteria that reflects management judgment.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

13.9.2 Changes to the allowance for doubtful accounts

As at 31 December 2015 and 2014, the changes to the allowance for doubtful accounts were as follows:

	Consolidated 2015					Allowance established in excess of BoT regulations	Total
	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss		
	<i>(in million Baht)</i>						
As at 1 January 2015	17,102	2,858	7,623	3,074	10,432	17,925	59,014
Transfer in from subsidiary	-	5	-	1	268	15	289
Bad debt and doubtful accounts	1,046	(539)	6,932	4,912	27,444	(7,931)	31,864
Bad debts written off	-	-	-	-	(26,594)	-	(26,594)
Others	2	1	-	-	25	176	204
As at 31 December 2015	18,150	2,325	14,555	7,987	11,575	10,185	64,777

	Consolidated 2014					Allowance established in excess of BoT regulations	Total
	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss		
	<i>(in million Baht)</i>						
As at 1 January 2014	16,311	1,833	5,872	2,232	12,686	21,008	59,942
Bad debt and doubtful accounts	791	1,025	1,751	842	13,980	(3,496)	14,893
Bad debts written off	-	-	-	-	(15,843)	-	(15,843)
Others	-	-	-	-	(391)	413	22
As at 31 December 2014	17,102	2,858	7,623	3,074	10,432	17,925	59,014

	The Bank 2015					Allowance established in excess of BoT regulations	Total
	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss		
	<i>(in million Baht)</i>						
As at 1 January 2015	17,086	2,858	7,623	3,074	9,691	17,920	58,252
Bad debt and doubtful accounts	1,038	(534)	6,932	4,822	27,346	(7,924)	31,680
Bad debts written off	-	-	-	-	(26,566)	-	(26,566)
Others	-	-	-	-	-	175	175
As at 31 December 2015	18,124	2,324	14,555	7,896	10,471	10,171	63,541

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

	The Bank						Allowance established in excess of BoT regulations	Total
	2014							
	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss	Doubtful Loss		
	<i>(in million Baht)</i>							
As at 1 January 2014	16,295	1,833	5,871	2,231	11,369	21,005	58,604	
Bad debt and doubtful accounts	791	1,025	1,752	843	13,996	(3,498)	14,909	
Bad debts written off	-	-	-	-	(15,674)	-	(15,674)	
Others	-	-	-	-	-	413	413	
As at 31 December 2014	<u>17,086</u>	<u>2,858</u>	<u>7,623</u>	<u>3,074</u>	<u>9,691</u>	<u>17,920</u>	<u>58,252</u>	

14 Troubled debt restructuring

The financial statements for the years ended 31 December 2015 and 2014, includes the following changes through various types of troubled debt restructuring:

Types of debt restructuring	No. of accounts		Consolidated and the Bank				Transferred assets Types Fair value		
			Outstanding debts						
			Before debt restructuring		After debt restructuring				
	2015	2014	2015	2014	2015	2014	2015	2014	
	<i>(in million Baht)</i>								
Transfers of assets	1	3	125	21	125	21	Immovable properties	-	15
Debt restructuring in various forms	2,383	1,725	15,510	10,631	15,491	10,596	Immovable properties	37	-
Changes to repayment conditions	<u>19,406</u>	<u>11,486</u>	<u>20,165</u>	<u>12,341</u>	<u>20,105</u>	<u>12,312</u>			
Total	<u>21,790</u>	<u>13,214</u>	<u>35,800</u>	<u>22,993</u>	<u>35,721</u>	<u>22,929</u>			

As at 31 December 2015 and 2014, troubled debt restructuring compared with total loans including loans to financial institutions were as follows:

	Consolidated			
	2015		2014	
	No. of accounts	Outstanding debts	No. of accounts*	Outstanding debts*
	<i>(in million Baht)</i>		<i>(in million Baht)</i>	
Balance of troubled debt restructured	21,790	35,800	13,214	22,993
Total loans including loans to financial institutions	1,209,336	2,045,257	1,036,940	2,033,569

	The Bank			
	2015		2014	
	No. of Accounts	Outstanding debts	No. of accounts*	Outstanding debts*
	<i>(in million Baht)</i>		<i>(in million Baht)</i>	
Balance of troubled debt restructured	21,790	35,800	13,214	22,993
Total loans including loans to financial institutions	1,101,009	2,026,343	950,753	2,020,074

* The comparative data has been revised. Explanation provide in the paragraph below.

The average term of troubled debt restructured as of 31 December 2015 is 11.1 years (2014: 10.7 years).

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

As at 31 December 2015 and 2014, the Bank and its subsidiaries had outstanding balances relating to restructured loans, including troubled debt, were as follows:

	Consolidated and the Bank			
	2015		2014	
	No. of accounts	Outstanding debts <i>(in million Baht)</i>	No. of accounts*	Outstanding debts* <i>(in million Baht)</i>
Restructured loans which were classified as NPL	3,407	6,535	3,636	8,181
Restructured loans which were not classified as NPL	14,089	26,454	8,010	21,193
Total	17,496	32,989	11,646	29,374

* The comparative data has been revised. Explanation provided in the paragraph below.

In line with regulations, troubled debt restructured does not include loans that are rescheduled at regular market rates, typically the interest rate at the time a loan was booked. Rescheduled loans at regular market rates which were previously disclosed under restructured loans as at 31 December 2014 amounted to Baht 20,595 million comprising 6,023 accounts at both the consolidated and the Bank level. This amount has been excluded in the revised amounts presented above. As a result, the revised disclosure on restructured loans will facilitate better market comparisons.

Supplementary information relating to restructured loans for the years ended 31 December 2015 and 2014 were as follows:

	Consolidated and the Bank	
	2015	2014
	<i>(in million Baht)</i>	
Interest income recognised in the statement of profit or loss and other comprehensive income	3,314	2,253
Loss on debt restructuring recognised in the statement of profit or loss and other comprehensive income	40	29

Revaluation allowance for debt restructuring

As at 31 December 2015 and 2014, the changes to the revaluation allowance for debt restructuring was as follows:

	Consolidated and the Bank	
	2015	2014
	<i>(in million Baht)</i>	
Beginning balance	-	374
Decrease during the year	-	(374)
Ending balance	-	-

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the financial statements

15 Disclosure of the statement of cash flows of the asset management company

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

Rutchayothin Assets Management Co., Ltd.
Statement of cash flows

	For the year ended 31 December	
	2015 (Unaudited)	2014 (Audited)
	<i>(in million Baht)</i>	
Cash flows from operating activities		
Profit (loss) before tax	270	(2)
<i>Adjustment for</i>		
Reversal of impairment loss on loans and debt securities	(36)	(12)
Net gain on investments	(1)	(4)
	<u>233</u>	<u>(18)</u>
Net interest expense	14	17
Profit (loss) from operations before changes in operating assets and liabilities	247	(1)
<i>(Increase) decrease in operating assets</i>		
Intercompany and money market items	(36)	7
Investments	33	9
Properties for sale	-	1
Other assets	1	-
<i>Increase (decrease) in operating liabilities</i>		
Debt issued and short-term borrowing	(247)	(24)
Accrued expense	1	(3)
Net cash used in operating activities	<u>(1)</u>	<u>(11)</u>
Cash flows from investing activities		
Proceeds from sales of available-for-sale securities	-	11
Proceeds from sales of general securities	1	-
Net cash from investing activities	<u>1</u>	<u>11</u>
Net increase in cash	-	-
Cash at 1 January	-	-
Cash at 31 December	<u>-</u>	<u>-</u>

16 Properties for sale, net

As at 31 December 2015 and 2014, the changes to the properties for sale, net were as follows:

