

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

Interim financial statements  
for the three-month and six-month periods ended  
30 June 2016  
and  
Independent Auditor's Report

## **Independent Auditor's Report**

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

#### *Audit Report*

I have audited the accompanying interim 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 30 June 2016, the consolidated and the Bank's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the six-month period then ended and notes, comprising a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Interim Consolidated and the Bank's Financial Statements*

Management is responsible for the preparation and fair presentation of these interim 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 interim 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 interim 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 interim 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 interim 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 30 June 2016 and their financial performance and cash flows for the six-month period then ended in accordance with Thai Financial Reporting Standards.

### *Review Report*

I have also reviewed the accompanying interim consolidated and the Bank's statements of profit or loss and other comprehensive income for the three-month period ended 30 June 2016 of the Group and the Bank, respectively. Management is responsible for the preparation and presentation of these interim consolidated and the Bank's statements of profit or loss and other comprehensive income in accordance with Thai Financial Reporting Standards. My responsibility is to express a conclusion on these interim consolidated and the Bank's statements of profit or loss and other comprehensive income based on my review.

### *Scope of Review*

I conducted my review in accordance with the Thai Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Thai Standards on Auditing and consequently does not enable me to obtain assurance that I would become aware of all significant matters that might be identified in an audit. Accordingly, I do not express an audit opinion.

### *Conclusion*

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim consolidated and the Bank's statements of profit or loss and other comprehensive income for the three-month period ended 30 June 2016 are not prepared, in all material respects, in accordance with Thai Financial Reporting Standards.

(Winid Silamongkol)  
Certified Public Accountant  
Registration No. 3378

KPMG Phoomchai Audit Ltd.  
Bangkok  
23 August 2016

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Statement of financial position

	Note	Consolidated		The Bank	
		30 June 2016	31 December 2015	30 June 2016	31 December 2015
<i>(in thousand Baht)</i>					
Cash		35,427,212	38,979,295	35,269,573	38,737,313
Interbank and money market items, net	8	228,867,457	260,942,972	215,399,040	246,492,375
Claims on security	4.11	1,019,452	4,545,098	1,019,452	4,545,098
Derivative assets	9	60,441,064	57,397,448	61,825,200	58,559,234
Investments, net	10	558,955,467	536,655,307	342,790,101	333,861,095
Investments in subsidiaries and associate, net	11	340,755	344,215	16,420,417	26,979,728
Loans to customers and accrued interest receivables, net	12				
Loans to customers		1,884,714,427	1,856,004,740	1,873,948,645	1,844,260,304
Accrued interest receivables		4,169,566	4,544,595	3,653,313	4,107,045
Total loans to customers and accrued interest receivables		1,888,883,993	1,860,549,335	1,877,601,958	1,848,367,349
Less deferred revenue		(22,995,372)	(22,598,424)	(22,995,372)	(22,598,424)
Less allowance for doubtful accounts	12.9	(73,846,101)	(64,422,766)	(73,113,210)	(63,186,848)
Less revaluation allowance for debt restructuring	13	(359,263)	(354,520)	(359,263)	(354,520)
Total loans to customers and accrued interest receivables, net		1,791,683,257	1,773,173,625	1,781,134,113	1,762,227,557
Customers' liabilities under acceptances		53,469	58,266	53,469	58,266
Properties for sale, net	15	10,688,052	10,558,081	10,686,046	10,553,526
Premises and equipment, net	16	39,262,872	39,987,650	38,039,164	38,713,417
Goodwill and other intangible assets, net	17	11,978,551	12,031,442	2,675,016	2,250,011
Assets pending transfer	18	2,353,906	2,268,037	2,603,720	2,352,923
Deferred tax assets	42	54,238	65,586	2,119	2,073
Other assets, net	19	32,489,928	37,302,153	25,079,956	32,093,243
<b>Total assets</b>		<b>2,773,615,680</b>	<b>2,774,309,175</b>	<b>2,532,997,386</b>	<b>2,557,425,859</b>

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	
		30 June 2016	31 December 2015	30 June 2016	31 December 2015
<i>(in thousand Baht)</i>					
<b>Liabilities and equity</b>					
<b>Liabilities</b>					
Deposits	20	1,871,081,534	1,890,728,922	1,866,694,622	1,884,903,678
Interbank and money market items	21	131,833,340	142,937,063	134,023,729	145,717,872
Liabilities payable on demand		10,644,465	8,484,207	10,643,992	8,480,486
Liabilities to deliver security	4.11	1,058,379	4,563,438	1,019,452	4,545,098
Derivative liabilities	9	62,796,854	59,587,955	62,772,401	59,498,470
Debt issued and borrowings	22	119,366,438	121,163,995	119,307,545	121,385,957
Bank's liabilities under acceptances		53,469	58,266	53,469	58,266
Provisions	23	7,317,072	7,227,782	6,992,634	6,876,481
Liabilities under insurance contracts	24	202,650,937	184,778,966	-	-
Liabilities pending transfer	25	10,834,536	11,544,516	10,793,119	11,479,413
Deferred tax liabilities	42	2,743,259	3,141,226	1,688,731	2,771,706
Other liabilities	26	32,800,402	32,399,805	25,410,122	25,802,975
<b>Total liabilities</b>		<u>2,453,180,685</u>	<u>2,466,616,141</u>	<u>2,239,399,816</u>	<u>2,271,520,402</u>
<b>Equity</b>					
Share capital	27				
Authorised share capital					
3,583,825,728 preference shares of Baht 10 each		35,838,257	35,839,655	35,838,257	35,839,655
3,416,174,272 ordinary shares of Baht 10 each		<u>34,161,743</u>	<u>34,160,345</u>	<u>34,161,743</u>	<u>34,160,345</u>
Issued and paid-up share capital					
4,061,973 preference shares of Baht 10 each		40,620	47,033	40,620	47,033
3,395,130,225 ordinary shares of Baht 10 each		33,951,302	33,944,889	33,951,302	33,944,889
Premium on share capital					
Premium on preference shares		15,884	18,392	15,884	18,392
Premium on ordinary shares		11,108,307	11,105,799	11,108,307	11,105,799
Other reserves	27	20,752,187	17,926,079	19,053,766	18,783,380
Retained earnings					
Appropriated					
Legal reserve	27	7,000,000	7,000,000	7,000,000	7,000,000
Unappropriated		<u>247,342,093</u>	<u>237,420,539</u>	<u>222,427,691</u>	<u>215,005,964</u>
Total shareholders' equity		<u>320,210,393</u>	<u>307,462,731</u>	<u>293,597,570</u>	<u>285,905,457</u>
Non-controlling interests		224,602	230,303	-	-
<b>Total equity</b>		<u>320,434,995</u>	<u>307,693,034</u>	<u>293,597,570</u>	<u>285,905,457</u>
<b>Total liabilities and equity</b>		<u>2,773,615,680</u>	<u>2,774,309,175</u>	<u>2,532,997,386</u>	<u>2,557,425,859</u>

(Mr. Arthid Nanthawithaya)

President and Chief Executive Officer

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 (Unaudited)**

	<i>Note</i>	<b>Consolidated</b>		<b>The Bank</b>	
		Three month period ended		Three month period ended	
		30 June		30 June	
		2016	2015	2016	2015
<i>(in thousand Baht)</i>					
Interest income		30,269,105	31,048,965	28,223,292	29,204,423
Interest expense		8,508,357	10,235,180	8,506,391	10,244,153
Net interest income		21,760,748	20,813,785	19,716,901	18,960,270
Fees and service income		8,065,280	8,236,838	8,874,085	9,187,037
Fees and service expense		1,450,697	1,421,236	1,193,342	1,211,542
Net fees and service income		6,614,583	6,815,602	7,680,743	7,975,495
Net trading income		1,394,306	2,414,903	1,286,779	1,848,982
Net gain (loss) on investments		651,471	287,273	489,153	(96,631)
Share of loss of investment in associate		(3,177)	(45,194)	-	-
Dividend income		398,701	400,137	2,267,986	3,037,180
Net earned insurance premiums		15,262,100	14,979,511	-	-
Other operating income		97,246	350,764	25,470	14,679
Total operating income		46,175,978	46,016,781	31,467,032	31,739,975
Net insurance claims		9,277,262	12,800,177	-	-
Net operating income		36,898,716	33,216,604	31,467,032	31,739,975
Other operating expenses					
Staff costs		6,202,472	5,594,260	5,518,458	4,965,460
Directors' remuneration		21,020	23,228	17,990	22,133
Premises and equipment expenses		2,631,017	2,451,798	2,440,700	2,244,018
Taxes and duties		1,026,750	1,060,504	961,652	1,001,516
Others		2,626,737	2,592,479	3,006,950	2,940,065
Total operating expenses		12,507,996	11,722,269	11,945,750	11,173,192
Impairment loss on loans and debt securities		8,512,311	5,130,981	8,510,000	5,129,346
Profit before tax		15,878,409	16,363,354	11,011,282	15,437,437
Income tax expense	42	3,017,654	3,131,796	1,610,543	2,526,115
Net profit		12,860,755	13,231,558	9,400,739	12,911,322

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 (Unaudited)**

	<i>Note</i>	<b>Consolidated</b>		<b>The Bank</b>	
		Three month period ended		Three month period ended	
		30 June		30 June	
		2016	2015	2016	2015
<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		(779,871)	(1,036,711)	(766,984)	334,319
Foreign currency translation differences for foreign operations		(9,244)	37,873	-	-
Share of other comprehensive income of investment in associate		-	20,865	-	-
Change in hedge reserve		(357,681)	299,472	3	-
Income tax on other comprehensive income (loss)	42	465,363	53,805	153,396	(66,864)
		<u>(681,433)</u>	<u>(624,696)</u>	<u>(613,585)</u>	<u>267,455</u>
<i>Items that will not be reclassified to profit or loss</i>					
Change in revaluation surplus		(53,058)	-	(53,058)	-
Income tax on other comprehensive income (loss)	42	10,612	-	10,612	-
		<u>(42,446)</u>	<u>-</u>	<u>(42,446)</u>	<u>-</u>
Total other comprehensive (loss) income, net of income tax		<u>(723,879)</u>	<u>(624,696)</u>	<u>(656,031)</u>	<u>267,455</u>
Total comprehensive income		<u>12,136,876</u>	<u>12,606,862</u>	<u>8,744,708</u>	<u>13,178,777</u>
Net profit attributable to					
Shareholders of the parent company		12,817,839	13,217,703	9,400,739	12,911,322
Non-controlling interests		42,916	13,855	-	-
Total comprehensive income attributable to					
Shareholders of the parent company		12,104,308	12,472,123	8,744,708	13,178,777
Non-controlling interests		32,568	134,739	-	-
Earnings per share of the parent company					
Basic earnings per share ( <i>in Baht</i> )	43	<u>3.77</u>	<u>3.89</u>	<u>2.77</u>	<u>3.80</u>

(Mr. Arthid Nanthawithaya)

President and Chief Executive Officer

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	
		Six month period ended		Six month period ended	
		30 June		30 June	
		2016	2015	2016	2015
		<i>(in thousand Baht)</i>			
Interest income	36	60,690,166	62,077,008	56,673,475	58,482,553
Interest expense	37	17,259,148	20,731,444	17,251,454	20,747,866
Net interest income		43,431,018	41,345,564	39,422,021	37,734,687
Fees and service income	38	16,681,008	16,280,763	18,241,927	18,321,511
Fees and service expense	38	3,026,528	2,835,292	2,519,899	2,433,667
Net fees and service income	38	13,654,480	13,445,471	15,722,028	15,887,844
Net trading income	39	3,058,425	4,756,002	3,079,354	4,111,140
Net gain on investments	40	1,366,173	539,099	994,960	186,949
Share of loss of investment in associate	11	(3,460)	(50,829)	-	-
Dividend income		676,501	769,515	2,522,157	3,254,418
Net earned insurance premiums		29,064,800	28,470,649	-	-
Other operating income		240,149	489,952	51,192	35,746
Total operating income		91,488,086	89,765,423	61,791,712	61,210,784
Net insurance claims		24,944,140	24,045,997	-	-
Net operating income		66,543,946	65,719,426	61,791,712	61,210,784
Other operating expenses					
Staff costs		12,051,791	11,028,339	10,608,300	9,676,246
Directors' remuneration		44,869	46,343	41,154	44,213
Premises and equipment expenses		5,163,036	4,995,040	4,785,184	4,591,509
Taxes and duties		2,124,943	2,141,331	2,000,485	2,032,382
Others		4,664,709	5,970,207	5,597,034	6,734,103
Total operating expenses		24,049,348	24,181,260	23,032,157	23,078,453
Impairment loss on loans and debt securities	41	13,522,320	8,731,578	13,520,000	8,740,191
Profit before tax		28,972,278	32,806,588	25,239,555	29,392,140
Income tax expense	42	5,575,456	6,408,946	4,374,021	5,320,648
Net profit		23,396,822	26,397,642	20,865,534	24,071,492

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

	<i>Note</i>	<b>Consolidated</b>		<b>The Bank</b>	
		Six month period ended		Six month period ended	
		30 June		30 June	
		2016	2015	2016	2015
<i>(in thousand Baht)</i>					
Other comprehensive income (loss)					
<i>Items that are or may be reclassified to profit or loss</i>					
Gain on remeasuring available-for-sale investments		4,110,079	485,182	582,240	1,607,687
Foreign currency translation differences for foreign operations		(61,061)	26,672	-	-
Share of other comprehensive (loss) income of investment in associate		(22,820)	12,046	-	-
Change in hedge reserve		(202,450)	259,817	3	-
Income tax on other comprehensive income (loss)	42	(778,731)	(290,623)	(116,449)	(343,869)
		<u>3,045,017</u>	<u>493,094</u>	<u>465,794</u>	<u>1,263,818</u>
<i>Items that will not be reclassified to profit or loss</i>					
Change in revaluation surplus		(53,058)	-	(53,058)	-
Income tax on other comprehensive income (loss)	42	10,612	-	10,612	-
		<u>(42,446)</u>	<u>-</u>	<u>(42,446)</u>	<u>-</u>
Total other comprehensive income, net of income tax		<u>3,002,571</u>	<u>493,094</u>	<u>423,348</u>	<u>1,263,818</u>
Total comprehensive income		<u>26,399,393</u>	<u>26,890,736</u>	<u>21,288,882</u>	<u>25,335,310</u>
Net profit attributable to					
Shareholders of the parent company		23,363,808	26,369,398	20,865,534	24,071,492
Non-controlling interests		33,014	28,244	-	-
Total comprehensive income attributable to					
Shareholders of the parent company		26,344,431	26,837,002	21,288,882	25,335,310
Non-controlling interests		54,962	53,734	-	-
Earnings per share of the parent company					
Basic earnings per share ( <i>in Baht</i> )	43	<u>6.87</u>	<u>7.76</u>	<u>6.14</u>	<u>7.08</u>

(Mr. Arthid Nanthawithaya)

President and Chief Executive Officer

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**

		<b>Consolidated</b>														
		Issued and paid-up share capital		Premium on share capital		Other reserves					Retained earnings		Total shareholders' equity	Non- controlling interests	Total	
<i>Note</i>		Preference shares	Ordinary shares	Preference shares	Ordinary shares	Gain on remeasuring available-for-sale investments	Foreign currency translation differences	Share of other comprehensive loss of investment in associate	Change in hedge reserve	Change in revaluation surplus	Total other reserves	Legal reserve	Unappropriated			
<i>(in thousand Baht)</i>																
<b>Six month period ended 30 June 2016</b>																
	<b>Balance at 1 January 2016</b>	<b>47,033</b>	<b>33,944,889</b>	<b>18,392</b>	<b>11,105,799</b>	<b>3,279,867</b>	<b>(102,523)</b>	<b>(2,341,459)</b>	<b>149,046</b>	<b>16,941,148</b>	<b>17,926,079</b>	<b>7,000,000</b>	<b>237,420,539</b>	<b>307,462,731</b>	<b>230,303</b>	<b>307,693,034</b>
	Dividend paid	28	-	-	-	-	-	-	-	-	-	-	(13,596,769)	(13,596,769)	(8,883)	(13,605,652)
	Conversion of preference shares to ordinary shares	-	6,413	(2,508)	2,508	-	-	-	-	-	-	-	-	-	-	-
	Disposal of non-controlling interests with a change in control	-	-	-	-	-	-	-	-	-	-	-	-	-	(51,780)	(51,780)
	Profit for the period	-	-	-	-	-	-	-	-	-	-	-	23,363,808	23,363,808	33,014	23,396,822
	Other comprehensive income (loss)	-	-	-	-	3,267,567	(61,061)	(22,820)	(160,617)	(42,446)	2,980,623	-	-	2,980,623	21,948	3,002,571
	<b>Total comprehensive income (loss) for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,267,567</b>	<b>(61,061)</b>	<b>(22,820)</b>	<b>(160,617)</b>	<b>(42,446)</b>	<b>2,980,623</b>	<b>-</b>	<b>23,363,808</b>	<b>26,344,431</b>	<b>54,962</b>	<b>26,399,393</b>
	Transfer to retained earnings	-	-	-	-	-	-	-	-	(154,515)	(154,515)	-	154,515	-	-	-
	<b>Balance at 30 June 2016</b>	<b>40,620</b>	<b>33,951,302</b>	<b>15,884</b>	<b>11,108,307</b>	<b>6,547,434</b>	<b>(163,584)</b>	<b>(2,364,279)</b>	<b>(11,571)</b>	<b>16,744,187</b>	<b>20,752,187</b>	<b>7,000,000</b>	<b>247,342,093</b>	<b>320,210,393</b>	<b>224,602</b>	<b>320,434,995</b>

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	Consolidated															
		Issued and		Premium on		Gain on	Foreign	Other reserves			Change in	Total	Retained earnings		Total	Non-	
		paid-up share capital		share capital				remeasuring	currency	Share of other			revaluation	Legal			
		Preference	Ordinary	Preference	Ordinary	available-for-sale	translation	income of investment	Change in	surplus	other	reserve	equity	interests	Total		
shares	shares	shares	shares	investments	differences	in associate	hedged reserve		reserves								
<i>(in thousand Baht)</i>																	
<b>Six month period ended 30 June 2015</b>																	
<b>Balance at 1 January 2015</b>		<b>48,802</b>	<b>33,943,120</b>	<b>19,084</b>	<b>11,105,107</b>	<b>9,598,653</b>	<b>(267,916)</b>	<b>(69,062)</b>	<b>145,469</b>	<b>12,507,773</b>	<b>21,914,917</b>	<b>7,000,000</b>	<b>210,910,085</b>	<b>284,941,115</b>	<b>965,585</b>	<b>285,906,700</b>	
Dividend paid	28	-	-	-	-	-	-	-	-	-	-	-	(15,296,365)	(15,296,365)	(15,341)	(15,311,706)	
Conversion of preference shares to ordinary shares		(753)	753	(295)	295	-	-	-	-	-	-	-	-	-	-	-	
Acquisitions of non-controlling interests without a change in control		-	-	-	-	125,981	-	(2,325,645)	3,319	243	(2,196,102)	-	(74)	(2,196,176)	(795,654)	(2,991,830)	
Profit for the period		-	-	-	-	-	-	-	-	-	-	-	26,369,398	26,369,398	28,244	26,397,642	
Other comprehensive income		-	-	-	-	219,149	26,672	12,046	209,737	-	467,604	-	-	467,604	25,490	493,094	
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>219,149</b>	<b>26,672</b>	<b>12,046</b>	<b>209,737</b>	<b>-</b>	<b>467,604</b>	<b>-</b>	<b>26,369,398</b>	<b>26,837,002</b>	<b>53,734</b>	<b>26,890,736</b>	
Transfer to retained earnings		-	-	-	-	-	-	-	-	(112,413)	(112,413)	-	112,413	-	-	-	
<b>Balance at 30 June 2015</b>		<b>48,049</b>	<b>33,943,873</b>	<b>18,789</b>	<b>11,105,402</b>	<b>9,943,783</b>	<b>(241,244)</b>	<b>(2,382,661)</b>	<b>358,525</b>	<b>12,395,603</b>	<b>20,074,006</b>	<b>7,000,000</b>	<b>222,095,457</b>	<b>294,285,576</b>	<b>208,324</b>	<b>294,493,900</b>	

