

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

Interim financial statements
for the three-month and six-month periods ended
30 June 2019
and
Independent Auditor's Report

Independent Auditor's Report

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

Audit report

Opinion

I have audited the 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 2019, 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.

In my opinion, the accompanying 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 2019 and their financial performance and cash flows for the six-month period then ended in accordance with Thai Financial Reporting Standards (TFRSs).

Basis for Opinion

I conducted my audit in accordance with Thai Standards on Auditing (TSAs). My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Interim Consolidated and the Bank's Financial Statements* section of my report. I am independent of the Group and the Bank in accordance with the Code of Ethics for Professional Accountants issued by the Federation of Accounting Professions that is relevant to my audit of the interim consolidated and the Bank's financial statements, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgment, were of most significance in my audit of the interim consolidated and the Bank's financial statements of the current period. These matters were addressed in the context of my audit of the interim consolidated and the Bank's financial statements as a whole, and in forming my opinion thereon, and I do not provide a separate opinion on these matters.

Allowance for doubtful accounts on loans to customers

For disclosures related to credit risk of loans to customers and allowance for doubtful accounts, refer to notes 3.5, 4.1 and 11.

The key audit matter

The allowance for doubtful accounts on loans to customers is considered a Key Audit Matter as it requires the application of judgments and use of subjective assumptions over both the timing of recognition, and the estimation of the amount of the allowance of certain loans and portfolios of loans to customers.

As at 30 June 2019, loans to customers recorded in the interim consolidated and the Bank's financial statements amounted to Baht 2,191 billion and Baht 2,187 billion (approximately 67.1% and 75.0% of total assets), against which allowances for doubtful accounts of Baht 101 billion and Baht 101 billion, respectively, were provided.

Management has established a control framework over the estimation process of the allowance for doubtful accounts which includes governance procedures, management review and approval, and controls to ensure the integrity of data used in the process. The allowance for doubtful accounts is in accordance with the Bank of Thailand's guidelines which require the Bank to perform both quantitative and qualitative reviews of loans as an ongoing process. Within this framework:

- Individual assessments are made by management of loan grading and classification. Collateral valuation estimates are used in determining allowances for Non-Performing Loans.
- The allowances are assessed on a portfolio basis for certain portfolios with similar risk characteristics. Expected Loss Model methodologies incorporating assumptions such as customer behavior and repayment abilities are selected, approved and applied to portfolios of loans of a similar nature and risk profile.

How the matter was addressed in the audit

In planning my audit procedures I performed a risk assessment by considering internal and external factors which could affect the performance of individual customers, industry sectors, customer segments, or which could influence the judgments and estimates.

My audit procedures included testing the design and operating effectiveness of selected controls surrounding the credit and impairment process.

I performed credit review procedures for a sample of loans, including a detailed review of the individual credit profile and other relevant information, from which I formed my own independent assessment. My sample included individually large exposures, loans subject to restructuring and reschedule, as well as a selection of loans identified in my risk assessment.

I used my own credit specialists to test model parameter assumptions and methodologies, including a review of reconciliations of data to underlying systems and back-testing results.

Valuation of financial instruments in the statement of financial position	
For disclosures related to financial instruments and fair values, refer to notes 3.3, 3.27, 3.28, 4, 5, 8 and 9.	
The key audit matter	How the matter was addressed in the audit
<p>The valuation of financial instruments is considered a Key Audit Matter due to the degree of complexity involved in valuing certain level 2 instruments and the significance of judgment and estimates involved.</p> <p>As at 30 June 2019, financial assets measured at fair value in the interim consolidated and the Bank’s financial statements amounted to Baht 336 billion and Baht 334 billion, respectively. Financial liabilities measured at fair value in the interim consolidated and the Bank’s financial statements amounted to Baht 58 billion and Baht 58 billion, respectively. As at 30 June 2019, financial assets measured at fair value classified as level 2 in the interim consolidated and the Bank’s financial statements amounted to Baht 329 billion and Baht 330 billion, respectively. Financial liabilities measured at fair value classified as level 2 in the interim consolidated and the Bank’s financial statements amounted to Baht 58 billion and Baht 58 billion, respectively.</p> <p>There is a risk that financial instruments classified as “level 2” in the fair value hierarchy, may be mispriced in the statement of financial position because they are not based on objective external prices or, where these are not easily observable, the best estimate of what they may be.</p>	<p>In planning my audit procedures I performed a risk assessment by considering the factors which could affect the fair value of financial instruments, both in terms of the inputs used for valuation and the appropriateness of valuation techniques applied.</p> <p>For a sample of financial instruments, I checked that pricing inputs used were externally sourced and were correctly input into pricing models, including an assessment of the liquidity of prices, where applicable. I used my own valuation specialists to assess that the models were appropriate and tested the fair value of a sample of the Group and the Bank’s debt securities and derivative positions independently and compared their valuation to the Group and the Bank’s valuation.</p>

Valuation of Life Insurance Policy Reserves

For disclosures related to Life Insurance Policy Reserves, refer to notes 3.30, 4.6 and 24.

The key audit matter

The valuation of life insurance policy reserves is considered a Key Audit Matter as it involves significant complex and subjective judgments about future events, applying actuarial methodologies and assumptions, which could materially affect the amount of the recorded liability and expense.

As at 30 June 2019, liabilities under insurance contracts recorded by the subsidiary in the interim consolidated financial statements amounted to Baht 285 billion, mainly comprising long-term technical reserves (approximately 99.6% of liabilities under insurance contracts).

How the matter was addressed in the audit

In planning my audit procedures I performed a risk assessment by considering factors which could affect the major valuation assumptions and controls framework over data input. These major assumptions include economic assumptions such as investment returns and discount rates and non-economic assumptions such as mortality and persistency.

In performing my audit procedures, I used my own actuarial specialists in assessing the methodology and assumptions used in calculating the reserves and testing the significant inputs included evaluating the design, implementation and operating effectiveness of selected controls over the actuarial assumptions and the valuation process.

I considered, in particular, the validity of management's liability adequacy testing, including assessing the reasonableness of the projected cash flows, discount rate and of the assumptions adopted in the context of company experience, specific product features and industry practice. The discount rates adopted by management are consistent with market practice.

Proposed Divestment of Life insurance subsidiary	
For disclosures related to assets classified as held for sale, refer to notes 3.8 and 15.	
The key audit matter	How the matter was addressed in the audit
<p>During 2019, the Bank entered into a binding Share Sale Agreement to sell its entire stake in SCB Life Assurance Public Company Limited (“SCB Life”) to FWD Group Financial Services Pte. Ltd, subject to satisfaction of certain conditions specified in the Share Sale Agreement, including approval of the Bank’s shareholders. Upon successful closing of the share sale, which is expected to be completed in the latter part of 2019, the Bank will form a business collaboration in life insurance business with FWD and the Bank will offer the life insurance products of FWD and SCB Life to the Bank’s customers in Thailand through the Bank’s distribution channels for a period of 15 years in accordance with a long-term distribution agreement. SCB Life is a part of the Insurance operating segment. The associated assets and liabilities of SCB Life have been classified as held for sale as at 30 June 2019. No reclassification has been made to the Group’s statement of profit or loss and other comprehensive income on the basis that the Group’s operations of providing insurance products will continue under the distribution agreement.</p> <p>The divestment is considered a Key Audit Matter due to the:</p> <ul style="list-style-type: none"> • significance of SCB Life to the Group; • judgment applied by the Group in the measurement of SCB Life’s assets and liabilities under the requirements of Thai Financial Reporting Standards; • judgment applied by the Group in assessing the probability of the divestment occurring against the requirements of Thai Financial Reporting Standards. 	<p>My audit procedures in relation to the Divestment of subsidiary included:</p> <ul style="list-style-type: none"> • Reading the relevant transaction documents to understand the terms and conditions of the proposed divestment; • Assessing the criteria for SCB Life to be recognised and measured as held for sale against the criteria in Thai Financial Reporting Standards; • Assessing the presentation and disclosures in accordance with the Thai Financial Reporting Standards.

Responsibilities of Management and Those Charged with Governance for the Interim Consolidated and the Bank’s Financial Statements

Management is responsible for the preparation and fair presentation of the interim consolidated and the Bank’s financial statements in accordance with TFRSs, 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.

In preparing the interim consolidated and the Bank’s financial statements, management is responsible for assessing the Group’s and the Bank’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group and the Bank or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's and the Bank's financial reporting process.

Auditor's Responsibilities for the Audit of the Interim Consolidated and the Bank's Financial Statements

My objectives are to obtain reasonable assurance about whether the interim consolidated and the Bank's financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with TSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these interim consolidated and the Bank's financial statements.