	Beginning balance	Consolidated 2015		Ending balance
		Additions	Disposals/ Decreases	
	<i>(in million Baht)</i>			
Foreclosed assets				
Immovable assets	9,724	2,200	(1,126)	10,798
Movable assets	694	6,696	(7,164)	226
Total	<u>10,418</u>	<u>8,896</u>	<u>(8,290)</u>	<u>11,024</u>
Others	298	418	(585)	131
Total properties for sale	<u>10,716</u>	<u>9,314</u>	<u>(8,875)</u>	<u>11,155</u>
Less allowance for impairment	(995)	-	398	(597)
Total properties for sale, net	<u>9,721</u>	<u>9,314</u>	<u>(8,477)</u>	<u>10,558</u>

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the financial statements

	Consolidated			Ending balance
	Beginning balance	Additions	Disposals/ Decreases	
	2014			
	<i>(in million Baht)</i>			
Foreclosed assets				
Immovable assets	9,561	2,474	(2,311)	9,724
Movable assets	1,119	7,131	(7,556)	694
Total	10,680	9,605	(9,867)	10,418
Others	298	611	(611)	298
Total properties for sale	10,978	10,216	(10,478)	10,716
Less allowance for impairment	(1,328)	(40)	373	(995)
Total properties for sale, net	9,650	10,176	(10,105)	9,721

	The Bank			Ending balance
	Beginning balance	Additions	Disposals/ Decreases	
	2015			
	<i>(in million Baht)</i>			
Foreclosed assets				
Immovable assets	9,710	2,200	(1,118)	10,792
Movable assets	693	6,696	(7,164)	225
Total	10,403	8,896	(8,282)	11,017
Others	299	418	(586)	131
Total properties for sale	10,702	9,314	(8,868)	11,148
Less allowance for impairment	(991)	-	397	(594)
Total properties for sale, net	9,711	9,314	(8,471)	10,554

	The Bank			Ending balance
	Beginning balance	Additions	Disposals/ Decreases	
	2014			
	<i>(in million Baht)</i>			
Foreclosed assets				
Immovable assets	9,545	2,474	(2,309)	9,710
Movable assets	1,111	7,131	(7,549)	693
Total	10,656	9,605	(9,858)	10,403
Others	299	611	(611)	299
Total properties for sale	10,955	10,216	(10,469)	10,702
Less allowance for impairment	(1,319)	(40)	368	(991)
Total properties for sale, net	9,636	10,176	(10,101)	9,711

The losses on sales of properties for sale recognised in the consolidated profit or loss for the years ended 31 December 2015 and 2014 were Baht 1,085 million and Baht 1,836 million respectively, and for the Bank's profit or loss were Baht 1,085 million and Baht 1,925 million, respectively.

Immovable assets for sale classified by internal appraisers as at 31 December 2015 and 2014 were as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Foreclosed assets				
Immovable assets				
Appraised by internal appraisers	10,798	9,724	10,792	9,710
Total	10,798	9,724	10,792	9,710

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the financial statements

17 Premises and equipment, net

As at 31 December 2015 and 2014, the changes to the premises and equipment, net were as follows:

	Cost					Consolidated 2015		Accumulated depreciation			Allowance for impairment	Net balance
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Transfer in from subsidiary	Ending balance	Beginning balance	Depreciation	Disposals	Transfer in from subsidiary	Ending balance		
	<i>(in million Baht)</i>											
Land												
Cost	5,855	14	(11)	-	5,858	-	-	-	-	-	(146)	5,712
Appraisal *	8,050	5,387	(2)	-	13,435	-	-	-	-	-	-	13,435
Premises												
Cost	14,610	248	(240)	-	14,618	(7,156)	(356)	224	-	(7,288)	(176)	7,154
Appraisal *	8,790	441	(6)	-	9,225	(1,207)	(283)	1	-	(1,489)	(17)	7,719
Equipment	21,431	2,129	(622)	79	23,017	(16,528)	(1,577)	460	(76)	(17,721)	-	5,296
Others	438	1,193	(960)	1	672	-	-	-	-	-	-	672
Total	59,174	9,412	(1,841)	80	66,825	(24,891)	(2,216)	685	(76)	(26,498)	(339)	39,988

* Appraisal values are based on valuations completed in 2015 for the Bank and its subsidiaries

Depreciation presented in the consolidated profit or loss for the years ended 31 December 2015 and 2014 amounted to Baht 2,216 million and Baht 2,222 million, respectively.

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the financial statements

						Consolidated							Allowance for impairment	Net balance
						2014								
	Cost					Accumulated depreciation								
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Transfer out from disposal of subsidiary	Ending balance	Beginning balance	Depreciation	Disposals	Transfer out from disposal of subsidiary	Ending balance				
	<i>(in million Baht)</i>													
Land														
Cost	6,239	-	(5)	(379)	5,855	-	-	-	-	-	(352)	5,503		
Appraisal *	8,113	-	(26)	(37)	8,050	-	-	-	-	-	-	8,050		
Premises														
Cost	14,854	159	(231)	(172)	14,610	(7,182)	(384)	178	232	(7,156)	(155)	7,299		
Appraisal *	8,872	-	(3)	(79)	8,790	(949)	(285)	5	22	(1,207)	-	7,583		
Equipment	21,573	1,056	(921)	(277)	21,431	(16,016)	(1,553)	814	227	(16,528)	-	4,903		
Others	378	1,195	(1,135)	-	438	-	-	-	-	-	-	438		
Total	60,029	2,410	(2,321)	(944)	59,174	(24,147)	(2,222)	997	481	(24,891)	(507)	33,776		

* Appraisal values are based on valuations completed in 2010 for the Bank and 2013 for its subsidiary

The gross amount of the Bank and its subsidiaries' fully depreciated premises and equipment that were still in use as at 31 December 2015 amounted to Baht 21,885 million (2014: Baht 15,962 million).

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the financial statements

					The Bank					
					2015					
	Beginning balance	Cost		Ending balance	Beginning balance	Accumulated depreciation		Ending balance	Allowance for impairment	Net balance
		Additions/ Transfer in	Disposals/ Transfer out			Depreciation	Disposals			
	<i>(in million Baht)</i>									
Land										
Cost	5,665	-	(3)	5,662	-	-	-	-	(145)	5,517
Appraisal *	7,478	5,316	(2)	12,792	-	-	-	-	-	12,792
Premises										
Cost	14,146	170	(231)	14,085	(6,817)	(331)	218	(6,930)	(176)	6,979
Appraisal *	8,711	421	(6)	9,126	(1,189)	(278)	1	(1,466)	-	7,660
Equipment	20,390	2,076	(543)	21,923	(15,730)	(1,503)	399	(16,834)	-	5,089
Others	443	1,193	(960)	676	-	-	-	-	-	676
Total	56,833	9,176	(1,745)	64,264	(23,736)	(2,112)	618	(25,230)	(321)	38,713

* Appraisal values are based on valuations completed in 2015

Depreciation presented in the Bank's profit or loss for the years ended 31 December 2015 and 2014 amounted to Baht 2,112 million and Baht 2,107 million, respectively.

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the financial statements

					The Bank			Ending balance	Allowance for impairment	Net balance
	Beginning balance	Cost Additions/ Transfer in	Disposals/ Transfer out	Ending balance	2014 Accumulated depreciation					
					Beginning balance	Depreciation	Disposals			
					<i>(in million Baht)</i>					
Land										
Cost	5,670	-	(5)	5,665	-	-	-	-	(351)	5,314
Appraisal *	7,504	-	(26)	7,478	-	-	-	-	-	7,478
Premises										
Cost	14,204	157	(215)	14,146	(6,605)	(374)	162	(6,817)	(137)	7,192
Appraisal *	8,714	-	(3)	8,711	(911)	(278)	-	(1,189)	-	7,522
Equipment	20,110	1,013	(733)	20,390	(14,902)	(1,455)	627	(15,730)	-	4,660
Others	378	1,186	(1,121)	443	-	-	-	-	-	443
Total	56,580	2,356	(2,103)	56,833	(22,418)	(2,107)	789	(23,736)	(488)	32,609

* Appraisal values are based on valuations completed in 2010

The gross amount of the Bank's fully depreciated premises and equipment that were still in use as at 31 December 2015 amounted to Baht 20,860 million (2014: Baht 15,243 million).

