

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

Interim financial statements
for the three-month period ended
31 March 2018

and

Independent auditor's report
on review of interim financial information

Independent Auditor’s Report on Review of Interim Financial Information

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

I have reviewed the accompanying consolidated and the Bank’s statements of financial position of The Siam Commercial Bank Public Company Limited and its subsidiaries, and of The Siam Commercial Bank Public Company Limited, respectively, as at 31 March 2018; the consolidated and the Bank’s statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period ended 31 March 2018 and condensed notes (“interim financial information”). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, “Interim Financial Reporting”. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

I conducted my review in accordance with 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 financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, “Interim Financial Reporting”.

(Winid Silamongkol)
Certified Public Accountant
Registration No. 3378

KPMG Phoomchai Audit Ltd.
Bangkok
14 May 2018

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statement of financial position

Assets	Note	Consolidated		The Bank	
		31 March	31 December	31 March	31 December
		2018	2017	2018	2017
		(Unaudited)		(Unaudited)	
		<i>(in thousand Baht)</i>			
Cash		37,016,138	40,797,176	36,828,435	40,591,037
Interbank and money market items, net		339,552,648	316,733,080	325,100,620	303,476,880
Derivatives assets		54,560,342	43,499,427	57,017,412	46,035,173
Investments, net	5	545,318,104	570,370,844	270,252,766	299,032,913
Investments in subsidiaries and associate, net	6	-	-	18,016,748	18,016,700
Loans to customers and accrued interest receivables, net	7				
Loans to customers		2,089,886,353	2,059,948,448	2,075,830,921	2,046,282,647
Accrued interest receivables		3,949,813	3,328,131	3,626,248	2,963,859
Total loans to customers and accrued interest receivables		2,093,836,166	2,063,276,579	2,079,457,169	2,049,246,506
Less deferred revenue		(26,434,998)	(25,216,416)	(26,434,998)	(25,216,417)
Less allowance for doubtful accounts	7.5	(89,162,634)	(85,699,301)	(88,398,947)	(84,936,081)
Less revaluation allowance for debt restructuring	8	(4,280,831)	(4,291,141)	(4,280,831)	(4,291,141)
Total loans to customers and accrued interest receivables, net		1,973,957,703	1,948,069,721	1,960,342,393	1,934,802,867
Properties for sale, net		11,502,101	11,283,644	11,498,559	11,280,102
Premises and equipment, net		43,854,886	44,164,383	42,591,942	42,890,983
Goodwill and other intangible assets, net		19,184,831	18,107,161	9,844,182	8,778,161
Assets pending transfer		2,336,870	2,234,515	2,368,171	2,300,059
Deferred tax assets		116,016	110,753	25,079	25,740
Other assets, net		28,087,177	28,661,317	17,003,297	18,401,385
Total assets		3,055,486,816	3,024,032,021	2,750,889,604	2,725,632,000

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statement of financial position

	Note	Consolidated		The Bank	
		31 March 2018 (Unaudited)	31 December 2017	31 March 2018 (Unaudited)	31 December 2017
<i>(in thousand Baht)</i>					
Liabilities and shareholders' equity					
Liabilities					
Deposits		2,092,784,583	2,092,457,200	2,088,033,028	2,087,890,289
Interbank and money market items		119,353,045	108,573,192	123,900,007	110,911,960
Liability payable on demand		16,384,520	23,670,751	16,383,790	23,670,230
Liabilities to deliver security		41,476	59,900	-	-
Derivatives liabilities		54,965,709	44,984,107	54,721,060	44,620,824
Debt issued and borrowings		75,855,940	78,538,067	73,752,936	75,379,761
Provisions		7,978,440	7,729,706	7,586,263	7,340,382
Liabilities under insurance contracts	9	257,212,109	248,244,534	-	-
Liabilities pending transfer		10,619,627	14,615,892	10,561,879	14,488,352
Deferred tax liabilities		3,120,715	3,589,507	2,549,696	2,559,950
Other liabilities		43,860,620	37,806,171	35,517,926	29,802,716
Total liabilities		2,682,176,784	2,660,269,027	2,413,006,585	2,396,664,464
Shareholders' equity					
Share capital					
Authorised share capital					
3,582,904,959 preferred shares of Baht 10 each		35,829,050	35,838,257	35,829,050	35,838,257
3,417,095,041 common shares of Baht 10 each		34,170,950	34,161,743	34,170,950	34,161,743
Issued and paid-up share capital					
3,780,602 preferred shares of Baht 10 each		37,806	37,850	37,806	37,850
3,395,411,596 common shares of Baht 10 each		33,954,116	33,954,072	33,954,116	33,954,072
Premium on share capital					
Premium on preferred shares		14,785	14,802	14,785	14,802
Premium on common shares		11,109,406	11,109,389	11,109,406	11,109,389
Other reserves		18,098,399	19,985,092	18,482,804	18,654,960
Retained earnings					
Appropriated					
Legal reserve		7,000,000	7,000,000	7,000,000	7,000,000
Unappropriated		302,794,860	291,362,368	267,284,102	258,196,463
Total owners of the company		373,009,372	363,463,573	337,883,019	328,967,536
Non-controlling interests		300,660	299,421	-	-
Total shareholders' equity		373,310,032	363,762,994	337,883,019	328,967,536
Total liabilities and shareholders' equity		3,055,486,816	3,024,032,021	2,750,889,604	2,725,632,000

(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)

	Note	Consolidated		The Bank	
		Three month period ended□		Three month period ended□	
		31 March		31 March	
		2018	2017	2018	2017
<i>(in thousand Baht)</i>					
Interest income		31,288,043	30,844,121	28,797,487	28,620,443
Interest expenses		7,956,072	8,282,900	7,939,763	8,280,882
Net interest income		23,331,971	22,561,221	20,857,724	20,339,561
Fees and service income		10,042,124	8,917,613	9,935,575	9,358,999
Fees and service expenses		1,897,512	1,625,594	1,610,964	1,325,965
Net fees and service income		8,144,612	7,292,019	8,324,611	8,033,034
Gains on trading		2,581,820	1,673,989	2,388,439	1,645,821
Gains on investments		331,202	172,802	176,496	121,140
Share of loss from investment for using equity method		-	(3,804)	-	-
Dividend income		292,856	196,070	82,503	84,082
Net earned insurance premiums		13,696,876	13,334,351	-	-
Other operating income		90,056	98,317	17,016	27,256
Total operating income		48,469,393	45,324,965	31,846,789	30,250,894
Net insurance claims		13,091,227	12,139,695	-	-
Net operating income		35,378,166	33,185,270	31,846,789	30,250,894
Other operating expenses					
Employee's expenses		7,448,474	6,861,792	6,560,140	6,072,794
Directors' remuneration		25,640	25,605	24,190	24,345
Premises and equipment expenses		3,138,423	2,651,899	2,932,607	2,467,713
Taxes and duties		1,099,250	1,095,853	1,018,648	1,028,103
Others		4,518,162	2,826,697	5,149,392	3,503,376
Total operating expenses		16,229,949	13,461,846	15,684,977	13,096,331
Impairment loss on loans and debt securities		5,011,633	5,010,000	5,010,000	5,010,000
Profit from operating before income tax expense		14,136,584	14,713,424	11,151,812	12,144,563
Income tax expenses	16	2,757,516	2,788,330	2,131,436	2,277,321
Net profit		11,379,068	11,925,094	9,020,376	9,867,242

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)

	Note	Consolidated		The Bank	
		Three month period ended □		Three month period ended □	
		31 March		31 March	
		2018	2017	2018	2017
<i>(in thousand Baht)</i>					
Other comprehensive income (loss)					
<i>Items that will be reclassified subsequently to profit or loss</i>					
(Losses) gains on remeasuring available-for-sale investments		(1,926,637)	1,206,882	(131,116)	226,077
Losses arising from translating the financial statements of a foreign operation		(115,459)	(86,142)	-	-
Changes in hedge reserve		(219,014)	86,402	-	51,224
Income tax relating to components of other comprehensive income (loss) will be reclassified subsequently to profit or loss		429,130	(258,657)	26,223	(55,460)
Total other comprehensive (loss) income, net of income tax		<u>(1,831,980)</u>	<u>948,485</u>	<u>(104,893)</u>	<u>221,841</u>
Total comprehensive income		<u>9,547,088</u>	<u>12,873,579</u>	<u>8,915,483</u>	<u>10,089,083</u>
Net profit attributable to:					
Owners of the company		11,364,452	11,911,910	9,020,376	9,867,242
Non-controlling interests		14,616	13,184	-	-
Total comprehensive income attributable to:					
Owners of the company		9,545,812	12,853,657	8,915,483	10,089,083
Non-controlling interests		1,276	19,922	-	-
Earnings per share of the parent company					
Basic earnings per share (<i>in Baht</i>)	17	<u>3.34</u>	<u>3.50</u>	<u>2.65</u>	<u>2.90</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 (Unaudited)