As part of an audit in accordance with TSAs, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the interim consolidated and the Bank's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's and the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the interim consolidated and the Bank's financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the interim consolidated and the Bank's financial statements, including the disclosures, and whether the interim consolidated and the Bank's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the interim consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, I determine those matters that were of most significance in the audit of the interim consolidated and the Bank's financial statements of the current period and are therefore the key audit matters. I describe these matters in my auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, I determine that a matter should not be communicated in my report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 2019 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 2019 are not prepared, in all material respects, in accordance with Thai Financial Reporting Standards.

(Wilai Buranakittisophon)
Certified Public Accountant
Registration No. 3920

KPMG Phoomchai Audit Ltd.
Bangkok
15 August 2019

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statement of financial position

	<i>Note</i>	Consolidated		The Bank	
		30 June 2019	31 December 2018	30 June 2019	31 December 2018
<i>(in thousand Baht)</i>					
Cash		37,440,305	47,116,872	37,329,900	46,443,366
Interbank and money market items, net	7	368,973,624	377,904,575	363,260,440	362,033,032
Derivative assets	8	61,877,142	41,682,825	62,406,482	41,533,759
Investments, net	9	288,445,065	568,853,597	286,206,929	272,994,919
Investments in subsidiaries and associate, net	10	78,148	47,391	6,488,576	18,988,748
Loans to customers and accrued interest receivables, net	11				
Loans to customers		2,191,192,891	2,170,100,801	2,186,560,198	2,154,332,379
Accrued interest receivables		3,065,973	3,334,205	3,036,943	3,028,442
Total loans to customers and accrued interest receivables		2,194,258,864	2,173,435,006	2,189,597,141	2,157,360,821
Less deferred revenue		(32,945,886)	(29,540,202)	(32,945,886)	(29,540,202)
Less allowance for doubtful accounts	11.9	(101,389,799)	(99,404,677)	(100,641,932)	(98,646,744)
Less revaluation allowance for debt restructuring	12	(3,968,560)	(3,867,951)	(3,968,560)	(3,867,951)
Total loans to customers and accrued interest receivables, net		2,055,954,619	2,040,622,176	2,052,040,763	2,025,305,924
Properties for sale, net	14	15,860,430	13,449,583	15,548,309	13,445,838
Assets classified as held for sale	15	353,146,421	-	12,540,212	-
Premises and equipment, net	16	41,222,989	43,206,362	40,388,351	41,707,339
Goodwill and other intangible assets, net	17	17,110,278	25,491,592	16,437,600	15,697,382
Assets pending transfer	18	2,800,226	2,232,926	2,941,864	2,429,931
Deferred tax assets	45	123,090	197,811	25,517	106,779
Other assets, net	19	21,862,523	26,533,915	19,218,699	19,440,025
Total assets		3,264,894,860	3,187,339,625	2,914,833,642	2,860,127,042

The accompanying notes form an integral part of the interim financial statements.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statement of financial position

	Note	Consolidated		The Bank	
		30 June 2019	31 December 2018	30 June 2019	31 December 2018
<i>(in thousand Baht)</i>					
Liabilities and shareholders' equity					
Liabilities					
Deposits	20	2,190,620,346	2,159,630,551	2,188,099,477	2,156,936,065
Interbank and money market items	21	121,103,438	142,528,617	121,720,938	145,599,164
Liability payable on demand		16,389,113	13,944,143	16,387,460	13,942,883
Liabilities to deliver security	3.12	59,937	1,144	-	-
Derivative liabilities	8	58,766,321	36,483,008	58,604,000	36,798,917
Liabilities directly associated with assets classified as held for sale	15	294,202,286	-	-	-
Debt issued and borrowings	22	122,317,533	107,560,901	120,395,612	106,065,393
Provisions	23	10,938,337	9,426,568	10,540,435	8,922,840
Liabilities under insurance contracts	24	-	278,220,199	-	-
Liabilities pending transfer	25	14,627,800	19,675,994	14,558,518	19,435,132
Deferred tax liabilities	45	491,015	423,164	350,684	-
Other liabilities	26	39,671,467	38,462,288	38,179,054	31,240,768
Total liabilities		<u>2,869,187,593</u>	<u>2,806,356,577</u>	<u>2,568,836,178</u>	<u>2,518,941,162</u>
Shareholders' equity					
Share capital	28				
Authorised share capital					
3,582,794,726 preferred shares of Baht 10 each		35,827,947	35,828,427	35,827,947	35,828,427
3,417,205,274 common shares of Baht 10 each		<u>34,172,053</u>	<u>34,171,573</u>	<u>34,172,053</u>	<u>34,171,573</u>
Issued and paid-up share capital					
3,670,369 preferred shares of Baht 10 each		36,704	37,183	36,704	37,183
3,395,521,829 common shares of Baht 10 each		33,955,218	33,954,739	33,955,218	33,954,739
Premium on share capital					
Premium on preferred shares		14,354	14,541	14,354	14,541
Premium on common shares		11,109,837	11,109,650	11,109,837	11,109,650
Other reserves	29	23,669,990	15,668,579	16,958,488	16,535,798
Retained earnings					
Appropriated					
Legal reserve	29	7,000,000	7,000,000	7,000,000	7,000,000
Unappropriated		318,931,249	312,241,904	276,922,863	272,533,969
Total owners of the company		394,717,352	380,026,596	345,997,464	341,185,880
Non-controlling interests		989,915	956,452	-	-
Total shareholders' equity		<u>395,707,267</u>	<u>380,983,048</u>	<u>345,997,464</u>	<u>341,185,880</u>
Total liabilities and shareholders' equity		<u>3,264,894,860</u>	<u>3,187,339,625</u>	<u>2,914,833,642</u>	<u>2,860,127,042</u>

(Mr. Arthid Nanthawithaya)

CEO & Chairman of Executive Committee

The accompanying notes form an integral part of the interim financial statements.

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

	Consolidated		The Bank	
	Three month period ended		Three month period ended	
	30 June		30 June	
<i>Note</i>	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Interest income	34,419,192	31,966,813	31,570,101	29,373,028
Interest expenses	8,882,825	8,118,035	8,868,352	8,115,247
Net interest income	25,536,367	23,848,778	22,701,749	21,257,781
Fee and service income	9,355,865	9,157,195	9,889,076	9,006,573
Fee and service expenses	2,171,099	2,073,193	1,938,587	1,757,361
Net fee and service income	7,184,766	7,084,002	7,950,489	7,249,212
Net gain on trading and foreign exchange transactions	2,060,313	1,697,889	1,993,908	1,754,646
Net gain on investments	918,719	573,585	684,332	582,058
Dividend income	270,920	503,993	977,725	392,439
Net earned insurance premiums	11,706,936	14,553,025	-	-
Other operating income	99,891	254,885	26,790	178,384
Total operating income	47,777,912	48,516,157	34,334,993	31,414,520
Net insurance claims	11,736,534	14,173,419	-	-
Net operating income	36,041,378	34,342,738	34,334,993	31,414,520
Other operating expenses				
Employee expenses	7,754,789	7,312,957	6,856,012	6,419,890
Directors' remuneration	24,619	21,190	19,238	17,570
Premises and equipment expenses	3,367,762	3,242,181	3,079,281	3,012,707
Taxes and duties	1,188,486	1,130,226	1,102,901	1,027,774
Other expenses	4,321,838	4,072,874	4,962,002	4,807,407
Total operating expenses	16,657,494	15,779,428	16,019,434	15,285,348
Impairment loss on loans and debt securities	5,909,224	5,006,621	5,910,000	5,010,000
Profit from operation before income tax expense	13,474,660	13,556,689	12,405,559	11,119,172
Income tax expenses	45 2,529,875	2,433,076	2,147,247	1,946,887
Net profit	10,944,785	11,123,613	10,258,312	9,172,285

The accompanying notes form an integral part of the interim financial statements.