The fair value of land and premises was determined by external independent property valuers with appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The fair value of land and premises was determined by the independent valuers using the market approach for land and the depreciated replacement cost approach for premises, all of which are categorised as Level 3 in the fair value hierarchy.

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the financial statements

18 Goodwill and other intangible assets, net

As at 31 December 2015 and 2014, the changes to the goodwill and other intangible assets, net were as follows:

	Consolidated										
	2015										
	Cost					Accumulated amortisation					
	Beginning balance	Additions/Transfer in	Disposals/Transfer out	Transfer in from subsidiary	Ending balance	Beginning balance	Amortisations	Disposals	Transfer in from subsidiary	Ending balance	Net balance
	<i>(in million Baht)</i>										
Goodwill	9,669	466	-	-	10,135	-	-	-	-	-	10,135
Software licenses	5,924	905	(232)	31	6,628	(4,217)	(499)	7	(24)	(4,733)	1,895
Others	35	-	(27)	-	8	(5)	(2)	-	-	(7)	1
Total	15,628	1,371	(259)	31	16,771	(4,222)	(501)	7	(24)	(4,740)	12,031

Amortisation presented in the consolidated profit or loss for the years ended 31 December 2015 and 2014 amounted to Baht 501 million and Baht 513 million, respectively.

	Consolidated										
	2014										
	Cost					Accumulated amortisation					
	Beginning balance	Additions/Transfer in	Disposals/Transfer out	Transfer out from disposal of subsidiary	Ending balance	Beginning balance	Amortisations	Disposals	Transfer out from disposal of subsidiary	Ending balance	Net balance
	<i>(in million Baht)</i>										
Goodwill	9,669	804	-	(804)	9,669	-	-	-	-	-	9,669
Software licenses	5,499	486	(23)	(38)	5,924	(3,745)	(512)	17	23	(4,217)	1,707
Others	35	-	-	-	35	(4)	(1)	-	-	(5)	30
Total	15,203	1,290	(23)	(842)	15,628	(3,749)	(513)	17	23	(4,222)	11,406

The gross amount of the Bank and its subsidiaries' fully amortised intangible assets that were still in use as at 31 December 2015 amounted to Baht 3,617 million (2014: Baht 2,248 million).

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the financial statements

	Beginning balance	Cost Additions/ Transfer in	Ending balance	The Bank 2015 Accumulated amortisation		Ending balance	Net balance
				Beginning balance <i>(in million Baht)</i>	Amortisations		
Goodwill	804	-	804	-	-	-	804
Software licenses	5,144	543	5,687	(3,817)	(424)	(4,241)	1,446
Total	5,948	543	6,491	(3,817)	(424)	(4,241)	2,250

Amortisation presented in the Bank's profit or loss for the years ended 31 December 2015 and 2014 amounted to Baht 424 million and Baht 449 million, respectively.

	Beginning balance	Cost Additions/ Transfer in	Ending balance	The Bank 2014 Accumulated amortisation		Ending balance	Net balance
				Beginning balance <i>(in million Baht)</i>	Amortisations		
Goodwill	-	804	804	-	-	-	804
Software licenses	4,783	361	5,144	(3,368)	(449)	(3,817)	1,327
Total	4,783	1,165	5,948	(3,368)	(449)	(3,817)	2,131

The gross amount of the Bank's fully amortised intangible assets that were still in use as at 31 December 2015 amounted to Baht 3,494 million (2014: Baht 2,140 million).

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the financial statements

19 Assets pending transfer

As at 31 December 2015 and 2014, assets pending transfer were as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Pending for E-Banking receivables	1,168	831	1,168	831
Sundry receivables	561	2,228	646	2,228
Prepayment of option premium	309	695	309	695
Others	230	350	230	350
Total	2,268	4,104	2,353	4,104

20 Other assets, net

As at 31 December 2015 and 2014, other assets, net were as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Collateral per Credit Support Annex	19,602	13,062	19,602	13,062
Prepaid expenses	4,258	4,936	4,196	4,875
Securities business receivables and receivables from clearing house	2,945	1,962	-	-
Accrued interest on investment and interest rate product	2,086	2,845	765	1,615
Receivable from sales of NPL	1,870	2,443	1,870	2,443
Accrued service income	849	1,007	2,006	2,280
Net inter-account balance	415	1,655	487	1,655
Others	5,277	4,492	3,167	2,628
Total	37,302	32,402	32,093	28,558

21 Deposits

21.1 Classified by product as at 31 December 2015 and 2014:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Demand	57,136	53,853	56,292	52,921
Savings	1,106,016	999,410	1,101,596	995,706
Fixed				
- Less than 6 months	221,323	139,313	221,014	139,003
- 6 months and less than 1 year	300,657	269,061	300,631	269,052
- Over 1 year	205,597	433,706	205,371	433,706
Total	1,890,729	1,895,343	1,884,904	1,890,388

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the financial statements

21.2 Classified by currency and residence of customer as at 31 December 2015 and 2014

	Consolidated					
	2015			2014		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	1,797,211	700	1,797,911	1,815,897	412	1,816,309
US Dollar	79,127	10,642	89,769	67,078	9,447	76,525
Other currencies	1,986	1,063	3,049	1,603	906	2,509
Total	<u>1,878,324</u>	<u>12,405</u>	<u>1,890,729</u>	<u>1,884,578</u>	<u>10,765</u>	<u>1,895,343</u>

	The Bank					
	2015			2014		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	1,797,899	671	1,798,570	1,816,542	379	1,816,921
US Dollar	79,127	4,554	83,681	67,078	4,131	71,209
Other currencies	1,986	667	2,653	1,603	655	2,258
Total	<u>1,879,012</u>	<u>5,892</u>	<u>1,884,904</u>	<u>1,885,223</u>	<u>5,165</u>	<u>1,890,388</u>

22 Interbank and money market items (Liabilities)

As at 31 December 2015 and 2014, interbank and money market items (Liabilities) were as follows:

	Consolidated					
	2015			2014		
	Demand	Time	Total	Demand	Time	Total
	<i>(in million Baht)</i>					
Domestic items:						
Bank of Thailand and Financial Institutions Development Fund	-	22,110	22,110	-	26,702	26,702
Commercial banks	1,550	33,300	34,850	1,871	48,000	49,871
Specialised financial institutions*	1,577	46,165	47,742	1,574	24,613	26,187
Other financial institutions**	12,917	6,367	19,284	13,857	7,405	21,262
Total domestic items	<u>16,044</u>	<u>107,942</u>	<u>123,986</u>	<u>17,302</u>	<u>106,720</u>	<u>124,022</u>
Foreign items:						
US Dollar	3,295	12,631	15,926	2,507	11,372	13,879
Japanese Yen	1	-	1	1	-	1
Euro	622	-	622	169	-	169
Other currencies	2,402	-	2,402	2,215	-	2,215
Total foreign items	<u>6,320</u>	<u>12,631</u>	<u>18,951</u>	<u>4,892</u>	<u>11,372</u>	<u>16,264</u>
Total domestic and foreign items	<u>22,364</u>	<u>120,573</u>	<u>142,937</u>	<u>22,194</u>	<u>118,092</u>	<u>140,286</u>