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	<b>The Bank</b>											
		Issued and		Premium on		Gain on			Other reserves			Retained earnings	
		paid-up share capital		share capital		available-for-sale	Change in	revaluation	Total	Legal	Unappropriated		Total
		Preference	Ordinary	Preference	Ordinary	investments	hedge reserve	surplus	other	reserve	Unappropriated	Total	
<i>(in thousand Baht)</i>													
<b>Six month period ended 30 June 2016</b>													
<b>Balance at 1 January 2016</b>		<b>47,033</b>	<b>33,944,889</b>	<b>18,392</b>	<b>11,105,799</b>	<b>2,422,935</b>	<b>-</b>	<b>16,360,445</b>	<b>18,783,380</b>	<b>7,000,000</b>	<b>215,005,964</b>	<b>285,905,457</b>	
Dividend paid	28	-	-	-	-	-	-	-	-	-	(13,596,769)	(13,596,769)	
Conversion of preference shares to ordinary shares		(6,413)	6,413	(2,508)	2,508	-	-	-	-	-	-	-	
Profit for the period		-	-	-	-	-	-	-	-	-	20,865,534	20,865,534	
Other comprehensive income (loss)		-	-	-	-	465,792	2	(42,446)	423,348	-	-	423,348	
<b>Total comprehensive income (loss) for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>465,792</b>	<b>2</b>	<b>(42,446)</b>	<b>423,348</b>	<b>-</b>	<b>20,865,534</b>	<b>21,288,882</b>	
Transfer to retained earnings		-	-	-	-	-	-	(152,962)	(152,962)	-	152,962	-	
<b>Balance at 30 June 2016</b>		<b>40,620</b>	<b>33,951,302</b>	<b>15,884</b>	<b>11,108,307</b>	<b>2,888,727</b>	<b>2</b>	<b>16,165,037</b>	<b>19,053,766</b>	<b>7,000,000</b>	<b>222,427,691</b>	<b>293,597,570</b>	

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	<b>The Bank</b>									Total
		Issued and		Premium on		Other reserves			Retained earnings		
		paid-up share capital		share capital		Gain on	Change in	Total			
		Preference	Ordinary	Preference	Ordinary	remeasuring	revaluation	other	Legal	Unappropriated	
		shares	shares	shares	shares	available-for-sale	surplus	reserves	reserve	Unappropriated	Total
		shares	shares	shares	shares	investments	surplus	reserves	reserve	Unappropriated	Total
<i>(in thousand Baht)</i>											
<b>Six month period ended 30 June 2015</b>											
<b>Balance at 1 January 2015</b>		<b>48,802</b>	<b>33,943,120</b>	<b>19,084</b>	<b>11,105,107</b>	<b>7,461,906</b>	<b>11,999,507</b>	<b>19,461,413</b>	<b>7,000,000</b>	<b>194,313,666</b>	<b>265,891,192</b>
Dividend paid	28	-	-	-	-	-	-	-	-	(15,296,365)	(15,296,365)
Conversion of preference shares to ordinary shares		(753)	753	(295)	295	-	-	-	-	-	-
Profit for the period		-	-	-	-	-	-	-	-	24,071,492	24,071,492
Other comprehensive income		-	-	-	-	1,263,818	-	<b>1,263,818</b>	-	-	1,263,818
<b>Total comprehensive income for the period</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,263,818</b>	<b>-</b>	<b>1,263,818</b>	<b>-</b>	<b>24,071,492</b>	<b>25,335,310</b>
Transfer to retained earnings		-	-	-	-	-	(110,609)	(110,609)	-	110,609	-
<b>Balance at 30 June 2015</b>		<b>48,049</b>	<b>33,943,873</b>	<b>18,789</b>	<b>11,105,402</b>	<b>8,725,724</b>	<b>11,888,898</b>	<b>20,614,622</b>	<b>7,000,000</b>	<b>203,199,402</b>	<b>275,930,137</b>

(Mr. Arthid Nanthawithaya)

President and Chief Executive Officer

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	
	Six month period ended		Six month period ended	
	30 June		30 June	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<b>Cash flows from operating activities</b>				
Profit before tax	28,972,278	32,806,588	25,239,555	29,392,140
<i>Adjustments for</i>				
Depreciation and amortisation	1,320,190	1,383,375	1,228,234	1,295,782
Impairment loss on loans and debt securities	14,487,950	9,683,224	14,485,630	9,671,453
Loss (reversal) on impairment of properties for sale	72,146	(283,056)	72,146	(283,056)
Loss on impairment of premises and equipment	-	74,044	-	74,044
Gain on sales of premises and equipment	(15,124)	(25,167)	(6,790)	(20,102)
Net trading income	(3,058,425)	(4,756,002)	(3,079,354)	(4,111,140)
Net gain on investments	(1,366,173)	(539,099)	(994,960)	(186,949)
Share of loss of investment in associate	3,460	50,829	-	-
	40,416,302	38,394,736	36,944,461	35,832,172
Net interest income	(43,431,018)	(41,345,564)	(39,422,021)	(37,734,687)
Dividend income	(676,501)	(769,515)	(2,522,157)	(3,254,418)
Proceeds from interest	61,629,044	60,940,966	57,261,657	57,327,508
Interest paid	(18,842,785)	(18,848,978)	(18,847,397)	(18,855,351)
Proceeds from dividend	678,938	744,697	2,522,157	3,233,236
Income tax paid	(6,103,415)	(7,032,397)	(4,199,537)	(5,307,410)
Income from operations before changes in operating assets and liabilities	33,670,565	32,083,945	31,737,163	31,241,050
<i>(Increase) decrease in operating assets</i>				
Interbank and money market items	32,082,378	2,708,892	31,083,092	3,496,974
Claims on security	3,525,646	(17,974,994)	3,525,646	(17,974,994)
Derivative assets	(3,710,755)	(1,954,799)	(3,901,521)	(2,634,482)
Investment in securities for trading	(15,840,072)	4,125,281	(14,326,017)	4,167,837
Loans to customers	(37,748,482)	(49,872,770)	(38,221,787)	(48,843,540)
Properties for sale	4,171,019	4,563,839	4,168,469	4,561,354
Other assets	4,627,647	(2,632,860)	8,996,141	(626,600)
<i>Increase (decrease) in operating liabilities</i>				
Deposits	(19,647,388)	9,986,819	(18,209,056)	10,325,365
Interbank and money market items	(11,103,723)	10,943,232	(11,694,143)	11,295,802
Liabilities payable on demand	2,160,258	5,706,282	2,163,506	5,705,034
Liabilities to deliver security	(3,505,059)	18,042,027	(3,525,646)	17,974,994
Derivative liabilities	3,056,970	8,471,195	2,941,998	8,441,426
Short-term debt issued and borrowings	277,034	(86,882)	(3,822)	(59,646)
Liabilities under insurance contracts	17,871,971	18,747,093	-	-
Other liabilities	703,487	(4,034,893)	(768,422)	(5,330,200)
<b>Net cash from (used in) operating activities</b>	<b>10,591,496</b>	<b>38,821,407</b>	<b>(6,034,399)</b>	<b>21,740,374</b>

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

	<b>Consolidated</b>		<b>The Bank</b>	
	Six month period ended		Six month period ended	
	30 June		30 June	
	2016	2015	2016	2015
	<i>(in thousand Baht)</i>			
<b>Cash flows from investing activities</b>				
Purchases of available-for-sale securities	(288,334,561)	(192,443,450)	(235,634,522)	(153,772,609)
Proceeds from sales of available-for-sale securities	278,892,865	162,161,484	243,725,792	137,616,932
Purchases of held-to-maturity securities	(8,801,641)	(17,086,587)	(280,400)	-
Proceeds from redemption of held-to-maturity securities	18,310,814	15,367,602	1,003,200	856,795
Purchases of general securities	-	(1,178)	-	(1,178)
Proceeds from sales of general securities	13,791	-	13,791	-
Purchases of investments in subsidiaries and/or associate	-	(262,462)	(100,000)	(3,610,360)
Proceeds from decrease in capital of subsidiary	-	-	8,442,471	202,601
Purchases of premises and equipment	(478,145)	(341,770)	(458,883)	(259,021)
Proceeds from sales of premises and equipment	121,611	80,534	87,696	55,038
Purchases of intangible assets	(201,600)	(244,548)	(635,717)	(187,421)
<b>Net cash (used in) from investing activities</b>	<b>(476,866)</b>	<b>(32,770,375)</b>	<b>16,163,428</b>	<b>(19,099,223)</b>
<b>Cash flows from financing activities</b>				
Acquisitions of non-controlling interests	-	(3,505,683)	-	-
Dividend paid to equity holders of the Bank	(13,596,769)	(15,296,365)	(13,596,769)	(15,296,365)
Dividend paid to non-controlling interests	(8,883)	(15,341)	-	-
<b>Net cash used in financing activities</b>	<b>(13,605,652)</b>	<b>(18,817,389)</b>	<b>(13,596,769)</b>	<b>(15,296,365)</b>
Foreign currency translation differences for foreign operations	(61,061)	26,672	-	-
<b>Net decrease in cash</b>	<b>(3,552,083)</b>	<b>(12,739,685)</b>	<b>(3,467,740)</b>	<b>(12,655,214)</b>
<b>Cash at 1 January</b>	<b>38,979,295</b>	<b>42,131,800</b>	<b>38,737,313</b>	<b>41,922,318</b>
<b>Cash at 30 June</b>	<b>35,427,212</b>	<b>29,392,115</b>	<b>35,269,573</b>	<b>29,267,104</b>

### Supplementary disclosures of cash flow information

Significant non-cash items were as follows:

Gain on remeasuring available-for-sale investments	4,110,079	485,182	582,240	1,607,687
Foreign currency translation differences for foreign operations	(61,061)	26,672	-	-
Share of other comprehensive (loss) income of investment in associate	(22,820)	12,046	-	-
Change in hedge reserve	(202,450)	259,817	3	-
Change in revaluation surplus	(53,058)	-	(53,058)	-
Properties for sale from loan payment	4,373,135	4,643,432	4,373,135	4,643,432

(Mr. Arthid Nanthawithaya)

President and Chief Executive Officer

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

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

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

## **Notes to the interim financial statements**

**For the six-month period ended 30 June 2016**

**For the three-month period ended 30 June 2016 (Unaudited)**

These notes form an integral part of the interim financial statements.

The interim 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 August 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, Vietnam, and Cayman Islands and its subsidiaries in Thailand and Cambodia. The Bank also has a sizeable investment in its life insurance subsidiary. Details of the Bank’s subsidiaries as at 30 June 2016 and 31 December 2015 are given in note 11.

### **2 Basis of preparation of the interim financial statements**

#### **(a) Statement of compliance**

The interim financial statements are prepared in accordance with Thai Accounting Standard (TAS) No. 34 (revised 2015) *Interim Financial Reporting*; 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 revised TFRS effective for annual accounting periods beginning on or after 1 January 2016. The initial application of these 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 interim financial statements, are disclosed in note 3.

In addition to the above new and revised TFRS, the FAP has issued a number of other new and revised TFRS which are effective for annual financial periods beginning on or after 1 January 2017 and have not been adopted in the preparation of these interim financial statements. Those new and revised TFRS that are relevant to the Bank and its subsidiaries’ operations are disclosed in note 45.

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

### (b) *Basis of measurement*

The interim financial statements have been prepared on the historical cost basis except for the following items.

<i>Items</i>	<i>Measurement bases</i>
Derivative financial instruments	Fair value
Trading financial assets	Fair value
Available-for-sale financial assets	Fair value
Premises	Appraised value

### (c) *Functional and presentation currency*

The interim 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 interim financial statements to the nearest million unless otherwise stated.

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

The preparation of interim financial statements in conformity with TFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the 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 interim financial statements is included in the following notes:

Note 9	Derivatives
Note 12.9	Allowance for doubtful accounts
Note 24	Liabilities under insurance contracts

#### *Long-term technical reserves*

The subsidiary determines the long-term technical reserves by using Net Level Premium Valuation which are dependent on assumptions made by the management of the subsidiary when insurance products were designed. The carrying amount as at the reporting date is disclosed in note 24.

#### *Process involved in determining assumptions*

The subsidiary determines assumptions in relation to future mortality and morbidity and discounted rate that were established at the time when insurance products were designed. The assumptions used for calculating the liabilities over the life of the contract are generally unchanged.

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

## **Notes to the interim financial statements**

**For the six-month period ended 30 June 2016**

**For the three-month period ended 30 June 2016 (Unaudited)**

### *Process involved in determining assumptions of loss reserve and outstanding claims*

The subsidiary determines the loss reserve and outstanding claims in accordance with internationally recognised practices. The assumptions used in the estimation of assets and liabilities are intended to result in provisions which are sufficient to cover any liabilities arising out of insurance contracts to the extent that can be reasonably foreseen.

However, given the uncertainty in establishing a provision for insurance claims, it is possible that the final outcome could prove to be significantly different from the original liability established.

Provision is made at the reporting date for the expected ultimate cost of settlement of all claims incurred in respect of events up to that date, whether reported or not, together with related claims handling expenses, less amounts already paid.

The subsidiary uses past experience to estimate the ultimate cost of claims.

### *Process involved in determining of premium reserves*

The subsidiary determines the premium reserves by using unearned premium reserves which are calculated on a uniform basis for all types of short-term insurance contracts. Therefore, there is no change in assumption.

### *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 6 and 16.

## **3 Adoption of TFRS 4 (revised 2015) - Insurance contracts**

From 1 January 2016, the Bank's subsidiary in life insurance business (SCB Life Assurance PCL) has adopted TFRS 4 (revised 2015) *Insurance Contracts* ("TFRS 4") which applies to all insurance contracts (including reinsurance contracts) that the subsidiary issues and to reinsurance contracts that it holds only, except for specified contracts covered by other TFRSs. The definition of insurance contracts is a contract that the subsidiary accepts significant insurance risk from the policyholders by agreeing to compensate the policyholders if a specified uncertain future event (the insured event) adversely affects the policyholders.

This TFRS exempts the subsidiary temporarily from some requirements of other TFRSs, including the requirement to consider the *Conceptual Framework for Financial Reporting* (revised 2015) in selecting accounting policies for insurance contracts. However, the TFRS has limitations as follows;

- a) prohibits provisions for possible claims under contracts that are not in existence at the end of the reporting period (such as catastrophe and equalisation provisions).
- b) requires a test for the adequacy of recognised insurance liabilities and an impairment test for reinsurance assets.
- c) requires an insurer to keep insurance liabilities in its statement of financial position until they are discharged or cancelled, or expire, and to present insurance liabilities without offsetting against related reinsurance assets.

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

## **Notes to the interim financial statements**

**For the six-month period ended 30 June 2016**

**For the three-month period ended 30 June 2016 (Unaudited)**

Management has determined that all significant insurance products issued by the subsidiary fall within the definition of 'Insurance Contracts' in TFRS 4, and that the subsidiary's existing accounting policies are in compliance with that standard. TFRS 4 requires certain disclosures in relation to Insurance Contracts and provides transitional relief from new disclosure of certain comparative information.

### **4 Significant accounting policies**

The accounting policies set out below have been applied consistently to all periods presented in these interim financial statements except as explained in note 3, which addresses the adoption of TFRS 4 (revised 2015) *Insurance contracts*.

#### **4.1 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 associate.

##### *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.

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

## **Notes to the interim financial statements**

**For the six-month period ended 30 June 2016**

**For the three-month period ended 30 June 2016 (Unaudited)**

### *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 associate.

Associate is that entity in which the Bank has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associate 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 six-month periods ended 30 June 2016 and 2015 and for the year ended 31 December 2015 do not consolidate certain 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".

## **4.2 Cash**

Cash includes cash in hand and cash on collection.

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

## **Notes to the interim financial statements**

**For the six-month period ended 30 June 2016**

**For the three-month period ended 30 June 2016 (Unaudited)**

### 4.3 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 associate. The Bank presents these investments in the statement of financial position as either investments or investments in subsidiaries and associate.

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 associate 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.

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

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

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

Investments in subsidiaries and associate 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.

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

## **Notes to the interim financial statements**

**For the six-month period ended 30 June 2016**

**For the three-month period ended 30 June 2016 (Unaudited)**

### 4.4 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.

### 4.5 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.

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 period 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.

### 4.6 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.

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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.

#### 4.7 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 2015) *Impairment of Assets*.

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

#### 4.8 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.



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## Notes to the interim financial statements

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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.

### *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	20-50 years
Building improvement	10 years
Furniture, fixtures, office equipment, equipment and vehicles	5 years

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

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

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### 4.9 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 4.1. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in note 4.10. 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.

### 4.10 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.

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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 estimated 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.

#### **4.11 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.

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

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For the three-month period ended 30 June 2016 (Unaudited)

### 4.12 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 obligations, 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.

### 4.13 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 a finance cost.

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

## **Notes to the interim financial statements**

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**For the three-month period ended 30 June 2016 (Unaudited)**

### 4.14 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.

### 4.15 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.

### 4.16 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.

### 4.17 Fees and service income

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

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

## **Notes to the interim financial statements**

**For the six-month period ended 30 June 2016**

**For the three-month period ended 30 June 2016 (Unaudited)**

### 4.18 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.

### 4.19 Net trading income

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

### 4.20 Contributions to the Deposit Protection Agency

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

### 4.21 Income tax

Income tax expense for the period 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 period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous periods.

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 their judgments 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 interim financial statements**

**For the six-month period ended 30 June 2016**

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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.

### 4.22 Earnings per share

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 attributable to ordinary shareholders of the Bank divided by the total number of ordinary shares and preference shares.

### 4.23 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.

### 4.24 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 assets 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 interim financial statements

For the six-month period ended 30 June 2016

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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.

### 4.25 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.

### 4.26 Hedging

#### *Cash flow hedges*

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative financial instrument is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion is recognised immediately in profit or loss.

When a hedged forecast transaction occurs and results in the recognition of a financial asset or financial liability, the gain or loss recognised in other comprehensive income does not adjust the initial carrying amount of the asset or liability but remains in equity and is reclassified from equity to profit or loss consistently with the recognition of gains and losses on the asset or liability as a reclassification adjustment.



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### 4.27 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.

### 4.28 Other significant accounting policies of the life insurance subsidiary

#### 4.28.1 Classification of insurance and investment contracts

The subsidiary issues contracts that transfer insurance risk or financial risk or both.

Insurance contracts are those contracts under which the subsidiary accepts significant insurance risk from the insured by agreeing to compensate the insured or other beneficiary if a specified uncertain future event adversely affects the insured or other beneficiary. Once a contract has been classified as an insurance contract, it remains an insurance contract for the remainder of its lifetime, even if the insurance risk reduces significantly during this period.

Investment contracts are those contracts that transfer financial risk with no significant insurance risk.

The subsidiary defines as significant insurance risk the possibility of having to pay benefits on the occurrence of an insured event that are at least significant level more than the benefits payable if the insured event did not occur.

The subsidiary does not unbundle any insurance contracts as its accounting policy recognises all premium, premium ceded, benefit payments and claims, and benefit payments and claims recovered from reinsurers through the profit or loss.

#### 4.28.2 Recognition and measurement of insurance contracts

##### *Premiums receivables*

Premiums receivables are stated at their invoice value less allowance for doubtful accounts.

The allowance for doubtful accounts is assessed primarily on analysis of payment histories or future expectations of customer payments. Bad debts are written off when incurred.

For individual policies that are overdue more than the grace period, the premiums receivables will be settled by granting automatic policy loans where the cash surrender is greater than the amount due.

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

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### *Long-term technical reserves*

A liability for contractual benefits and claims that are expected to be incurred in the future is recorded when the premiums are recognised and is released when benefit and claims are incurred. The liability is measured using assumptions considered to be appropriate for the policies in force. The reserves are calculated by internal actuarial of the subsidiary and using an actuarial methods “Net Level Premium Valuation” based on assumptions for mortality, morbidity and discounted interest rate with an explicit allowance for future policy-related expenses.

### *Loss reserves and outstanding claims*

Loss reserves and outstanding claims comprise of provisions for the subsidiary’s estimate of the ultimate cost of settling all claims incurred but unpaid at the reporting date whether reported or not, and related internal and external claims handling expenses of short-term insurance contracts. Provision for insurance claims are assessed by using historical data of the subsidiary and making allowance for claims incurred but not yet reported.

### *Premium reserve*

Premium reserve is unearned premium reserve and is calculated using written premiums for short-term insurance contracts in accordance with the pattern of risk underwritten.

### *Premium written and premium earned*

### *Long-term insurance contracts*

First year premium written is recognised as revenue when the insurance policy is effective and when premium is received. Renewal premium income is recognised as revenue when premium is due and the policy is still in force at the end of the reporting period. First year premium written and renewal premium income are presented gross of premium ceded and commissions and brokerage expenses.

Premium received in advance is not recognised until the due date.

### *Commissions and brokerage expenses*

Commissions and brokerage expenses are recognised as expenses when incurred.

The subsidiary does not adopt the policy of deferring acquisition costs for its insurance contracts.

### *Benefit payments and claims*

Benefit payments and claims consist of benefits, claims and losses adjustment paid during the periods, net of subrogation recoveries and changes in provision for short-term insurance claims. They are recognised as expense when incurred or approved.

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

## **Notes to the interim financial statements**

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### *Reinsurance*

Assets, liabilities, income and expense arising from reinsurance contracts are presented separately from the assets, liabilities, income and expense from the related insurance contracts because the reinsurance arrangements do not relieve the subsidiary from its direct obligations to its policyholders.

Premium ceded, reinsurer's share of change in unearned premium reserve, commission income and benefits, claims and loss adjustment expenses recovered from reinsurers are recognised as expense or revenue in accordance with the pattern of reinsurance service received when incurred.