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

	Consolidated		The Bank	
	Three month period ended		Three month period ended	
	30 June		30 June	
<i>Note</i>	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Other comprehensive income (loss)				
<i>Items that will be reclassified subsequently to profit or loss</i>				
Gains (losses) on remeasuring available-for-sale investments	6,775,083	(4,136,727)	332,834	(543,622)
(Losses) gains arising from translating the financial statements of a foreign operation	(104,083)	155,018	-	-
Changes in hedge reserve	808,123	(350,961)	-	-
Income tax relating to components of other comprehensive income (loss) will be reclassified subsequently to profit or loss	45 (1,516,641)	897,538	(66,567)	108,725
Total other comprehensive income (loss), net of income tax	5,962,482	(3,435,132)	266,267	(434,897)
Total comprehensive income	16,907,267	7,688,481	10,524,579	8,737,388
Net profit (loss) attributable to:				
Owners of the company	10,975,608	11,111,207	10,258,312	9,172,285
Non-controlling interests	(30,823)	12,406	-	-
Total comprehensive income (loss) attributable to:				
Owners of the company	16,892,025	7,702,189	10,524,579	8,737,388
Non-controlling interests	15,242	(13,708)	-	-
Earnings per share of parent company				
Basic earnings per share <i>(in Baht)</i>	46 3.23	3.27	3.02	2.70

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(Mr. Arthid Nanthawithaya)
CEO & Chairman of Executive Committee

The accompanying notes form an integral part of the interim 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	
		2019	2018	2019	2018
		<i>(in thousand Baht)</i>			
Interest income	38	67,874,123	63,254,856	62,231,464	58,170,515
Interest expenses	39	17,624,340	16,074,107	17,588,416	16,055,010
Net interest income		50,249,783	47,180,749	44,643,048	42,115,505
Fee and service income	40	18,312,164	19,199,319	19,271,659	18,942,148
Fee and service expenses	40	4,459,591	3,970,705	3,954,908	3,368,325
Net fee and service income	40	13,852,573	15,228,614	15,316,751	15,573,823
Net gain on trading and foreign exchange transactions	41	4,007,205	4,279,709	3,895,103	4,143,085
Net gain on investments	42	1,574,043	904,787	1,261,454	758,554
Share of profit from investment in associate		30,756	-	-	-
Dividend income		456,687	796,849	1,047,521	474,942
Net earned insurance premiums		25,250,502	28,249,901	-	-
Other operating income		195,430	344,941	46,558	195,400
Total operating income		95,616,979	96,985,550	66,210,435	63,261,309
Net insurance claims		25,005,632	27,264,646	-	-
Net operating income		70,611,347	69,720,904	66,210,435	63,261,309
Other operating expenses					
Employee expenses		16,963,748	14,761,431	15,106,900	12,980,030
Directors' remuneration		51,057	46,830	42,243	41,760
Premises and equipment expenses		6,680,781	6,380,604	6,146,731	5,945,314
Taxes and duties		2,341,159	2,229,476	2,164,187	2,046,422
Other expenses	43	8,455,762	8,591,036	9,676,032	9,956,799
Total operating expenses		34,492,507	32,009,377	33,136,093	30,970,325
Impairment loss on loans and debt securities	44	11,329,408	10,018,254	11,339,159	10,020,000
Profit from operation before income tax expense		24,789,432	27,693,273	21,735,183	22,270,984
Income tax expenses	45	4,685,297	5,190,592	3,901,641	4,078,323
Net profit		20,104,135	22,502,681	17,833,542	18,192,661

The accompanying notes form an integral part of the interim financial statements.

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

	Consolidated		The Bank		
	Six month period ended		Six month period ended		
	30 June		30 June		
<i>Note</i>	2019	2018	2019	2018	
	<i>(in thousand Baht)</i>				
Other comprehensive income (loss)					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Gains (losses) on remeasuring available-for-sale investments	9,434,073	(6,063,364)	718,514	(674,738)	
(Losses) gains arising from translating the financial statements of a foreign operation	(144,759)	39,559	-	-	
Changes in hedge reserve	1,017,531	(569,975)	-	-	
Income tax relating to components of other comprehensive income (loss)					
will be reclassified subsequently to profit or loss	45	<u>(2,089,992)</u>	<u>1,326,668</u>	<u>(143,703)</u>	<u>134,948</u>
Total other comprehensive income (loss), net of income tax		<u>8,216,853</u>	<u>(5,267,112)</u>	<u>574,811</u>	<u>(539,790)</u>
Total comprehensive income		<u>28,320,988</u>	<u>17,235,569</u>	<u>18,408,353</u>	<u>17,652,871</u>
Net profit (loss) attributable to:					
Owners of the company	20,132,111	22,475,659	17,833,542	18,192,661	
Non-controlling interests	(27,976)	27,022	-	-	
Total comprehensive income (loss) attributable to:					
Owners of the company	28,287,525	17,248,001	18,408,353	17,652,871	
Non-controlling interests	33,463	(12,432)	-	-	
Earnings per share of parent company					
Basic earnings per share <i>(in Baht)</i>	46	<u>5.92</u>	<u>6.61</u>	<u>5.25</u>	<u>5.35</u>

(Mr. Arthid Nanthawithaya)
CEO & Chairman of Executive Committee

The accompanying notes form an integral part of the interim financial statements.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statement of changes in equity

Note	Consolidated															
	Other reserves													Total 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	Changes in hedge reserve	Changes in revaluation surplus	Others	Total other reserves	Retained earnings		Total owners of the company			
	Preferred shares	Common shares	Preferred shares	Common shares							Legal reserve	Unappropriated				
<i>(in thousand Baht)</i>																
Six month period ended 30 June 2019																
Balance at 1 January 2019	37,183	33,954,739	14,541	11,109,650	1,735,234	(345,268)	588,419	16,054,705	(2,364,511)	15,668,579	7,000,000	312,241,904	380,026,596	956,452	380,983,048	
Dividend paid	30	-	-	-	-	-	-	-	-	-	-	(13,596,769)	(13,596,769)	-	(13,596,769)	
Conversion of preferred shares to common shares		(479)	479	(187)	187	-	-	-	-	-	-	-	-	-	-	
Net profit (loss)		-	-	-	-	-	-	-	-	-	-	20,132,111	20,132,111	(27,976)	20,104,135	
Other comprehensive income (loss)		-	-	-	7,489,553	(141,753)	807,288	-	-	8,155,088	-	326	8,155,414	61,439	8,216,853	
Total comprehensive income (loss)		-	-	-	7,489,553	(141,753)	807,288	-	-	8,155,088	-	20,132,437	28,287,525	33,463	28,320,988	
Transfer to retained earnings		-	-	-	-	-	-	(153,677)	-	(153,677)	-	153,677	-	-	-	
Balance at 30 June 2019		36,704	33,955,218	14,354	11,109,837	9,224,787	(487,021)	1,395,707	15,901,028	(2,364,511)	23,669,990	7,000,000	318,931,249	394,717,352	989,915	395,707,267

The accompanying notes form an integral part of the interim financial statements.

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Statement of changes in equity

Note	Consolidated														
	Other reserves														
	Issued and paid-up share capital		Premium on share capital		Gains (losses) on remeasuring available-for-sale investments	(Losses) gains arising from translating the financial statements of a foreign operation	Changes in hedge reserve	Changes in revaluation surplus	Others	Total other reserves	Retained earnings		Total owners of the company	Non- controlling interests	Total shareholders' equity
	Preferred shares	Common shares	Preferred shares	Common shares							Legal reserve	Unappropriated			
<i>(in thousand Baht)</i>															
Six month period ended 30 June 2018															
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
Dividend paid	30	-	-	-	-	-	-	-	-	-	-	(13,596,769)	(13,596,769)	-	(13,596,769)
Conversion of preferred shares to common shares		(207)	207	(81)	81	-	-	-	-	-	-	-	-	-	-
Acquisition of non-controlling interests without a change in control		-	-	-	-	3	-	-	-	(15)	(12)	-	-	(12)	(37)
Non-controlling interest arising on acquisition of subsidiary		-	-	-	-	-	-	-	-	-	-	-	-	324,000	324,000
Net profit		-	-	-	-	-	-	-	-	-	-	22,475,659	22,475,659	27,022	22,502,681
Other comprehensive (loss) income		-	-	-	-	(4,815,011)	39,559	(452,206)	-	-	(5,227,658)	-	-	(5,227,658)	(39,454)
Total comprehensive (loss) income		-	-	-	-	(4,815,011)	39,559	(452,206)	-	-	(5,227,658)	-	22,475,659	17,248,001	(12,432)
Transfer to retained earnings		-	-	-	-	-	-	-	-	-	-	-	136,767	-	-
Balance at 30 June 2018		37,643	33,954,279	14,721	11,109,470	1,199,550	(290,473)	(117,034)	16,193,123	(2,364,511)	14,620,655	7,000,000	300,378,025	367,114,793	610,952