	Consolidated															
	Issued and paid-up share capital		Premium on share capital		Gains (losses) on remeasuring available-for-sale investments	Losses arising from translating the financial statements of a foreign operation	Other reserves				Total other reserves	Retained earnings		Total owners of the company	Non- controlling interests	Total shareholders' equity
							Changes in revaluation surplus	Changes in hedge reserve	Others	Legal reserve		Unappropriated				
	Preferred shares	Common shares	Preferred shares	Common shares												
Three month period ended 31 March 2018	<i>(in thousand Baht)</i>															
Balance at 1 January 2018	37,850	33,954,072	14,802	11,109,389	6,014,558	(330,032)	335,172	16,329,890	(2,364,496)	19,985,092	7,000,000	291,362,368	363,463,573	299,421	363,762,994	
Conversion of preferred shares to common shares	(44)	44	(17)	17	-	-	-	-	-	-	-	-	-	-	-	
Acquisitions of non-controlling interests without a change in control	-	-	-	-	2	-	-	-	(15)	(13)	-	-	(13)	(37)	(50)	
Net profit	-	-	-	-	-	-	-	-	-	-	-	11,364,452	11,364,452	14,616	11,379,068	
Other comprehensive loss	-	-	-	-	(1,529,420)	(115,459)	(173,761)	-	-	(1,818,640)	-	-	(1,818,640)	(13,340)	(1,831,980)	
Total comprehensive (loss) income	-	-	-	-	(1,529,420)	(115,459)	(173,761)	-	-	(1,818,640)	-	11,364,452	9,545,812	1,276	9,547,088	
Transfer to retained earnings	-	-	-	-	-	-	-	(68,040)	-	(68,040)	-	68,040	-	-	-	
Balance at 31 March 2018	37,806	33,954,116	14,785	11,109,406	4,485,140	(445,491)	161,411	16,261,850	(2,364,511)	18,098,399	7,000,000	302,794,860	373,009,372	300,660	373,310,032	

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The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statement of changes in equity (Unaudited)

	Consolidated														Non-controlling interests	Total shareholders' equity
	Issued and paid-up share capital		Premium on share capital		Gains on remeasuring available-for-sale investments	Losses arising from translating the financial statements of a foreign operation	Share of other comprehensive loss of associate (using equity method)	Other reserves			Total other reserves	Retained earnings		Total owners of the company		
								Changes in hedge reserve	Changes in revaluation surplus	Others		Legal reserve	Unappropriated			
	Preferred shares	Common shares	Preferred shares	Common shares	investments	of a foreign operation	(using equity method)				hedge reserve			revaluation surplus		
<i>(in thousand Baht)</i>																
Three month period ended 31 March 2017																
Balance at 1 January 2017	38,903	33,953,019	15,213	11,108,978	1,186,362	(125,943)	(72)	40,608	16,605,336	(2,364,207)	15,342,084	7,000,000	266,630,575	334,088,772	209,450	334,298,222
Conversion of preferred shares to common shares	(899)	899	(352)	352	-	-	-	-	-	-	-	-	-	-	-	-
Net profit	-	-	-	-	-	-	-	-	-	-	-	-	11,911,910	11,911,910	13,184	11,925,094
Other comprehensive income (loss)	-	-	-	-	959,001	(86,142)	-	68,888	-	-	941,747	-	-	941,747	6,738	948,485
Total comprehensive income (loss)	-	-	-	-	959,001	(86,142)	-	68,888	-	-	941,747	-	11,911,910	12,853,657	19,922	12,873,579
Transfer to retained earnings	-	-	-	-	-	-	-	-	(68,117)	-	(68,117)	-	68,117	-	-	-
Balance at 31 March 2017	38,004	33,953,918	14,861	11,109,330	2,145,363	(212,085)	(72)	109,496	16,537,219	(2,364,207)	16,215,714	7,000,000	278,610,602	346,942,429	229,372	347,171,801

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 (Unaudited)

	The Bank										
					Other reserves						Total shareholders' equity
	Issued and paid-up share capital		Premium on share capital		Gains (losses) on remeasuring available-for-sale investments	Changes in hedge reserve	Changes in revaluation surplus	Total other reserves	Retained earnings		
	Preferred shares	Common shares	Preferred shares	Common shares					Legal reserve	Unappropriated	
	<i>(in thousand Baht)</i>										
Three month period ended 31 March 2018											
Balance at 1 January 2018	37,850	33,954,072	14,802	11,109,389	2,899,569	(8)	15,755,399	18,654,960	7,000,000	258,196,463	328,967,536
Conversion of preferred shares to common shares	(44)	44	(17)	17	-	-	-	-	-	-	-
Net profit	-	-	-	-	-	-	-	-	-	9,020,376	9,020,376
Other comprehensive loss	-	-	-	-	(104,893)	-	-	(104,893)	-	-	(104,893)
Total comprehensive (loss) income	-	-	-	-	(104,893)	-	-	(104,893)	-	9,020,376	8,915,483
Transfer to retained earnings	-	-	-	-	-	-	(67,263)	(67,263)	-	67,263	-
Balance at 31 March 2018	37,806	33,954,116	14,785	11,109,406	2,794,676	(8)	15,688,136	18,482,804	7,000,000	267,284,102	337,883,019

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 (Unaudited)

	The Bank										
					Other reserves						Total shareholders' equity
	Issued and paid-up share capital		Premium on share capital		Gains on remeasuring	Changes in		Total	Retained earnings		
	Preferred shares	Common shares	Preferred shares	Common shares	available-for-sale investments	Changes in hedge reserve	revaluation surplus	other reserves	Legal reserve	Unappropriated	
<i>(in thousand Baht)</i>											
Three month period ended 31 March 2017											
Balance at 1 January 2017	38,903	33,953,019	15,213	11,108,978	2,325,667	(40,970)	16,027,739	18,312,436	7,000,000	238,765,712	309,194,261
Conversion of preferred shares to common shares	(899)	899	(352)	352	-	-	-	-	-	-	-
Net profit	-	-	-	-	-	-	-	-	-	9,867,242	9,867,242
Other comprehensive income	-	-	-	-	180,862	40,979	-	221,841	-	-	221,841
Total comprehensive income	-	-	-	-	180,862	40,979	-	221,841	-	9,867,242	10,089,083
Transfer to retained earnings	-	-	-	-	-	-	(67,341)	(67,341)	-	67,341	-
Balance at 31 March 2017	38,004	33,953,918	14,861	11,109,330	2,506,529	9	15,960,398	18,466,936	7,000,000	248,700,295	319,283,344

(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 (Unaudited)