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

** Other financial institutions mean financial institutions which have a license to offer interest on loans under the Finance Institution Act and, excluding those itemised separately above, such as Finance companies, Securities companies, Credit foncier companies, Life insurance companies, Cooperatives, the Federation of Savings and Credit Cooperatives of Thailand Limited and the Credit Union League of Thailand Limited

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

	The Bank					
	Demand	2015 Time	Total	Demand	2014 Time	Total
	<i>(in million Baht)</i>					
Domestic items:						
Bank of Thailand and Financial Institutions Development Fund	-	22,110	22,110	-	26,702	26,702
Commercial banks	1,550	33,300	34,850	1,849	48,000	49,849
Specialised financial institutions*	1,577	46,165	47,742	1,574	24,613	26,187
Other financial institutions **	15,621	6,367	21,988	19,587	7,405	26,992
Total domestic items	18,748	107,942	126,690	23,010	106,720	129,730
Foreign items:						
US Dollar	3,345	12,631	15,976	2,524	11,372	13,896
Japanese Yen	1	-	1	1	-	1
Euro	622	-	622	169	-	169
Other currencies	2,429	-	2,429	2,218	-	2,218
Total foreign items	6,397	12,631	19,028	4,912	11,372	16,284
Total domestic and foreign items	25,145	120,573	145,718	27,922	118,092	146,014

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

** Other financial institutions mean financial institutions which have a license to offer interest on loans under the Finance Institution Act and, excluding those itemised separately above, such as Finance companies, Securities companies, Credit foncier companies, Life insurance companies, Cooperatives, the Federation of Savings and Credit Cooperatives of Thailand Limited and the Credit Union League of Thailand Limited

23 Debt issued and borrowings

As at 31 December 2015 and 2014, debt issued and borrowings were as follows:

	Interest rate (%)	Year of maturity	Consolidated					
			Domestic	2015 Foreign	Total	Domestic	2014 Foreign	Total
	<i>(in million Baht)</i>							
Bonds								
- US Dollar	3.38 - 3.90	2016 - 2019	-	80,549	80,549	-	73,625	73,625
Subordinated bonds								
- Baht	4.50 - 4.65	2022 - 2024	40,000	-	40,000	40,000	-	40,000
Structured notes								
- Baht	0.64 - 1.29	2016	508	-	508	104	-	104
Others			107	-	107	188	-	188
Total			40,615	80,549	121,164	40,292	73,625	113,917
The Bank								
	Interest rate (%)	Year of maturity	Domestic	2015 Foreign	Total	Domestic	2014 Foreign	Total
	<i>(in million Baht)</i>							
Bonds								
- US Dollar	3.38 - 3.90	2016 - 2019	-	81,279	81,279	-	74,298	74,298
Subordinated bonds								
- Baht	4.50 - 4.65	2022 - 2024	40,000	-	40,000	40,000	-	40,000
Others			107	-	107	188	-	188
Total			40,107	81,279	121,386	40,188	74,298	114,486

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the financial statements

24 Provisions

As at 31 December 2015 and 2014, provisions were as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Reserve for pension and gratuity	4,315	3,354	3,975	3,079
Reserve for claims	2,569	2,287	2,563	2,280
Possible loss from Asset Transfer Agreement with TAMC	-	1,146	-	1,104
Possible loss from legal cases	227	306	221	300
Provisions for commitments as off-financial reporting items	115	115	115	115
Others	2	3	2	3
Total	7,228	7,211	6,876	6,881

Pension and other post-retirement employee benefits

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

Present value of unfunded obligations as at 31 December 2015 and 2014 were as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Severance Payment (“SP”) benefits scheme	3,549	2,630	3,257	2,394
Other schemes	766	724	718	685
Total present value of unfunded obligations	4,315	3,354	3,975	3,079

Movement in the present value of the defined benefit obligations

	Consolidated			
	2015		2014	
	SP	Others	SP	Others
	<i>(in million Baht)</i>			
Defined benefit obligations at 1 January	2,630	724	2,470	675
Included in profit or loss:				
Current service cost	279	45	224	41
Interest on obligation	119	29	99	28
Actuarial gain	-	(37)	-	-
	398	37	323	69
Included in other comprehensive income				
Actuarial loss	619	9	-	-
	619	9	-	-
Others				
Transfer out	(4)	-	(38)	(1)
Benefits paid	(94)	(4)	(125)	(19)
	(98)	(4)	(163)	(20)
Defined benefit obligations at 31 December	3,549	766	2,630	724

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the financial statements

	The Bank			
	2015		2014	
	SP	Others	SP	Others
	<i>(in million Baht)</i>			
Defined benefit obligations at 1 January	2,394	685	2,223	636
Included in profit or loss:				
Current service cost	251	40	195	37
Interest on obligation	110	28	91	26
Actuarial gain	-	(37)	-	-
	<u>361</u>	<u>31</u>	<u>286</u>	<u>63</u>
Included in other comprehensive income				
Actuarial loss	586	3	-	-
	<u>586</u>	<u>3</u>	<u>-</u>	<u>-</u>
Others				
Transfer out	(4)	-	-	-
Benefits paid	(80)	(1)	(115)	(14)
	<u>(84)</u>	<u>(1)</u>	<u>(115)</u>	<u>(14)</u>
Defined benefit obligations at 31 December	<u>3,257</u>	<u>718</u>	<u>2,394</u>	<u>685</u>

Actuarial losses recognised in other comprehensive income arising from:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Financial assumptions	247	-	231	-
Experience adjustment	60	-	37	-
Other	321	-	321	-
Total	<u>628</u>	<u>-</u>	<u>589</u>	<u>-</u>

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date (expressed as weighted averages).

	Consolidated and the Bank	
	2015	2014
	<i>(%)</i>	
Discount rate	3.6	4.1 - 4.2
Future salary growth	5.5 - 10.0	5.5 - 10.0
Medical cost trend rate	4.0 - 4.8	4.0 - 4.8
Price inflation rate	3.0	3.5
Gold price inflation rate	3.5	3.5

Assumptions regarding future mortality have been based on published statistics and mortality tables.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligations by the amounts shown below.

Defined benefit obligations at 31 December 2015	Consolidated		The Bank	
	Increase	Decrease	Increase	Decrease
	<i>(in million Baht)</i>			
Discount rate (1% movement)	(501)	611	(466)	570
Future salary growth (1% movement)	427	(367)	390	(335)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Post-employee benefit expenses included in the statement of profit or loss and other comprehensive income for the years ended 31 December 2015 and 2014 were as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Recognised in profit or loss:				
Defined contribution plans	949	908	834	797
Defined benefit plans	435	392	392	349
Total post-employment benefit expenses	<u>1,384</u>	<u>1,300</u>	<u>1,226</u>	<u>1,146</u>
Recognised in other comprehensive income:				
Actuarial losses recognised in the year	<u>628</u>	<u>-</u>	<u>589</u>	<u>-</u>

25 Liabilities under insurance contracts

Liabilities under insurance contracts represent the liabilities of the insurance subsidiary. As at 31 December 2015 and 2014 were as follows:

	Consolidated	
	2015	2014
	<i>(in million Baht)</i>	
SCB Life Assurance PCL		
Life insurance policy reserves	183,717	150,702
Others	1,062	1,055
Total	<u>184,779</u>	<u>151,757</u>

Insurance contract liabilities for SCB life Assurance PCL are calculated as described in note 5.27.