The accompanying notes form an integral part of the interim 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	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Cash flows from operating activities				
Profit from operation before income tax expense	24,789,432	27,693,273	21,735,183	22,270,984
<i>Adjustments to reconcile profit from operation before income tax expense to cash receipts (payments) from operating activities</i>				
Depreciation and amortisation	2,820,725	2,183,123	2,669,187	2,088,437
Impairment loss on loans and debt securities	12,952,141	11,463,932	12,961,892	11,519,919
Losses on impairment of properties for sale	133,892	40,027	133,892	40,027
Reversal of impairment losses on premises and equipment	-	(21,998)	-	(21,998)
Provisions	1,622,806	155,096	1,535,243	139,705
Losses on sale of premises and equipment	13,650	23,256	7,878	24,054
Losses from write-off of premises and equipment	27,157	-	27,157	-
Losses from sale of properties for sale	499,044	215,731	499,044	215,731
Net loss on trading and foreign exchange transactions	775,357	899,594	624,584	622,950
Net gain on investments	(1,574,043)	(904,787)	(1,261,454)	(758,554)
Share of profit from investment in associate	(30,756)	-	-	-
	42,029,405	41,747,247	38,932,606	36,141,255
Net interest income	(50,249,783)	(47,180,749)	(44,643,048)	(42,115,505)
Dividend income	(456,687)	(796,849)	(1,047,521)	(474,942)
Proceeds from interest	67,036,824	62,759,089	61,573,825	57,595,885
Interest paid	(17,229,884)	(15,678,176)	(17,287,881)	(15,644,286)
Proceeds from dividend	471,149	736,876	1,299,940	559,092
Income tax paid	(6,478,234)	(5,603,480)	(4,872,268)	(3,597,796)
Profit from operation before changes in operating assets and liabilities	35,122,790	35,983,958	33,955,653	32,463,703
<i>(Increase) decrease in operating assets</i>				
Interbank and money market items	(4,233,100)	(29,447,359)	(1,183,860)	(28,360,708)
Derivative assets	(24,551,281)	(7,191,088)	(23,571,453)	(5,048,984)
Investment in securities for trading	(15,038,323)	(6,478,008)	(14,912,837)	(8,281,654)
Loans to customers	(45,956,526)	(77,660,553)	(46,284,946)	(76,610,719)
Properties for sale	3,732,221	3,724,369	3,795,804	3,724,369
Other assets	778,353	(4,785,940)	(378,803)	(7,179,446)
<i>Increase (decrease) in operating liabilities</i>				
Deposits	30,989,795	53,135,141	31,163,412	55,507,095
Interbank and money market items	(21,425,179)	6,172,934	(23,878,226)	8,420,313
Liability payable on demand	2,444,970	(7,743,918)	2,444,577	(7,745,354)
Liabilities to deliver security	58,793	(37,308)	-	-
Derivative liabilities	21,403,203	6,276,607	21,475,488	5,671,268
Short-term debt issued and borrowings	11,444,176	(660,140)	11,045,368	(31,285)
Liabilities under insurance contracts	6,671,545	18,771,521	-	-
Other liabilities	4,813,538	(6,127,755)	3,070,197	(5,438,406)
Net cash from (used in) operating activities	6,254,975	(16,067,539)	(3,259,626)	(32,909,808)

The accompanying notes form an integral part of the interim 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	
	2019	2018	2019	2018
	<i>(in thousand Baht)</i>			
Cash flows from investing activities				
Acquisition of available-for-sale securities	(208,571,306)	(176,892,676)	(118,595,882)	(106,353,971)
Proceeds from sale of available-for-sale securities	200,081,376	205,841,315	123,345,386	152,814,623
Acquisition of held-to-maturity securities	(1,057,815)	(2,115,725)	(263,002)	(237,321)
Proceeds from redemption of held-to-maturity securities	5,575,331	2,863,524	1,233,194	939,399
Acquisition of general securities	(1,905,317)	(303,277)	(1,904,522)	(295,299)
Proceeds from sale of general securities	-	830,155	-	830,155
Acquisition of investments in subsidiaries and/or associate	-	-	(40,040)	(486,049)
Acquisition of premises and equipment	(174,569)	(1,209,513)	(215,784)	(1,155,236)
Proceeds from sale of premises and equipment	1,154	176,630	221	175,809
Acquisition of intangible assets	(2,210,389)	(3,035,802)	(1,889,697)	(2,863,786)
Net cash (used in) from investing activities	(8,261,535)	26,154,631	1,669,874	43,368,324
Cash flows from financing activities				
Proceeds from long-term debt issued	31,620,000	1,515,000	31,620,000	1,515,000
Repayment of long-term debt issued	(25,544,375)	-	(25,544,375)	-
Proceeds from long-term borrowings	33,842	122,173	33,842	122,173
Repayment of long-term borrowings	(36,412)	(24,590)	(36,412)	(24,590)
Dividend paid to equity holders of the Bank	(13,596,769)	(13,596,769)	(13,596,769)	(13,596,769)
Acquisition of non-controlling interests without a change in control	-	323,951	-	-
Net cash used in financing activities	(7,523,714)	(11,660,235)	(7,523,714)	(11,984,186)
(Losses) gains arising from translating the financial statements of a foreign operation	(144,759)	39,559	-	-
Net decrease in cash	(9,675,033)	(1,533,584)	(9,113,466)	(1,525,670)
Cash at 1 January	47,116,872	40,797,176	46,443,366	40,591,037
Cash at 30 June	37,441,839	39,263,592	37,329,900	39,065,367
Supplementary disclosures of cash flow information				
Significant non-cash items were as follows:				
Losses from foreign exchange revaluation on long-term debt issued	(2,820,869)	(811,136)	(2,820,869)	(811,136)
Gains (losses) from foreign exchange revaluation on banking book derivatives	689,156	(1,702,121)	689,156	(1,702,121)

(Mr. Arthid Nanthawithaya)
CEO & Chairman of Executive Committee

The accompanying notes form an integral part of the interim 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 2019

For the three-month period ended 30 June 2019 (Unaudited)

Note	Contents	Pages
1	General information	21
2	Basis of preparation of the interim financial statements	21
3	Significant accounting policies	23
4	Financial risk management	41
5	Fair value of assets and liabilities	53
6	Maintenance of capital fund	57
7	Interbank and money market items, net (Assets)	60
8	Derivatives	62
9	Investments, net	65
10	Investments in subsidiaries and associate, net	68
11	Loans to customers and accrued interest receivables, net	70
12	Troubled debt restructuring	78
13	Disclosure of the statement of cash flows of the asset management company	79
14	Properties for sale, net	80
15	Assets classified as held for sale and liabilities directly associated with assets classified as held for sale	81
16	Premises and equipment, net	83
17	Goodwill and other intangible assets, net	87
18	Assets pending transfer	90
19	Other assets, net	90
20	Deposits	90
21	Interbank and money market items (Liabilities)	91
22	Debt issued and borrowings	92
23	Provisions	93
24	Liabilities under insurance contracts	96
25	Liabilities pending transfer	96
26	Other liabilities	97
27	Advance received from electronic payment	97
28	Share capital	97
29	Reserves	97
30	Dividends	98
31	Assets pledged as collateral and under restriction	99
32	Contingencies	99
33	Related parties	99
34	Key management personnel compensation	102
35	Operating leases	103
36	Operating segments	103
37	The financial position and results of operations classified by domestic and foreign business	105
38	Interest income	108
39	Interest expenses	108
40	Net fee and service income	108
41	Net gain on trading and foreign exchange transactions	109
42	Net gain on investments	109
43	Other expenses	109
44	Impairment loss on loans and debt securities	110
45	Income tax	110
46	Basic earnings per share	116
47	Events after the reporting period	117
48	Thai Financial Reporting Standards (TFRS) not yet adopted	117

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (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 15 August 2019.

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. Details of the Bank’s subsidiaries as at 30 June 2019 and 31 December 2018 are given in note 10.

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The interim financial statements are prepared in accordance with Thai Accounting Standards (TAS) No.34 (revised 2018) *Interim Financial Reporting*; guidelines promulgated by the Federation of Accounting Professions 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”.

(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>
Derivatives	Fair value
Trading investments	Fair value
Available-for-sale investments	Fair value
Assets held to cover linked liabilities	Fair value
Assets classified as held for sale	Lower of carrying value and fair value less cost to sell
Premises	Revaluation to fair value

(c) Functional and presentation currency

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

(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.

As the Bank and its subsidiaries have initially adopted TFRS 15 *Revenue from Contracts with Customers* ("TFRS 15"), which replaced TAS 18 *Revenue* ("TAS 18") and related interpretations, revenue recognition requires additional judgment in determining the timing of the transfer of control - at a point in time or over time - according to the requirements of this TFRS.

Under TFRS 15, the Bank and its subsidiaries recognise revenue when a customer obtains control of the services in an amount that reflects the consideration to which the Bank and its subsidiaries expect to be entitled to. In addition, judgment is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time. Whereas, under TAS 18, the Bank and its subsidiaries recognise fee and service income as and when the related services are performed. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due. Such changes in accounting policies have no material impacts on the interim financial statements.

In addition, the Bank and its subsidiaries have not early adopted a number of new TFRS which are not yet effective for current period in preparing these interim financial statements before the effective date. Those new TFRS that are relevant to the Bank and its subsidiaries' operations are disclosed in note 48.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the period ending 30 June 2019 is included in the following notes:

Note 8	Derivatives
Note 11.9	Allowance for doubtful accounts
Note 24	Liabilities under insurance contracts

Long-term technical reserves

Process involved in determining assumptions for 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 such as mortality, morbidity and discount rate that were established at the time when insurance products were designed and as submitted to the Office of Insurance Commission. The assumptions used for calculating the liabilities throughout the life of the contract are generally unchanged. For unit linked contracts, the reserves are calculated as explained in note 3.30.