	Consolidated		The Bank	
	Three month period ended		Three month period ended	
	31 March		31 March	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Cash flows from operating activities				
Profit from operating before income tax expense	14,136,584	14,713,424	11,151,812	12,144,563
<i>Adjustments to reconcile profit from operating before income tax expense to cash receipts (payments) from operating activities</i>				
Depreciation and amortisation	1,054,939	752,116	1,008,994	712,398
Reversal of impairment losses on properties for sale	(8,856)	(21,553)	(8,856)	(21,553)
Reversal of impairment losses on assets	(18,791)	-	(18,791)	-
Impairment loss on loans and debt securities	5,810,164	5,685,859	5,808,530	5,685,859
Losses on sales of premises and equipment	8,142	1,044	8,304	1,618
(Gains) losses on trading	(703,625)	82,616	(576,961)	116,647
Gains on investments	(331,202)	(172,802)	(176,496)	(121,140)
Share of loss from investment for using equity method	-	3,804	-	-
	19,947,355	21,044,508	17,196,536	18,518,392
Net interest income	(23,331,971)	(22,561,221)	(20,857,724)	(20,339,561)
Dividend income	(292,856)	(196,070)	(82,503)	(84,082)
Proceeds from interest	29,287,041	31,244,587	27,908,006	29,717,429
Interest paid	(8,360,270)	(9,887,972)	(8,339,282)	(9,886,233)
Proceeds from dividend	152,982	154,395	170,160	84,082
Income tax paid	(279,351)	(121,086)	(3,371)	(4,059)
Profit from operating before changes in operating assets and liabilities	17,122,930	19,677,141	15,991,822	18,005,968
<i>(Increase) decrease in operating assets</i>				
Interbank and money market items	(22,753,594)	(30,944,039)	(21,607,591)	(30,393,643)
Derivatives assets	(11,595,328)	7,478,524	(11,866,208)	8,698,658
Investment in securities for trading	(7,918,307)	6,328,164	(7,839,202)	6,339,248
Loans to customers	(33,166,537)	(18,194,041)	(32,775,739)	(18,024,043)
Properties for sale	1,857,784	2,217,353	1,857,784	2,217,353
Other assets	1,789,664	57,964	1,282,178	7,658,468
<i>Increase (decrease) in operating liabilities</i>				
Deposits	327,383	(1,664,987)	142,739	(1,240,659)
Interbank and money market items	10,779,853	20,614,042	12,988,047	20,106,896
Liability payable on demand	(7,286,231)	5,336,456	(7,286,440)	5,340,027
Liabilities to deliver security	(18,424)	(12,425)	-	-
Derivatives liabilities	9,758,437	(10,227,020)	9,357,549	(11,232,992)
Short-term debt issued and borrowings	(1,387,184)	(4,851,849)	(331,883)	(4,905,736)
Liabilities under insurance contracts	8,967,575	8,440,872	-	-
Other liabilities	181,680	(2,149,705)	310,432	(7,674,370)
Net cash (used in) from operating activities	(33,340,299)	2,106,450	(39,776,512)	(5,104,825)

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The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statement of cash flows (Unaudited)

	Consolidated		The Bank	
	Three month period ended		Three month period ended	
	31 March		31 March	
	2018	2017	2018	2017
	<i>(in thousand Baht)</i>			
Cash flows from investing activities				
Acquisition of available-for-sale securities	(80,424,482)	(166,963,676)	(50,676,828)	(129,960,276)
Proceeds from sales of available-for-sale securities	109,364,998	160,304,007	86,663,973	130,740,664
Acquisition of held-to-maturity securities	(1,256,473)	(264,600)	(237,321)	(264,600)
Proceeds from redemption of held-to-maturity securities	2,718,961	917,727	939,399	550,900
Acquisition of general securities	(62,147)	(32,992)	(54,169)	(32,992)
Acquisition of investments in subsidiaries and/or associate	-	-	(50)	-
Acquisition of premises and equipment	(553,432)	(526,183)	(539,333)	(520,783)
Proceeds from sales of premises and equipment	154,329	9,857	154,166	9,253
Acquisition of intangible assets	(1,400,711)	(239,485)	(1,369,654)	(211,028)
Net cash from (used in) investing activities	28,541,043	(6,795,345)	34,880,183	311,138
Cash flows from financing activities				
Proceeds from long-term debt issued	1,100,000	-	1,100,000	-
Repayment of long-term borrowings	(11,859)	-	(11,859)	-
Proceeds from long-term borrowings	45,586	-	45,586	-
Payment from acquisitions of non-controlling interests without a change in control	(50)	-	-	-
Net cash from financing activities	1,133,677	-	1,133,727	-
Losses arising from translating the financial statements of a foreign operation	(115,459)	(86,142)	-	-
Net decrease in cash	(3,781,038)	(4,775,037)	(3,762,602)	(4,793,687)
Cash at 1 January	40,797,176	40,488,512	40,591,037	40,317,033
Cash at 31 March	37,016,138	35,713,475	36,828,435	35,523,346

Supplementary disclosures of cash flow information

Significant non-cash items were as follows:

(Losses) gains on remeasuring available-for-sale investments	(1,926,637)	1,206,882	(131,116)	226,077
Losses arising from translating the financial statements of a foreign operation	(115,459)	(86,142)	-	-
Changes in hedge reserve	(219,014)	86,402	-	51,224
Properties for sale from loan payment	2,067,384	1,842,603	2,067,384	1,842,603

(Mr. Arthid Nanthawithaya)

President and Chief Executive Officer

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

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

The interim financial statements issued for Thai 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 financial statements, and both the English and Thai language financial statements were approved and authorised for issue by the directors on 14 May 2018.

1 General information

The Siam Commercial Bank Public Company Limited, the “Bank”, is incorporated in Thailand and has its registered office at 9 Ratchadapisek 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, Shanghai 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 31 March 2018 and 31 December 2017 are given in note 6.

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The interim financial statements are prepared on a condensed basis in accordance with Thai Accounting Standard (TAS) No. 34 (revised 2017) *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 interim financial statements are prepared to provide an update on the financial statements for the year ended 31 December 2017. They do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Bank and its subsidiaries for the year ended 31 December 2017.

The accounting policies and methods of computation applied in these interim financial statements are consistent with those applied in the financial statements for the year ended 31 December 2017 except that the Bank and its subsidiaries have adopted all revised TFRS that are effective for annual periods beginning on or after 1 January 2018. The adoption of these revised TFRS did not have any material effect on the accounting policies, methods of computation, financial performance or position of the Bank and its subsidiaries.

In addition to the above new and revised TFRS, The FAP has issued TFRS 15 *Revenue from Contracts with Customers* which is effective for annual periods beginning on or after 1 January 2019. The Bank and its subsidiaries have not early adopted this standard in preparing these interim financial statements.

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TFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. Revenue should be recognised when (or as) an entity transfers control over goods or services to a customer, measured at the amount to which the entity expects to be entitled. It replaces existing revenue recognition standards as follows:

- TAS 11 (revised 2017) *Construction Contracts*,
- TAS 18 (revised 2017) *Revenue*,
- TSIC 31 (revised 2017) *Revenue-Barter Transactions Involving Advertising Services*,
- TFRIC 13 (revised 2017) *Customer Loyalty Programmes*,
- TFRIC 15 (revised 2017) *Agreements for the Construction of Real Estate*, and
- TFRIC 18 (revised 2017) *Transfers of Assets from Customers*.

Management is presently considering the potential impact of adopting and initially applying TFRS 15 on the consolidated and Bank's financial statements.

(b) *Functional and presentation currency*

The interim financial statements are prepared and presented in Thai Baht, which is the Bank and its subsidiaries' functional currency.

(c) *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.

In preparing these interim financial statements, the significant judgments made by management in applying the Bank and its subsidiaries' accounting policies and the key sources of estimation uncertainty were the same as those that applied to the financial statements for the year ended 31 December 2017.

(d) *Basis of preparation of the consolidated financial statements*

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.

3 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 chief financial officer.

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 these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

Significant valuation issues are reported to the Bank's Audit Committee.

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When measuring the fair value of an asset or a liability, the Bank and its subsidiaries use observable market 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 levels of the fair value hierarchy during the period ended 31 March 2018.

Carrying amounts and fair values

The following table shows the carrying amounts and fair values of financial assets and financial liabilities, including their levels in the fair value hierarchy for financial instruments measured at fair value. It does not include fair value information for financial assets and financial liabilities not measured at fair value if the carrying amount is a reasonable approximation of fair value.