26 Liabilities pending transfer

As at 31 December 2015 and 2014, liabilities pending transfer were as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Pending for payment E-banking	6,472	8,345	6,472	8,345
Other payables	1,538	1,826	1,550	1,668
Others	3,535	4,096	3,457	4,014
Total	<u>11,545</u>	<u>14,267</u>	<u>11,479</u>	<u>14,027</u>

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

27 Other liabilities

As at 31 December 2015 and 2014, other liabilities were as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Accrued expenses	18,164	18,545	14,571	15,284
Interest payable	6,789	7,832	6,810	7,838
Securities business payables and payables to clearing house	2,640	1,855	-	-
Other payable per Credit Support Annex	1,667	865	1,667	865
Withholding tax payable	722	628	603	504
Margin deposits	236	297	213	238
Others	2,182	1,115	1,939	1,067
Total	<u>32,400</u>	<u>31,137</u>	<u>25,803</u>	<u>25,796</u>

28 Reserve

Legal reserve

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

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

Other reserves

Valuation surplus

The valuation surplus account comprises the cumulative net change in the valuation of premises included in the financial statements at valuation until such premises are sold or otherwise disposed of.

Fair value changes in available-for-sale investments

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

Others

Others comprise of currency translation differences and movements in reserves as follows:

Currency translation differences

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

Movements in reserves

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

29 Dividends

The Board of Directors Meeting held on 25 August 2015 passed a resolution approving an interim dividend payment in respect of the half-year result of 2015 of Baht 1.50 per share, amounting to Baht 5,099 million. The dividend was paid to shareholders on 18 September 2015.

At the annual general meeting of the shareholders of the Bank held on 2 April 2015, the shareholders approved the appropriation of dividend of Baht 4.50 per share, amounting to Baht 15,296 million. The dividend was paid to shareholders on 30 April 2015.

The Board of Directors Meeting held on 26 August 2014 passed a resolution approving an interim dividend payment in respect of the half-year result of 2014 of Baht 1.50 per share, amounting to Baht 5,099 million. The dividend was paid to shareholders on 19 September 2014.

At the annual general meeting of the shareholders of the Bank held on 3 April 2014, the shareholders approved the appropriation of dividend of Baht 3.75 per share, amounting to Baht 12,747 million. The dividend was paid to shareholders on 2 May 2014.

30 Assets pledged as collateral and under restriction

As at 31 December 2015 and 2014, assets pledged as collateral and under restriction were as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Investments				
Securities pledged as collateral for repurchase	42,636	54,250	42,636	54,250
Others	35,191	30,678	272	286
Total	77,827	84,928	42,908	54,536

31 Contingencies

As at 31 December 2015 and 2014, contingencies were as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Avals to bills	5,754	3,434	5,754	3,434
Guarantees of loans	248	220	110	117
Liability under unmatured import bills	8,228	6,792	8,228	6,792
Letters of credit	27,775	35,346	27,567	35,196
Other contingencies				
- Amount of unused bank overdrafts	156,991	127,028	156,255	126,443
- Other guarantees	178,458	178,776	176,498	177,936
- Receivables / payables from investments	7,383	10,070	7,383	9,902
- Others	38,132	34,537	35,584	33,638
Total	422,969	396,203	417,379	393,458

As at 31 December 2015, the Bank had commitments of Baht 3 million, in connection with finance companies whose operations were closed down permanently by the Ministry of Finance on 8 December 1997 (2014: Baht 3 million).

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

32 Related parties

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

The Bank has business transactions with related parties or persons. Interest rate for staff loans under the staff welfare scheme is charged in accordance with the Bank's regulations for such loans. Interest rate and other pricing for other related parties are at the same rate as in the normal course of business with the same business conditions as general customers. For other income and expenses are charged at market price as normal business or the price as stipulated in the agreement. Transactions with related parties or persons were as follows:

32.1 Loans, deposits, borrowings and contingencies

Loans, deposits, borrowings and contingencies to related parties or persons as at 31 December 2015 and 2014 were as follows:

	Consolidated							
	2015				2014			
	Loans*	Deposits	Borrowings	Contingencies	Loans*	Deposits	Borrowings	Contingencies
	<i>(in million Baht)</i>							
Associates	-	692	-	-	-	321	-	-
Related companies (Shareholding through other companies' debt restructuring process)	-	-	-	1	-	-	-	1
Major shareholder (more than 10% ownership)	-	8,216	-	-	-	8,200	-	-
Entities in which the directors, management or close members of their families have significant influence	11	655	1	107	-	681	1	107
Directors and key executive officers	122	712	19	-	102	768	16	-
Total	133	10,275	20	108	102	9,970	17	108

	The Bank							
	2015				2014			
	Loans*	Deposits	Borrowings	Contingencies	Loans*	Deposits	Borrowings	Contingencies
	<i>(in million Baht)</i>							
Subsidiaries								
Finance & Insurance	-	2,012	1,727	13,151	-	5,039	1,727	7,853
Others	-	460	-	-	-	274	-	-
Total subsidiaries	-	2,472	1,727	13,151	-	5,313	1,727	7,853
Associates	-	692	-	-	-	321	-	-
Related companies (Shareholding through other companies' debt restructuring process)	-	-	-	1	-	-	-	1
Major shareholder (more than 10% ownership)	-	8,216	-	-	-	8,200	-	-
Entities in which the directors, management or close members of their families have significant influence	11	655	1	107	-	681	1	107
Directors and key executive officers	122	712	19	-	102	768	16	-
Total	133	12,747	1,747	13,259	102	15,283	1,744	7,961

* Net of provision (1%)

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

32.2 Income and expenses

Significant income and expenses between the Bank and its subsidiaries, associates and related companies for the years ended 31 December 2015 and 2014 are as follows:

	Consolidated							
	2015				2014			
	Income		Expenses		Income		Expenses	
	Interest	Others	Interest	Others	Interest	Others	Interest	Others
	<i>(in million Baht)</i>							
Associates	-	-	4	-	-	-	-	-
Major shareholder	-	4,289	226	22	-	-	176	22

	The Bank							
	2015				2014			
	Income		Expenses		Income		Expenses	
	Interest	Others	Interest	Others	Interest	Others	Interest	Others
	<i>(in million Baht)</i>							
Subsidiaries	14	12,909	89	2,499	17	14,652	122	2,900
Associates	-	-	4	-	-	-	-	-
Major shareholder	-	4,289	226	22	-	-	176	22

On 24 September 2015, the Bank sold 9,070,600 common shares held by the Bank in the Siam Cement Public Company Limited to the Crown Property Bureau, which is a related party. The selling price was based on prevailing market prices to reflect an arm's length basis. Sales proceeds amounted to Baht 4.5 billion and a gain on investment of Baht 4.3 billion has been recorded in the year.

33 Key management personnel compensation

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank, holding the position of Executive Vice President or higher.

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

<i>For the year ended 31 December</i>	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Short-term employee benefits	1,617	1,422	1,335	1,120
Post-employment benefits	49	21	46	18
Total	1,666	1,443	1,381	1,138

34 Long-term leases and service agreements

As at 31 December 2015 and 2014, the remaining rental and service expenses to be paid for long-term leases and service agreements were as follows:

Type of lease	Period	Consolidated		The Bank	
		2015	2014	2015	2014
		<i>(in million Baht)</i>			
Land and/or premises	Within 1 year	1,974	1,859	1,850	1,703
	1 - 5 years	1,617	1,682	1,576	1,550
	Over 5 years	192	192	192	192
Equipment	Within 1 year	83	3	82	1
	1 - 5 years	-	2	-	-
Vehicles	Within 1 year	209	241	196	228
	1 - 5 years	617	305	599	284

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the financial statements

35 Operating segments

As at 31 December 2015 and 2014, operating segments were as follows:

Information on the Bank's operating model and business segments is set out in the annual report. Specifically, the Bank has four main lines of business: the Corporate Segment which serves corporate and commercial customers; the SME Segment which serves SME customers (prior to 2015 referred to as Business Banking); the Retail Segment which serves individuals and small businesses; and the Special Business unit which is responsible for NPL resolution. In addition, the Bank has three major subsidiaries: SCB Securities Co., Ltd., SCB Asset Management Co., Ltd. and SCB Life Assurance PCL.