The subsidiary determines the long-term technical reserves by using mortality rate based on Thai Mortality Table 2017 for insurance products which were designed and as submitted to the Office of Insurance Commission since 1 September 2017 onwards.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

The assumptions are reviewed annually to assess whether they reflect actual experience, and where there is an indication that they are not appropriate then the assumption will be revised to reflect actual experience. These assumptions will not be adjusted unless there is further adverse experience.

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 and actuarial methods to estimate the ultimate cost of claims.

Process involved in determining 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.

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. Details of the methods and assumptions over the measurement of fair values are provided in notes 5 and 16.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 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, as describe in subsidiaries section, other than those with entities under common control.

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.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

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. Any gain on bargain purchase is recognised in profit or loss immediately.

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.

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.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Bank reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Step acquisition

When a business combination is achieved in stages, the Bank's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

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.

Non-controlling interests

At the acquisition date, the Bank measures any non-controlling interests at its proportionate interest in the identifiable net assets of the acquiree.

Changes in the Bank's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

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 initially recognised 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 or joint control 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.

3.2 Cash

Cash includes cash in hand and cash on collection.

3.3 Investments

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

Debt securities and marketable equity securities 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, are classified as trading securities and are stated at fair value. Changes in fair value are recognised in profit or loss as gains on tradings. Interest income on trading securities is recognised using the accrual basis of accounting.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

Debt securities and marketable equity securities, other than those securities held for trading or intended to be held to maturity, are classified as available-for-sale investments 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 investments. 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 cost, less impairment losses, if any.

The fair value of financial instruments classified as held-for-trading and available-for-sale is determined as the quoted bid price at the reporting date.

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.

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

Assets held to cover linked liabilities

Assets held to cover linked liabilities are the investments in unit trusts under unit-linked contracts as the policy benefits are directly linked to the value of the investments in securities. These investments in securities are stated at fair value.

For unit trusts securities which are listed, the fair value is calculated using the last bid price from the Stock Exchange of Thailand (SET) at reporting date. For unit trusts which are non-listed, the fair value is calculated using Net Asset Value at reporting date.

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.

3.4 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.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

Finance 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.

3.5 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.

In addition, the BoT requires banks 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 basis based on recent payment history, ability to generate future cash flows and other qualitative factors and the net present value of proceeds from liquidating collateral, 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. For finance lease receivables, since 1 September 2012, the Bank has used the Collective Approach method which considers the historical loss experience of each loan cohort.

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

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

3.6 Troubled debt restructuring

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

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

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

For asset transfers and debt to equity swaps, 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 (revised 2016) *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.

3.7 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 2018) *Impairment of Assets*.

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

3.8 Assets classified as held for sale

Assets, or disposal groups comprising assets and liabilities, are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets, or disposal group, are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to financial assets, deferred tax assets and investment properties. Impairment losses on initial classification as held for sale or held for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held for sale, intangible assets and premises and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

3.9 Premises and equipment

Recognition and measurement

Owned assets

Premises and equipment are measured at cost less accumulated depreciation and impairment losses except for land and buildings which are measured at their revalued amounts. The revalued amount is the fair value determined on the basis of the property's existing use at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

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.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

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.

Any 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 in profit or loss.

Revalued assets

Revaluations are performed by independent professional valuers 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 as “Revaluation surplus” 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

No depreciation is provided on freehold land or assets under construction.

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

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

3.10 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 3.1. Subsequent to initial recognition, goodwill is measured at cost less accumulated impairment losses. Goodwill is tested for impairment as described in note 3.11. Negative goodwill is recognised immediately in profit or loss.

Research and development

Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes. Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Bank and its subsidiaries intend to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in profit or loss as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

Other intangible assets

Other intangible assets which are software licenses 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.

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 years are as follows:

Software licenses

5 - 10 years

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

No amortisation is provided on software under installation.

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

3.11 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 and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

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

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

Calculation of recoverable amount

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

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

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the 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.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

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.

3.12 Liabilities to deliver security

The subsidiary records its obligations to return borrowed securities as "liabilities to deliver security" in the statement of financial position.

This represents the subsidiary's liability to return collateral, 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 profit or loss. Fees for borrowing and lending are recognised on an accrual basis.

3.13 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 expenses 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 expenses 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.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

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 period. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the period in which they arise.

Termination benefits

Termination benefits are expensed when the Bank and its subsidiaries can no longer withdraw the offer of those benefits. If benefits are not expected to be settled, then they are discounted.

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.

3.14 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.

3.15 Initial recognition

The Bank and its subsidiaries initially recognise the purchase and sale of investments on the settlement date. All other financial instruments, 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.

3.16 Share capital

Preferred shares

Preferred 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

Common shares

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

3.17 Interest income and interest expenses

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 expenses are 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.

3.18 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 receivables which are outstanding over three months from the due date is made in order to comply with the guidelines of the BoT.

3.19 Fee and service income

Fee and service income for the performance of services are recognised as and when a customer obtains control of the services in an amount that reflects the consideration to which the Bank expects to be entitled to.

3.20 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.

3.21 Net gain on trading and foreign exchange transactions

Net gain on trading and foreign exchange transactions are recognised based on the remeasurement to fair value of the underlying instruments in profit or loss on an accrual basis.

3.22 Contributions to the Deposit Protection Agency

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

3.23 Income tax

Income tax expense for the period comprises current and deferred taxes. Current and deferred taxes 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.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

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 taxes, 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.

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. Future taxable profits are determined based on the reversal of relevant taxable temporary differences. If the amount of taxable temporary differences is insufficient to recognise a deferred tax asset in full, then future taxable profits, adjusted for reversals of existing temporary differences, are considered, based on the business plans for individual subsidiaries in the Group. 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.

3.24 Earnings per share

Since 10 May 2009, the conversion option of the preferred shares expired. Therefore, the preferred shares' rights are equivalent to the common shares. Basic earnings per share is calculated by dividing the profit or loss attributable to common shareholders of the Bank by the number of common shares and preferred shares outstanding 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 2019

For the three-month period ended 30 June 2019 (Unaudited)

3.25 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.

3.26 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 until disposal of the investment, except to extent that the translation difference is allocated to non-controlling interests.

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.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

3.27 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.

3.28 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 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.

3.29 Sales of bills of exchange

Sales of bills of exchange, with recourse, 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.

3.30 Other significant accounting policies of the life insurance subsidiary

3.30.1 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.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

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 deposit component of an insurance contract is unbundled when both of the following conditions are met;

- (1) the deposit component (including any embedded surrender option) can be measured separately (i.e. without taking into account the insurance component); and
- (2) the subsidiary's accounting policies do not otherwise require the recognition of all obligations and rights arising from the deposit component.

Under the above criteria, the subsidiary decided to unbundle the deposit components of the unit-linked contracts.

3.30.2 Recognition and measurement of insurance contracts

Premiums due and uncollected

Premiums due and uncollected are carried at anticipated realisable value. Allowance for doubtful accounts is provided for the estimated losses that may be incurred in the collection of receivables. The allowance is generally based on collection experience, future expectations of customer payments, and a review of the current status of the premium receivables as at the end of reporting period. Bad debts are written off during the year when they are identified.

Long-term technical reserves

Long-term technical reserves are 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 method "Net Level Premium Valuation" based on assumptions for mortality, morbidity and discounted interest rate with an explicit allowance for future policy-related expenses that were established at the time when insurance products were designed and as submitted to the Office of Insurance Commission.

For unit linked contracts, the unit reserves are calculated as the value of the underlying asset backing the units relating to the policies and the non-unit reserves are calculated by using Net Level Premium Valuation method.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

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 based on the subsidiary's experience and historical data which use actuarial methods 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 and group insurance in accordance with the pattern of risk underwritten.

Unpaid policy benefits

Unpaid policy benefits represent claims and benefits payable to policyholder in relation to deaths, surrenders, maturities, other payments and policyholder deposits in respect of maturities and including related interest payable. Unpaid policy benefits are recognised at cost.

Due to insured

Due to insured consisted of the advance premium received from insured and the money as the subsidiary has to pay to insured other than the benefit under the insurance policy condition. Due to insured are recognised at cost.

Premium written and premium earned

Short-term insurance contracts

Premium written is recognised on the inception date and are presented gross of premium ceded and commissions and brokerage expenses.

Premium earned comprises of premium written during the period and change in unearned premium reserves and is recognised as revenue proportionally over the period of coverage.