3.1 Financial instruments measured at fair value

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

	Consolidated			The Bank		
	Level 1	Fair value Level 2	Total	Level 1	Fair value Level 2	Total
<i>(in million Baht)</i>						
31 March 2018						
Financial assets						
Derivatives assets						
- Foreign exchange rate	-	36,847	36,847	-	36,687	36,687
- Interest rate	-	16,111	16,111	-	16,031	16,031
- Others	-	601	601	-	3,298	3,298
Total	-	53,559	53,559	-	56,016	56,016
Investments						
- Trading securities	6,599	16,950	23,549	-	16,933	16,933
- Available-for-sale securities	22,241	378,934	401,175	8,427	232,484	240,911
Total	28,840	395,884	424,724	8,427	249,417	257,844
Total financial assets	28,840	449,443	478,283	8,427	305,433	313,860
Financial liabilities						
Derivatives liabilities						
- Foreign exchange rate	-	35,793	35,793	-	36,544	36,544
- Interest rate	-	14,543	14,543	-	14,250	14,250
- Others	457	3,334	3,791	-	3,088	3,088
Total financial liabilities	457	53,670	54,127	-	53,882	53,882

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	Consolidated			The Bank		
	Level 1	Fair value Level 2	Total	Level 1	Fair value Level 2	Total
31 December 2017						
Financial assets						
Derivatives assets						
- Foreign exchange rate	-	26,362	26,362	-	26,728	26,728
- Interest rate	-	15,749	15,749	-	15,583	15,583
- Others	-	195	195	-	2,531	2,531
Total	-	42,306	42,306	-	44,842	44,842
Investments						
- Trading securities	7,066	9,127	16,193	-	9,101	9,101
- Available-for-sale securities	21,863	410,201	432,064	8,482	268,383	276,865
Total	28,929	419,328	448,257	8,482	277,484	285,966
Total financial assets	28,929	461,634	490,563	8,482	322,326	330,808
Financial liabilities						
Derivatives liabilities						
- Foreign exchange rate	-	24,526	24,526	-	27,519	27,519
- Interest rate	-	14,398	14,398	-	14,351	14,351
- Others	278	5,524	5,802	-	2,493	2,493
Total financial liabilities	278	44,448	44,726	-	44,363	44,363

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

Level 2 fair values for over-the-counter derivative financial instruments are derived using broker quotes in active markets. Fair values reflect the credit risk of the counterparty.

3.2 Financial instruments not measured 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 31 March 2018 and 31 December 2017 were as follows:

	Consolidated		The Bank	
	Carrying amount	Fair value Level 2	Carrying amount	Fair value Level 2
31 March 2018				
Financial assets				
Derivatives assets	1,001	990	1,001	990
Held-to-maturity securities	119,091	131,929	10,925	11,986
Financial liabilities				
Derivatives liabilities	839	795	839	795

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	Consolidated		The Bank	
	Carrying amount	Fair value Level 2	Carrying amount	Fair value Level 2
31 December 2017				
Financial assets				
Derivatives assets	1,193	692	1,193	692
Held-to-maturity securities	120,671	134,404	11,637	12,749
Financial liabilities				
Derivatives liabilities	258	285	258	285

(in million Baht)

The following methods and assumptions are used 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, where available. Fair values of derivatives in an illiquid market are obtained using an average price (quoted from several reliable sources), valuation technique and a benchmark price of instruments which have similar characteristics, as appropriate.
Investments:	<p>The following methodologies are used to determine the fair value of securities held by the Bank.</p> <ul style="list-style-type: none"> - The fair value of debt securities is estimated based on the Thai Bond Market Association's last average bid price. In situations where no auction prices are available, the fair value is estimated based on the last executed price. For debt securities with no active market price, the fair value is estimated based on the yield curve of debt securities plus a risk premium. - The bidding prices at The Stock Exchange of Thailand on the last business day of the period are used to estimate the fair value of listed private sector equity securities and listed unit trust. - The fair value of non-listed unit trusts is estimated based on the net asset value at the reporting date. - The fair value of foreign debt and equity securities listed on foreign stock exchanges is estimated by using the bid prices at such exchanges as of the last business day of the period. The fair value of non-listed foreign debt and equity securities is determined based on values quoted by reliable international financial institutions.
Loans to customers and accrued interest receivables:	<ul style="list-style-type: none"> - For variable-rate loans that are repriced frequently and have no significant change in credit risk, fair values are based on carrying amount. - 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.

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Deposits and interbank and money market items (Liabilities):	<ul style="list-style-type: none"> - The carrying amount disclosed for deposits which are payable on demand by the depositor, are equal to the fair value of such deposits. - Fair values for fixed-deposits are estimated using a discounted cash flow calculation that applies interest rates currently being offered on similar deposits. - The carrying amount of interbank and money market items approximates their fair value.
Liabilities payable on demand:	The carrying amount of liabilities payable on demand approximates fair value.
Debt issued and borrowings:	<ul style="list-style-type: none"> - The carrying amounts of short-term borrowings maturing within 90 days approximate their fair values. - Fair values of other borrowings are estimated using discounted cash flow analyses based on the Bank's current borrowing rates for similar types of borrowing arrangements.

4 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 and its subsidiaries' assets, liabilities and certain off-financial reporting items as calculated in accordance with regulatory practices. The Bank 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 8 May 2015, the Bank is required to calculate its Capital Fund in accordance with Basel III. As at 31 March 2018 and 31 December 2017, the Consolidated Supervision group and the Bank's total capital funds were categorised as follows:

	Basel III	
	Consolidated Supervision	
	31 March 2018	31 December 2017
	<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	265,905	265,905
Disclosed reserves		
Other comprehensive income	18,934	20,476
Other owner changes items	(2,365)	(2,365)
Capital deduction items on CET1	(20,009)	(14,193)
Total Tier 1 capital	<u>314,581</u>	<u>321,939</u>

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	Basel III	
	Consolidated Supervision	
	31 March 2018	31 December 2017
	<i>(in million Baht)</i>	
Tier 2 capital		
Subordinated debt	20,000	20,000
Allowance for classified assets of “normal” category	22,909	22,564
Total Tier 2 capital	<u>42,909</u>	<u>42,564</u>
Total capital funds	<u>357,490</u>	<u>364,503</u>
Total risk weighted assets	2,085,530	2,055,938
Total capital / Total risk weighted assets (minimum 10.375%*)	17.1%	17.7%
Total Tier 1 capital / Total risk weighted assets (minimum 7.875%*)	15.1%	15.6%
Total Tier 1 common equity / Total risk weighted assets (minimum 6.375%*)	15.1%	15.6%
Total Tier 2 capital / Total risk weighted assets	2.0%	2.1%
* 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	357,490	363,997
Capital ratio after deducting capital add-on arising from Single Lending Limit	17.1%	17.7%

	Basel III	
	The Bank	
	31 March 2018	31 December 2017
	<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	242,348	242,348
Other comprehensive income	16,409	16,596
Capital deduction items on CET1	(13,649)	(11,082)
Total Tier 1 capital	<u>297,224</u>	<u>299,978</u>
Tier 2 capital		
Subordinated debt	20,000	20,000
Allowance for classified assets of “normal” category	22,129	21,754
Total Tier 2 capital	<u>42,129</u>	<u>41,754</u>
Total capital funds	<u>339,353</u>	<u>341,732</u>
Total risk weighted assets	2,016,547	1,984,315
Total capital / Total risk weighted assets (minimum 10.375%*)	16.8%	17.2%
Total Tier 1 capital / Total risk weighted assets (minimum 7.875%*)	14.7%	15.1%
Total Tier 1 common equity / Total risk weighted assets (minimum 6.375%*)	14.7%	15.1%
Total Tier 2 capital / Total risk weighted assets	2.1%	2.1%
* 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	339,353	341,029
Capital ratio after deducting capital add-on arising from Single Lending Limit	16.8%	17.2%

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Disclosures of capital maintenance information under Bank of Thailand Notification number Sor Nor Sor 4/2556 dated 2 May 2013 on the Public Disclosures of Capital Maintenance for Commercial Banks and Bank of Thailand Notification number Sor Nor Sor 5/2556 dated 2 May 2013 on the Public Disclosures of Capital Maintenance for Financial Group, were as follows:

Location of disclosure	The Bank's website under Investor Relations section at http://www.scb.co.th/en/about-scb/investor-relations/financial-information/pillar
Date of disclosure	Within 4 months after the period end date as indicated in the notifications
Information as of	31 December 2017

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.