In the information provided below, the results of subsidiaries together with the income from the Banks' investments, interbank and money market, that is not allocated to a specific business unit, are presented under the "Others" column. The results of the Special Business unit are allocated back to the line of business from which the workout assets were transferred. With respect to fee income earned by subsidiaries, it is allocated to the appropriate line of business (Corporate Segment, SME Segment or Retail Segment) in the Management Discussion and Analysis that accompanies the financial statements but is stated under "Others" in the analysis below. Finally, operating expenses are both direct and indirect business expenses of each line of business as well as allocation of common expenses to these businesses.

The Bank has determined that the Chief Operating Decision Maker is the Executive Committee. Financial information of the business segments measured on a basis that is consistent with internal reporting was as follows:

<i>For the year ended 31 December 2015</i>	Consolidated				Total
	Corporate Segment	SME Segment	Retail Segment	Others	
	<i>(in million Baht)</i>				
Net interest income	15,835	14,704	41,464	10,831	82,834
Net fees income & dividend and other income	10,094	3,599	29,071	11,811	54,575
Total operating income	<u>25,929</u>	<u>18,303</u>	<u>70,535</u>	<u>22,642</u>	<u>137,409</u>
Total operating expenses	<u>(7,599)</u>	<u>(5,388)</u>	<u>(33,609)</u>	<u>(2,352)</u>	<u>(48,948)</u>
Profit before impairment loss and income tax	<u>18,330</u>	<u>12,915</u>	<u>36,926</u>	<u>20,290</u>	88,461
Impairment loss and income tax					<u>(41,221)</u>
Net profit					<u>47,240</u>

<i>For the year ended 31 December 2014</i>	Consolidated				Total
	Corporate Segment	SME Segment	Retail Segment	Others	
	<i>(in million Baht)</i>				
Net interest income	15,554	14,728	38,599	12,219	81,100
Net fees income & dividend and other income	10,055	3,374	28,415	5,186	47,030
Total operating income	<u>25,609</u>	<u>18,102</u>	<u>67,014</u>	<u>17,405</u>	<u>128,130</u>
Total operating expenses	<u>(7,196)</u>	<u>(5,214)</u>	<u>(32,943)</u>	<u>(2,736)</u>	<u>(48,089)</u>
Profit before impairment loss and income tax	<u>18,413</u>	<u>12,888</u>	<u>34,071</u>	<u>14,669</u>	80,041
Impairment loss and income tax					<u>(26,389)</u>
Net profit					<u>53,652</u>

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the financial statements

	Consolidated				Total
	Corporate Segment	SME Segment	Retail Segment	Others	
	2015				
	(in million Baht)				
Investment in associates	-	-	-	344	344
Loans*	640,876	357,193	824,319	11,018	1,833,406
Total assets	740,730	330,845	804,649	898,085	2,774,309
Total liabilities	605,483	160,153	1,202,990	497,990	2,466,616

	Consolidated				Total
	Corporate Segment	SME Segment	Retail Segment	Others	
	2014				
	(in million Baht)				
Investment in associates	-	-	-	697	697
Loans*	656,561	339,528	772,220	8,826	1,777,135
Total assets	766,979	319,287	750,683	862,754	2,699,703
Total liabilities	544,966	160,167	1,269,874	438,398	2,413,405

* Net of deferred revenue

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

36.1 As at 31 December 2015 and 2014, the financial position classified by domestic and foreign business was as follows:

	Consolidated							
	2015			2014				
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	(in million Baht)							
Total assets	2,704,384	112,633	(42,708)	2,774,309	2,631,657	98,383	(30,337)	2,699,703
Interbank and money market items, net (Assets)	233,400	27,543	-	260,943	274,400	17,215	-	291,615
Investments, net *	536,129	870	-	536,999	502,305	503	-	502,808
Loans to customers and accrued interest receivables, net	1,746,380	26,794	-	1,773,174	1,684,038	37,897	-	1,721,935
Deposits	1,877,221	13,508	-	1,890,729	1,883,467	11,876	-	1,895,343
Interbank and money market items (Liabilities)	130,306	12,631	-	142,937	130,397	9,889	-	140,286
Debt issued and borrowings	39,885	81,279	-	121,164	39,620	74,297	-	113,917

* Includes net investments in subsidiaries and associates

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

	The Bank							
	2015				2014			
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	<i>(in million Baht)</i>							
Total assets	2,497,559	102,575	(42,708)	2,557,426	2,461,101	92,046	(30,337)	2,522,810
Interbank and money market items, net (Assets)	224,735	21,757	-	246,492	264,078	12,729	-	276,807
Investments, net *	359,974	867	-	360,841	361,716	503	-	362,219
Loans to customers and accrued interest receivables, net	1,739,314	22,914	-	1,762,228	1,678,546	36,325	-	1,714,871
Deposits	1,877,909	6,995	-	1,884,904	1,884,112	6,276	-	1,890,388
Interbank and money market items (Liabilities)	133,087	12,631	-	145,718	136,125	9,889	-	146,014
Debt issued and borrowings	40,107	81,279	-	121,386	40,189	74,297	-	114,486

* Includes net investments in subsidiaries and associates

36.2 The results of operations classified by domestic and foreign business for the years ended 31 December 2015 and 2014 were as follows:

	Consolidated							
	2015				2014			
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	<i>(in million Baht)</i>							
Interest income	121,298	3,576	(2,412)	122,462	122,488	3,342	(2,449)	123,381
Interest expense	(38,532)	(3,508)	2,412	(39,628)	(41,571)	(3,159)	2,449	(42,281)
Net interest income	82,766	68	-	82,834	80,917	183	-	81,100
Net fees and service income	27,022	53	-	27,075	26,112	197	-	26,309
Other operating income	27,441	59	-	27,500	20,678	43	-	20,721
Other operating expenses	(78,598)	(73)	-	(78,671)	(61,041)	(262)	-	(61,303)
Profit before tax	58,631	107	-	58,738	66,666	161	-	66,827

	The Bank							
	2015				2014			
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	<i>(in million Baht)</i>							
Interest income	114,007	3,438	(2,412)	115,033	116,163	3,236	(2,449)	116,950
Interest expense	(38,578)	(3,497)	2,412	(39,663)	(41,657)	(3,151)	2,449	(42,359)
Net interest income	75,429	(59)	-	75,370	74,506	85	-	74,591
Net fees and service income	30,703	(11)	-	30,692	30,430	140	-	30,570
Other operating income	20,703	46	-	20,749	14,777	25	-	14,802
Other operating expenses	(76,154)	5	-	(76,149)	(58,916)	(202)	-	(59,118)
Profit before tax	50,681	(19)	-	50,662	60,797	48	-	60,845

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the financial statements

37 Interest income

Interest income included in profit or loss for the years ended 31 December 2015 and 2014 was as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Interbank and money market items	3,687	4,380	3,280	3,967
Investments and trading transactions	501	565	501	565
Investments in debt securities	12,372	12,562	5,733	6,878
Loans	95,729	95,357	95,346	95,025
Hire-purchase and finance leases	10,097	10,489	10,097	10,487
Others	76	28	76	28
Total	122,462	123,381	115,033	116,950

38 Interest expense

Interest expense included in profit or loss for the years ended 31 December 2015 and 2014 was as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Deposits	26,463	29,171	26,505	29,255
Interbank and money market items	1,078	1,605	1,085	1,615
Contributions to Deposit Protection Agency	8,584	8,165	8,584	8,165
Debt issued				
- Subordinated debentures	1,830	1,830	1,830	1,830
- Others	1,624	1,473	1,653	1,493
Borrowings	43	36	-	-
Others	6	1	6	1
Total	39,628	42,281	39,663	42,359