An asset or liability is recognised in the statement of financial position representing reinsurance receivables, reinsurer's share of insurance contract liabilities and reinsurance payables. The net amount is presented in the statement of financial position only when the subsidiary has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously. The measurement of reinsurance assets is consistent with the measurement of the underlying insurance contracts.

Amounts recoverable under reinsurance contracts are assessed for impairment at reporting date. Such assets are deemed impaired if there is objective evidence, as a result of an event that occurred after its initial recognition, that the subsidiary may not recover all amounts due and that the event has a reliably measurable impact on the amounts that the subsidiary will receive from the reinsurer.

### *Liability adequacy test*

The liability of the subsidiary is tested for adequacy by comparing the aggregated best current estimate of future contractual cash flows by using current assumptions with the aggregated carrying amount of gross insurance contract provisions.

An additional provision for liability inadequacy is made where the reserves calculated by using an other actuarial method ("Gross Premium Valuation") of policies in force at the reporting date, exceeds the liabilities which calculated by Net Level Premium Reserves method and unearned premium reserves.

The assumptions used in the Gross Premium Valuation is in accordance with the Notification of Office of Insurance Commission regarding Assessment of Assets and Liabilities of Life Insurance B.E.2554 except for discounted interest rate which the subsidiary uses the adjusted current risk-free interest rate for purpose of liability adequacy test in accordance with industry practice.

#### 4.28.3 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 estimates.

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

### 5 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), Risk Management Committee, Executive Committee and Audit 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.

#### 5.1 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
- Loan 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

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 Siam Commercial Bank Public Company Limited and its Subsidiaries**

## **Notes to the interim financial statements**

**For the six-month period ended 30 June 2016**

**For the three-month period ended 30 June 2016 (Unaudited)**

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.

### **5.2 Interest rate risk**

Interest rate risk arises from the change in interest rates which may 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).

As at 30 June 2016 and 31 December 2015, significant financial assets and liabilities can be repriced as follows:

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

	Consolidated							Total
	30 June 2016							
	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>							
<b>Financial assets</b>								
Cash	-	-	-	-	-	-	35,427	35,427
Interbank and money market items *	6,289	186,891	5,431	4,201	2,060	-	24,206	229,078
Investments, net	-	74,247	153,531	121,000	184,322	-	25,855	558,955
Loans to customers **	980,631	333,364	167,445	305,325	17,878	57,076	-	1,861,719
Accrued interest receivables	-	-	-	-	-	-	4,169	4,169
<b>Total financial assets</b>	<b>986,920</b>	<b>594,502</b>	<b>326,407</b>	<b>430,526</b>	<b>204,260</b>	<b>57,076</b>	<b>89,657</b>	<b>2,689,348</b>
<b>Financial liabilities</b>								
Deposits	1,119,403	311,188	371,252	10,165	-	-	59,074	1,871,082
Interbank and money market items	9,619	80,068	6,616	18,429	9,863	-	7,238	131,833
Debt issued and borrowings	-	806	40,402	38,117	40,041	-	-	119,366
Other liabilities	-	-	-	-	-	-	5,046	5,046
<b>Total financial liabilities</b>	<b>1,129,022</b>	<b>392,062</b>	<b>418,270</b>	<b>66,711</b>	<b>49,904</b>	<b>-</b>	<b>71,358</b>	<b>2,127,327</b>
<b>Difference</b>	<b>(142,102)</b>	<b>202,440</b>	<b>(91,863)</b>	<b>363,815</b>	<b>154,356</b>	<b>57,076</b>	<b>18,299</b>	<b>562,021</b>

\* Before deducting allowance for doubtful accounts amounting to Baht 211 million

\*\* Net of deferred revenue

	Consolidated							Total
	31 December 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>							
<b>Financial assets</b>								
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	166,546	-	22,414	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
<b>Total financial assets</b>	<b>1,014,432</b>	<b>670,025</b>	<b>298,672</b>	<b>357,759</b>	<b>183,153</b>	<b>58,996</b>	<b>91,705</b>	<b>2,674,742</b>
<b>Financial liabilities</b>								
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
<b>Total financial liabilities</b>	<b>1,127,812</b>	<b>422,037</b>	<b>420,654</b>	<b>70,883</b>	<b>47,249</b>	<b>-</b>	<b>72,880</b>	<b>2,161,515</b>
<b>Difference</b>	<b>(113,380)</b>	<b>247,988</b>	<b>(121,982)</b>	<b>286,876</b>	<b>135,904</b>	<b>58,996</b>	<b>18,825</b>	<b>513,227</b>

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

\*\* Net of deferred revenue

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

	<b>The Bank</b>							Total
	30 June 2016							
	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>							
<b>Financial assets</b>								
Cash	-	-	-	-	-	-	35,270	35,270
Interbank and money market items *	3,935	186,445	2,353	-	-	-	22,877	215,610
Investments, net	-	69,457	151,745	95,355	17,566	-	8,667	342,790
Loans to customers **	973,032	333,364	167,445	303,213	17,878	56,021	-	1,850,953
Accrued interest receivables	-	-	-	-	-	-	3,653	3,653
<b>Total financial assets</b>	<b>976,967</b>	<b>589,266</b>	<b>321,543</b>	<b>398,568</b>	<b>35,444</b>	<b>56,021</b>	<b>70,467</b>	<b>2,448,276</b>
<b>Financial liabilities</b>								
Deposits	1,116,298	310,913	371,248	10,165	-	-	58,071	1,866,695
Interbank and money market items	11,489	80,068	6,616	18,429	10,064	-	7,358	134,024
Debt issued and borrowings	-	20	40,402	38,845	40,041	-	-	119,308
Other liabilities	-	-	-	-	-	-	5,048	5,048
<b>Total financial liabilities</b>	<b>1,127,787</b>	<b>391,001</b>	<b>418,266</b>	<b>67,439</b>	<b>50,105</b>	<b>-</b>	<b>70,477</b>	<b>2,125,075</b>
<b>Difference</b>	<b>(150,820)</b>	<b>198,265</b>	<b>(96,723)</b>	<b>331,129</b>	<b>(14,661)</b>	<b>56,021</b>	<b>(10)</b>	<b>323,201</b>

\* Before deducting allowance for doubtful accounts amounting to Baht 211 million

\*\* Net of deferred revenue

	<b>The Bank</b>							Total
	31 December 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>							
<b>Financial assets</b>								
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
<b>Total financial assets</b>	<b>1,002,783</b>	<b>656,804</b>	<b>293,324</b>	<b>327,191</b>	<b>31,370</b>	<b>57,197</b>	<b>76,404</b>	<b>2,445,073</b>
<b>Financial liabilities</b>								
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
<b>Total financial liabilities</b>	<b>1,125,131</b>	<b>421,587</b>	<b>420,024</b>	<b>71,496</b>	<b>47,249</b>	<b>-</b>	<b>73,221</b>	<b>2,158,708</b>
<b>Difference</b>	<b>(122,348)</b>	<b>235,217</b>	<b>(126,700)</b>	<b>255,695</b>	<b>(15,879)</b>	<b>57,197</b>	<b>3,183</b>	<b>286,365</b>

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

\*\* Net of deferred revenue

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

As at 30 June 2016 and 31 December 2015, interest earning and interest bearing financial instruments were as follows:

	<b>Consolidated</b>					
	30 June 2016			31 December 2015		
	Average	Interest	Average	Average	Interest	Average
	(in million Baht)	(in million Baht)	interest rate (%)	(in million Baht)	(in million Baht)	interest rate (%)
Interbank and money market items, net (Assets)	244,905	2,004	1.6	276,279	3,687	1.3
Investments, net	547,805	6,386	2.3	519,383	12,873	2.5
Loans to customers *	1,847,563	52,254	5.7	1,805,271	105,826	5.9
Deposits	1,880,905	14,826	1.6	1,893,036	35,032	1.9
Interbank and money market items (Liabilities)	137,385	512	0.7	141,611	1,078	0.8
Debt issued and borrowings	120,265	1,915	3.2	117,540	3,512	3.0

	<b>The Bank</b>					
	30 June 2016			31 December 2015		
	Average	Interest	Average	Average	Interest	Average
	(in million Baht)	(in million Baht)	interest rate (%)	(in million Baht)	(in million Baht)	interest rate (%)
Interbank and money market items, net (Assets)	230,946	1,804	1.6	261,650	3,280	1.3
Investments, net	338,326	2,790	1.6	336,976	6,234	1.8
Loans to customers *	1,836,308	52,033	5.7	1,795,620	105,443	5.9
Deposits	1,875,799	14,824	1.6	1,887,646	35,074	1.9
Interbank and money market items (Liabilities)	139,871	518	0.7	145,866	1,085	0.7
Debt issued and borrowings	120,347	1,902	3.2	117,936	3,498	3.0

\* Net of deferred revenue

### 5.3 Foreign exchange risk

Foreign exchange risk is the risk that occurs from changes in exchange rates 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 interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

As at 30 June 2016 and 31 December 2015, the Bank has financial assets and liabilities denominated in the various currencies as follows:

	THB	USD	Consolidated		Others	Total
			EURO	YEN		
			30 June 2016			
			<i>(in million Baht)</i>			
<b>Financial assets</b>						
Cash	34,733	319	82	80	213	35,427
Interbank and money market items *	202,884	23,149	707	601	1,737	229,078
Investments, net	520,110	17,542	2,329	17,438	1,536	558,955
Loans to customers **	1,740,790	104,296	3,355	300	12,978	1,861,719
Accrued interest receivables	3,862	289	10	-	8	4,169
<b>Total financial assets</b>	<b>2,502,379</b>	<b>145,595</b>	<b>6,483</b>	<b>18,419</b>	<b>16,472</b>	<b>2,689,348</b>
<b>Financial liabilities</b>						
Deposits	1,800,033	68,551	1,009	253	1,236	1,871,082
Interbank and money market items	128,173	3,402	257	1	-	131,833
Debt issued and borrowings	40,891	78,475	-	-	-	119,366
Other liabilities	4,328	709	-	-	9	5,046
<b>Total financial liabilities</b>	<b>1,973,425</b>	<b>151,137</b>	<b>1,266</b>	<b>254</b>	<b>1,245</b>	<b>2,127,327</b>
<b>On-financial reporting items, net</b>	<b>528,954</b>	<b>(5,542)</b>	<b>5,217</b>	<b>18,165</b>	<b>15,227</b>	<b>562,021</b>
<b>Off-financial reporting items - contingencies</b> <b>(currency swap contracts)</b>	<b>-</b>	<b>5,156</b>	<b>(4,003)</b>	<b>(17,841)</b>	<b>(14,557)</b>	<b>(31,245)</b>

\* Before deducting allowance for doubtful accounts amounting to Baht 211 million

\*\* Net of deferred revenue

	THB	USD	Consolidated		Others	Total
			EURO	YEN		
			31 December 2015			
			<i>(in million Baht)</i>			
<b>Financial assets</b>						
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
<b>Total financial assets</b>	<b>2,488,294</b>	<b>165,256</b>	<b>2,617</b>	<b>1,352</b>	<b>17,223</b>	<b>2,674,742</b>
<b>Financial liabilities</b>						
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
<b>Total financial liabilities</b>	<b>1,970,832</b>	<b>186,999</b>	<b>1,858</b>	<b>470</b>	<b>1,356</b>	<b>2,161,515</b>
<b>On-financial reporting items, net</b>	<b>517,462</b>	<b>(21,743)</b>	<b>759</b>	<b>882</b>	<b>15,867</b>	<b>513,227</b>
<b>Off-financial reporting items - contingencies</b> <b>(currency swap contracts)</b>	<b>-</b>	<b>28,553</b>	<b>(962)</b>	<b>(252)</b>	<b>(13,143)</b>	<b>14,196</b>

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

\*\* Net of deferred revenue

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

	<b>The Bank</b>					Total
	30 June 2016					
	THB	USD	EURO	YEN	Others	
	<i>(in million Baht)</i>					
<b>Financial assets</b>						
Cash	34,708	188	82	80	212	35,270
Interbank and money market items *	193,702	18,875	707	601	1,725	215,610
Investments, net	323,292	962	3	17,129	1,404	342,790
Loans to customers **	1,732,716	101,604	3,355	300	12,978	1,850,953
Accrued interest receivables	3,359	276	10	-	8	3,653
<b>Total financial assets</b>	<b>2,287,777</b>	<b>121,905</b>	<b>4,157</b>	<b>18,110</b>	<b>16,327</b>	<b>2,448,276</b>
<b>Financial liabilities</b>						
Deposits	1,801,101	63,101	1,009	253	1,231	1,866,695
Interbank and money market items	130,303	3,463	257	1	-	134,024
Debt issued and borrowings	40,105	79,203	-	-	-	119,308
Other liabilities	4,331	708	-	-	9	5,048
<b>Total financial liabilities</b>	<b>1,975,840</b>	<b>146,475</b>	<b>1,266</b>	<b>254</b>	<b>1,240</b>	<b>2,125,075</b>
<b>On-financial reporting items, net</b>	<b>311,937</b>	<b>(24,570)</b>	<b>2,891</b>	<b>17,856</b>	<b>15,087</b>	<b>323,201</b>
<b>Off-financial reporting items - contingencies</b> <b>(currency swap contracts)</b>	<b>-</b>	<b>16,786</b>	<b>(2,168)</b>	<b>(17,841)</b>	<b>(14,557)</b>	<b>(17,780)</b>

\* Before deducting allowance for doubtful accounts amounting to Baht 211 million

\*\* Net of deferred revenue

	<b>The Bank</b>					Total
	31 December 2015					
	THB	USD	EURO	YEN	Others	
	<i>(in million Baht)</i>					
<b>Financial assets</b>						
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
<b>Total financial assets</b>	<b>2,284,343</b>	<b>141,497</b>	<b>2,364</b>	<b>985</b>	<b>15,884</b>	<b>2,445,073</b>
<b>Financial liabilities</b>						
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
<b>Total financial liabilities</b>	<b>1,973,741</b>	<b>181,690</b>	<b>1,858</b>	<b>470</b>	<b>949</b>	<b>2,158,708</b>
<b>On-financial reporting items, net</b>	<b>310,602</b>	<b>(40,193)</b>	<b>506</b>	<b>515</b>	<b>14,935</b>	<b>286,365</b>
<b>Off-financial reporting items - contingencies</b> <b>(currency swap contracts)</b>	<b>-</b>	<b>29,400</b>	<b>(962)</b>	<b>(252)</b>	<b>(13,143)</b>	<b>15,043</b>

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

\*\* Net of deferred revenue

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

## **Notes to the interim financial statements**

**For the six-month period ended 30 June 2016**

**For the three-month period ended 30 June 2016 (Unaudited)**

### 5.4 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 10 and 11).

### 5.5 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 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 30 June 2016, the liquidity ratio (liquid assets to total deposits) stood at 27.6% on a bank-only basis (*31 December 2015: 29.1%*).

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

As at 30 June 2016 and 31 December 2015, financial assets and liabilities were classified according to their contractual maturity as follows:

	<b>Consolidated</b>						Total
	30 June 2016						
	Maturity on demand	Maturity 3 months	Maturity within 3 - 12 months	Maturity 1 - 5 years	Maturity over 5 years	No maturity	
	(in million Baht)						
<b>Financial assets</b>							
Cash	-	-	-	-	-	35,427	35,427
Interbank and money market items*	26,480	190,450	3,355	6,615	2,178	-	229,078
Investments, net**	-	69,722	151,300	95,355	17,578	10,528	344,483
Loans to customers***	173,259	256,748	222,503	623,663	585,546	-	1,861,719
Accrued interest receivables	-	4,169	-	-	-	-	4,169
<b>Total financial assets</b>	<b>199,739</b>	<b>521,089</b>	<b>377,158</b>	<b>725,633</b>	<b>605,302</b>	<b>45,955</b>	<b>2,474,876</b>
<b>Financial liabilities</b>							
Deposits	1,168,652	311,012	376,544	14,874	-	-	1,871,082
Interbank and money market items	16,857	78,309	6,616	20,188	9,863	-	131,833
Debt issued and borrowings	-	806	14,075	64,443	40,042	-	119,366
Other liabilities	-	1,285	3,727	34	-	-	5,046
<b>Total financial liabilities</b>	<b>1,185,509</b>	<b>391,412</b>	<b>400,962</b>	<b>99,539</b>	<b>49,905</b>	<b>-</b>	<b>2,127,327</b>
<b>Net liquidity gap</b>	<b>(985,770)</b>	<b>129,677</b>	<b>(23,804)</b>	<b>626,094</b>	<b>555,397</b>	<b>45,955</b>	<b>347,549</b>

\* Before deducting allowance for doubtful accounts amounting to Baht 211 million

\*\* Investments of the life insurance subsidiary which are held primarily in relation to insurance contract liabilities, are not presented in the table

\*\*\* Net of deferred revenue

	<b>Consolidated</b>						Total
	31 December 2015						
	Maturity on demand	Maturity 3 months	Maturity within 3 - 12 months	Maturity 1 - 5 years	Maturity over 5 years	No maturity	
	(in million Baht)						
<b>Financial assets</b>							
Cash	-	-	-	-	-	38,979	38,979
Interbank and money market items*	28,228	218,054	6,926	6,753	1,196	-	261,157
Investments, net**	-	136,957	116,822	64,367	15,900	8,588	342,634
Loans to customers***	187,252	271,125	199,107	606,869	569,053	-	1,833,406
Accrued interest receivables	409	4,136	-	-	-	-	4,545
<b>Total financial assets</b>	<b>215,889</b>	<b>630,272</b>	<b>322,855</b>	<b>677,989</b>	<b>586,149</b>	<b>47,567</b>	<b>2,480,721</b>
<b>Financial liabilities</b>							
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
<b>Total financial liabilities</b>	<b>1,185,515</b>	<b>422,007</b>	<b>402,054</b>	<b>104,690</b>	<b>47,249</b>	<b>-</b>	<b>2,161,515</b>
<b>Net liquidity gap</b>	<b>(969,626)</b>	<b>208,265</b>	<b>(79,199)</b>	<b>573,299</b>	<b>538,900</b>	<b>47,567</b>	<b>319,206</b>

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

\*\* Investments of the life insurance subsidiary which are held primarily in relation to insurance contract liabilities, are not presented in the table

\*\*\* Net of deferred revenue

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

	<b>The Bank</b>						Total
	30 June 2016						
	Maturity on demand	3 months	Maturity within 3 - 12 months	1 - 5 years	Maturity over 5 years	No maturity	
	<i>(in million Baht)</i>						
<b>Financial assets</b>							
Cash	-	-	-	-	-	35,270	35,270
Interbank and money market items *	23,317	189,940	-	2,353	-	-	215,610
Investments, net	-	69,457	151,745	95,355	17,566	8,667	342,790
Loans to customers**	165,603	256,657	222,403	620,744	585,546	-	1,850,953
Accrued interest receivables	-	3,653	-	-	-	-	3,653
<b>Total financial assets</b>	<b>188,920</b>	<b>519,707</b>	<b>374,148</b>	<b>718,452</b>	<b>603,112</b>	<b>43,937</b>	<b>2,448,276</b>
<b>Financial liabilities</b>							
Deposits	1,164,544	310,737	376,540	14,874	-	-	1,866,695
Interbank and money market items	18,847	78,309	6,616	20,188	10,064	-	134,024
Debt issued and borrowings	-	20	14,075	65,171	40,042	-	119,308
Other liabilities	-	1,285	3,729	34	-	-	5,048
<b>Total financial liabilities</b>	<b>1,183,391</b>	<b>390,351</b>	<b>400,960</b>	<b>100,267</b>	<b>50,106</b>	<b>-</b>	<b>2,125,075</b>
<b>Net liquidity gap</b>	<b>(994,471)</b>	<b>129,356</b>	<b>(26,812)</b>	<b>618,185</b>	<b>553,006</b>	<b>43,937</b>	<b>323,201</b>

\* Before deducting allowance for doubtful accounts amounting to Baht 211 million

\*\* Net of deferred revenue

	<b>The Bank</b>						Total
	31 December 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>						
<b>Financial assets</b>							
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
<b>Total financial assets</b>	<b>202,935</b>	<b>619,665</b>	<b>320,578</b>	<b>670,278</b>	<b>584,484</b>	<b>47,133</b>	<b>2,445,073</b>
<b>Financial liabilities</b>							
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
<b>Total financial liabilities</b>	<b>1,183,033</b>	<b>421,672</b>	<b>401,451</b>	<b>105,303</b>	<b>47,249</b>	<b>-</b>	<b>2,158,708</b>
<b>Net liquidity gap</b>	<b>(980,098)</b>	<b>197,993</b>	<b>(80,873)</b>	<b>564,975</b>	<b>537,235</b>	<b>47,133</b>	<b>286,365</b>

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

\*\* Net of deferred revenue

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

### Loans to deposits ratio

As at 30 June 2016 and 31 December 2015, the loans to deposits ratios in the consolidated financial statements were as follows:

	30 June 2016	31 December 2015
		(%)
Gross loans to deposits ratio (Consolidated financial statements)	99.5	97.0
Gross loans to deposits and B/E ratio (Consolidated financial statements)	99.5	97.0

### 5.6 Insurance risk

Risk of loss resulting from unexpected events, deviations from actuarial assumptions, the magnitude and timing of claims, policyholder behaviour, expenses and mispricing.