5 Investments, net

5.1 Classification of investments in securities

As at 31 March 2018 and 31 December 2017, the investments in securities of the Bank and its subsidiaries were classified as follows:

	Consolidated		The Bank	
	31 March 2018 Fair value	31 December 2017 Fair value	31 March 2018 Fair value	31 December 2017 Fair value
	<i>(in million Baht)</i>			
Trading securities				
Government and state enterprise securities	16,119	9,089	16,102	9,063
Corporate debt securities	831	38	831	38
Domestic equity securities	6,599	7,066	-	-
Total	23,549	16,193	16,933	9,101

	Consolidated		The Bank	
	31 March 2018 Fair value	31 December 2017 Fair value	31 March 2018 Fair value	31 December 2017 Fair value
	<i>(in million Baht)</i>			
Available-for-sale securities				
Government and state enterprise securities	329,950	362,079	228,101	265,702
Corporate debt securities	35,800	37,224	-	-
Foreign debt securities	13,184	10,898	4,383	2,681
Domestic equity securities	20,630	20,248	6,816	6,867
Foreign equity securities	1,611	1,615	1,611	1,615
Total	401,175	432,064	240,911	276,865

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	Consolidated		The Bank	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
	Cost / Amortised cost	Cost / Amortised cost	Cost / Amortised cost	Cost / Amortised cost
	<i>(in million Baht)</i>			
Held-to-maturity securities				
Government and state enterprise securities	117,554	119,125	10,287	10,992
Corporate debt securities	36	36	401	399
Foreign debt securities	237	246	237	246
Other securities	1,300	1,300	-	-
Total	119,127	120,707	10,925	11,637
<i>Less</i> allowance for impairment	(36)	(36)	-	-
Total	119,091	120,671	10,925	11,637
	Consolidated		The Bank	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
	Cost	Cost	Cost	Cost
	<i>(in million Baht)</i>			
General investments				
Domestic non-marketable equity securities	1,080	1,092	1,061	1,079
Foreign non-marketable equity securities	579	532	579	532
Total	1,659	1,624	1,640	1,611
<i>Less</i> allowance for impairment	(156)	(181)	(156)	(181)
Total	1,503	1,443	1,484	1,430
Total investments, net	545,318	570,371	270,253	299,033

5.2 Investments in companies with problems in their financial positions

As at 31 March 2018, 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 2017: Baht 59 million)

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6 Investments in subsidiaries and associate, net

As at 31 March 2018 and 31 December 2017, the Bank and its subsidiaries had an investment in associate, net of any impairment provisions, as follows:

		Direct and indirect shareholding		Consolidated Investment value			
				Cost method		Equity method	
Type of business	Type of share	31 March 2018	31 December 2017	31 March 2018	31 December 2017	31 March 2018	31 December 2017
		(%)		<i>(in million Baht)</i>			
Associate							
Other							
Sahaviriya Steel Industries PCL*	Steel industry Common	40.2	-	-	-	-	-
Total investments in associate, net				-	-	-	-

* On 28 March 2018, the Bank has acquired 4,469,534,816 ordinary shares in Sahaviriya Steel Industries Public Company Limited (SSI) at 0.05 Baht per share, which equals to 223,476,740.80 Baht or 40.22 percent of total issued and paid-up shares of SSI, in accordance with debt-to-equity swap under the rehabilitation plan. However, the financial position of SSI had significant capital deficiencies, therefore, the valuation of investment under cost method for accounting record is 1 Baht

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As at 31 March 2018 and 31 December 2017, the Bank had investments in subsidiaries and associate, net of impairment provisions, as follows:

			The Bank				
			Direct shareholding		Investment value Cost method		
	Type of business	Type of share	31 March 2018	31 December 2017	31 March 2018	31 December 2017	
			(%)		(in million Baht)		
Subsidiaries							
Finance & Insurance							
	Cambodian Commercial Bank Ltd.	Banking	Common	100.0	100.0	2,688	2,688
	Rutchayothin Assets Management Co., Ltd.	Asset management	Common	100.0	100.0	25	25
	SCB Securities Co., Ltd.	Securities	Common	100.0	100.0	2,207	2,207
	SCB Asset Management Co., Ltd.	Asset management	Common	100.0	100.0	222	222
	Siam Commercial Leasing PCL*	Collection	Common	99.4	99.4	1,533	1,533
	SCB Life Assurance PCL	Life insurance	Common	99.2	99.2	12,540	12,540
Services							
	SCB Training Centre Co., Ltd.	Training center	Common	100.0	100.0	390	390
	Siam Phitiwat Co., Ltd.*	Appraisal services	Common	100.0	100.0	10	10
	SCB Plus Co., Ltd.	Collection	Common	100.0	100.0	1	1
	SCB Protect Co., Ltd.	Non-life insurance broker	Common	100.0	100.0	2	2
	SCB Abacus Co., Ltd.	Data analytics	Common	100.0	100.0	10	10
Other							
	Sor. Or. Kor. PCL*	Commercial	Common	99.7	99.7	583	583
Indirect subsidiaries							
	Mahisorn Co., Ltd.**	Property management	Common	-	-	-	-
	Digital Ventures Co., Ltd.***	Financial technology and venture capital	Common	-	-	-	-
Associate							
Other							
	Sahaviriya Steel Industries PCL****	Steel industry	Common	40.2	-	-	-
Total						20,211	20,211
Less allowance for impairment						(2,194)	(2,194)
Total investments in subsidiaries and associate, net						18,017	18,017

* The Company is under liquidation

** Subsidiary of SCB Plus Co., Ltd. (100% shareholding)

*** Subsidiary of SCB Securities Co., Ltd. (100% shareholding)

**** On 28 March 2018, the Bank has acquired 4,469,534,816 ordinary shares in Sahaviriya Steel Industries Public Company Limited (SSI) at 0.05 Baht per share, which equals to 223,476,740.80 Baht or 40.22 percent of total issued and paid-up shares of SSI, in accordance with debt-to-equity swap under the rehabilitation plan. However, the financial position of SSI had significant capital deficiencies, therefore, the valuation of investment under cost method for accounting record is 1 Baht

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

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7 Loans to customers and accrued interest receivables, net

7.1 Classified by business type and quality of loan classification as at 31 March 2018 and 31 December 2017

	Consolidated												
	31 March 2018						31 December 2017						
	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	16,636	2,243	106	357	170	19,512	16,625	2,290	336	124	179	19,554	
Manufacturing and commercial	574,769	14,765	4,674	4,016	22,573	620,797	565,471	16,976	5,043	3,684	21,559	612,733	
Real estate and construction	146,604	3,192	948	399	3,499	154,642	140,789	3,210	952	655	3,517	149,123	
Utilities and services	346,952	1,966	444	960	4,480	354,802	338,868	1,493	1,023	1,209	3,701	346,294	
Housing loans	519,476	11,257	5,059	5,439	4,416	545,647	514,815	12,329	6,042	5,649	3,729	542,564	
Others	344,651	15,100	3,463	2,209	2,628	368,051	340,964	15,342	3,718	2,108	2,332	364,464	
Total *	1,949,088	48,523	14,694	13,380	37,766	2,063,451	1,917,532	51,640	17,114	13,429	35,017	2,034,732	

	The Bank												
	31 March 2018						31 December 2017						
	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	16,619	2,243	106	357	170	19,495	16,571	2,290	336	124	179	19,500	
Manufacturing and commercial	572,610	14,712	4,674	4,016	22,573	618,585	563,091	16,976	5,043	3,684	21,559	610,353	
Real estate and construction	146,599	3,192	948	399	2,535	153,673	140,786	3,210	952	655	2,553	148,156	
Utilities and services	346,893	1,966	444	960	4,480	354,743	338,798	1,493	1,023	1,209	3,701	346,224	
Housing loans	519,425	11,257	5,059	5,439	4,416	545,596	514,764	12,329	6,042	5,649	3,729	542,513	
Others	333,963	15,100	3,463	2,209	2,569	357,304	330,879	15,342	3,718	2,108	2,273	354,320	
Total *	1,936,109	48,470	14,694	13,380	36,743	2,049,396	1,904,889	51,640	17,114	13,429	33,994	2,021,066	

* Net of deferred revenue, excludes accrued interest receivables

7.2 Loans to listed companies identified for delisting

	Consolidated and the Bank								
	31 March 2018					31 December 2017			
	Loans and accrued		Collateral provision			Loans and accrued		Collateral provision	
	No. of companies	interest receivables*	Amount of	Amount of	No. of companies	interest receivables*	Amount of	Amount of	
	<i>(in million Baht)</i>								
Listed companies identified for delisting	2	11,822	5,917	9,771	2	12,045	5,914	9,771	

* Including loans to financial institutions but excluding other expenses

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7.3 Non-Performing Loans

As at 31 March 2018 and 31 December 2017, the Bank used the guidelines specified in the BoT's notification dated 10 June 2016 in determining Non-Performing Loans which consist of loans classified as sub-standard, doubtful, doubtful loss and loss under the BoT's guideline. The amounts were as follows:

	Consolidated		The Bank	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
	<i>(in million Baht)</i>			
Non-Performing Loans (net of allowance for doubtful accounts)	35,929	35,592	35,626	35,289
% of Non-Performing Loans to total loans (net)	1.5	1.6	1.5	1.6
Non-Performing Loans (gross)	65,840	65,560	64,817	64,537
% of Non-Performing Loans to total loans	2.8	2.8	2.7	2.8

As at 31 March 2018, Rutchayothin Assets Management Co., Ltd. which is a subsidiary of the Bank, had Non-Performing Loans of Baht 433 million (*31 December 2017: Baht 433 million*). However, the Non-Performing Loans based on principal of loan purchased from the Bank and its subsidiaries as at 31 March 2018 was Baht 964 million (*31 December 2017: Baht 964 million*).