Long-term insurance contracts

First year premium written is recognised as revenue when the insurance policy is effective (or when premium is received and insurance policy is approved). Renewal premium income is recognised as revenue when premium is due and if the policy is still in force at the end of 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 Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

Benefits and claims expenses

Benefits and claims expenses consist of benefits, claims and losses adjustment paid during the period, net of subrogation recoveries and changes in provision for short-term insurance claims. These benefits and claims expenses are recognised as expenses when they are incurred or approved or notified or due of benefit payments as mention on insurance policy.

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 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

Short-term insurance contracts

The liability of the subsidiary under short-term insurance contracts is tested for adequacy by comparing the best estimate of future contractual cash flows with the carrying amount of gross insurance contract provisions for unearned premiums and insurance claims for in-force insurance policies at the end of reporting period by using an actuarial method based on historical claims and expense. Where an expected shortfall is identified, additional provisions are made for unearned premiums or insurance claims and are recognised in profit or loss.

Long-term insurance contracts

The liability of the subsidiary under long-term insurance contracts is tested for adequacy by comparing the best estimate of future contractual cash flows by using current assumptions with the carrying amount of gross insurance contract provisions for long-term technical reserves. Where an expected shortfall is identified, additional provisions are made for long-term technical reserves and are recognised in profit or loss.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

An additional provision for liability inadequacy is made where the reserves are calculated by using another actuarial method “Gross Premium Valuation” of insurance policies in-force at the reporting date based on the best estimate basis exceeds the liabilities calculated using the Net Level Premium Reserves method.

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 Company 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 Life Insurance industry practice.

4 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 Risk Oversight Committee, Audit Committee, Asset and Liability Management Committee (ALCO), Risk Management Committee, and Executive 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. In addition, 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.

The Bank’s Risk Oversight Committee and Risk Management Committee are responsible for monitoring the adequacy of the risk management framework in relation to the risks faced by the Bank and its subsidiaries.

4.1 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 Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

The Bank and its subsidiaries have 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 Bank and its subsidiaries have 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.

4.2 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 and its subsidiaries' assets, liabilities, equity and off-financial reporting items.

The Bank and its subsidiaries have established policies for interest rate risk management to ensure that interest rate risk remains within the Bank's risk appetite. The Bank and its subsidiaries use 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 Asset and Liability Management Committee (ALCO).

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

As at 30 June 2019 and 31 December 2018, significant financial assets and liabilities can be repriced as follows:

	Consolidated 30 June 2019							Total
	Reprice on demand	3 months	Reprice within 3 - 12 months	1 - 5 years	Reprice Over 5 years	Non Performing Loans	Non interest bearing	
Financial assets								
Cash	-	-	-	-	-	-	37,440	37,440
Interbank and money market items *	10,190	334,464	1,148	1,277	230	-	21,847	369,156
Investments, net	-	80,895	77,853	98,239	21,414	-	10,044	288,445
Loans to customers **	999,493	421,102	184,383	433,903	50,481	68,885	-	2,158,247
Total financial assets	1,009,683	836,461	263,384	533,419	72,125	68,885	69,331	2,853,288
Financial liabilities								
Deposits	1,457,571	255,873	388,292	11,656	-	-	77,228	2,190,620
Interbank and money market items	12,893	73,184	6,522	20,244	-	-	8,260	121,103
Debt issued and borrowings	-	13,232	45,015	43,813	20,258	-	-	122,318
Total financial liabilities	1,470,464	342,289	439,829	75,713	20,258	-	85,488	2,434,041
Difference	(460,781)	494,172	(176,445)	457,706	51,867	68,885	(16,157)	419,247

* Before deducting allowance for doubtful accounts amounting to Baht 182 million

** Net of deferred revenue

	Consolidated 31 December 2018							Total
	Reprice on demand	3 months	Reprice within 3 - 12 months	1 - 5 years	Reprice Over 5 years	Non Performing Loans	Non interest bearing	
Financial assets								
Cash	-	-	-	-	-	-	47,117	47,117
Interbank and money market items *	4,397	332,390	4,368	2,517	5,867	-	28,613	378,152
Investments, net	-	35,211	182,033	99,116	227,986	-	24,508	568,854
Loans to customers **	990,271	407,991	176,763	440,849	54,298	70,389	-	2,140,561
Total financial assets	994,668	775,592	363,164	542,482	288,151	70,389	100,238	3,134,684
Financial liabilities								
Deposits	1,433,554	316,934	335,589	5,485	-	-	68,069	2,159,631
Interbank and money market items	8,783	95,185	7,550	22,633	-	-	8,378	142,529
Debt issued and borrowings	-	15,418	43,463	28,420	20,260	-	-	107,561
Total financial liabilities	1,442,337	427,537	386,602	56,538	20,260	-	76,447	2,409,721
Difference	(447,669)	348,055	(23,438)	485,944	267,891	70,389	23,791	724,963

* Before deducting allowance for doubtful accounts amounting to Baht 247 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 2019

For the three-month period ended 30 June 2019 (Unaudited)

	The Bank							Total
	30 June 2019							
	Reprice on demand	3 months	Reprice within 3 - 12 months	1 - 5 years	Reprice over 5 years	Non Performing Loans	Non interest bearing	
	<i>(in million Baht)</i>							
Financial assets								
Cash	-	-	-	-	-	-	37,330	37,330
Interbank and money market items *	6,470	334,002	370	1,277	-	-	21,323	363,442
Investments, net	-	80,314	78,197	98,153	21,414	-	8,129	286,207
Loans to customers **	998,052	421,102	184,383	431,701	50,481	67,895	-	2,153,614
Total financial assets	1,004,522	835,418	262,950	531,131	71,895	67,895	66,782	2,840,593
Financial liabilities								
Deposits	1,456,672	255,426	388,292	11,656	-	-	76,053	2,188,099
Interbank and money market items	13,395	73,227	6,522	20,244	-	-	8,333	121,721
Debt issued and borrowings	-	11,310	45,015	43,813	20,258	-	-	120,396
Total financial liabilities	1,470,067	339,963	439,829	75,713	20,258	-	84,386	2,430,216
Difference	(465,545)	495,455	(176,879)	455,418	51,637	67,895	(17,604)	410,377

* Before deducting allowance for doubtful accounts amounting to Baht 182 million

** Net of deferred revenue

	The Bank							Total
	31 December 2018							
	Reprice on demand	3 months	Reprice within 3 - 12 months	1 - 5 years	Reprice over 5 years	Non Performing Loans	Non interest bearing	
	<i>(in million Baht)</i>							
Financial assets								
Cash	-	-	-	-	-	-	46,443	46,443
Interbank and money market items *	2,146	331,717	340	1,329	-	-	26,748	362,280
Investments, net	-	30,772	165,556	48,180	19,590	-	8,897	272,995
Loans to customers **	977,909	407,991	176,763	438,449	54,298	69,383	-	2,124,793
Total financial assets	980,055	770,480	342,659	487,958	73,888	69,383	82,088	2,806,511
Financial liabilities								
Deposits	1,432,850	316,294	335,589	5,485	-	-	66,718	2,156,936
Interbank and money market items	10,256	96,707	7,550	22,633	-	-	8,453	145,599
Debt issued and borrowings	-	14,821	41,918	29,066	20,260	-	-	106,065
Total financial liabilities	1,443,106	427,822	385,057	57,184	20,260	-	75,171	2,408,600
Difference	(463,051)	342,658	(42,398)	430,774	53,628	69,383	6,917	397,911

* Before deducting allowance for doubtful accounts amounting to Baht 247 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 2019

For the three-month period ended 30 June 2019 (Unaudited)

As at 30 June 2019 and 31 December 2018, interest earning and interest bearing financial instruments were as follows:

	Consolidated					
	30 June 2019			31 December 2018		
	Average	Interest	Average	Average	Interest	Average
	(in million Baht)	(%)	(in million Baht)	(in million Baht)	(%)	(%)
Interbank and money market items, net (Assets)	380,121	2,916	1.5	347,319	5,456	1.6
Investments, net	584,981	7,729	2.6	569,612	13,495	2.4
Loans to customers *	2,154,807	57,177	5.3	2,087,646	110,038	5.3
Deposits	2,175,125	9,558	0.9	2,126,044	18,301	0.9
Interbank and money market items (Liabilities)	131,816	870	1.3	125,551	1,534	1.2
Debt issued and borrowings	114,939	2,087	3.6	93,049	3,012	3.2

	The Bank					
	30 June 2019			31 December 2018		
	Average	Interest	Average	Average	Interest	Average
	(in million Baht)	(%)	(in million Baht)	(in million Baht)	(%)	(%)
Interbank and money market items, net (Assets)	362,647	2,655	1.5	332,755	5,000	1.5
Investments, net	279,601	2,833	2.0	286,014	4,212	1.5
Loans to customers *	2,139,203	56,690	5.3	2,072,929	109,120	5.3
Deposits	2,172,518	9,542	0.9	2,122,413	18,282	0.9
Interbank and money market items (Liabilities)	133,660	895	1.3	128,256	1,579	1.2
Debt issued and borrowings	113,231	2,042	3.6	90,723	2,930	3.2