39 Net fees and service income

Net fees and service income included in profit or loss for the years ended 31 December 2015 and 2014 was as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Fees and service income				
- Acceptances, avals and guarantees	1,272	1,284	1,258	1,273
- ATM, Debit cards, Credit Cards and other banking electronic	12,099	11,697	12,115	11,713
- Others	19,333	18,544	22,151	22,230
Total fees and service income	32,704	31,525	35,524	35,216
Fees and service expense	(5,629)	(5,216)	(4,832)	(4,646)
Net fees and service income	27,075	26,309	30,692	30,570

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

40 Net trading income

Net trading income included in profit or loss for the years ended 31 December 2015 and 2014 was as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Gain on trading and foreign exchange transactions				
- Foreign currencies and foreign currency related derivatives	7,520	5,900	7,126	6,075
- Interest rate related derivatives	402	245	402	245
- Debt securities	326	1,020	258	960
- Equity securities	66	136	13	33
- Others	1	3	1	3
Total	8,315	7,304	7,800	7,316

41 Net gain on investments

Net gain on investments included in profit or loss for the years ended 31 December 2015 and 2014 was as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Gain (loss) on sales				
- Available-for-sale securities	9,732	853	8,946	461
- Held-to-maturity securities	(188)	(145)	-	-
- General investments	-	45	-	45
- Investments in subsidiaries and associates	-	1,813	-	2,777
Total	9,544	2,566	8,946	3,283
Gain (loss) on impairment				
- Available-for-sale securities	4	-	4	1
- General investments	(2)	3	(2)	2
- Investments in subsidiaries and associates	(156)	(6)	(357)	(1,377)
Total	(154)	(3)	(355)	(1,374)
Net gain on investments	9,390	2,563	8,591	1,909

42 Impairment loss on loans and debt securities

Bad debt, doubtful accounts and loss on debt restructuring included in profit or loss for the years ended 31 December 2015 and 2014 were as follows:

	Note	Consolidated		The Bank	
		2015	2014	2015	2014
		<i>(in million Baht)</i>			
Interbank and money market items		(22)	(117)	(22)	(117)
Available-for-sale securities		(35)	(2)	(35)	(2)
Held-to-maturity securities		(19)	-	(19)	-
Loans to customers *		29,759	13,304	29,762	13,329
Loss on debt restructuring	14	40	29	40	29
Total		29,723	13,214	29,726	13,239

* Includes bad debt recovery

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the financial statements

43 Income tax

Income tax recognised in profit or loss

<i>For the year ended 31 December</i>	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Current tax expense				
Current year	11,374	13,406	9,183	11,341
Deferred tax expense				
Movements in temporary differences	124	(231)	142	(250)
Total income tax expense	11,498	13,175	9,325	11,091

Income tax recognised in other comprehensive income

<i>For the year ended 31 December</i>	Consolidated					
	2015 Before tax	2015 Tax benefit (expense)	2015 Net of tax	2014 Before tax	2014 Tax benefit (expense)	2014 Net of tax
	<i>(in million Baht)</i>					
Investments	(7,911)	1,485	(6,426)	4,654	(903)	3,751
Premises and equipment	5,823	(1,165)	4,658	(29)	6	(23)
Provision	(628)	126	(502)	-	-	-
Total	(2,716)	446	(2,270)	4,625	(897)	3,728

<i>For the year ended 31 December</i>	The Bank					
	2015 Before tax	2015 Tax benefit (expense)	2015 Net of tax	2014 Before tax	2014 Tax benefit (expense)	2014 Net of Tax
	<i>(in million Baht)</i>					
Investments	(6,271)	1,232	(5,039)	1,517	(281)	1,236
Premises and equipment	5,728	(1,146)	4,582	(29)	6	(23)
Provision	(589)	118	(471)	-	-	-
Total	(1,132)	204	(928)	1,488	(275)	1,213

Reconciliation of effective tax rate

<i>For the year ended 31 December</i>	Consolidated			
	2015 Rate (%)	2015 <i>(in million Baht)</i>	2014 Rate (%)	2014 <i>(in million Baht)</i>
Profit before income tax expense		58,738		66,827
Income tax using the Thai corporation tax rate	20.0	11,748	20.0	13,365
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		(250)		(190)
Total	19.6	11,498	19.7	13,175

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the financial statements

<i>For the year ended 31 December</i>	The Bank			
		2015		2014
	<i>Rate (%)</i>	<i>(in million Baht)</i>	<i>Rate (%)</i>	<i>(in million Baht)</i>
Profit before income tax expense		<u>50,662</u>		<u>60,845</u>
Income tax using the Thai corporation tax rate	20.0	10,132	20.0	12,169
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		(807)		(1,078)
Total	<u>18.4</u>	<u>9,325</u>	<u>18.2</u>	<u>11,091</u>

Income tax reduction

Royal Decree No. 577 B.E. 2557 dated 10 November 2014 grants the reduction to 20% of net taxable profit for the accounting period 2015 which begins on or after 1 January 2015.

On 22 January 2016, The National Legislative Assembly has approved a reduction of the corporate income tax rate from 30% to 20% of net taxable profit for the accounting period which begins on or after 1 January 2016.

The Bank and its subsidiaries have applied the tax rate of 20% in measuring deferred tax assets and liabilities as at 31 December 2015 and 2014 in accordance with the clarification issued by the FAP in 2012.

Deferred tax

Deferred tax assets and liabilities as at 31 December 2015 and 2014 were as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht)</i>			
Deferred tax assets	66	68	2	11
Deferred tax liabilities	<u>(3,141)</u>	<u>(3,563)</u>	<u>(2,772)</u>	<u>(2,941)</u>
Net	<u>(3,075)</u>	<u>(3,495)</u>	<u>(2,770)</u>	<u>(2,930)</u>

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the financial statements

Movements in deferred tax assets and liabilities during for the years ended 31 December 2015 and 2014 were as follows:

	At 1 January 2015	Consolidated (Charged) / Credited to:			At 31 December 2015
		Profit or loss	Other comprehensive income <i>(in million Baht)</i>	Retained earnings	
<i>Deferred tax assets</i>					
Derivative assets	-	32	-	98	130
Investments	231	(134)	243	-	340
Investments in subsidiaries and associates	376	33	-	-	409
Loans to customers and accrued interest receivables	103	57	-	-	160
Properties for sale	199	(80)	-	-	119
Premises and equipment	1	-	-	-	1
Goodwill and other intangible assets	113	(29)	-	-	84
Other assets	10	307	-	-	317
Deposits	108	(108)	-	-	-
Derivative liabilities	-	6	-	-	6
Provisions	1,444	(127)	126	-	1,443
Liabilities under insurance contracts	33	3	-	-	36
Other liabilities	703	(30)	-	-	673
Total	3,321	(70)	369	98	3,718
<i>Deferred tax liabilities</i>					
Derivative assets	-	(1)	-	-	(1)
Investments	(2,501)	16	1,242	-	(1,243)
Loans to customers and accrued interest receivables	(400)	(49)	-	-	(449)
Premises and equipment	(3,861)	(35)	(1,165)	-	(5,061)
Goodwill and other intangible assets	(21)	5	-	-	(16)
Other assets	(32)	9	-	-	(23)
Other liabilities	(1)	1	-	-	-
Total	(6,816)	(54)	77	-	(6,793)
Net	(3,495)	(124)	446	98	(3,075)