7.4 Classified assets

The Bank and its subsidiaries had classified assets as at 31 March 2018 and 31 December 2017 as follows:

	Consolidated					Total
	31 March 2018					
	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	1,952,900	315,684	-	-	16	2,268,600
Special Mention	48,628	-	-	-	4	48,632
Sub-Standard	14,720	-	-	-	3	14,723
Doubtful	13,380	-	-	-	5	13,385
Doubtful Loss	37,773	-	3,520	451	1,055	42,799
	2,067,401	315,684	3,520	451	1,083	2,388,139

* Net of deferred revenue

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Consolidated						
31 December 2017						
	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	1,920,725	281,672	-	-	16	2,202,413
Special Mention	51,721	-	-	-	4	51,725
Sub-Standard	17,161	-	-	-	3	17,164
Doubtful	13,429	-	-	-	6	13,435
Doubtful Loss	35,024	-	2,051	444	1,096	38,615
	<u>2,038,060</u>	<u>281,672</u>	<u>2,051</u>	<u>444</u>	<u>1,125</u>	<u>2,323,352</u>

The Bank						
31 March 2018						
	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	1,939,605	308,000	-	-	16	2,247,621
Special Mention	48,574	-	-	-	4	48,578
Sub-Standard	14,720	-	-	-	3	14,723
Doubtful	13,380	-	-	-	5	13,385
Doubtful Loss	36,743	-	2,658	446	1,033	40,880
	<u>2,053,022</u>	<u>308,000</u>	<u>2,658</u>	<u>446</u>	<u>1,061</u>	<u>2,365,187</u>

The Bank						
31 December 2017						
	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	1,907,725	274,343	-	-	16	2,182,084
Special Mention	51,721	-	-	-	4	51,725
Sub-Standard	17,161	-	-	-	3	17,164
Doubtful	13,429	-	-	-	6	13,435
Doubtful Loss	33,994	-	2,550	441	1,073	38,058
	<u>2,024,030</u>	<u>274,343</u>	<u>2,550</u>	<u>441</u>	<u>1,102</u>	<u>2,302,466</u>

* Net of deferred revenue

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7.5 Allowance for doubtful accounts

7.5.1 Loans classified by quality as at 31 March 2018 and 31 December 2017 (inclusive of accrued interest receivables)

	Consolidated							Total
	31 March 2018							
	Individual approach (All loans except for finance leases)				Collective approach (Finance leases)			
	Net amount used to							
Loans and accrued interest receivables <i>(in million Baht)</i>	set the allowance for doubtful accounts	% used for setting the allowance	Allowance for doubtful accounts***	Loans and accrued interest receivables <i>(in million Baht)</i>	Allowance for doubtful accounts***			
Minimum allowance of BoT regulations								
- Normal	1,779,498	1,752,743*	1	17,421	173,402	2,826	20,247	
- Special Mention	38,147	37,267*	2	745	10,481	2,320	3,065	
- Sub-Standard	13,903	6,044**	100	6,044	817	404	6,448	
- Doubtful	12,839	4,275**	100	4,275	541	263	4,538	
- Doubtful Loss	35,981	18,447**	100	18,447	1,792	830	19,277	
Total	1,880,368	1,818,776		46,932	187,033	6,643	53,575	
Allowance established in excess of BoT regulations							35,588	
Total							89,163	

	Consolidated							Total
	31 December 2017							
	Individual approach (All loans except for finance leases)				Collective approach (Finance leases)			
	Net amount used to							
Loans and accrued interest receivables <i>(in million Baht)</i>	set the allowance for doubtful accounts	% used for setting the allowance	Allowance for doubtful accounts***	Loans and accrued interest receivables <i>(in million Baht)</i>	Allowance for doubtful accounts***			
Minimum allowance of BoT regulations								
- Normal	1,754,409	1,727,479*	1	17,173	166,316	2,791	19,964	
- Special Mention	41,422	40,650*	2	813	10,299	2,412	3,225	
- Sub-Standard	16,222	7,488**	100	7,488	939	473	7,961	
- Doubtful	12,807	3,855**	100	3,855	622	308	4,163	
- Doubtful Loss	33,320	17,423**	100	17,423	1,704	783	18,206	
Total	1,858,180	1,796,895		46,752	179,880	6,767	53,519	
Allowance established in excess of BoT regulations							32,180	
Total							85,699	

* 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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The Bank							
31 March 2018							
	Individual approach (All loans except for finance leases)			Collective approach (Finance leases)			
	Net amount used to						
	Loans and accrued interest receivables <i>(in million Baht)</i>	set the allowance for doubtful accounts	% used for setting the allowance	Allowance for doubtful accounts***	Loans and accrued interest receivables <i>(in million Baht)</i>	Allowance for doubtful accounts***	Total
Minimum allowance of BoT regulations							
- Normal	1,766,203	1,739,765*	1	17,398	173,402	2,826	20,224
- Special Mention	38,093	37,213*	2	744	10,481	2,320	3,064
- Sub-Standard	13,903	6,044**	100	6,044	817	404	6,448
- Doubtful	12,839	4,275**	100	4,275	541	263	4,538
- Doubtful Loss	34,951	17,718**	100	17,718	1,792	830	18,548
Total	<u>1,865,989</u>	<u>1,805,015</u>		<u>46,179</u>	<u>187,033</u>	<u>6,643</u>	52,822
Allowance established in excess of BoT regulations							<u>35,577</u>
Total							<u>88,399</u>

The Bank							
31 December 2017							
	Individual approach (All loans except for finance leases)			Collective approach (Finance leases)			
	Net amount used to						
	Loans and accrued interest receivables <i>(in million Baht)</i>	set the allowance for doubtful accounts	% used for setting the allowance	Allowance for doubtful accounts***	Loans and accrued interest receivables <i>(in million Baht)</i>	Allowance for doubtful accounts***	Total
Minimum allowance of BoT regulations							
- Normal	1,741,409	1,714,836*	1	17,148	166,316	2,791	19,939
- Special Mention	41,422	40,650*	2	813	10,299	2,412	3,225
- Sub-Standard	16,222	7,488**	100	7,488	939	473	7,961
- Doubtful	12,807	3,855**	100	3,855	622	308	4,163
- Doubtful Loss	32,290	16,694**	100	16,694	1,704	783	17,477
Total	<u>1,844,150</u>	<u>1,783,523</u>		<u>45,998</u>	<u>179,880</u>	<u>6,767</u>	52,765
Allowance established in excess of BoT regulations							<u>32,171</u>
Total							<u>84,936</u>

* 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 31 March 2018 and 31 December 2017 and in compliance with the BoT's guidelines, including an assessment for "Possible Impaired Loans", as directed by them. The aggregate allowance is based on both quantitative criteria noted above and qualitative criteria that reflects management judgment.