#### *Product Design and Mispricing risk*

Product design and Mispricing risk refers to potential defects in the development of a particular insurance product, inadequate assessment of risk and/or inaccurate assumptions used to price insurance product.

All new products must be approved by the Product Approval Committee (PAC) which is composed of members of the subsidiary's Executive Management Group and other key stakeholders. The PAC ensures the soundness of new products' pricing and design.

Pricing assumptions are regularly reviewed to incorporate the latest experience and reflect the prevailing economic and business environment.

Once a product launched, both performance and actual experience are monitored and reported on a regular basis to ensure appropriate actions are triggered if deemed necessary.

#### *Underwriting risks*

Underwriting risk arises from inaccurate assessment of the risks entailed in writing of an insurance policy.

The subsidiary has an underwriting process that classifies applicants into risk categories based on their medical history, health condition, occupation, etc. Coverage and premium can varies across categories, reflecting different levels of risk.

#### *Mortality and Morbidity Risk*

Mortality and Morbidity Risk refers to the possibility that the frequency or severity of claims arising from insurance contracts exceeds the level assumed when the products were priced.

The subsidiary can be exposed to high claims from policyholders resulting from changes in their life and health expectancy or from catastrophic events, whether natural or man-made.

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

## **Notes to the interim financial statements**

**For the six-month period ended 30 June 2016**

**For the three-month period ended 30 June 2016 (Unaudited)**

Claim trends are monitored on an ongoing basis. Exposure in excess of retention limits is ceded to reinsurers. Mortality and morbidity experience is monitored to ensure that the subsidiary's assumptions are appropriate.

### *Policyholder behaviour Risk*

Risk that arises from policyholders' acts to discontinue/reduce contributions or surrender request prior to maturity of the contract, or to falsely obtain a particular insurance coverage or claims some benefit to which they are not otherwise entitled to.

Persistency is regularly monitored through reports and comprehensive analysis.

An underwriting process and claim management are also designed in place to avoid fraudulent behavior from policyholders.

### *Concentration of insurance risk*

Concentrations of risk may arise where a particular event or a series of events could impact heavily upon the subsidiary's insurance contract liabilities. Such concentrations may arise from a single insurance contract or through a small number of related contracts, and relate to circumstances where significant liabilities could arise.

Major of the subsidiary's contracts is life insurance non-par contract with guaranteed benefit. The amount of risk to which the subsidiary is exposed depends on the level of guarantees inherent in the contracts comparing with current interest rate. The changes in interest rate will not cause a change to the amount of the liability, unless the change is severe enough to trigger a liability adequacy test adjustment.

Insurance risk for contracts is also affected by the policyholders' right to pay reduced or no future premiums, or to terminate the contract completely. As a result, the amount of insurance risk is also subject to policyholder behavior. On the assumption that policyholders will make decisions rationally, overall insurance risk can be assumed to be aggravated by such behavior.

### *Capital management of life insurance subsidiary*

The subsidiary's capital management policy is to maintain a strong capital base to meet policyholders' obligations and the requirements of the Office of Insurance Commission, to create shareholder value, deliver sustainable returns to shareholders and to support future business growth.

In accordance with and the requirements of the Office of Insurance Commission, all insurers are required to maintain a minimum at least 140% of capital adequacy requirement (CAR) to meet policyholders' obligations. The CAR applies a risk-based approach to capital adequacy and is determined by the sum of the aggregate of the total risk requirement of all insurance funds established and maintained by the insurer. It is the subsidiary's policy to hold capital levels in excess of CAR.

There were no changes in the subsidiary's approach to capital management during the period.

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

## **Notes to the interim financial statements**

**For the six-month period ended 30 June 2016**

**For the three-month period ended 30 June 2016 (Unaudited)**

### **6 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 six-month period ended 30 June 2016.



# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

### 6.1 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			Total	The Bank			Total
	Fair value				Fair value			
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
<i>(in million Baht)</i>								
<b>30 June 2016</b>								
<b>Financial assets</b>								
Derivative assets	-	60,096	121	60,217	-	61,205	396	61,601
- Foreign exchange rate	-	32,551	-	32,551	-	33,661	-	33,661
- Interest rate	-	27,544	-	27,544	-	27,544	-	27,544
- Others	-	1	121	122	-	-	396	396
Trading securities	1,836	35,122	-	36,958	-	35,104	-	35,104
Available-for-sale securities	23,538	374,863	-	398,401	8,397	286,068	-	294,465
<b>Financial liabilities</b>								
Derivative liabilities	34	60,659	241	60,934	-	60,588	321	60,909
- Foreign exchange rate	-	33,121	-	33,121	-	33,053	-	33,053
- Interest rate	-	27,535	-	27,535	-	27,535	-	27,535
- Others	34	3	241	278	-	-	321	321

	Consolidated			Total	The Bank			Total
	Fair value				Fair value			
	Level 1	Level 2	Level 3		Level 1	Level 2	Level 3	
<i>(in million Baht)</i>								
<b>31 December 2015</b>								
<b>Financial assets</b>								
Derivative assets	-	56,508	38	56,546	-	57,674	34	57,708
- Foreign exchange rate	-	37,703	-	37,703	-	38,869	-	38,869
- Interest rate	-	18,805	-	18,805	-	18,805	-	18,805
- 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
<b>Financial liabilities</b>								
Derivative liabilities	5	58,932	-	58,937	-	58,813	34	58,847
- Foreign exchange rate	-	42,423	-	42,423	-	42,315	-	42,315
- Interest rate	-	16,498	-	16,498	-	16,498	-	16,498
- Others	5	11	-	16	-	-	34	34

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 interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

Level 3 fair values for simple over-the-counter derivative financial instruments are calculated based on Black-Scholes model. Assumptions and factors are adjusted according to the Bank and its subsidiaries' policy. 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.

### 6.2 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 at 30 June 2016 and 31 December 2015 were as follows:

	<b>Consolidated</b>		<b>The Bank</b>	
	Carrying amount	Fair value <i>(in million Baht)</i>	Carrying amount	Fair value
<b>30 June 2016</b>				
<b>Financial assets</b>				
Derivative assets	224	1,350	224	1,350
Held-to-maturity securities	123,320	142,880	12,951	14,531
<b>Financial liabilities</b>				
Deposits	1,871,082	1,871,077	1,866,695	1,866,690
Derivative liabilities	1,863	2,020	1,863	2,020
<b>31 December 2015</b>				
<b>Financial assets</b>				
Derivative assets	851	1,662	851	1,662
Held-to-maturity securities	133,064	147,180	13,682	15,046
<b>Financial liabilities</b>				
Deposits	1,890,729	1,891,037	1,884,904	1,885,211
Derivative liabilities	651	877	651	877

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

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"><li>- 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.</li><li>- The bidding prices at The Stock Exchange of Thailand on the last business day of the period are used to estimate the fair value of listed private sector equity securities.</li><li>- The fair value of unit trusts is estimated based on the net asset value at the reporting date.</li><li>- 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.</li></ul>
Loans to customers and accrued interest receivables:	<ul style="list-style-type: none"><li>- For variable-rate loans that are repriced frequently and have no significant change in credit risk, fair values are based on carrying amount.</li><li>- 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.</li></ul>
Deposits and interbank and money market items (Liabilities):	<ul style="list-style-type: none"><li>- The carrying amount disclosed for deposits which are payable on demand by the depositor, are equal to the fair value of such deposits.</li><li>- Fair values for fixed-deposits are estimated using a discounted cash flow calculation that applies interest rates currently being offered on similar deposits.</li><li>- The carrying amount of interbank and money market items approximates their fair value.</li></ul>

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

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"> <li>- The carrying amounts of short-term borrowings maturing within 90 days approximate their fair values.</li> <li>- Fair values of other borrowings are estimated using discounted cash flow analyses based on the Bank's current borrowing rates for similar types of borrowing arrangements.</li> </ul>

## 7 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 30 June 2016 and 31 December 2015, the Consolidated Supervision group and the Bank's total capital funds were categorised as follows:

	<b>Basel III</b>	
	<b>Consolidated Supervision</b>	
	30 June 2016	31 December 2015
	<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	220,191	210,378
Disclosed reserves		
Other comprehensive income	20,020	12,069
Other owner changes items	(2,364)	(2,342)
Capital deduction items on CET1	(7,004)	(6,730)
Total Tier 1 capital	<u>282,959</u>	<u>265,491</u>
Tier 2 capital		
Subordinated debt	36,000	40,000
Allowance for classified assets of "normal" category	20,927	19,140
Total Tier 2 capital	<u>56,927</u>	<u>59,140</u>
<b>Total capital funds</b>	<b><u>339,886</u></b>	<b><u>324,631</u></b>
<b>Total risk weighted assets</b>	<b>1,939,785</b>	<b>1,880,484</b>

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

		<b>Basel III</b>	
		<b>Consolidated Supervision</b>	
		30 June	31 December
		2016	2015
		<i>(in million Baht)</i>	
Total capital / Total risk weighted assets	(minimum 9.125%*)	17.5%	17.3%
Total Tier 1 capital / Total risk weighted assets	(minimum 6.625%*)	14.6%	14.1%
Total Tier 1 common equity / Total risk weighted assets	(minimum 5.125%*)	14.6%	14.1%
Total Tier 2 capital / Total risk weighted assets		2.9%	3.2%

\* Conservation buffer requires additional Common Equity Tier 1 of 0.625% per annum from 1 January 2016 onwards until reaching 2.50% in 2019

Capital after deducting capital add-on arising from Single Lending Limit	338,217	321,596
Capital ratio after deducting capital add-on arising from Single Lending Limit	17.4%	17.1%

		<b>Basel III</b>	
		<b>The Bank</b>	
		30 June	31 December
		2016	2015
		<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		202,272	198,492
Other comprehensive income		17,251	12,250
Capital deduction items on CET1		<u>(5,918)</u>	<u>(5,654)</u>
Total Tier 1 capital		<u>265,721</u>	<u>257,204</u>
Tier 2 capital			
Subordinated debt		36,000	40,000
Allowance for classified assets of "normal" category		20,299	19,140
Total Tier 2 capital		<u>56,299</u>	<u>59,140</u>
<b>Total capital funds</b>		<b><u>322,020</u></b>	<b><u>316,344</u></b>
<b>Total risk weighted assets</b>		<b>1,875,997</b>	<b>1,841,506</b>
Total capital / Total risk weighted assets	(minimum 9.125%*)	17.2%	17.2%
Total Tier 1 capital / Total risk weighted assets	(minimum 6.625%*)	14.2%	14.0%
Total Tier 1 common equity / Total risk weighted assets	(minimum 5.125%*)	14.2%	14.0%
Total Tier 2 capital / Total risk weighted assets		3.0%	3.2%

\* Conservation buffer requires additional Common Equity Tier 1 of 0.625% per annum from 1 January 2016 onwards until reaching 2.50% in 2019

Capital after deducting capital add-on arising from Single Lending Limit	320,474	314,196
Capital ratio after deducting capital add-on arising from Single Lending Limit	17.1%	17.1%

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

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 <a href="http://www.scb.co.th/en/about-scb/investor-relations/financial-information/pillar">http://www.scb.co.th/en/about-scb/investor-relations/financial-information/pillar</a>
Date of disclosure	Within 4 months after the period end date as indicated in the notification.
Information as of	31 December 2015

The disclosure for the six-month period ended 30 June 2016 will be provided on or before 31 October 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 period 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 interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

### 8 Interbank and money market items, net (Assets)

As at 30 June 2016 and 31 December 2015, interbank and money market items, net (Assets) were as follows:

	<b>Consolidated</b>					
	30 June 2016			31 December 2015		
	Demand	Time	Total	Demand	Time	Total
	<i>(in million Baht)</i>					
<b>Domestic items:</b>						
Bank of Thailand and Financial Institutions Development Fund	14,533	144,470	159,003	14,100	160,500	174,600
Commercial banks	1,325	21,245	22,570	2,657	24,173	26,830
Specialised financial institutions*	-	11,353	11,353	-	6,682	6,682
Other financial institutions**	317	9,315	9,632	1,194	8,397	9,591
<b>Total</b>	<b>16,175</b>	<b>186,383</b>	<b>202,558</b>	<b>17,951</b>	<b>199,752</b>	<b>217,703</b>
Add accrued interest receivables	-	555	555	-	555	555
Less allowance for doubtful accounts	-	(85)	(85)	-	(163)	(163)
<b>Total domestic items</b>	<b>16,175</b>	<b>186,853</b>	<b>203,028</b>	<b>17,951</b>	<b>200,144</b>	<b>218,095</b>
<b>Foreign items:</b>						
US Dollar	7,612	15,180	22,792	5,886	32,578	38,464
Japanese YEN	601	-	601	574	-	574
Euro	239	468	707	387	24	411
Other currencies	1,853	7	1,860	3,430	14	3,444
<b>Total</b>	<b>10,305</b>	<b>15,655</b>	<b>25,960</b>	<b>10,277</b>	<b>32,616</b>	<b>42,893</b>
Add accrued interest receivables	-	5	5	-	6	6
Less allowance for doubtful accounts	-	(126)	(126)	-	(51)	(51)
<b>Total foreign items</b>	<b>10,305</b>	<b>15,534</b>	<b>25,839</b>	<b>10,277</b>	<b>32,571</b>	<b>42,848</b>
<b>Total domestic and foreign items</b>	<b>26,480</b>	<b>202,387</b>	<b>228,867</b>	<b>28,228</b>	<b>232,715</b>	<b>260,943</b>

\* 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 interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

	The Bank					
	30 June 2016			31 December 2015		
	Demand	Time	Total	Demand	Time	Total
	<i>(in million Baht)</i>					
<b>Domestic items:</b>						
Bank of Thailand and Financial Institutions Development Fund	14,533	144,470	159,003	14,100	160,500	174,600
Commercial banks	473	13,432	13,905	979	17,687	18,666
Specialised financial institutions*	-	11,353	11,353	-	6,682	6,682
Other financial institutions**	317	9,315	9,632	1,194	8,397	9,591
<b>Total</b>	<b>15,323</b>	<b>178,570</b>	<b>193,893</b>	<b>16,273</b>	<b>193,266</b>	<b>209,539</b>
Add accrued interest receivables	-	39	39	-	53	53
Less allowance for doubtful accounts	-	(85)	(85)	-	(163)	(163)
<b>Total domestic items</b>	<b>15,323</b>	<b>178,524</b>	<b>193,847</b>	<b>16,273</b>	<b>193,156</b>	<b>209,429</b>
<b>Foreign items:</b>						
US Dollar	5,314	13,204	18,518	2,899	29,965	32,864
Japanese YEN	601	-	601	574	-	574
Euro	239	468	707	377	24	401
Other currencies	1,840	7	1,847	3,258	14	3,272
<b>Total</b>	<b>7,994</b>	<b>13,679</b>	<b>21,673</b>	<b>7,108</b>	<b>30,003</b>	<b>37,111</b>
Add accrued interest receivables	-	5	5	-	3	3
Less allowance for doubtful accounts	-	(126)	(126)	-	(51)	(51)
<b>Total foreign items</b>	<b>7,994</b>	<b>13,558</b>	<b>21,552</b>	<b>7,108</b>	<b>29,955</b>	<b>37,063</b>
<b>Total domestic and foreign items</b>	<b>23,317</b>	<b>192,082</b>	<b>215,399</b>	<b>23,381</b>	<b>223,111</b>	<b>246,492</b>

\* 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 interim financial statements**

**For the six-month period ended 30 June 2016**

**For the three-month period ended 30 June 2016 (Unaudited)**

### **9 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 period 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 interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

As at 30 June 2016 and 31 December 2015, the notional amounts of derivatives were as follows:

	<b>Consolidated</b>			
	30 June 2016			
	Notional amount			
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
	<i>(in million Baht)</i>			
Forward exchange contracts	1,204,201	24,390	18,815	1,247,406
Currency swap contracts	88,944	336,354	247,254	672,552
Interest rate swap contracts	415,582	1,161,810	378,027	1,955,419
Equity derivatives	917	2,911	-	3,828

	<b>Consolidated</b>			
	31 December 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

	<b>The Bank</b>			
	30 June 2016			
	Notional amount			
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
	<i>(in million Baht)</i>			
Forward exchange contracts	1,203,204	24,390	18,815	1,246,409
Currency swap contracts	89,648	338,322	259,045	687,015
Interest rate swap contracts	415,582	1,161,810	378,227	1,955,619
Equity derivatives	242	5,665	-	5,907

	<b>The Bank</b>			
	31 December 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 Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

### 9.1 Trading book derivatives

As at 30 June 2016 and 31 December 2015, carrying amount and notional amount classified by type of risk were as follows:

Type of risk	Consolidated					
	30 June 2016		Notional amount	31 December 2015		Notional amount
	Carrying amount Assets	Liabilities		Carrying amount Assets	Liabilities	
	<i>(in million Baht)</i>					
Foreign exchange rate	32,551	33,121	1,826,281	37,703	42,423	1,618,171
Interest rate	27,544	27,535	1,834,252	18,805	16,498	1,715,019
Equity derivatives	122	278	3,828	38	16	1,778
<b>Total</b>	<b>60,217</b>	<b>60,934</b>	<b>3,664,361</b>	<b>56,546</b>	<b>58,937</b>	<b>3,334,968</b>

Type of risk	The Bank					
	30 June 2016		Notional amount	31 December 2015		Notional amount
	Carrying amount Assets	Liabilities		Carrying amount Assets	Liabilities	
	<i>(in million Baht)</i>					
Foreign exchange rate	33,661	33,053	1,839,747	38,869	42,315	1,630,781
Interest rate	27,544	27,535	1,834,452	18,805	16,498	1,715,019
Equity derivatives	396	321	5,907	34	34	519
<b>Total</b>	<b>61,601</b>	<b>60,909</b>	<b>3,680,106</b>	<b>57,708</b>	<b>58,847</b>	<b>3,346,319</b>

### 9.2 Banking book derivatives

As at 30 June 2016 and 31 December 2015, carrying amount and notional amount classified by type of risk were as follows:

Type of risk	Consolidated					
	30 June 2016		Notional amount	31 December 2015		Notional amount
	Carrying amount Assets	Liabilities		Carrying amount Assets	Liabilities	
	<i>(in million Baht)</i>					
Foreign exchange rate	224	1,863	93,677	851	651	74,062
Interest rate	-	-	121,167	-	-	124,210
<b>Total</b>	<b>224</b>	<b>1,863</b>	<b>214,844</b>	<b>851</b>	<b>651</b>	<b>198,272</b>

Type of risk	The Bank					
	30 June 2016		Notional amount	31 December 2015		Notional amount
	Carrying amount Assets	Liabilities		Carrying amount Assets	Liabilities	
	<i>(in million Baht)</i>					
Foreign exchange rate	224	1,863	93,677	851	651	74,062
Interest rate	-	-	121,167	-	-	124,210
<b>Total</b>	<b>224</b>	<b>1,863</b>	<b>214,844</b>	<b>851</b>	<b>651</b>	<b>198,272</b>

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 4.25.