* Net of deferred revenue

4.3 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 2019

For the three-month period ended 30 June 2019 (Unaudited)

As at 30 June 2019 and 31 December 2018, financial assets and liabilities denominated in various currencies as follows:

	Consolidated 30 June 2019 (in million Baht)				
	USD	EUR	JPY	SGD	Others
Financial assets					
Cash	265	64	69	19	183
Interbank and money market items *	25,217	191	364	358	2,509
Investments, net	5,100	34	8,677	986	525
Loans to customers **	69,995	5,653	265	10,437	3,131
Accrued interest receivables	157	10	-	112	8
Total financial assets	100,734	5,952	9,375	11,912	6,356
Financial liabilities					
Deposits	32,223	1,538	423	27	2,971
Interbank and money market items	5,171	102	-	-	153
Debt issued and borrowings	58,969	14	-	-	-
Other liabilities	726	-	-	-	14
Total financial liabilities	97,089	1,654	423	27	3,138
On-financial reporting items, net	3,645	4,298	8,952	11,885	3,218
Off-financial reporting items - contingencies (currency swap contracts)	10,651	2,295	(9,267)	(11,303)	(1,665)
	Consolidated 31 December 2018 (in million Baht)				
	USD	EUR	JPY	SGD	Others
Financial assets					
Cash	1,021	181	105	40	280
Interbank and money market items *	39,072	247	503	436	2,052
Investments, net	17,465	5,616	5,937	882	508
Loans to customers **	81,747	5,804	148	11,074	2,098
Accrued interest receivables	243	11	-	5	5
Total financial assets	139,548	11,859	6,693	12,437	4,943
Financial liabilities					
Deposits	49,526	1,510	430	17	1,871
Interbank and money market items	5,168	111	-	-	507
Debt issued and borrowings	53,479	18	-	-	411
Other liabilities	570	-	-	-	8
Total financial liabilities	108,743	1,639	430	17	2,797
On-financial reporting items, net	30,805	10,220	6,263	12,420	2,146
Off-financial reporting items - contingencies (currency swap contracts)	(18,855)	(1,529)	(6,439)	(11,980)	(984)

* Before deducting allowance for doubtful accounts

** 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 2019

For the three-month period ended 30 June 2019 (Unaudited)

	The Bank				
	30 June 2019				
	USD	EUR	JPY	SGD	Others
	<i>(in million Baht)</i>				
Financial assets					
Cash	172	64	69	19	181
Interbank and money market items *	19,771	191	364	358	2,500
Investments, net	5,100	34	8,677	986	525
Loans to customers **	67,462	5,653	265	10,437	3,010
Accrued interest receivables	140	10	-	112	8
Total financial assets	92,645	5,952	9,375	11,912	6,224
Financial liabilities					
Deposits	26,366	1,538	423	27	2,966
Interbank and money market items	5,368	102	-	-	2
Debt issued and borrowings	58,969	14	-	-	-
Other liabilities	725	-	-	-	12
Total financial liabilities	91,428	1,654	423	27	2,980
On-financial reporting items, net	1,217	4,298	8,952	11,885	3,244
Off-financial reporting items - contingencies (currency swap contracts)	2,429	(3,017)	(9,267)	(11,303)	(1,665)

	The Bank				
	31 December 2018				
	USD	EUR	JPY	SGD	Others
	<i>(in million Baht)</i>				
Financial assets					
Cash	368	181	105	40	280
Interbank and money market items *	33,710	247	503	436	2,042
Investments, net	9,352	33	5,937	882	508
Loans to customers **	78,818	5,804	148	11,074	2,098
Accrued interest receivables	228	11	-	5	5
Total financial assets	122,476	6,276	6,693	12,437	4,933
Financial liabilities					
Deposits	43,034	1,510	430	17	1,866
Interbank and money market items	5,376	111	-	-	475
Debt issued and borrowings	54,124	18	-	-	411
Other liabilities	569	-	-	-	8
Total financial liabilities	103,103	1,639	430	17	2,760
On-financial reporting items, net	19,373	4,637	6,263	12,420	2,173
Off-financial reporting items - contingencies (currency swap contracts)	(11,871)	(3,797)	(6,439)	(11,980)	(984)

* Before deducting allowance for doubtful accounts

** 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 2019

For the three-month period ended 30 June 2019 (Unaudited)

4.4 Equity risk

Equity risk is the risk arising from changes in the price of equities or common stock that may cause volatility in earning or fluctuations in the value of 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 9 and 10).

4.5 Liquidity risk

Liquidity risk is the risk that the Bank is unable to honor its obligations upon maturity because it cannot liquidate assets or raise sufficient funds on reasonable terms, which may create losses.

To manage the underlying liquidity risk, the Bank has laid out a Liquidity Risk Management Policy which is approved by the Board of Directors. The Asset and Liability Management Committee is responsible for ensuring that liquidity risk management complies with the policy.

Additionally, the Bank has implemented a system to handle daily liquidity management in both Baht and foreign currencies. The system applies various risk management tools, such as daily net liquidity position reports for both remaining time to maturity and behavioral adjustment basis, net liquidity position by currency and others. Moreover, the Bank sets risk limits and requires daily reporting of liquidity risk exposure to management to ensure that liquidity risk remains within the Bank's risk appetite.

The Bank also regularly performs stress testing under scenarios set out by the Bank of Thailand and the Bank. Results from the test are used as part of the formulation of a Contingency Funding Plan. The plan sets out appropriate guidelines under various circumstances and clearly specifies roles and responsibilities for liquidity management under critical situations.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

As at 30 June 2019 and 31 December 2018, financial assets and liabilities were classified according to their contractual maturity as follows:

	Consolidated							Total
	30 June 2019							
	Maturity on demand	Maturity within 3 months	Maturity within 3 - 12 months	Maturity 1 - 5 years	Maturity over 5 years	Non Performing Loans	No maturity	
Financial assets								
Cash	-	-	-	-	-	-	37,440	37,440
Interbank and money market items*	38,524	327,977	1,148	1,277	230	-	-	369,156
Investments, net**	-	80,895	77,853	98,207	21,468	-	10,022	288,445
Loans to customers***	183,849	298,497	284,830	680,986	641,200	68,885	-	2,158,247
Accrued interest receivables	-	3,066	-	-	-	-	-	3,066
Total financial assets	222,373	710,435	363,831	780,470	662,898	68,885	47,462	2,856,354
Financial liabilities								
Deposits	1,520,508	258,178	395,604	16,330	-	-	-	2,190,620
Interbank and money market items	21,748	56,531	8,060	25,864	8,900	-	-	121,103
Debt issued and borrowings	-	13,232	29,750	43,708	35,628	-	-	122,318
Other liabilities	-	2,514	2,471	155	-	-	-	5,140
Total financial liabilities	1,542,256	330,455	435,885	86,057	44,528	-	-	2,439,181
Net liquidity gap	(1,319,883)	379,980	(72,054)	694,413	618,370	68,885	47,462	417,173

* Before deducting allowance for doubtful accounts amounting to Baht 182 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

	Consolidated							Total
	31 December 2018							
	Maturity on demand	Maturity within 3 months	Maturity within 3 - 12 months	Maturity 1 - 5 years	Maturity over 5 years	Non Performing Loans	No maturity	
Financial assets								
Cash	-	-	-	-	-	-	47,117	47,117
Interbank and money market items*	51,607	313,083	4,445	2,517	6,500	-	-	378,152
Investments, net**	-	29,288	165,691	47,551	20,557	-	10,902	273,989
Loans to customers***	202,836	327,793	223,087	662,421	654,035	70,389	-	2,140,561
Accrued interest receivables	-	3,334	-	-	-	-	-	3,334
Total financial assets	254,443	673,498	393,223	712,489	681,092	70,389	58,019	2,843,153
Financial liabilities								
Deposits	1,486,921	320,963	340,038	11,709	-	-	-	2,159,631
Interbank and money market items	18,013	81,578	5,950	28,538	8,450	-	-	142,529
Debt issued and borrowings	-	15,419	43,462	28,420	20,260	-	-	107,561
Other liabilities	-	2,431	2,210	310	-	-	-	4,951
Total financial liabilities	1,504,934	420,391	391,660	68,977	28,710	-	-	2,414,672
Net liquidity gap	(1,250,491)	253,107	1,563	643,512	652,382	70,389	58,019	428,481

* Before deducting allowance for doubtful accounts amounting to Baht 247 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 2019
For the three-month period ended 30 June 2019 (Unaudited)