7.5.2 Changes to the allowance for doubtful accounts

As at 31 March 2018 and 31 December 2017, the changes to the allowance for doubtful accounts were as follows:

	Consolidated 31 March 2018					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 2018	19,964	3,225	7,961	4,163	18,206	32,180	85,699
Bad debt and doubtful accounts	284	(160)	(1,513)	375	3,313	3,472	5,771
Bad debts written off	-	-	-	-	(2,242)	-	(2,242)
Others	(1)	-	-	-	-	(64)	(65)
As at 31 March 2018	20,247	3,065	6,448	4,538	19,277	35,588	89,163

	Consolidated 31 December 2017					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 2017	19,184	3,000	9,654	3,153	15,641	22,721	73,353
Bad debt and doubtful accounts	783	225	(1,693)	1,010	17,640	9,817	27,782
Bad debts written off	-	-	-	-	(15,075)	-	(15,075)
Others	(3)	-	-	-	-	(358)	(361)
As at 31 December 2017	19,964	3,225	7,961	4,163	18,206	32,180	85,699

	The Bank 31 March 2018					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 2018	19,939	3,225	7,961	4,163	17,477	32,171	84,936
Bad debt and doubtful accounts	285	(161)	(1,513)	375	3,313	3,470	5,769
Bad debts written off	-	-	-	-	(2,242)	-	(2,242)
Others	-	-	-	-	-	(64)	(64)
As at 31 March 2018	20,224	3,064	6,448	4,538	18,548	35,577	88,399

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The Bank							
31 December 2017							
	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 2017	19,155	3,000	9,654	3,153	14,946	22,716	72,624
Bad debt and doubtful accounts	784	225	(1,693)	1,010	17,606	9,813	27,745
Bad debts written off	-	-	-	-	(15,075)	-	(15,075)
Others	-	-	-	-	-	(358)	(358)
As at 31 December 2017	19,939	3,225	7,961	4,163	17,477	32,171	84,936

8 Troubled debt restructuring

During the three-month periods ended 31 March 2018 and 2017, troubled debt restructuring was as follows:

Types of debt restructuring	Consolidated and the Bank								
	No. of accounts		Outstanding debts				Transferred assets		
	2018	2017	Before debt restructuring	After debt restructuring		Types	Fair value		
			2018	2017	2018	2017		2018	2017
				<i>(in million Baht)</i>			<i>(in million Baht)</i>		
Transfers of assets	-	1	-	11	-	11	Immovable properties	-	2
Debt restructuring in various forms	1	9	5	128	5	110			
Changes of repayment conditions	1,083	1,437	1,739	1,943	1,733	1,784			
Total	1,084	1,447	1,744	2,082	1,738	1,905			

As at 31 March 2018 and 31 December 2017, the Bank and its subsidiaries had outstanding balances relating to troubled debt restructuring loans as follows:

	Consolidated and the Bank			
	31 March 2018		31 December 2017	
	No. of accounts	Outstanding debts	No. of accounts	Outstanding debts
	<i>(in million Baht)</i>		<i>(in million Baht)</i>	
Restructuring loans which were classified as NPL	1,592	7,800	1,804	8,595
Restructuring loans which were not classified as NPL	13,338	26,886	13,307	27,128
Total	14,930	34,686	15,111	35,723

Supplementary information relating to restructuring loans for the three-month periods ended 31 March 2018 and 2017 is as follows:

	Consolidated and the Bank	
	2018	2017
	<i>(in million Baht)</i>	
Interest income recognised in the statement of profit or loss and other comprehensive income	253	354

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Revaluation allowance for debt restructuring

As at 31 March 2018 and 31 December 2017, the changes to the revaluation allowance for debt restructuring was as follows:

	Consolidated and the Bank	
	31 March 2018	31 December 2017
	<i>(in million Baht)</i>	
Beginning balance	4,291	4,004
(Decrease) increase during the period/year	(10)	287
Ending balance	4,281	4,291

9 Liabilities under insurance contracts

As at 31 March 2018 and 31 December 2017, liabilities under insurance contracts were as follows:

	Consolidated	
	31 March 2018	31 December 2017
	<i>(in million Baht)</i>	
SCB Life Assurance PCL		
Long-term technical reserves	256,278	247,319
Short-term technical reserves	934	926
Total	257,212	248,245

Long-term technical reserves

	Consolidated	
	31 March 2018	31 December 2017
	<i>(in million Baht)</i>	
Beginning balance	247,319	215,958
Reserve increase from new and inforce policies in the period/year	12,575	43,796
Reserve released for benefit payments, lapse and cancellation in the period/year	(3,616)	(12,435)
Ending balance	256,278	247,319

10 Assets pledged as collateral and under restriction

As at 31 March 2018 and 31 December 2017, assets pledged as collateral and under restriction were as follows:

	Consolidated		The Bank	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
	<i>(in million Baht)</i>			
Government securities pledged for life policy reserve	64,490	53,092	-	-
Securities pledged as collateral for repurchase	32,742	26,179	32,742	26,179
Others	245	211	156	156
Total	97,477	79,482	32,898	26,335

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11 Contingencies

As at 31 March 2018 and 31 December 2017, contingencies were as follows:

	Consolidated		The Bank	
	31 March 2018	31 December 2017	31 March 2018	31 December 2017
	<i>(in million Baht)</i>			
Avals to bills	6,116	4,195	6,116	4,195
Guarantees of loans	14,681	14,476	13,994	13,757
Liability under unmatured import bills	8,620	6,794	8,620	6,794
Letters of credit	24,231	22,256	23,819	21,779
Other contingencies				
- Amount of unused bank overdrafts	179,988	179,213	179,145	178,446
- Other guarantees	174,498	176,112	173,462	175,127
- Receivables / payables from investments	9,320	3,232	8,313	3,212
- Others	24,779	28,232	21,279	24,032
Total	442,233	434,510	434,748	427,342

As at 31 March 2018, 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 2017: Baht 3 million).

12 Related parties

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

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

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12.1 Loans, deposits, borrowings and contingencies

Loans, deposits, borrowings and contingencies to related parties or persons as at 31 March 2018 and 31 December 2017 were as follows:

	Consolidated			
	31 March 2018			
	Loans	Deposits	Borrowings	Contingencies
	<i>(in million Baht)</i>			
Associate	9,634	93	-	140
Related companies (Shareholding through other companies' debt restructuring process)	-	-	-	1
Major shareholders (more than 10% ownership)	-	8,679	-	-
Entities in which the directors, management or close members of their families have significant influence	3,994	19,085	1,015	1,730
Directors and key executive officers	151	1,432	24	-
Total	13,779	29,289	1,039	1,871

	Consolidated			
	31 December 2017			
	Loans	Deposits	Borrowings	Contingencies
	<i>(in million Baht)</i>			
Related companies (Shareholding through other companies' debt restructuring process)	-	-	-	1
Major shareholders (more than 10% ownership)	-	21,393	-	-
Entities in which the directors, management or close members of their families have significant influence	7,355	53,693	1,015	2,774
Directors and key executive officers	176	1,434	23	-
Total	7,531	76,520	1,038	2,775

	The Bank				
	31 March 2018				
	Investments	Loans	Deposits	Borrowings	Contingencies
	<i>(in million Baht)</i>				
Subsidiaries					
Finance & Insurance	401	1,800	3,669	1,611	18,106
Others	-	-	433	-	-
Total subsidiaries	401	1,800	4,102	1,611	18,106
Associate	-	9,634	93	-	140
Related companies (Shareholding through other companies' debt restructuring process)	-	-	-	-	1
Major shareholders (more than 10% ownership)	-	-	8,679	-	-
Entities in which the directors, management or close members of their families have significant influence	-	3,994	19,085	1,015	1,730
Directors and key executive officers	-	151	1,432	24	-
Total	401	15,579	33,391	2,650	19,977

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	The Bank				
	31 December 2017				
	Investments	Loans	Deposits	Borrowings	Contingencies
	<i>(in million Baht)</i>				
Subsidiaries					
Finance & Insurance	399	1,500	1,930	1,821	17,642
Others	-	-	165	-	-
Total subsidiaries	399	1,500	2,095	1,821	17,642
Related companies (Shareholding through other companies' debt restructuring process)	-	-	-	-	1
Major shareholders (more than 10% ownership)	-	-	21,393	-	-
Entities in which the directors, management or close members of their families have significant influence	-	7,355	53,693	1,015	2,774
Directors and key executive officers	-	176	1,434	23	-
Total	399	9,031	78,615	2,859	20,417

12.2 Income and expenses

Significant income and expenses between the Bank and its subsidiaries, associate and related companies for the three-month periods ended 31 March 2018 and 2017 were as follows:

	Consolidated							
	2018				2017			
	Income		Expenses		Income		Expenses	
	Interest	Others	Interest	Others	Interest	Others	Interest	Others
	<i>(in million Baht)</i>							
Associate	-	-	-	-	-	-	1	7
Major shareholders	-	-	46	14	-	-	31	5
Entities in which the directors, management or close members of their families have significant influence	17	-	81	-	10	-	107	-
Directors and key executive officers	1	-	2	-	1	-	3	-
	The Bank							
	2018				2017			
	Income		Expenses		Income		Expenses	
	Interest	Others	Interest	Others	Interest	Others	Interest	Others
	<i>(in million Baht)</i>							
Subsidiaries	28	2,275	15	1,592	2	2,938	30	826
Associate	-	-	-	-	-	-	1	7
Major shareholders	-	-	46	14	-	-	31	5
Entities in which the directors, management or close members of their families have significant influence	17	-	81	-	10	-	107	-
Directors and key executive officers	1	-	2	-	1	-	3	-

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13 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 and its subsidiaries, holding the position of Executive Vice President or higher.