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

As at 30 June 2016 and 31 December 2015, the proportions, determined based on the notional amount of derivatives contracts divided by type of counterparty were as follows:

	Consolidated		The Bank	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	(%)			
<b>Counterparty</b>				
Financial institutions	72.11	71.91	71.77	71.66
Affiliated companies	-	-	0.48	0.38
Third parties	27.89	28.09	27.75	27.96

## 10 Investments, net

### 10.1 Classification of investments in securities

As at 30 June 2016 and 31 December 2015, the investments in securities of the Bank and its subsidiaries were classified as follows:

	Consolidated		The Bank	
	30 June 2016 Fair value	31 December 2015 Fair value	30 June 2016 Fair value	31 December 2015 Fair value
	(in million Baht)			
<b>Trading securities</b>				
Government and state enterprise securities	33,103	20,690	33,085	20,677
Corporate debt securities	2,019	131	2,019	131
Domestic equity securities	1,836	294	-	-
<b>Total</b>	<b>36,958</b>	<b>21,115</b>	<b>35,104</b>	<b>20,808</b>

	Consolidated		The Bank	
	30 June 2016 Fair value	31 December 2015 Fair value	30 June 2016 Fair value	31 December 2015 Fair value
	(in million Baht)			
<b>Available-for-sale securities</b>				
Government and state enterprise securities	311,419	323,977	267,840	290,108
Corporate debt securities	29,242	23,569	-	-
Foreign debt securities	33,997	13,313	18,228	867
Domestic equity securities	20,048	18,479	7,405	8,126
Foreign equity securities	3,695	2,862	992	-
<b>Total</b>	<b>398,401</b>	<b>382,200</b>	<b>294,465</b>	<b>299,101</b>

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

	Consolidated		The Bank	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	Cost / Amortised cost	Cost / Amortised cost	Cost / Amortised cost	Cost / Amortised cost
	<i>(in million Baht)</i>			
<b>Held-to-maturity securities</b>				
Government and state enterprise securities	121,243	131,261	12,227	13,239
Corporate debt securities	36	36	447	443
Foreign debt securities	277	-	277	-
Other securities	1,800	1,803	-	-
<b>Total</b>	<b>123,356</b>	<b>133,100</b>	<b>12,951</b>	<b>13,682</b>
Less allowance for impairment	(36)	(36)	-	-
<b>Total</b>	<b>123,320</b>	<b>133,064</b>	<b>12,951</b>	<b>13,682</b>

	Consolidated		The Bank	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	Cost	Cost	Cost	Cost
	<i>(in million Baht)</i>			
<b>General investments</b>				
Domestic non-marketable equity securities	434	447	428	441
Foreign non-marketable equity securities	17	17	17	17
<b>Total</b>	<b>451</b>	<b>464</b>	<b>445</b>	<b>458</b>
Less allowance for impairment	(175)	(188)	(175)	(188)
<b>Total</b>	<b>276</b>	<b>276</b>	<b>270</b>	<b>270</b>
<b>Total investments, net</b>	<b>558,955</b>	<b>536,655</b>	<b>342,790</b>	<b>333,861</b>

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

As at 30 June 2016 and 31 December 2015, unrealised gains (losses) on available-for-sale securities and held-to-maturity securities were as follows:

Type of securities	Consolidated				The Bank			
	30 June 2016			Fair value	31 December 2015			Fair value
Amortised cost	Unrealised gains	Unrealised losses	Amortised cost		Unrealised gains	Unrealised losses		
	<i>(in million Baht)</i>							
Available-for-sale securities	390,754*	9,606	(1,959)	398,401	378,632*	6,046	(2,478)	382,200
Held-to-maturity securities	123,356	19,524	-	142,880	133,100	14,080	-	147,180
<b>Total</b>	<b>514,110</b>	<b>29,130</b>	<b>(1,959)</b>	<b>541,281</b>	<b>511,732</b>	<b>20,126</b>	<b>(2,478)</b>	<b>529,380</b>
Available-for-sale securities	291,681*	3,225	(441)	294,465	296,899*	2,646	(444)	299,101
Held-to-maturity securities	12,951	1,580	-	14,531	13,682	1,364	-	15,046
<b>Total</b>	<b>304,632</b>	<b>4,805</b>	<b>(441)</b>	<b>308,996</b>	<b>310,581</b>	<b>4,010</b>	<b>(444)</b>	<b>314,147</b>

\* Net of allowance for impairment

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

### 10.3 Investments in companies with holding of 10% and upwards

As at 30 June 2016 and 31 December 2015, 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	
		30 June 2016	31 December 2015	30 June 2016	31 December 2015
		(in million Baht)			
Mutual funds and financial services	2	-	-	-	-
Others	6-7	76	76	76	76
		<u>76</u>	<u>76</u>	<u>76</u>	<u>76</u>

### 10.4 Investments in companies with problems in their financial positions

As at 30 June 2016, 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 cost exceeds the market value of respective securities. The aggregate cost of these securities is Baht 59 million (31 December 2015: Baht 71 million).

## 11 Investments in subsidiaries and associate, net

### 11.1 Type of investments in subsidiaries and associate

As at 30 June 2016 and 31 December 2015, the Bank and its subsidiaries had an investment in associate, net of any impairment provisions, as follows:

	Type of business	Type of share	Consolidated					
			Direct and indirect shareholding		Investment value			
			30 June	31 December	Cost method		Equity method	
			2016	2015	30 June 2016	31 December 2015	30 June 2016	31 December 2015
			(%)		(in million Baht)			
<b>Associate</b>								
<b>Services</b>								
Supernap (Thailand) Co., Ltd.	Data center	Ordinary	24.9	24.9	351	351	341	344
Less allowance for impairment					(10)	(7)	-	-
<b>Total investments in associate, net</b>					<u>341</u>	<u>344</u>	<u>341</u>	<u>344</u>

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

As at 30 June 2016 and 31 December 2015, the Bank had investments in subsidiaries and associate, net of impairment provisions, as follows:

			<b>The Bank</b>			
			Direct shareholding		Investment value	
					Cost method	
			30	31	30	31
			June	December	June	December
Type of business	Type of share		2016	2015	2016	2015
			(%)		(in million Baht)	
<b>Subsidiaries</b>						
<b>Finance &amp; Insurance</b>						
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	2,207	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	1,533	9,976
SCB Life Assurance PCL	Life insurance	Ordinary	99.2	99.2	12,540	12,540
<b>Services</b>						
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
<b>Other</b>						
Sor. Or. Kor. PCL**	Commercial	Ordinary	99.7	99.7	582	582
<b>Indirect subsidiaries</b>						
Mahisorn Co., Ltd.***	Property management	Ordinary	-	-	-	-
Digital Ventures Co., Ltd.****	Financial technology	Ordinary	-	-	-	-
<b>Associate</b>						
<b>Services</b>						
Supernap (Thailand) Co., Ltd.	Data center	Ordinary	10.0	10.0	141	141
Total					18,615	29,298
Less allowance for impairment					(2,195)	(2,318)
<b>Total investments in subsidiaries and associate, net</b>					<b>16,420</b>	<b>26,980</b>

\* 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. In 1Q'16, the Bank transferred 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 Company is under liquidation

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

\*\*\*\* Newly established in 2016 and be a subsidiary of SCB Securities Co., Ltd.

All subsidiaries and associate were registered and operate in Thailand except for the Cambodian Commercial Bank Ltd., which registered and operate in Cambodia.

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

11.2 The summarised financial information of the associate was as follows:

	30 June 2016 (Unaudited)			31 December 2015 (Audited)		
	Total assets	Total liabilities	Equity <i>(in million Baht)</i>	Total assets	Total liabilities	Equity
Services	2,107	739	1,368	1,576	192	1,384
	<b>2,107</b>	<b>739</b>	<b>1,368</b>	<b>1,576</b>	<b>192</b>	<b>1,384</b>

	For the six-month period ended 30 June					
	2016 (Unaudited)			2015 (Unaudited)		
	Revenue	Expenses	Net loss	Revenue	Expenses	Net loss
Finance*	-	-	-	43	200	(157)
Services	3	19	(16)	1	10	(9)
	<b>3</b>	<b>19</b>	<b>(16)</b>	<b>44</b>	<b>210</b>	<b>(166)</b>

<i>For the six-month period ended 30 June</i>	VinaSiam Bank*		Supernap (Thailand) Co., Ltd.	
	2016	2015	2016	2015
Carrying amount of interests in associates				
Group's share of:				
- (Loss) profit from continuing operations	-	(52)	(3)	1
- Total comprehensive (loss) income	-	<b>(52)</b>	<b>(3)</b>	<b>1</b>

\* 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. In 1Q'16, the Bank transferred all of the assets and liabilities of VinaSiam Bank to its newly established branch in Ho Chi Minh City, the Socialist Republic of Vietnam.

As at 30 June 2016 and 31 December 2015, 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.

11.3 Interest in unconsolidated structured entity arising in the normal course of 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 structured entities are normally in the form of mutual funds.

The provision of funds is in the form of loans which are on normal business terms. These loans are managed in the same way as all other loans. The outstanding loans to these structured entities as of 30 June 2016 and 31 December 2015 amounted to Baht 6,115 million and Baht 6,169 million, respectively.



# The Siam Commercial Bank Public Company Limited and its Subsidiaries

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### 12 Loans to customers and accrued interest receivables, net

12.1 Classified by product as at 30 June 2016 and 31 December 2015

	Consolidated		The Bank	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	<i>(in million Baht)</i>			
Overdrafts	105,205	110,606	104,625	110,016
Loans	1,282,708	1,230,012	1,273,281	1,219,735
Bills	262,849	275,743	262,849	275,743
Finance leases	189,619	191,579	189,619	191,579
Others	44,333	48,064	43,574	47,187
Less deferred revenue	<u>(22,995)</u>	<u>(22,598)</u>	<u>(22,995)</u>	<u>(22,598)</u>
Total loans to customers, net	1,861,719	1,833,406	1,850,953	1,821,662
Add accrued interest receivables	<u>4,169</u>	<u>4,545</u>	<u>3,653</u>	<u>4,107</u>
Total loans to customers and accrued interest receivables, net	1,865,888	1,837,951	1,854,606	1,825,769
Less allowance for doubtful accounts				
- allowance established per BoT regulations				
- Individual approach	(46,222)	(48,374)	(45,494)	(47,152)
- Collective approach	(6,437)	(6,218)	(6,437)	(6,218)
- allowance established in excess of BoT regulations	(21,187)	(9,831)	(21,182)	(9,817)
Less revaluation allowance for debt restructuring	<u>(359)</u>	<u>(354)</u>	<u>(359)</u>	<u>(354)</u>
<b>Total</b>	<b><u>1,791,683</u></b>	<b><u>1,773,174</u></b>	<b><u>1,781,134</u></b>	<b><u>1,762,228</u></b>

12.2 Classified by currency and residential status of customers as at 30 June 2016 and 31 December 2015

	Consolidated					
	30 June 2016			31 December 2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	1,719,519	21,271	1,740,790	1,691,013	20,838	1,711,851
US Dollar	35,359	68,937	104,296	79,544	26,802	106,346
Other currencies	1,950	14,683	16,633	14,738	471	15,209
<b>Total</b>			<b><u>1,861,719</u></b>			<b><u>1,833,406</u></b>

  

	The Bank					
	30 June 2016			31 December 2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	1,711,445	21,271	1,732,716	1,683,653	20,838	1,704,491
US Dollar	35,359	66,245	101,604	78,706	24,244	102,950
Other currencies	1,950	14,683	16,633	13,750	471	14,221
<b>Total</b>			<b><u>1,850,953</u></b>			<b><u>1,821,662</u></b>

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12.3 Classified by business type and quality of loan classification as at 30 June 2016 and 31 December 2015

	<b>Consolidated</b>											
	30 June 2016					31 December 2015						
	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	15,208	181	102	137	124	15,752	15,710	364	144	78	206	16,502
Manufacturing and commercial	551,894	6,373	2,767	15,102	15,822	591,958	550,508	7,908	14,114	10,180	11,121	593,831
Real estate and construction	135,993	877	239	719	2,475	140,303	137,138	893	500	164	2,543	141,238
Utilities and services	268,510	1,375	789	512	2,044	273,230	249,231	958	1,598	317	2,020	254,124
Housing loans	492,461	10,141	4,504	2,864	2,101	512,071	476,562	9,756	4,680	2,648	1,366	495,012
Others	307,084	14,546	3,255	1,342	2,178	328,405	312,013	13,369	3,876	1,422	2,019	332,699
<b>Total *</b>	<b>1,771,150</b>	<b>33,493</b>	<b>11,656</b>	<b>20,676</b>	<b>24,744</b>	<b>1,861,719</b>	<b>1,741,162</b>	<b>33,248</b>	<b>24,912</b>	<b>14,809</b>	<b>19,275</b>	<b>1,833,406</b>

  

	<b>The Bank</b>											
	30 June 2016					31 December 2015						
	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	14,846	181	102	137	124	15,390	15,304	340	144	78	44	15,910
Manufacturing and commercial	550,018	6,373	2,767	15,102	15,822	590,082	547,871	7,908	14,114	10,000	10,939	590,832
Real estate and construction	135,992	877	239	719	1,478	139,305	137,138	859	500	164	1,481	140,142
Utilities and services	268,088	1,375	789	512	2,044	272,808	248,716	957	1,598	317	1,865	253,453
Housing loans	492,430	10,141	4,504	2,864	2,101	512,040	476,541	9,755	4,680	2,648	1,366	494,990
Others	300,065	14,546	3,255	1,342	2,120	321,328	305,707	13,369	3,876	1,422	1,961	326,335
<b>Total *</b>	<b>1,761,439</b>	<b>33,493</b>	<b>11,656</b>	<b>20,676</b>	<b>23,689</b>	<b>1,850,953</b>	<b>1,731,277</b>	<b>33,188</b>	<b>24,912</b>	<b>14,629</b>	<b>17,656</b>	<b>1,821,662</b>

\* Net of deferred revenue, excludes accrued interest receivables

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12.4 Finance leases

As at 30 June 2016 and 31 December 2015, the Bank had finance leases as follows:

	<b>Consolidated and the Bank</b>							
	30 June 2016				31 December 2015			
	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
	<i>(in million Baht)</i>							
Total of gross investments in the lease	58,816	126,315	4,488	189,619	59,858	127,170	4,551	191,579
Less deferred revenue				<u>(22,773)</u>				<u>(22,499)</u>
Present value of the lease payments				166,846				169,080
Allowance for doubtful accounts				<u>(6,437)</u>				<u>(6,218)</u>
Finance leases, net				<b><u>160,409</u></b>				<b><u>162,862</u></b>

12.5 Loans to listed companies identified for delisting

	<b>Consolidated and the Bank</b>							
	30 June 2016				31 December 2015			
	Loans and accrued				Loans and accrued			
	No. of companies	receivables* interest	Collateral	Amount of provision	No. of companies	receivables* interest	Collateral	Amount of provision
	<i>(in million Baht)</i>							
Listed companies identified for delisting	3	12,806	6,048	8,368	2	2,377	1,807	469

\* Including loans to financial institutions but excluding other expenses

12.6 Non-Performing Loans

As at 30 June 2016 and 31 December 2015, 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:

	<b>Consolidated</b>		<b>The Bank</b>	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	<i>(in million Baht)</i>			
Non-Performing Loans (net of allowance for doubtful accounts)	25,943	25,069	25,582	24,458
% of Non-Performing Loans to total loans (net)	1.3	1.3	1.3	1.2
Non-Performing Loans (gross)	57,076	58,996	56,021	57,197
% of Non-Performing Loans to total loans	2.8	2.9	2.7	2.8

As at 30 June 2016, Rutchayothin Assets Management Co., Ltd. which is a subsidiary of the Bank, had Non-Performing Loans of Baht 465 million (31 December 2015: Baht 465 million). However, the Non-Performing Loans based on principal of loan purchased from the Bank and its subsidiaries as at 30 June 2016 was Baht 997 million (31 December 2015: Baht 997 million).

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### 12.7 Non-accrual loans

Non-accrual loans, gross, (including loans to financial institutions) as at 30 June 2016 and 31 December 2015 were as follows:

	Consolidated		The Bank	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	<i>(in million Baht)</i>			
Loans where recognition of income has been suspended*	51,210	50,717	50,149	49,661
% of loans where recognition of income has been suspended	2.5	2.5	2.5	2.5

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

### 12.8 Classified assets

The Bank and its subsidiaries had classified assets as at 30 June 2016 and 31 December 2015 as follows:

	Consolidated					Total
	30 June 2016					
	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	1,775,038	199,803	-	-	27	1,974,868
Special Mention	33,718	-	-	-	3	33,721
Sub-Standard	11,705	-	-	-	4	11,709
Doubtful	20,677	-	-	-	5	20,682
Doubtful Loss	24,750	-	2,634	652	459	28,495
	<b>1,865,888</b>	<b>199,803</b>	<b>2,634</b>	<b>652</b>	<b>498</b>	<b>2,069,475</b>

\* Net of deferred revenue

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For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

<b>Consolidated</b>						
31 December 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	1,745,381	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
	<b><u>1,837,951</u></b>	<b><u>207,306</u></b>	<b><u>3,111</u></b>	<b><u>597</u></b>	<b><u>473</u></b>	<b><u>2,049,438</u></b>

<b>The Bank</b>						
30 June 2016						
	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	1,764,818	191,973	-	-	27	1,956,818
Special Mention	33,718	-	-	-	3	33,721
Sub-Standard	11,705	-	-	-	4	11,709
Doubtful	20,676	-	-	-	5	20,681
Doubtful Loss	23,689	-	3,227	649	458	28,023
	<b><u>1,854,606</u></b>	<b><u>191,973</u></b>	<b><u>3,227</u></b>	<b><u>649</u></b>	<b><u>497</u></b>	<b><u>2,050,952</u></b>

<b>The Bank</b>						
31 December 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
	<b><u>1,825,769</u></b>	<b><u>200,574</u></b>	<b><u>3,285</u></b>	<b><u>594</u></b>	<b><u>473</u></b>	<b><u>2,030,695</u></b>

\* Net of deferred revenue

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12.9 Allowance for doubtful accounts

12.9.1 Loans classified by quality as at 30 June 2016 and 31 December 2015 (inclusive of accrued interest receivables)

	<b>Consolidated</b>						
	30 June 2016						
	Individual approach (All loans except for finance leases)				Collective approach (Finance leases)		
	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***	Total
Minimum allowance of BoT regulations							
- Normal	1,775,038	1,591,930*	1	15,849	153,741	2,699	18,548
- Special Mention	33,718	21,810*	2	437	10,024	2,359	2,796
- Sub-Standard	11,705	4,935**	100	4,935	755	360	5,295
- Doubtful	20,677	11,781**	100	11,781	449	202	11,983
- Doubtful Loss	24,750	13,220**	100	13,220	1,877	817	14,037
<b>Total</b>	<b>1,865,888</b>	<b>1,643,676</b>		<b>46,222</b>	<b>166,846</b>	<b>6,437</b>	<b>52,659</b>
Allowance established in excess of BoT regulations							21,187
<b>Total</b>							<b>73,846</b>

	<b>Consolidated</b>						
	31 December 2015						
	Individual approach (All loans except for finance leases)				Collective approach (Finance leases)		
	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***	Total
Minimum allowance of 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
<b>Total</b>	<b>1,837,951</b>	<b>1,592,314</b>		<b>48,374</b>	<b>169,080</b>	<b>6,218</b>	<b>54,592</b>
Allowance established in excess of BoT regulations							9,831
<b>Total</b>							<b>64,423</b>

\* Net of cash and near cash collateral

\*\* Net of PV cashflow from loan receivables including sale of collateral

\*\*\* Excluding revaluation allowance for troubled debt restructuring

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<b>The Bank</b>							
30 June 2016							
	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 of BoT regulations							
- Normal	1,764,818	1,582,219*	1	15,822	153,741	2,699	18,521
- Special Mention	33,718	21,810*	2	437	10,024	2,359	2,796
- Sub-Standard	11,705	4,935**	100	4,935	755	360	5,295
- Doubtful	20,676	11,781**	100	11,781	449	202	11,983
- Doubtful Loss	23,689	12,519**	100	12,519	1,877	817	13,336
<b>Total</b>	<b><u>1,854,606</u></b>	<b><u>1,633,264</u></b>		<b><u>45,494</u></b>	<b><u>166,846</u></b>	<b><u>6,437</u></b>	<b><u>51,931</u></b>
Allowance established in excess of BoT regulations							<u>21,182</u>
<b>Total</b>							<b><u>73,113</u></b>

<b>The Bank</b>							
31 December 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 of 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
<b>Total</b>	<b><u>1,825,769</u></b>	<b><u>1,581,719</u></b>		<b><u>47,152</u></b>	<b><u>169,080</u></b>	<b><u>6,218</u></b>	<b><u>53,370</u></b>
Allowance established in excess of BoT regulations							<u>9,817</u>
<b>Total</b>							<b><u>63,187</u></b>

\* Net of cash and near cash collateral

\*\* Net of PV cashflow from loan receivables including sale of collateral

\*\*\* Excluding revaluation allowance for troubled debt restructuring

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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 30 June 2016 and 31 December 2015 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.