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the financial statements

	At 1 January 2014	Consolidated (Charged) / Credited to:			At 31 December 2014
		Profit or loss	Other comprehensive income <i>(in million Baht)</i>	Transfer out from disposal of subsidiary	
<i>Deferred tax assets</i>					
Investments	286	(6)	(36)	(13)	231
Investments in subsidiaries and associates	115	261	-	-	376
Loans to customers and accrued interest receivables	773	(670)	-	-	103
Properties for sale	266	(67)	-	-	199
Premises and equipment	1	-	-	-	1
Goodwill and other intangible assets	133	(20)	-	-	113
Other assets	116	-	-	(106)	10
Deposits	207	(99)	-	-	108
Provisions	1,345	108	-	(9)	1,444
Liabilities under insurance contracts	256	2	-	(225)	33
Other liabilities	59	644	-	-	703
Total	3,557	153	(36)	(353)	3,321
<i>Deferred tax liabilities</i>					
Investments	(1,638)	2	(865)	-	(2,501)
Loans to customers and accrued interest receivables	(478)	78	-	-	(400)
Premises and equipment	(3,884)	(2)	4	21	(3,861)
Goodwill and other intangible assets	(27)	6	-	-	(21)
Other assets	(27)	(5)	-	-	(32)
Other liabilities	-	(1)	-	-	(1)
Total	(6,054)	78	(861)	21	(6,816)
Net	(2,497)	231	(897)	(332)	(3,495)

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the financial statements

	At 1 January 2015	The Bank (Charged) / Credited to:			At 31 December 2015
		Profit or loss	Other comprehensive income <i>(in million Baht)</i>	Retained earnings	
<i>Deferred tax assets</i>					
Derivative assets	-	32	-	98	130
Investments	213	(137)	14	-	90
Investments in subsidiaries and associates	376	33	-	-	409
Loans to customers and accrued interest receivables	103	57	-	-	160
Properties for sale	198	(79)	-	-	119
Goodwill and other intangible assets	113	(29)	-	-	84
Other assets	-	300	-	-	300
Deposits	99	(99)	-	-	-
Provisions	1,378	(121)	118	-	1,375
Other liabilities	690	(40)	-	-	650
Total	3,170	(83)	132	98	3,317
<i>Deferred tax liabilities</i>					
Investments	(1,933)	16	1,218	-	(699)
Loans to customers and accrued interest receivables	(401)	(48)	-	-	(449)
Premises and equipment	(3,735)	(36)	(1,146)	-	(4,917)
Other assets	(31)	9	-	-	(22)
Total	(6,100)	(59)	72	-	(6,087)
Net	(2,930)	(142)	204	98	(2,770)

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the financial statements

	At 1 January 2014	The Bank (Charged) / Credited to:		At 31 December 2014
		Profit or loss	Other comprehensive income	
		<i>(in million Baht)</i>		
Deferred tax assets				
Investments	190	-	23	213
Investments in subsidiaries and associates	114	262	-	376
Loans to customers and accrued interest receivables	710	(607)	-	103
Properties for sale	264	(66)	-	198
Goodwill and other intangible assets	133	(20)	-	113
Deposits	207	(108)	-	99
Provisions	1,275	103	-	1,378
Other liabilities	46	644	-	690
Total	2,939	208	23	3,170
Deferred tax liabilities				
Investments	(1,631)	2	(304)	(1,933)
Loans to customers and accrued interest receivables	(449)	48	-	(401)
Premises and equipment	(3,738)	(3)	6	(3,735)
Other assets	(26)	(5)	-	(31)
Total	(5,844)	42	(298)	(6,100)
Net	(2,905)	250	(275)	(2,930)

44 Basic earnings per share

Basic earnings per share in the consolidated and the Bank's financial statements for the years ended 31 December 2015 and 2014 were calculated as follows:

	Consolidated		The Bank	
	2015	2014	2015	2014
	<i>(in million Baht / million shares)</i>			
Profit attributable to ordinary shareholders of the Bank (basic)	<u>47,182</u>	<u>53,335</u>	<u>41,337</u>	<u>49,754</u>
Number of ordinary and preference shares outstanding	<u>3,399</u>	<u>3,399</u>	<u>3,399</u>	<u>3,399</u>
Earnings per share (basic) (in Baht)	<u>13.88</u>	<u>15.69</u>	<u>12.16</u>	<u>14.64</u>

The preference of the preference shares expired in 2009; therefore, their rights are equivalent to ordinary shares. Basic earnings per share for the years ended 31 December 2015 and 2014 were based on the profit attributable to ordinary shareholders of the Bank and the number of ordinary and preference shares outstanding during the year.

45 Events after the reporting period

1,950 preference shares have been converted into 1,950 ordinary shares. The Bank registered the conversion of the preference shares with the Ministry of Commerce on 8 January 2016.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the financial statements

46 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of revised TFRS have been issued but are not yet effective and have not been applied in preparing these financial statements. Those revised TFRS that may be relevant to the Bank and its subsidiaries' operations, which become effective for annual financial periods beginning on or after 1 January 2016, are set out below. The Bank and its subsidiaries do not plan to adopt these TFRS early.

TFRS	Topic
TAS 1 (revised 2015)	Presentation of Financial Statements
TAS 7 (revised 2015)	Statement of Cash Flows
TAS 8 (revised 2015)	Accounting Policies, Changes in Accounting Estimates and Errors
TAS 10 (revised 2015)	Events After the Reporting Period
TAS 12 (revised 2015)	Income Taxes
TAS 16 (revised 2015)	Property, Plant and Equipment
TAS 17 (revised 2015)	Leases
TAS 18 (revised 2015)	Revenue
TAS 19 (revised 2015)	Employee Benefits
TAS 21 (revised 2015)	The Effects of Changes in Foreign Exchange Rates
TAS 24 (revised 2015)	Related Party Disclosures
TAS 26 (revised 2015)	Accounting and Reporting by Retirement Benefit Plans
TAS 27 (revised 2015)	Separate Financial Statements
TAS 28 (revised 2015)	Investments in Associates and Joint Ventures
TAS 33 (revised 2015)	Earnings Per Share
TAS 34 (revised 2015)	Interim Financial Reporting
TAS 36 (revised 2015)	Impairment of Assets
TAS 37 (revised 2015)	Provisions, Contingent Liabilities and Contingent Assets
TAS 38 (revised 2015)	Intangible Assets
TAS 40 (revised 2015)	Investment Property
TFRS 3 (revised 2015)	Business Combinations
TFRS 4 (revised 2015)	Insurance Contracts
TFRS 5 (revised 2015)	Non-current Assets Held for Sale and Discontinued Operations
TFRS 8 (revised 2015)	Operating Segments
TFRS 10 (revised 2015)	Consolidated Financial Statements
TFRS 12 (revised 2015)	Disclosure of Interests in Other Entities
TFRS 13 (revised 2015)	Fair Value Measurement
TSIC 15 (revised 2015)	Operating Leases - Incentives
TSIC 27 (revised 2015)	Evaluating the Substance of Transactions in the Legal Form of a Lease
TFRIC 1 (revised 2015)	Changes in Existing Decommissioning, Restoration and Similar Liabilities
TFRIC 4 (revised 2015)	Determining Whether an Arrangement Contains a Lease
TFRIC 10 (revised 2015)	Interim Financial Reporting and Impairment
TFRIC 13 (revised 2015)	Customer Loyalty Programmes
TFRIC 14 (revised 2015)	TAS 19 (revised 2015) <i>Employee Benefits</i> - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
TFRIC 18 (revised 2015)	Transfers of Assets from Customers

The Bank and its subsidiaries have made a preliminary assessment of the potential initial impact on the consolidated and the Bank's financial statements of these revised TFRS and expects that there will be no material impact on the financial statements in the period of initial application.