The Bank and its subsidiaries have 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 and its subsidiaries' regulations.

<i>For the three-month period ended 31 March</i>	Consolidated		The Bank	
	2018	2017	2018	2017
	<i>(in million Baht)</i>			
Short-term employee benefits	635	680	537	594
Post-employment benefits	9	-	8	-
Total	644	680	545	594

14 Operating segments

As at 31 March 2018 and 2017, 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 three main lines of business: the Corporate Segment which serves corporate and commercial customers; the SME Segment which serves SME customers; and the Retail Segment which serves individuals and small businesses. 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' interbank and money market items and investments, that is not allocated to a specific business unit, are presented under the "Life Insurance" and "Others" column. 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 Bank has determined that the Chief Operating Decision Maker is the Executive Committee. Financial information of the business segments measured on a basis that is consistent with internal reporting was as follows:

<i>For the three-month period ended 31 March 2018</i>	Corporate Segment	SME Segment	Retail Segment	Consolidated			Total
				Life insurance	Others	Elimination	
	<i>(in million Baht)</i>						
Net interest income	3,858	3,679	10,455	2,464	2,876	-	23,332
Non-interest income, net	2,658	771	6,492	313	3,002	(1,190)	12,046
Total operating income	6,516	4,450	16,947	2,777	5,878	(1,190)	35,378
Total operating expenses	(1,804)	(1,643)	(9,220)	(580)	(4,125)	1,142	(16,230)
Profit before impairment loss and income tax	4,712	2,807	7,727	2,197	1,753	(48)	19,148
Impairment loss and income tax							(7,769)
Net profit							11,379

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<i>For the three-month period ended 31 March 2017</i>	Corporate Segment	SME Segment	Retail Segment	Consolidated			Total
				Life insurance	Others	Elimination	
				<i>(in million Baht)</i>			
Net interest income	3,860	3,927	10,304	2,178	2,292	-	22,561
Non-interest income, net	1,853	839	6,505	383	2,196	(1,152)	10,624
Total operating income	5,713	4,766	16,809	2,561	4,488	(1,152)	33,185
Total operating expenses	(1,703)	(1,641)	(8,005)	(594)	(2,619)	1,100	(13,462)
Profit before impairment loss and income tax	4,010	3,125	8,804	1,967	1,869	(52)	19,723
Impairment loss and income tax							(7,798)
Net profit							11,925

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

15.1 As at 31 March 2018 and 31 December 2017, the financial position classified by domestic and foreign business was as follows:

	Consolidated					
	31 March 2018			31 December 2017		
	Domestic business	Foreign business	Total	Domestic business	Foreign business	Total
			<i>(in million Baht)</i>			
Total assets	2,984,525	70,962	3,055,487	2,949,414	74,618	3,024,032
Interbank and money market items, net (Assets)	330,257	9,296	339,553	308,146	8,587	316,733
Investments, net *	544,117	1,201	545,318	569,284	1,087	570,371
Loans to customers and accrued interest receivables, net	1,957,463	16,495	1,973,958	1,930,702	17,368	1,948,070
Deposits	2,081,221	11,564	2,092,785	2,079,830	12,627	2,092,457
Interbank and money market items (Liabilities)	114,674	4,679	119,353	103,288	5,285	108,573
Debt issued and borrowings	25,123	50,733	75,856	25,468	53,070	78,538

	The Bank					
	31 March 2018			31 December 2017		
	Domestic business	Foreign business	Total	Domestic business	Foreign business	Total
			<i>(in million Baht)</i>			
Total assets	2,688,813	62,077	2,750,890	2,659,167	66,465	2,725,632
Interbank and money market items, net (Assets)	321,859	3,242	325,101	300,095	3,382	303,477
Investments, net *	287,068	1,202	288,270	315,963	1,087	317,050
Loans to customers and accrued interest receivables, net	1,946,177	14,165	1,960,342	1,919,980	14,823	1,934,803
Deposits	2,082,768	5,265	2,088,033	2,080,752	7,138	2,087,890
Interbank and money market items (Liabilities)	119,221	4,679	123,900	105,627	5,285	110,912
Debt issued and borrowings	22,396	51,357	73,753	21,653	53,727	75,380

* Includes net investments in subsidiaries and associate

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15.2 The results of operations classified by domestic and foreign business for the three-month periods ended 31 March 2018 and 2017 were as follows:

	Consolidated							
	2018			2017				
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	<i>(in million Baht)</i>							
Interest income	31,054	726	(492)	31,288	30,595	785	(536)	30,844
Interest expenses	(7,679)	(769)	492	(7,956)	(7,991)	(828)	536	(8,283)
Net interest income	23,375	(43)	-	23,332	22,604	(43)	-	22,561
Net fees and service income	8,083	62	-	8,145	7,263	29	-	7,292
Other operating income	3,908	(6)	-	3,902	3,332	-	-	3,332
Other operating expenses	(21,201)	(41)	-	(21,242)	(18,375)	(97)	-	(18,472)
Profit before income tax	14,165	(28)	-	14,137	14,824	(111)	-	14,713
Income tax	(2,737)	(21)	-	(2,758)	(2,775)	(13)	-	(2,788)
Net profit (loss)	<u>11,428</u>	<u>(49)</u>	<u>-</u>	<u>11,379</u>	<u>12,049</u>	<u>(124)</u>	<u>-</u>	<u>11,925</u>

	The Bank							
	2018			2017				
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	<i>(in million Baht)</i>							
Interest income	28,616	673	(492)	28,797	28,429	727	(536)	28,620
Interest expenses	(7,671)	(760)	492	(7,939)	(7,997)	(820)	536	(8,281)
Net interest income	20,945	(87)	-	20,858	20,432	(93)	-	20,339
Net fees and service income	8,277	48	-	8,325	8,022	11	-	8,033
Other operating income	2,674	(10)	-	2,664	1,882	(4)	-	1,878
Other operating expenses	(20,712)	17	-	(20,695)	(18,042)	(64)	-	(18,106)
Profit before income tax	11,184	(32)	-	11,152	12,294	(150)	-	12,144
Income tax	(2,124)	(8)	-	(2,132)	(2,272)	(5)	-	(2,277)
Net profit (loss)	<u>9,060</u>	<u>(40)</u>	<u>-</u>	<u>9,020</u>	<u>10,022</u>	<u>(155)</u>	<u>-</u>	<u>9,867</u>

16 Income tax expenses

Income tax expense is recognised based on management's best estimate of the weighted average annual income tax rate expected for the full financial year multiplied by the pre-tax income of the interim reporting period.

The consolidated and the Bank's effective tax rate in respect of continuing operations for the three-month periods ended 31 March 2018 were 20% and 19% respectively (*31 March 2017: 19% and 19% respectively*).

17 Basic earnings per share

Basic earnings per share in the consolidated and the Bank's financial statements for the three-month periods ended 31 March 2018 and 2017 were calculated as follows:

	Consolidated		The Bank	
	2018	2017	2018	2017
	<i>(in million Baht / million shares)</i>			
Profit attributable to common shareholders of the Bank (basic)	<u>11,364</u>	<u>11,912</u>	<u>9,020</u>	<u>9,867</u>
Number of common and preferred shares outstanding	<u>3,399</u>	<u>3,399</u>	<u>3,399</u>	<u>3,399</u>
Earnings per share (basic) (in Baht)	<u>3.34</u>	<u>3.50</u>	<u>2.65</u>	<u>2.90</u>

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18 Events after the reporting period

- 18.1 At the annual general meeting of the shareholders of the Bank held on 5 April 2018, the shareholders approved the dividend in respect of the result of 2017 at Baht 5.50 per share, amounting to Baht 18,696 million. The Bank already paid an interim dividend on 19 September 2017 at Baht 1.50 per share, amounting to Baht 5,099 million. The remaining dividend of Baht 4.00 per share, amounting to Baht 13,597 million was paid to shareholders on 3 May 2018.
- 18.2 On 10 April 2018, the Bank registered the conversion of 16,353 preferred shares to 16,353 common shares with the Ministry of Commerce.