### 12.9.2 Changes to the allowance for doubtful accounts

As at 30 June 2016 and 31 December 2015, the changes to the allowance for doubtful accounts were as follows:

	Consolidated 30 June 2016					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 2016	18,150	2,325	14,555	7,987	11,575	9,831	64,423
Bad debt and doubtful accounts	399	471	(9,260)	3,996	7,558	11,400	14,564
Bad debts written off	-	-	-	-	(5,096)	-	(5,096)
Others	(1)	-	-	-	-	(44)	(45)
<b>As at 30 June 2016</b>	<b>18,548</b>	<b>2,796</b>	<b>5,295</b>	<b>11,983</b>	<b>14,037</b>	<b>21,187</b>	<b>73,846</b>

	Consolidated 31 December 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	17,904	58,993
Transfer in	-	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	(157)	(129)
<b>As at 31 December 2015</b>	<b>18,150</b>	<b>2,325</b>	<b>14,555</b>	<b>7,987</b>	<b>11,575</b>	<b>9,831</b>	<b>64,423</b>

	The Bank 30 June 2016					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 2016	18,124	2,324	14,555	7,896	10,471	9,817	63,187
Transfer in	-	1	-	91	403	10	505
Bad debt and doubtful accounts	397	471	(9,260)	3,996	7,558	11,399	14,561
Bad debts written off	-	-	-	-	(5,096)	-	(5,096)
Others	-	-	-	-	-	(44)	(44)
<b>As at 30 June 2016</b>	<b>18,521</b>	<b>2,796</b>	<b>5,295</b>	<b>11,983</b>	<b>13,336</b>	<b>21,182</b>	<b>73,113</b>



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<b>The Bank</b>							
31 December 2015							
	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss	Allowance established in excess of BoT regulations	Total
<i>(in million Baht)</i>							
As at 1 January 2015	17,086	2,858	7,623	3,074	9,691	17,898	58,230
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	-	-	-	-	-	(157)	(157)
<b>As at 31 December 2015</b>	<b>18,124</b>	<b>2,324</b>	<b>14,555</b>	<b>7,896</b>	<b>10,471</b>	<b>9,817</b>	<b>63,187</b>

### 13 Troubled debt restructuring

During the six-month periods ended 30 June 2016 and 2015, includes the following changes through various types of troubled debt restructuring:

Types of debt restructuring	<b>Consolidated and the Bank</b>								
	No. of accounts		Outstanding debts				Transferred assets		
	2016	2015	Before debt restructuring		After debt restructuring		Types	Fair value	
			2016	2015	2016	2015		2016	2015
<i>(in million Baht)</i>									
Transfers of assets	16	-	94	-	94	-	Immovable properties	-	-
Debt restructuring in various forms	588	929	8,440	5,289	8,426	5,272	Immovable properties	14	9
Changes of repayment conditions	5,879	5,722	5,290	8,113	5,269	8,019			
<b>Total</b>	<b>6,483</b>	<b>6,651</b>	<b>13,824</b>	<b>13,402</b>	<b>13,789</b>	<b>13,291</b>			

During the six-month periods ended 30 June 2016 and 2015, troubled debt restructuring compared with total loans including loans to financial institutions were as follows:

	<b>Consolidated</b>			
	2016		2015	
	No. of accounts	Outstanding debts	No. of accounts	Outstanding debts
<i>(in million Baht)</i>				
Troubled debt restructured during the six-month periods ended 30 June	6,483	13,824	6,651	13,402
Total loans including loans to financial institutions	1,227,296	2,065,693	1,835,184	2,077,021

	<b>The Bank</b>			
	2016		2015	
	No. of accounts	Outstanding debts	No. of accounts	Outstanding debts
<i>(in million Baht)</i>				
Troubled debt restructured during the six-month periods ended 30 June	6,483	13,824	6,651	13,402
Total loans including loans to financial institutions	1,107,036	2,046,580	1,729,447	2,061,438

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

The average term of troubled debt restructured as of 30 June 2016 is 9.6 years (*30 June 2015: 11.5 years*).

As at 30 June 2016 and 31 December 2015, the Bank and its subsidiaries had outstanding balances relating to troubled debt restructured loans were as follows:

	<b>Consolidated and the Bank</b>			
	30 June 2016		31 December 2015	
	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	3,436	6,232	3,407	6,535
Restructured loans which were not classified as NPL	14,284	28,161	14,089	26,454
<b>Total</b>	<b>17,720</b>	<b>34,393</b>	<b>17,496</b>	<b>32,989</b>

Supplementary information relating to restructured loans for the six-month periods ended 30 June 2016 and 2015 were as follows:

	<b>Consolidated and the Bank</b>	
	2016	2015
	<i>(in million Baht)</i>	
Interest income recognised in the statement of profit or loss and other comprehensive income	762	771

### Revaluation allowance for debt restructuring

As at 30 June 2016 and 31 December 2015, the changes to the revaluation allowance for debt restructuring was as follows:

	<b>Consolidated and the Bank</b>	
	30 June 2016	31 December 2015
	<i>(in million Baht)</i>	
Beginning balance	354	21
Increase during the period / year	5	333
<b>Ending balance</b>	<b>359</b>	<b>354</b>

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

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For the three-month period ended 30 June 2016 (Unaudited)

### 14 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 interim 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

	Six-month period ended 30 June	
	2016 (Audited)	2015 (Audited)
	<i>(in million Baht)</i>	
<b>Cash flows from operating activities</b>		
(Loss) profit before tax	(3)	276
<i>Adjustment for</i>		
Reversal of impairment loss on loans and debt securities	-	(34)
	(3)	242
Net interest expense	3	7
Profit from operations before changes in operating assets and liabilities	-	249
<i>(Increase) decrease in operating assets</i>		
Intercompany and money market items	(3)	(258)
Investments	-	9
Properties for sale	3	-
Net cash from operating activities	-	-
Net increase in cash	-	-
Cash at 1 January	-	-
<b>Cash at 30 June</b>	<b>-</b>	<b>-</b>

### 15 Properties for sale, net

As at 30 June 2016 and 31 December 2015, the changes to the properties for sale, net were as follows:

	Beginning balance	Consolidated 30 June 2016		Ending balance
		Additions	Disposals/ Decreases	
	<i>(in million Baht)</i>			
Foreclosed assets				
Immovable assets	10,798	461	(477)	10,782
Movable assets	226	3,812	(3,606)	432
Total	11,024	4,273	(4,083)	11,214
Others	131	116	(121)	126
Total properties for sale	11,155	4,389	(4,204)	11,340
Less allowance for impairment	(597)	(72)	17	(652)
<b>Total properties for sale, net</b>	<b>10,558</b>	<b>4,317</b>	<b>(4,187)</b>	<b>10,688</b>

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

	Beginning balance	Consolidated 31 December 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	10,418	8,896	(8,290)	11,024
Others	298	418	(585)	131
Total properties for sale	10,716	9,314	(8,875)	11,155
Less allowance for impairment	(995)	-	398	(597)
<b>Total properties for sale, net</b>	<b>9,721</b>	<b>9,314</b>	<b>(8,477)</b>	<b>10,558</b>

	Beginning balance	The Bank 30 June 2016		Ending balance
		Additions	Disposals/ Decreases	
		<i>(in million Baht)</i>		
Foreclosed assets				
Immovable assets	10,792	461	(476)	10,777
Movable assets	225	3,812	(3,605)	432
Total	11,017	4,273	(4,081)	11,209
Others	131	116	(121)	126
Total properties for sale	11,148	4,389	(4,202)	11,335
Less allowance for impairment	(594)	(72)	17	(649)
<b>Total properties for sale, net</b>	<b>10,554</b>	<b>4,317</b>	<b>(4,185)</b>	<b>10,686</b>

	Beginning balance	The Bank 31 December 2015		Ending balance
		Additions	Disposals/ Decreases	
		<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)
<b>Total properties for sale, net</b>	<b>9,711</b>	<b>9,314</b>	<b>(8,471)</b>	<b>10,554</b>

The losses on sales of properties for sale recognised in the consolidated profit or loss for the six-month periods ended 30 June 2016 and 2015 were Baht 217 million and Baht 681 million respectively, and for the Bank's profit or loss were Baht 216 million and Baht 681 million, respectively.

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Immovable assets for sale classified by internal appraisers as at 30 June 2016 and 31 December 2015 were as follows:

	<b>Consolidated</b>		<b>The Bank</b>	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	<i>(in million Baht)</i>			
Foreclosed assets				
Immovable assets				
Appraised by internal appraisers	<u>10,782</u>	<u>10,798</u>	<u>10,777</u>	<u>10,792</u>
<b>Total</b>	<b><u>10,782</u></b>	<b><u>10,798</u></b>	<b><u>10,777</u></b>	<b><u>10,792</u></b>

**The Siam Commercial Bank Public Company Limited and its Subsidiaries**  
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**16 Premises and equipment, net**

As at 30 June 2016 and 31 December 2015, the changes to the premises and equipment, net were as follows:

	<b>Consolidated</b>				<b>30 June 2016</b>			Ending balance	Allowance for impairment	Net balance
	Beginning balance	Cost Additions/ Transfer in	Disposals/ Transfer out	Ending balance	Beginning balance	Accumulated depreciation Depreciation	Disposals			
Land										
Cost	5,858	-	(9)	5,849	-	-	-	-	(146)	5,703
Appraisal *	13,435	-	(48)	13,387	-	-	-	-	-	13,387
Premises										
Cost	14,618	69	(30)	14,657	(7,288)	(47)	28	(7,307)	(176)	7,174
Appraisal *	9,225	-	(5)	9,220	(1,489)	(193)	-	(1,682)	(17)	7,521
Equipment	23,017	796	(400)	23,413	(17,721)	(803)	353	(18,171)	-	5,242
Others	672	310	(746)	236	-	-	-	-	-	236
<b>Total</b>	<b>66,825</b>	<b>1,175</b>	<b>(1,238)</b>	<b>66,762</b>	<b>(26,498)</b>	<b>(1,043)</b>	<b>381</b>	<b>(27,160)</b>	<b>(339)</b>	<b>39,263</b>

\* 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 six-month periods ended 30 June 2016 and 2015 amounted to Baht 1,043 million and Baht 1,098 million, respectively.

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**For the three-month period ended 30 June 2016 (Unaudited)**

	<b>Consolidated</b>											
	31 December 2015											
	Cost					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
<b>Total</b>	<b>59,174</b>	<b>9,412</b>	<b>(1,841)</b>	<b>80</b>	<b>66,825</b>	<b>(24,891)</b>	<b>(2,216)</b>	<b>685</b>	<b>(76)</b>	<b>(26,498)</b>	<b>(339)</b>	<b>39,988</b>

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

The gross amount of the Bank and its subsidiaries' fully depreciated premises and equipment that were still in use as at 30 June 2016 amounted to Baht 22,125 million (31 December 2015: Baht 21,885 million).

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	Cost					The Bank 30 June 2016						Allowance for impairment	Net balance
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Transfer in from subsidiary	Ending balance	Beginning balance	Accumulated depreciation		Transfer in from subsidiary	Ending balance			
							Depreciation	Disposals					
	<i>(in million Baht)</i>												
Land													
Cost	5,662	-	(8)	-	5,654	-	-	-	-	-	(145)	5,509	
Appraisal *	12,792	-	(48)	-	12,744	-	-	-	-	-	-	12,744	
Premises													
Cost	14,085	64	(26)	-	14,123	(6,930)	(37)	26	-	(6,941)	(176)	7,006	
Appraisal *	9,126	-	(5)		9,121	(1,466)	(191)	-	-	(1,657)	-	7,464	
Equipment	21,923	773	(285)	79	22,490	(16,834)	(771)	266	(76)	(17,415)	-	5,075	
Others	676	310	(746)	1	241	-	-	-	-	-	-	241	
<b>Total</b>	<b>64,264</b>	<b>1,147</b>	<b>(1,118)</b>	<b>80</b>	<b>64,373</b>	<b>(25,230)</b>	<b>(999)</b>	<b>292</b>	<b>(76)</b>	<b>(26,013)</b>	<b>(321)</b>	<b>38,039</b>	

\* Appraisal values are based on valuations completed in 2015

Depreciation presented in the Bank's profit or loss for the six-month periods ended 30 June 2016 and 2015 amounted to Baht 999 million and Baht 1,046 million, respectively.



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<b>The Bank</b>										
31 December 2015										
	Cost			Ending balance	Accumulated depreciation			Ending balance	Allowance for impairment	Net balance
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out		Beginning balance	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
<b>Total</b>	<b>56,833</b>	<b>9,176</b>	<b>(1,745)</b>	<b>64,264</b>	<b>(23,736)</b>	<b>(2,112)</b>	<b>618</b>	<b>(25,230)</b>	<b>(321)</b>	<b>38,713</b>

\* Appraisal values are based on valuations completed in 2015

The gross amount of the Bank's fully depreciated premises and equipment that were still in use as at 30 June 2016 amounted to Baht 21,363 million (31 December 2015: Baht 20,860 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.

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

As at 30 June 2016 and 31 December 2015, the changes to the goodwill and other intangible assets, net were as follows:

	Cost				Consolidated 30 June 2016			Ending balance	Net balance
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Ending balance	Beginning balance <i>(in million Baht)</i>	Accumulated amortisation Amortisations	Disposals		
Goodwill	10,135	-	-	10,135	-	-	-	-	10,135
Software licenses	6,628	366	(175)	6,819	(4,733)	(248)	5	(4,976)	1,843
Others	8	-	-	8	(7)	-	-	(7)	1
<b>Total</b>	<b>16,771</b>	<b>366</b>	<b>(175)</b>	<b>16,962</b>	<b>(4,740)</b>	<b>(248)</b>	<b>5</b>	<b>(4,983)</b>	<b>11,979</b>

Amortisation presented in the consolidated profit or loss for the six-month periods ended 30 June 2016 and 2015 amounted to Baht 248 million and Baht 257 million, respectively.

	Cost					Consolidated 31 December 2015				Ending balance	Net balance
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Transfer in from subsidiary	Ending balance	Beginning balance <i>(in million Baht)</i>	Amortisations	Disposals	Transfer in from subsidiary		
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
<b>Total</b>	<b>15,628</b>	<b>1,371</b>	<b>(259)</b>	<b>31</b>	<b>16,771</b>	<b>(4,222)</b>	<b>(501)</b>	<b>7</b>	<b>(24)</b>	<b>(4,740)</b>	<b>12,031</b>

The gross amount of the Bank and its subsidiaries' fully amortised intangible assets that were still in use as at 30 June 2016 amounted to Baht 3,437 million (31 December 2015: Baht 3,617 million).

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**For the three-month period ended 30 June 2016 (Unaudited)**

	Cost				The Bank 30 June 2016		Accumulated amortisation		Net balance
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Transfer in from subsidiary	Ending balance <i>(in million Baht)</i>	Beginning balance	Amortisations	Ending balance	
Goodwill	804	-	-	466	1,270	-	-	-	1,270
Software licenses	5,687	356	(166)	-	5,877	(4,241)	(231)	(4,472)	1,405
<b>Total</b>	<b>6,491</b>	<b>356</b>	<b>(166)</b>	<b>466</b>	<b>7,147</b>	<b>(4,241)</b>	<b>(231)</b>	<b>(4,472)</b>	<b>2,675</b>

Amortisation presented in the Bank's profit or loss for the six-month periods ended 30 June 2016 and 2015 amounted to Baht 231 million and Baht 224 million, respectively.

	Cost			The Bank 31 December 2015		Accumulated amortisation		Net balance
	Beginning balance	Additions/ Transfer in	Ending balance	Beginning balance <i>(in million Baht)</i>	Amortisations	Ending balance		
Goodwill	804	-	804	-	-	-	804	
Software licenses	5,144	543	5,687	(3,817)	(424)	(4,241)	1,446	
<b>Total</b>	<b>5,948</b>	<b>543</b>	<b>6,491</b>	<b>(3,817)</b>	<b>(424)</b>	<b>(4,241)</b>	<b>2,250</b>	

The gross amount of the Bank's fully amortised intangible assets that were still in use as at 30 June 2016 amounted to Baht 3,303 million (*31 December 2015: Baht 3,494 million*).

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## Notes to the interim financial statements

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For the three-month period ended 30 June 2016 (Unaudited)

### 18 Assets pending transfer

As at 30 June 2016 and 31 December 2015, assets pending transfer were as follows:

	Consolidated		The Bank	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	<i>(in million Baht)</i>			
Pending for E-Banking receivables	931	1,168	931	1,168
Sundry receivables	868	561	1,118	646
Prepayment of option premium	346	309	346	309
Others	209	230	209	230
<b>Total</b>	<b>2,354</b>	<b>2,268</b>	<b>2,604</b>	<b>2,353</b>

### 19 Other assets, net

As at 30 June 2016 and 31 December 2015, other assets, net were as follows:

	Consolidated		The Bank	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	<i>(in million Baht)</i>			
Collateral per Credit Support Annex	13,254	19,602	13,254	19,602
Securities business receivables and receivables from clearing house	4,458	2,945	-	-
Prepaid expenses	4,220	4,258	4,113	4,196
Accrued interest on investment and interest rate product	2,012	2,086	722	765
Net inter-account balance	1,097	415	1,103	487
Receivable from sales of NPL	930	1,870	930	1,870
Accrued service income	679	849	1,843	2,006
Others	5,840	5,277	3,115	3,167
<b>Total</b>	<b>32,490</b>	<b>37,302</b>	<b>25,080</b>	<b>32,093</b>

### 20 Deposits

20.1 Classified by product as at 30 June 2016 and 31 December 2015:

	Consolidated		The Bank	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	<i>(in million Baht)</i>			
Demand	59,121	57,136	58,117	56,292
Savings	1,109,532	1,106,016	1,106,427	1,101,596
Fixed				
- Less than 6 months	185,486	221,323	185,212	221,014
- 6 months and less than 1 year	347,534	300,657	347,531	300,631
- Over 1 year	169,409	205,597	169,408	205,371
<b>Total</b>	<b>1,871,082</b>	<b>1,890,729</b>	<b>1,866,695</b>	<b>1,884,904</b>

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

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For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

20.2 Classified by currency and residence of customer as at 30 June 2016 and 31 December 2015

	<b>Consolidated</b>					
	30 June 2016			31 December 2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	1,799,412	621	1,800,033	1,797,211	700	1,797,911
US Dollar	59,579	8,972	68,551	79,127	10,642	89,769
Other currencies	1,493	1,005	2,498	1,986	1,063	3,049
<b>Total</b>	<b><u>1,860,484</u></b>	<b><u>10,598</u></b>	<b><u>1,871,082</u></b>	<b><u>1,878,324</u></b>	<b><u>12,405</u></b>	<b><u>1,890,729</u></b>

  

	<b>The Bank</b>					
	30 June 2016			31 December 2015		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	1,800,489	612	1,801,101	1,797,899	671	1,798,570
US Dollar	59,579	3,522	63,101	79,127	4,554	83,681
Other currencies	1,493	1,000	2,493	1,986	667	2,653
<b>Total</b>	<b><u>1,861,561</u></b>	<b><u>5,134</u></b>	<b><u>1,866,695</u></b>	<b><u>1,879,012</u></b>	<b><u>5,892</u></b>	<b><u>1,884,904</u></b>

## 21 Interbank and money market items (Liabilities)

As at 30 June 2016 and 31 December 2015, interbank and money market items (Liabilities) were as follows:

	<b>Consolidated</b>					
	30 June 2016			31 December 2015		
	Demand	Time	Total	Demand	Time	Total
	<i>(in million Baht)</i>					
<b>Domestic items:</b>						
Bank of Thailand and Financial Institutions Development Fund	-	19,833	19,833	-	22,110	22,110
Commercial banks	1,502	42,920	44,422	1,550	33,300	34,850
Specialised financial institutions*	80	43,942	44,022	1,577	46,165	47,742
Other financial institutions**	10,811	6,522	17,333	12,917	6,367	19,284
<b>Total domestic items</b>	<b><u>12,393</u></b>	<b><u>113,217</u></b>	<b><u>125,610</u></b>	<b><u>16,044</u></b>	<b><u>107,942</u></b>	<b><u>123,986</u></b>
<b>Foreign items:</b>						
US Dollar	1,643	1,759	3,402	3,295	12,631	15,926
Japanese Yen	1	-	1	1	-	1
Euro	257	-	257	622	-	622
Other currencies	2,563	-	2,563	2,402	-	2,402
<b>Total foreign items</b>	<b><u>4,464</u></b>	<b><u>1,759</u></b>	<b><u>6,223</u></b>	<b><u>6,320</u></b>	<b><u>12,631</u></b>	<b><u>18,951</u></b>
<b>Total domestic and foreign items</b>	<b><u>16,857</u></b>	<b><u>114,976</u></b>	<b><u>131,833</u></b>	<b><u>22,364</u></b>	<b><u>120,573</u></b>	<b><u>142,937</u></b>

\* 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 interim financial statements**  
**For the six-month period ended 30 June 2016**  
**For the three-month period ended 30 June 2016 (Unaudited)**

	<b>The Bank</b>					
	30 June 2016		31 December 2015			
	Demand	Time	Total	Demand	Time	Total
	<i>(in million Baht)</i>					
<b>Domestic items:</b>						
Bank of Thailand and Financial Institutions Development Fund	-	19,833	19,833	-	22,110	22,110
Commercial banks	1,502	42,920	44,422	1,550	33,300	34,850
Specialised financial institutions*	80	43,942	44,022	1,577	46,165	47,742
Other financial institutions**	12,724	6,723	19,447	15,621	6,367	21,988
<b>Total domestic items</b>	<b>14,306</b>	<b>113,418</b>	<b>127,724</b>	<b>18,748</b>	<b>107,942</b>	<b>126,690</b>
<b>Foreign items:</b>						
US Dollar	1,704	1,759	3,463	3,345	12,631	15,976
Japanese Yen	1	-	1	1	-	1
Euro	257	-	257	622	-	622
Other currencies	2,579	-	2,579	2,429	-	2,429
<b>Total foreign items</b>	<b>4,541</b>	<b>1,759</b>	<b>6,300</b>	<b>6,397</b>	<b>12,631</b>	<b>19,028</b>
<b>Total domestic and foreign items</b>	<b>18,847</b>	<b>115,177</b>	<b>134,024</b>	<b>25,145</b>	<b>120,573</b>	<b>145,718</b>

\* 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

## 22 Debt issued and borrowings

As at 30 June 2016 and 31 December 2015, debt issued and borrowings were as follows:

	Interest rate (%)	Year of maturity	<b>Consolidated</b>					
			30 June 2016		31 December 2015			
			Domestic	Foreign	Total	Domestic	Foreign	Total
			<i>(in million Baht)</i>					
<b>Bonds</b>								
- US Dollar	3.38 - 3.90	2016 - 2019	-	78,475	78,475	-	80,549	80,549
- Baht	1.03	2016	20	-	20	-	-	-
<b>Subordinated bonds</b>								
- Baht	4.50 - 4.65	2022 - 2024	40,000	-	40,000	40,000	-	40,000
<b>Structured notes</b>								
- Baht	0.64 - 0.71	2016	786	-	786	508	-	508
Others			85	-	85	107	-	107
<b>Total</b>			<b>40,891</b>	<b>78,475</b>	<b>119,366</b>	<b>40,615</b>	<b>80,549</b>	<b>121,164</b>

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

	Interest rate (%)	Year of maturity	The Bank					
			30 June 2016		31 December 2015			
			Domestic	Foreign	Total	Domestic	Foreign	Total
<i>(in million Baht)</i>								
Bonds								
- US Dollar	3.38 - 3.90	2016 - 2019	-	79,203	79,203	-	81,279	81,279
- Baht	1.03	2016	20	-	20	-	-	-
Subordinated bonds								
- Baht	4.50 - 4.65	2022 - 2024	40,000	-	40,000	40,000	-	40,000
Others			85	-	85	107	-	107
<b>Total</b>			<b>40,105</b>	<b>79,203</b>	<b>119,308</b>	<b>40,107</b>	<b>81,279</b>	<b>121,386</b>

## 23 Provisions

As at 30 June 2016 and 31 December 2015, provisions were as follows:

	Consolidated		The Bank	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	<i>(in million Baht)</i>			
Reserve for pension and gratuity	4,422	4,315	4,105	3,975
Reserve for reward points	2,553	2,569	2,552	2,563
Possible loss from legal cases	227	227	221	221
Provisions for commitments as off-financial reporting items	115	115	115	115
Others	-	2	-	2
<b>Total</b>	<b>7,317</b>	<b>7,228</b>	<b>6,993</b>	<b>6,876</b>

### *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 30 June 2016 and 31 December 2015 were as follows:

	Consolidated		The Bank	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	<i>(in million Baht)</i>			
Severance Payment (SP) benefits scheme	3,633	3,549	3,366	3,257
Other schemes	789	766	739	718
<b>Total present value of unfunded obligations</b>	<b>4,422</b>	<b>4,315</b>	<b>4,105</b>	<b>3,975</b>

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

Movement in the present value of the defined benefit obligations

	<b>Consolidated</b>			
	30 June 2016		31 December 2015	
	SP	Others	SP	Others
	<i>(in million Baht)</i>			
Beginning balance	3,549	766	2,630	724
<b>Included in profit or loss:</b>				
Current service cost	145	17	279	45
Interest on obligation	63	14	119	29
Actuarial gain	-	-	-	(37)
	<u>208</u>	<u>31</u>	<u>398</u>	<u>37</u>
<b>Included in other comprehensive income</b>				
Actuarial loss	-	-	619	9
	<u>-</u>	<u>-</u>	<u>619</u>	<u>9</u>
<b>Others</b>				
Transfer out	-	-	(4)	-
Benefits paid	(124)	(8)	(94)	(4)
	<u>(124)</u>	<u>(8)</u>	<u>(98)</u>	<u>(4)</u>
<b>Ending balance</b>	<b><u>3,633</u></b>	<b><u>789</u></b>	<b><u>3,549</u></b>	<b><u>766</u></b>

	<b>The Bank</b>			
	30 June 2016		31 December 2015	
	SP	Others	SP	Others
	<i>(in million Baht)</i>			
Beginning balance	3,257	718	2,394	685
<b>Included in profit or loss:</b>				
Current service cost	128	15	251	40
Interest on obligation	59	13	110	28
Actuarial gain	-	-	-	(37)
	<u>187</u>	<u>28</u>	<u>361</u>	<u>31</u>
<b>Included in other comprehensive income</b>				
Actuarial loss	-	-	586	3
	<u>-</u>	<u>-</u>	<u>586</u>	<u>3</u>
<b>Others</b>				
Transfer in (out)	30	-	(4)	-
Benefits paid	(108)	(7)	(80)	(1)
	<u>(78)</u>	<u>(7)</u>	<u>(84)</u>	<u>(1)</u>
<b>Ending balance</b>	<b><u>3,366</u></b>	<b><u>739</u></b>	<b><u>3,257</u></b>	<b><u>718</u></b>



# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

Actuarial losses recognised in other comprehensive income arising from:

	Consolidated		The Bank	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	<i>(in million Baht)</i>			
Financial assumptions	-	247	-	231
Experience adjustment	-	60	-	37
Other	-	321	-	321
<b>Total</b>	<b>-</b>	<b>628</b>	<b>-</b>	<b>589</b>

### Actuarial assumptions

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

	Consolidated and the Bank	
	30 June 2016	31 December 2015
	(%)	
Discount rate	3.6	3.6
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	3.0
Gold price inflation rate	3.5	3.5

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

### 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 30 June 2016	Consolidated		The Bank	
	Increase	Decrease	Increase	Decrease
	<i>(in million Baht)</i>			
Discount rate (1% movement)	(264)	322	(245)	300
Future salary growth (1% movement)	225	(193)	205	(176)

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 six-month periods ended 30 June 2016 and 2015 were as follows:

	Consolidated		The Bank	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
<b>Recognised in profit or loss:</b>				
Defined contribution plans	503	476	445	418
Defined benefit plans	239	218	215	196
<b>Total post-employment benefit expenses</b>	<b>742</b>	<b>694</b>	<b>660</b>	<b>614</b>

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

### 24 Liabilities under insurance contracts

Liabilities under insurance contracts represent the liabilities of the insurance subsidiary. As at 30 June 2016 and 31 December 2015 were as follows:

	<b>Consolidated</b>	
	30 June 2016	31 December 2015
	<i>(in million Baht)</i>	
SCB Life Assurance PCL		
Long-term technical reserves	201,437	183,717
Short-term technical reserves	1,214	1,062
<b>Total</b>	<b><u>202,651</u></b>	<b><u>184,779</u></b>

Insurance contract liabilities for SCB life Assurance PCL are calculated as described in note 4.28.

#### Long-term technical reserves

	<b>Consolidated</b>
	30 June 2016
	<i>(in million Baht)</i>
At 1 January 2016	183,717
Reserve increase from new and inforce policies in the period	23,717
Reserve released for benefit payments, lapse and cancellation in the period	(5,997)
<b>At 30 June 2016</b>	<b><u>201,437</u></b>

### 25 Liabilities pending transfer

As at 30 June 2016 and 31 December 2015, liabilities pending transfer were as follows:

	<b>Consolidated</b>		<b>The Bank</b>	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	<i>(in million Baht)</i>			
Pending for payment E-banking	4,144	6,472	4,144	6,472
Other payables	1,922	1,538	1,918	1,550
Others	4,769	3,535	4,731	3,457
<b>Total</b>	<b><u>10,835</u></b>	<b><u>11,545</u></b>	<b><u>10,793</u></b>	<b><u>11,479</u></b>

### 26 Other liabilities

As at 30 June 2016 and 31 December 2015, other liabilities were as follows:

	<b>Consolidated</b>		<b>The Bank</b>	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	<i>(in million Baht)</i>			
Accrued expenses	17,519	18,164	15,050	14,571
Interest payable	5,131	6,789	5,140	6,810
Securities business payables and payables to clearing house	4,400	2,640	-	-
Other payable per Credit Support Annex	3,320	1,667	3,320	1,667
Withholding tax payable	618	722	564	603
Margin deposits	469	236	448	213
Others	1,343	2,182	888	1,939
<b>Total</b>	<b><u>32,800</u></b>	<b><u>32,400</u></b>	<b><u>25,410</u></b>	<b><u>25,803</u></b>

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

## **Notes to the interim financial statements**

**For the six-month period ended 30 June 2016**

**For the three-month period ended 30 June 2016 (Unaudited)**

### **27 Share capital and reserve**

#### *Share capital*

All preference shares had a period of 10 years, which expired on 10 May 2009. Hence, rights of preference shareholders has been the same as those of the ordinary shareholders since then.

Holders of preference shares are entitled to convert the shares they hold into ordinary shares, with the conversion ratio of 1:1. The holders of ordinary shares and preferred shares are entitled to receive dividends as declared, and are entitled to one vote per share at the shareholders' meeting of the Bank.

#### *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 interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

### 28 Dividends

At the annual general meeting of the shareholders of the Bank held on 5 April 2016, the shareholders approved the appropriation of dividend of Baht 4.00 per share, amounting to Baht 13,597 million. The dividend was paid to shareholders on 3 May 2016.

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.

### 29 Assets pledged as collateral and under restriction

As at 30 June 2016 and 31 December 2015, assets pledged as collateral and under restriction were as follows:

	<b>Consolidated</b>		<b>The Bank</b>	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	<i>(in million Baht)</i>			
Investments				
Securities pledged as collateral for repurchase	51,506	42,636	51,506	42,636
Others	35,085	35,191	228	272
<b>Total</b>	<b>86,591</b>	<b>77,827</b>	<b>51,734</b>	<b>42,908</b>

### 30 Contingencies

As at 30 June 2016 and 31 December 2015, contingencies were as follows:

	<b>Consolidated</b>		<b>The Bank</b>	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	<i>(in million Baht)</i>			
Avals to bills	5,695	5,754	5,695	5,754
Guarantees of loans	4,409	248	4,196	110
Liability under unmatured import bills	12,000	8,228	12,000	8,228
Letters of credit	22,931	27,775	22,734	27,567
Other contingencies				
- Amount of unused bank overdrafts	162,091	156,991	161,301	156,255
- Other guarantees	193,489	178,458	191,831	176,498
- Receivables / payables from investments	11,408	7,383	11,079	7,383
- Others	38,818	38,132	35,418	35,584
<b>Total</b>	<b>450,841</b>	<b>422,969</b>	<b>444,254</b>	<b>417,379</b>

As at 30 June 2016, 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 (31 December 2015: Baht 3 million).

### 31 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 Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

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:

### 31.1 Loans, deposits, borrowings and contingencies

Loans, deposits, borrowings and contingencies to related parties or persons as at 30 June 2016 and 31 December 2015 were as follows:

	<b>Consolidated</b>							
	30 June 2016				31 December 2015			
	Loans*	Deposits	Borrowings	Contingencies	Loans*	Deposits	Borrowings	Contingencies
	<i>(in million Baht)</i>							
Associate	554	773	-	-	-	692	-	-
Related companies (Shareholding through other companies' debt restructuring process)	-	-	-	1	-	-	-	1
Major shareholders (more than 10% ownership)	-	6,923	-	-	-	8,216	-	-
Entities in which the directors, management or close members of their families have significant influence	95	1,255	1	109	11	655	1	107
Directors and key executive officers	116	891	13	-	122	712	19	-
<b>Total</b>	<b>765</b>	<b>9,842</b>	<b>14</b>	<b>110</b>	<b>133</b>	<b>10,275</b>	<b>20</b>	<b>108</b>

  

	<b>The Bank</b>							
	30 June 2016				31 December 2015			
	Loans*	Deposits	Borrowings	Contingencies	Loans*	Deposits	Borrowings	Contingencies
	<i>(in million Baht)</i>							
Subsidiaries								
Finance & Insurance	-	2,318	1,309	18,226	-	2,012	1,727	13,151
Others	-	356	-	-	-	460	-	-
Total subsidiaries	-	2,674	1,309	18,226	-	2,472	1,727	13,151
Associate	554	773	-	-	-	692	-	-
Related companies (Shareholding through other companies' debt restructuring process)	-	-	-	1	-	-	-	1
Major shareholders (more than 10% ownership)	-	6,923	-	-	-	8,216	-	-
Entities in which the directors, management or close members of their families have significant influence	95	1,255	1	109	11	655	1	107
Directors and key executive officers	116	891	13	-	122	712	19	-
<b>Total</b>	<b>765</b>	<b>12,516</b>	<b>1,323</b>	<b>18,336</b>	<b>133</b>	<b>12,747</b>	<b>1,747</b>	<b>13,259</b>

\* Net of provision (1%)

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

### 31.2 Income and expenses

Significant income and expenses between the Bank and its subsidiaries, associate and related companies for the three-month periods ended 30 June 2016 and 2015 were as follows:

	<b>Consolidated</b>							
	2016				2015			
	Income		Expenses		Income		Expenses	
	Interest	Others	Interest	Others	Interest	Others	Interest	Others
	<i>(in million Baht)</i>							
Associate	-	8	1	-	-	-	-	-
Major shareholders	-	-	30	7	-	-	65	5

	<b>The Bank</b>							
	2016				2015			
	Income		Expenses		Income		Expenses	
	Interest	Others	Interest	Others	Interest	Others	Interest	Others
	<i>(in million Baht)</i>							
Subsidiaries	2	4,619	16	713	4	5,241	22	556
Associate	-	8	1	-	-	-	-	-
Major shareholders	-	-	30	7	-	-	65	5

Significant income and expenses between the Bank and its subsidiaries, associate and related companies for the six-month periods ended 30 June 2016 and 2015 were as follows:

	<b>Consolidated</b>							
	2016				2015			
	Income		Expenses		Income		Expenses	
	Interest	Others	Interest	Others	Interest	Others	Interest	Others
	<i>(in million Baht)</i>							
Associate	-	8	3	-	-	-	-	-
Major shareholder	-	-	65	12	-	-	125	10

	<b>The Bank</b>							
	2016				2015			
	Income		Expenses		Income		Expenses	
	Interest	Others	Interest	Others	Interest	Others	Interest	Others
	<i>(in million Baht)</i>							
Subsidiaries	4	7,070	27	1,457	7	8,022	43	1,304
Associate	-	8	3	-	-	-	-	-
Major shareholder	-	-	65	12	-	-	125	10

### 32 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.

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

<i>For the three-month period ended 30 June</i>	<b>Consolidated</b>		<b>The Bank</b>	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Short-term employee benefits	308	328	270	280
Post-employment benefits	5	41	5	40
<b>Total</b>	<b>313</b>	<b>369</b>	<b>275</b>	<b>320</b>

<i>For the six-month period ended 30 June</i>	<b>Consolidated</b>		<b>The Bank</b>	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Short-term employee benefits	962	1,005	840	875
Post-employment benefits	10	43	9	40
<b>Total</b>	<b>972</b>	<b>1,048</b>	<b>849</b>	<b>915</b>

### 33 Long-term leases and service agreements

As at 30 June 2016 and 31 December 2015, the remaining rental and service expenses to be paid for long-term leases and service agreements were as follows:

Type of lease	Period	<b>Consolidated</b>		<b>The Bank</b>	
		30 June 2016	31 December 2015	30 June 2016	31 December 2015
		<i>(in million Baht)</i>			
Land and/or premises	Within 1 year	1,897	1,974	1,805	1,850
	1 - 5 years	1,603	1,617	1,540	1,576
	Over 5 years	222	192	222	192
Equipment	Within 1 year	194	83	194	82
Vehicles	Within 1 year	235	209	226	196
	1 - 5 years	490	617	480	599
	Over 5 years	1	-	1	-

### 34 Operating segments

As at 30 June 2016 and 2015, 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; the Retail Segment which serves individuals and small businesses; and the Special Business Function 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 "Life Insurance" and "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 "Life Insurance" and "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 Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

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>Three-month period ended 30 June 2016</i>	Corporate Segment	SME Segment	Consolidated		Others	Total
			Retail Segment	Life Insurance		
Net interest income	3,903	3,746	11,160	1,991	961	21,761
Net fees income & dividend and other income	1,514	1,423	6,957	5,155	89	15,138
Total operating income	5,417	5,169	18,117	7,146	1,050	36,899
Total operating expenses	(1,908)	(1,240)	(8,662)	(690)	(8)	(12,508)
Profit before impairment loss and income tax	3,509	3,929	9,455	6,456	1,042	24,391
Impairment loss and income tax						(11,530)
Net profit						12,861

  

<i>Three-month period ended 30 June 2015</i>	Corporate Segment	SME Segment	Consolidated		Others	Total
			Retail Segment	Life Insurance		
Net interest income	4,231	3,594	10,240	1,776	973	20,814
Net fees income & dividend and other income	2,608	1,327	6,735	1,220	513	12,403
Total operating income	6,839	4,921	16,975	2,996	1,486	33,217
Total operating expenses	(1,812)	(1,315)	(8,246)	(660)	311	(11,722)
Profit before impairment loss and income tax	5,027	3,606	8,729	2,336	1,797	21,495
Impairment loss and income tax						(8,263)
Net profit						13,232

  

<i>Six-month period ended 30 June 2016</i>	Corporate Segment	SME Segment	Consolidated		Others	Total
			Retail Segment	Life Insurance		
Net interest income	7,814	7,489	22,035	3,880	2,213	43,431
Net fees income & dividend and other income	3,834	2,598	14,365	2,308	8	23,113
Total operating income	11,648	10,087	36,400	6,188	2,221	66,544
Total operating expenses	(3,733)	(2,556)	(17,087)	(1,261)	588	(24,049)
Profit before impairment loss and income tax	7,915	7,531	19,313	4,927	2,809	42,495
Impairment loss and income tax						(19,098)
Net profit						23,397

  

<i>Six-month period ended 30 June 2015</i>	Corporate Segment	SME Segment	Consolidated		Others	Total
			Retail Segment	Life Insurance		
Net interest income	8,290	7,150	20,179	3,462	2,265	41,346
Net fees income & dividend and other income	5,357	2,325	14,243	1,912	536	24,373
Total operating income	13,647	9,475	34,422	5,374	2,801	65,719
Total operating expenses	(3,590)	(2,648)	(16,373)	(1,224)	(346)	(24,181)
Profit before impairment loss and income tax	10,057	6,827	18,049	4,150	2,455	41,538
Impairment loss and income tax						(15,140)
Net profit						26,398



# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

	<b>Consolidated</b>					Total
	30 June 2016					
	Corporate Segment	SME Segment	Retail Segment	Life Insurance	Others	
	<i>(in million Baht)</i>					
Investment in associate	-	-	-	-	341	341
Loans*	650,173	364,734	837,791	6,317	2,704	1,861,719
Total assets	741,436	337,151	816,917	236,007	642,105	2,773,616
Total liabilities	543,937	160,461	1,231,761	208,989	308,033	2,453,181

	<b>Consolidated</b>					Total
	31 December 2015					
	Corporate Segment	SME Segment	Retail Segment	Life Insurance	Others	
	<i>(in million Baht)</i>					
Investment in associate	-	-	-	-	344	344
Loans*	640,876	357,193	824,319	5,487	5,531	1,833,406
Total assets	733,806	331,048	804,403	212,491	692,561	2,774,309
Total liabilities	596,302	159,620	1,203,069	191,053	316,572	2,466,616

\* Net of deferred revenue

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

35.1 As at 30 June 2016 and 31 December 2015, the financial position classified by domestic and foreign business was as follows:

	<b>Consolidated</b>							
	30 June 2016			31 December 2015				
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	<i>(in million Baht)</i>							
Total assets	2,722,721	96,307	(45,412)	2,773,616	2,704,384	112,710	(42,785)	2,774,309
Interbank and money market items, net (Assets)	214,607	14,337	(77)	228,867	233,400	27,620	(77)	260,943
Investments, net *	557,924	1,372	-	559,296	536,129	870	-	536,999
Loans to customers and accrued interest receivables, net	1,767,227	24,456	-	1,791,683	1,746,380	26,794	-	1,773,174
Deposits	1,861,088	9,994	-	1,871,082	1,877,221	13,508	-	1,890,729
Interbank and money market items (Liabilities)	130,151	1,759	(77)	131,833	130,383	12,631	(77)	142,937
Debt issued and borrowings	40,891	78,475	-	119,366	40,615	80,549	-	121,164

\* Includes net investments in subsidiaries and associate

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

	<b>The Bank</b>							
	30 June 2016				31 December 2015			
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	<i>(in million Baht)</i>							
Total assets	2,489,325	89,007	(45,335)	2,532,997	2,497,559	102,575	(42,708)	2,557,426
Interbank and money market items, net (Assets)	205,425	9,974	-	215,399	224,735	21,757	-	246,492
Investments, net *	357,839	1,372	-	359,211	359,974	867	-	360,841
Loans to customers and accrued interest receivables, net	1,759,356	21,778	-	1,781,134	1,739,314	22,914	-	1,762,228
Deposits	1,862,164	4,531	-	1,866,695	1,877,909	6,995	-	1,884,904
Interbank and money market items (Liabilities)	132,265	1,759	-	134,024	133,087	12,631	-	145,718
Debt issued and borrowings	40,105	79,203	-	119,308	40,107	81,279	-	121,386

\* Includes net investments in subsidiaries and associate

35.2 The results of operations classified by domestic and foreign business for the three-month periods ended 30 June 2016 and 2015 were as follows:

	<b>Consolidated</b>							
	2016				2015			
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	<i>(in million Baht)</i>							
Interest income	29,995	883	(609)	30,269	30,756	889	(596)	31,049
Interest expense	(8,260)	(857)	609	(8,508)	(9,974)	(857)	596	(10,235)
Net interest income	21,735	26	-	21,761	20,782	32	-	20,814
Net fees and service income	6,601	14	-	6,615	6,800	16	-	6,816
Other operating income	8,511	12	-	8,523	5,573	13	-	5,586
Other operating expenses	(20,935)	(86)	-	(21,021)	(16,859)	6	-	(16,853)
Profit before tax	15,912	(34)	-	15,878	16,296	67	-	16,363

  

	<b>The Bank</b>							
	2016				2015			
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	<i>(in million Baht)</i>							
Interest income	27,999	833	(609)	28,223	28,940	860	(596)	29,204
Interest expense	(8,262)	(853)	609	(8,506)	(9,986)	(854)	596	(10,244)
Net interest income	19,737	(20)	-	19,717	18,954	6	-	18,960
Net fees and service income	7,681	-	-	7,681	7,971	4	-	7,975
Other operating income	4,059	10	-	4,069	4,799	5	-	4,804
Other operating expenses	(20,388)	(68)	-	(20,456)	(16,322)	20	-	(16,302)
Profit before tax	11,089	(78)	-	11,011	15,402	35	-	15,437

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

35.3 The results of operations classified by domestic and foreign business for the six-month periods ended 30 June 2016 and 2015 were as follows:

	<b>Consolidated</b>							
	2016			2015				
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	<i>(in million Baht)</i>							
Interest income	60,150	1,771	(1,231)	60,690	61,493	1,763	(1,179)	62,077
Interest expense	<u>(16,750)</u>	<u>(1,740)</u>	<u>1,231</u>	<u>(17,259)</u>	<u>(20,216)</u>	<u>(1,694)</u>	<u>1,179</u>	<u>(20,731)</u>
Net interest income	43,400	31	-	43,431	41,277	69	-	41,346
Net fees and service income	13,627	27	-	13,654	13,419	26	-	13,445
Other operating income	9,447	12	-	9,459	10,910	18	-	10,928
Other operating expenses	<u>(37,432)</u>	<u>(140)</u>	<u>-</u>	<u>(37,572)</u>	<u>(32,876)</u>	<u>(36)</u>	<u>-</u>	<u>(32,912)</u>
Profit before tax	<u>29,042</u>	<u>(70)</u>	<u>-</u>	<u>28,972</u>	<u>32,730</u>	<u>77</u>	<u>-</u>	<u>32,807</u>

  

	<b>The Bank</b>							
	2016			2015				
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	<i>(in million Baht)</i>							
Interest income	56,230	1,674	(1,231)	56,673	57,955	1,707	(1,179)	58,483
Interest expense	<u>(16,750)</u>	<u>(1,732)</u>	<u>1,231</u>	<u>(17,251)</u>	<u>(20,238)</u>	<u>(1,689)</u>	<u>1,179</u>	<u>(20,748)</u>
Net interest income	39,480	(58)	-	39,422	37,717	18	-	37,735
Net fees and service income	15,724	(2)	-	15,722	15,888	-	-	15,888
Other operating income	6,643	5	-	6,648	7,576	12	-	7,588
Other operating expenses	<u>(36,449)</u>	<u>(103)</u>	<u>-</u>	<u>(36,552)</u>	<u>(31,815)</u>	<u>(4)</u>	<u>-</u>	<u>(31,819)</u>
Profit before tax	<u>25,398</u>	<u>(158)</u>	<u>-</u>	<u>25,240</u>	<u>29,366</u>	<u>26</u>	<u>-</u>	<u>29,392</u>

## 36 Interest income

Interest income included in profit or loss for the six-month periods ended 30 June 2016 and 2015 was as follows:

	<b>Consolidated</b>		<b>The Bank</b>	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Interbank and money market items	2,004	2,026	1,804	1,815
Investments and trading transactions	216	314	216	314
Investments in debt securities	6,170	6,408	2,574	3,202
Loans	47,082	48,264	46,861	48,087
Hire-purchase and finance leases	5,172	5,042	5,172	5,042
Others	46	23	46	23
<b>Total</b>	<u>60,690</u>	<u>62,077</u>	<u>56,673</u>	<u>58,483</u>

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

### 37 Interest expense

Interest expense included in profit or loss for the six-month periods ended 30 June 2016 and 2015 was as follows:

	Consolidated		The Bank	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Deposits	10,477	14,081	10,476	14,100
Interbank and money market items	512	646	518	651
Contributions to Deposit Protection Agency	4,360	4,313	4,360	4,313
Debt issued				
- Subordinated debentures	912	907	912	907
- Others	964	761	978	776
Borrowings	27	22	-	-
Others	7	1	7	1
<b>Total</b>	<b>17,259</b>	<b>20,731</b>	<b>17,251</b>	<b>20,748</b>

### 38 Net fees and service income

Net fees and service income included in profit or loss for the six-month periods ended 30 June 2016 and 2015 was as follows:

	Consolidated		The Bank	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Fees and service income				
- Acceptances, avals and guarantees	728	631	721	624
- ATM, Debit cards, Credit Cards and other banking electronic	6,167	6,101	6,169	6,104
- Others	9,786	9,548	11,352	11,594
Total fees and service income	16,681	16,280	18,242	18,322
Fees and service expense	(3,027)	(2,835)	(2,520)	(2,434)
<b>Net fees and service income</b>	<b>13,654</b>	<b>13,445</b>	<b>15,722</b>	<b>15,888</b>

### 39 Net trading income

Net trading income included in profit or loss for the six-month periods ended 30 June 2016 and 2015 was as follows:

	Consolidated		The Bank	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Gain on trading and foreign exchange transactions				
- Foreign currencies and foreign currency related derivatives	3,379	3,833	3,517	3,267
- Interest rate related derivatives	(705)	678	(705)	678
- Debt securities	217	205	185	166
- Equity securities	167	40	82	-
<b>Total</b>	<b>3,058</b>	<b>4,756</b>	<b>3,079</b>	<b>4,111</b>

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

### 40 Net gain on investments

Net gain on investments included in profit or loss for the six-month periods ended 30 June 2016 and 2015 was as follows:

	Consolidated		The Bank	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Gain (loss) on sales				
- Available-for-sale securities	1,373	666	923	379
- Held-to-maturity securities	(96)	(92)	-	-
- General investments	2	-	2	-
<b>Total</b>	<b>1,279</b>	<b>574</b>	<b>925</b>	<b>379</b>
Gain (loss) on impairment				
- Available-for-sale securities	27	4	27	4
- General investments	12	-	12	-
- Investments in subsidiaries and associate	48	(39)	31	(196)
<b>Total</b>	<b>87</b>	<b>(35)</b>	<b>70</b>	<b>(192)</b>
<b>Net gain on investments</b>	<b>1,366</b>	<b>539</b>	<b>995</b>	<b>187</b>

### 41 Impairment loss on loans and debt securities

Bad debt, doubtful accounts and loss on debt restructuring included in profit or loss for the six-month periods ended 30 June 2016 and 2015 were as follows:

	Consolidated		The Bank	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
Interbank and money market items	(3)	45	(3)	45
Available-for-sale securities	-	(1)	-	(1)
Held-to-maturity securities	-	(19)	-	(19)
Loans to customers *	13,514	8,693	13,512	8,701
Loss on debt restructuring	11	14	11	14
<b>Total</b>	<b>13,522</b>	<b>8,732</b>	<b>13,520</b>	<b>8,740</b>

\* Includes bad debt recovery

### 42 Income tax

#### *Income tax recognised in profit or loss*

<i>Three-month period ended 30 June</i>	Consolidated		The Bank	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
<b>Current tax expense</b>				
Current period	3,442	3,259	2,871	2,636
<b>Deferred tax expense</b>				
Movements in temporary differences	(424)	(127)	(1,260)	(110)
<b>Total income tax expense</b>	<b>3,018</b>	<b>3,132</b>	<b>1,611</b>	<b>2,526</b>

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

<i>Six-month period ended 30 June</i>	<b>Consolidated</b>		<b>The Bank</b>	
	2016	2015	2016	2015
	<i>(in million Baht)</i>			
<b>Current tax expense</b>				
Current period	6,729	5,971	5,563	4,877
<b>Deferred tax expense</b>				
Movements in temporary differences	(1,154)	438	(1,189)	444
<b>Total income tax expense</b>	<b>5,575</b>	<b>6,409</b>	<b>4,374</b>	<b>5,321</b>

### *Income tax recognised in other comprehensive income*

<i>Three-month period ended 30 June</i>	<b>Consolidated</b>					
	2016		2015		2015	
	Before tax	Tax benefit	Net of tax	Before tax	Tax benefit (expense)	Net of tax
	<i>(in million Baht)</i>					
Investments	(780)	394	(386)	(1,037)	114	(923)
Derivative	(358)	71	(287)	300	(60)	240
Premise and equipment	(53)	11	(42)	-	-	-
<b>Total</b>	<b>(1,191)</b>	<b>476</b>	<b>(715)</b>	<b>(737)</b>	<b>54</b>	<b>(683)</b>

<i>Three-month period ended 30 June</i>	<b>The Bank</b>					
	2016		2015		2015	
	Before tax	Tax benefit	Net of tax	Before tax	Tax expense	Net of Tax
	<i>(in million Baht)</i>					
Investments	(767)	153	(614)	334	(67)	267
Premise and equipment	(53)	11	(42)	-	-	-
<b>Total</b>	<b>(820)</b>	<b>164</b>	<b>(656)</b>	<b>334</b>	<b>(67)</b>	<b>267</b>

<i>Six-month period ended 30 June</i>	<b>Consolidated</b>					
	2016		2015		2015	
	Before tax	Tax benefit (expense)	Net of tax	Before tax	Tax expense	Net of tax
	<i>(in million Baht)</i>					
Investments	4,110	(819)	3,291	485	(239)	246
Derivative	(202)	40	(162)	260	(52)	208
Premise and equipment	(53)	11	(42)	-	-	-
<b>Total</b>	<b>3,855</b>	<b>(768)</b>	<b>3,087</b>	<b>745</b>	<b>(291)</b>	<b>454</b>

<i>Six-month period ended 30 June</i>	<b>The Bank</b>					
	2016		2015		2015	
	Before tax	Tax benefit (expense)	Net of tax	Before tax	Tax expense	Net of Tax
	<i>(in million Baht)</i>					
Investments	582	(117)	465	1,608	(344)	1,264
Premise and equipment	(53)	11	(42)	-	-	-
<b>Total</b>	<b>529</b>	<b>(106)</b>	<b>423</b>	<b>1,608</b>	<b>(344)</b>	<b>1,264</b>

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

### Reconciliation of effective tax rate

<i>Three-month period ended 30 June</i>	<b>Consolidated</b>			
		2016		2015
	<i>Rate (%)</i>	<i>(in million Baht)</i>	<i>Rate (%)</i>	<i>(in million Baht)</i>
Profit before income tax expense		<u>15,878</u>		<u>16,363</u>
Income tax using the Thai corporation tax rate	20.0	3,176	20.0	3,273
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		(158)		(141)
<b>Total</b>	<b><u>19.0</u></b>	<b><u>3,018</u></b>	<b><u>19.1</u></b>	<b><u>3,132</u></b>

<i>Three-month period ended 30 June</i>	<b>The Bank</b>			
		2016		2015
	<i>Rate (%)</i>	<i>(in million Baht)</i>	<i>Rate (%)</i>	<i>(in million Baht)</i>
Profit before income tax expense		<u>11,011</u>		<u>15,437</u>
Income tax using the Thai corporation tax rate	20.0	2,202	20.0	3,087
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		(591)		(561)
<b>Total</b>	<b><u>14.6</u></b>	<b><u>1,611</u></b>	<b><u>16.4</u></b>	<b><u>2,526</u></b>

<i>Six-month period ended 30 June</i>	<b>Consolidated</b>			
		2016		2015
	<i>Rate (%)</i>	<i>(in million Baht)</i>	<i>Rate (%)</i>	<i>(in million Baht)</i>
Profit before income tax expense		<u>28,972</u>		<u>32,807</u>
Income tax using the Thai corporation tax rate	20.0	5,794	20.0	6,561
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		(219)		(152)
<b>Total</b>	<b><u>19.2</u></b>	<b><u>5,575</u></b>	<b><u>19.5</u></b>	<b><u>6,409</u></b>

<i>Six-month period ended 30 June</i>	<b>The Bank</b>			
		2016		2015
	<i>Rate (%)</i>	<i>(in million Baht)</i>	<i>Rate (%)</i>	<i>(in million Baht)</i>
Profit before income tax expense		<u>25,240</u>		<u>29,392</u>
Income tax using the Thai corporation tax rate	20.0	5,048	20.0	5,878
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		(674)		(557)
<b>Total</b>	<b><u>17.3</u></b>	<b><u>4,374</u></b>	<b><u>18.1</u></b>	<b><u>5,321</u></b>

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

### Income tax reduction

Revenue Code Amendment Act No. 42 B.E. 2559 dated 3 March 2016 grants a reduction of the corporate income tax rate to 20% of net taxable profit for the accounting periods which begins on or after 1 January 2016.

### Deferred tax

Deferred tax assets and liabilities as at 30 June 2016 and 31 December 2015 were as follows:

	Consolidated		The Bank	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
	<i>(in million Baht)</i>			
Deferred tax assets	54	66	2	2
Deferred tax liabilities	<u>(2,743)</u>	<u>(3,141)</u>	<u>(1,689)</u>	<u>(2,772)</u>
<b>Net</b>	<b><u>(2,689)</u></b>	<b><u>(3,075)</u></b>	<b><u>(1,687)</u></b>	<b><u>(2,770)</u></b>

Movements in deferred tax assets and liabilities during for the six-month periods ended 30 June 2016 and 2015 were as follows:

	At 1 January 2016	Consolidated (Charged) / Credited to:		At 30 June 2016
		Profit or loss	Other comprehensive income	
	<i>(in million Baht)</i>			
<b>Deferred tax assets</b>				
Derivative assets	130	11	-	141
Investments	340	(6)	(219)	115
Investments in subsidiaries and associate	409	-	-	409
Loans to customers and accrued interest receivables	160	1,408	-	1,568
Properties for sale	119	11	-	130
Premises and equipment	1	-	-	1
Goodwill and other intangible assets	84	(17)	-	67
Other assets	317	1	-	318
Derivative liabilities	6	(5)	-	1
Provisions	1,443	26	-	1,469
Liabilities under insurance contracts	36	-	-	36
Other liabilities	673	(276)	-	397
<b>Total</b>	<b><u>3,718</u></b>	<b><u>1,153</u></b>	<b><u>(219)</u></b>	<b><u>4,652</u></b>
<b>Deferred tax liabilities</b>				
Derivative assets	(1)	-	-	(1)
Investments	(1,243)	(34)	(560)	(1,837)
Loans to customers and accrued interest receivables	(449)	(16)	-	(465)
Premises and equipment	(5,061)	43	11	(5,007)
Goodwill and other intangible assets	(16)	3	-	(13)
Other assets	(23)	5	-	(18)
<b>Total</b>	<b><u>(6,793)</u></b>	<b><u>1</u></b>	<b><u>(549)</u></b>	<b><u>(7,341)</u></b>
<b>Net</b>	<b><u>(3,075)</u></b>	<b><u>1,154</u></b>	<b><u>(768)</u></b>	<b><u>(2,689)</u></b>



# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

	At 1 January 2015	Consolidated (Charged) / Credited to:			At 30 June 2015
		Profit or loss	Other comprehensive income <i>(in million Baht)</i>	Retained earnings	
<b><i>Deferred tax assets</i></b>					
Derivative assets	-	(13)	-	98	85
Investments	231	(139)	12	-	104
Investments in subsidiaries and associate	376	24	-	-	400
Loans to customers and accrued interest receivables	103	(44)	-	-	59
Properties for sale	199	(58)	-	-	141
Premises and equipment	1	-	-	-	1
Goodwill and other intangible assets	113	(13)	-	-	100
Other assets	10	328	-	-	338
Deposits	108	(10)	-	-	98
Provisions	1,444	(171)	-	-	1,273
Liabilities under insurance contracts	33	(3)	-	-	30
Other liabilities	703	(349)	-	-	354
<b>Total</b>	<b>3,321</b>	<b>(448)</b>	<b>12</b>	<b>98</b>	<b>2,983</b>
<b><i>Deferred tax liabilities</i></b>					
Investments	(2,501)	16	(303)	-	(2,788)
Loans to customers and accrued interest receivables	(400)	(26)	-	-	(426)
Premises and equipment	(3,861)	13	-	-	(3,848)
Goodwill and other intangible assets	(21)	2	-	-	(19)
Other assets	(32)	4	-	-	(28)
Other liabilities	(1)	1	-	-	-
<b>Total</b>	<b>(6,816)</b>	<b>10</b>	<b>(303)</b>	<b>-</b>	<b>(7,109)</b>
<b>Net</b>	<b>(3,495)</b>	<b>(438)</b>	<b>(291)</b>	<b>98</b>	<b>(4,126)</b>



# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

	At 1 January 2015	The Bank (Charged) / Credited to:			At 30 June 2015
		Profit or loss	Other comprehensive income <i>(in million Baht)</i>	Retained earnings	
<b>Deferred tax assets</b>					
Derivative assets	-	(13)	-	98	85
Investments	213	(137)	12	-	88
Investments in subsidiaries and associate	376	24	-	-	400
Loans to customers and accrued interest receivables	103	(44)	-	-	59
Properties for sale	198	(58)	-	-	140
Goodwill and other intangible assets	113	(13)	-	-	100
Other assets	-	318	-	-	318
Deposits	99	(9)	-	-	90
Provisions	1,378	(164)	-	-	1,214
Other liabilities	690	(355)	-	-	335
<b>Total</b>	<b>3,170</b>	<b>(451)</b>	<b>12</b>	<b>98</b>	<b>2,829</b>
<b>Deferred tax liabilities</b>					
Investments	(1,933)	17	(356)	-	(2,272)
Loans to customers and accrued interest receivables	(401)	(25)	-	-	(426)
Premises and equipment	(3,735)	12	-	-	(3,723)
Other assets	(31)	3	-	-	(28)
<b>Total</b>	<b>(6,100)</b>	<b>7</b>	<b>(356)</b>	<b>-</b>	<b>(6,449)</b>
<b>Net</b>	<b>(2,930)</b>	<b>(444)</b>	<b>(344)</b>	<b>98</b>	<b>(3,620)</b>

### 43 Basic earnings per share

Basic earnings per share in the consolidated and the Bank's financial statements for the three-month periods ended 30 June 2016 and 2015 were calculated as follows:

	Consolidated		The Bank	
	2016	2015	2016	2015
	<i>(in million Baht / million shares)</i>			
Profit attributable to ordinary shareholders of the Bank (basic)	<u>12,818</u>	<u>13,218</u>	<u>9,401</u>	<u>12,911</u>
Number of ordinary and preference shares outstanding	<u>3,399</u>	<u>3,399</u>	<u>3,399</u>	<u>3,399</u>
<b>Earnings per share (basic) (in Baht)</b>	<b><u>3.77</u></b>	<b><u>3.89</u></b>	<b><u>2.77</u></b>	<b><u>3.80</u></b>

# The Siam Commercial Bank Public Company Limited and its Subsidiaries

## Notes to the interim financial statements

For the six-month period ended 30 June 2016

For the three-month period ended 30 June 2016 (Unaudited)

Basic earnings per share in the consolidated and the Bank's financial statements for the six-month periods ended 30 June 2016 and 2015 were calculated as follows:

	Consolidated		The Bank	
	2016	2015	2016	2015
	<i>(in million Baht / million shares)</i>			
Profit attributable to ordinary shareholders of the Bank (basic)	<u>23,364</u>	<u>26,369</u>	<u>20,866</u>	<u>24,071</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) <i>(in Baht)</i>	<u>6.87</u>	<u>7.76</u>	<u>6.14</u>	<u>7.08</u>

#### 44 Events after the reporting period

119,355 preference shares have been converted into 119,355 ordinary shares. The Bank registered the conversion of the preference shares with the Ministry of Commerce on 12 July 2016.

#### 45 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new TFRS have been issued but are not yet effective and have not been applied in preparing these interim financial statements. New 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 2017, are set out below. The Bank and its subsidiaries do not plan to adopt these TFRS early.

TFRS	Topic
FAP announcement No. 5/2016	FAP Guidance on derecognition of financial assets and financial liabilities

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 new TFRS and expects that there will be no material impact on the financial statements in the period of initial application.