	The Bank							Total
	30 June 2019							
	Maturity on demand	Maturity within 3 months	Maturity within 3 - 12 months	Maturity within 1 - 5 years	Maturity over 5 years	Non Performing Loans	No Maturity	
	<i>(in million Baht)</i>							
Financial assets								
Cash	-	-	-	-	-	-	37,330	37,330
Interbank and money market items*	36,298	325,497	370	1,277	-	-	-	363,442
Investments, net	-	80,314	78,197	98,153	21,414	-	8,129	286,207
Loans to customers**	182,408	298,497	284,830	678,784	641,200	67,895	-	2,153,614
Accrued interest receivables	-	3,037	-	-	-	-	-	3,037
Total financial assets	218,706	707,345	363,397	778,214	662,614	67,895	45,459	2,843,630
Financial liabilities								
Deposits	1,518,433	257,732	395,604	16,330	-	-	-	2,188,099
Interbank and money market items	22,324	56,573	8,060	25,864	8,900	-	-	121,721
Debt issued and borrowings	-	11,310	29,750	43,708	35,628	-	-	120,396
Other liabilities	-	2,511	2,471	155	-	-	-	5,137
Total financial liabilities	1,540,757	328,126	435,885	86,057	44,528	-	-	2,435,353
Net liquidity gap	(1,322,051)	379,219	(72,488)	692,157	618,086	67,895	45,459	408,277

* Before deducting allowance for doubtful accounts amounting to Baht 182 million

** Net of deferred revenue

	The Bank							Total
	31 December 2018							
	Maturity on demand	Maturity within 3 months	Maturity within 3 - 12 months	Maturity within 1 - 5 years	Maturity over 5 years	Non Performing Loans	No Maturity	
	<i>(in million Baht)</i>							
Financial assets								
Cash	-	-	-	-	-	-	46,443	46,443
Interbank and money market items*	49,007	311,605	340	1,328	-	-	-	362,280
Investments, net	-	30,772	165,556	48,180	19,590	-	8,897	272,995
Loans to customers**	190,475	327,793	223,087	660,020	654,035	69,383	-	2,124,793
Accrued interest receivables	-	3,028	-	-	-	-	-	3,028
Total financial assets	239,482	673,198	388,983	709,528	673,625	69,383	55,340	2,809,539
Financial liabilities								
Deposits	1,484,867	320,322	340,038	11,709	-	-	-	2,156,936
Interbank and money market items	19,561	81,750	5,950	28,538	9,800	-	-	145,599
Debt issued and borrowings	-	14,821	41,918	29,066	20,260	-	-	106,065
Other liabilities	-	2,488	2,210	310	-	-	-	5,008
Total financial liabilities	1,504,428	419,381	390,116	69,623	30,060	-	-	2,413,608
Net liquidity gap	(1,264,946)	253,817	(1,133)	639,905	643,565	69,383	55,340	395,931

* Before deducting allowance for doubtful accounts amounting to Baht 247 million

** Net of deferred revenue

As at 30 June 2019, the liquidity ratio (liquid assets to total deposits) stood at 27.3% on a bank-only basis (31 December 2018: 25.0%).

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

Loans to deposits ratio

As at 30 June 2019 and 31 December 2018, the loans to deposits ratio in the consolidated financial statements were as follows:

	30 June 2019	31 December 2018
		(%)
Gross loans to deposits ratio (Consolidated financial statements)	98.5	99.1

The Bank will disclose the Liquidity Coverage Ratio (LCR) information under Bank of Thailand Notification number Sor Nor Sor 2/2561 dated 25 January 2018 on the Liquidity coverage ratio disclosure standards was as follows:

Location of disclosure	The Bank's website under Investor Relations section at https://www.scb.co.th/en/investor-relations/financial-information.html
Date of disclosure	Within 4 months after the period end date as indicated in the BoT notification

The disclosure for the six-month period ended 30 June 2019 will be provided on or before 31 October 2019 on the Bank's website as noted above.

4.6 Insurance risk

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

Product design and mispricing risk

Product design and mispricing risk refers to potential defects in the development process 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 and other stakeholders. The PAC, to the best of its liability, ensures the soundness and appropriateness of new products' pricing and design.

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

Once a product is launched, both performance and actuarial experience are monitored and reported on a regular basis to ensure appropriate actions are triggered if and when 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 vary across categories, reflecting different levels of risk.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

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.

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 behavior 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 to detect and minimise 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.

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

As at 30 June 2019, the discount interest rates for the purpose of the liability adequacy test, in accordance with industry practice, is the weighted average of past eight quarters of the zero coupon Thailand government bond yield curve plus an illiquidity premium for various tenors as prescribed by the regulator. The illiquidity premium is in line with an industry practice (i.e. ranging between 27 - 49 basis points) (31 December 2018: 26 - 43 basis points). Management monitors the sensitivity to change in interest rates on an ongoing basis. A decrease of 2 basis points as at 30 June 2019 (31 December 2018: 23 basis points) from current market interest rates would not trigger any additional reserves under liability adequacy test requirements.

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.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

In accordance with 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.

The subsidiary's objectives in managing capital are to safeguard the subsidiary's ability to continue as a going concern in order to protect policyholders and to provide returns for shareholders and benefits for the stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain an optimum capital structure, the subsidiary may adjust the amount of dividends paid to shareholders, return capital to shareholders, and issue new shares, among others.

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

5 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 directly 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.

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 recognise 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 six-month period ended 30 June 2019.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

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. 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.

5.1 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	Level 2	Total	Level 1	Level 2	Total
	Fair value					
	(in million Baht)					
30 June 2019						
Financial assets						
Derivative assets						
- Foreign exchange rate	-	37,567	37,567	-	37,567	37,567
- Interest rate	-	23,070	23,070	-	23,070	23,070
- Others	-	111	111	-	641	641
Total	-	60,748	60,748	-	61,278	61,278
Investments						
- Trading securities	1,856	26,801	28,657	-	26,631	26,631
- Available-for-sale securities	4,311	241,784	246,095	4,311	241,764	246,075
Total	6,167	268,585	274,752	4,311	268,395	272,706
Total financial assets	6,167	329,333	335,500	4,311	329,673	333,984
Financial liabilities						
Derivative liabilities						
- Foreign exchange rate	-	33,189	33,189	-	33,189	33,189
- Interest rate	-	24,361	24,361	-	24,361	24,361
- Others	190	541	731	-	569	569
Total financial liabilities	190	58,091	58,281	-	58,119	58,119

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

	Consolidated			The Bank		
	Level 1	Fair value Level 2	Total	Level 1	Fair value Level 2	Total
<i>(in million Baht)</i>						
31 December 2018						
Financial assets						
Derivative assets						
- Foreign exchange rate	-	25,364	25,364	-	25,242	25,242
- Interest rate	-	15,590	15,590	-	15,035	15,035
- Others	-	101	101	-	629	629
Total	-	41,055	41,055	-	40,906	40,906
Investments						
- Trading securities	1,968	11,447	13,415	-	11,411	11,411
- Available-for-sale securities	20,389	412,274	432,663	6,785	242,013	248,798
Total	22,357	423,721	446,078	6,785	253,424	260,209
Total financial assets	22,357	464,776	487,133	6,785	294,330	301,115
Financial liabilities						
Derivative liabilities						
- Foreign exchange rate	-	21,002	21,002	-	21,450	21,450
- Interest rate	-	14,136	14,136	-	14,076	14,076
- Others	116	557	673	-	601	601
Total financial liabilities	116	35,695	35,811	-	36,127	36,127

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 for financial assets in the form of derivatives and debt instruments.

5.2 Financial instruments not measured at fair value

Fair value 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 2019 and 31 December 2018 were as follows:

	Consolidated		The Bank	
	Carrying amount	Fair value Level 2	Carrying amount	Fair value Level 2
<i>(in million Baht)</i>				
30 June 2019				
Financial assets				
Derivative assets	1,129	970	1,129	970
Held-to-maturity securities	9,858	10,663	9,683	10,485
Financial liabilities				
Derivative liabilities	485	293	485	293

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

	Consolidated		The Bank	
	Carrying amount	Fair value Level 2	Carrying amount	Fair value Level 2
<i>(in million Baht)</i>				
31 December 2018				
Financial assets				
Derivative assets	628	409	628	409
Held-to-maturity securities	120,645	131,527	10,675	11,479
Financial liabilities				
Derivative liabilities	672	490	672	490

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.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

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.
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.

6 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 30 June 2019 and 31 December 2018, the Consolidated Supervision group and the Bank's total capital funds were categorised 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 2019

For the three-month period ended 30 June 2019 (Unaudited)

	Basel III	
	Consolidated Supervision	
	30 June 2019	31 December 2018
	<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	294,768	287,738
Disclosed reserves		
Other comprehensive income	23,719	15,944
Other owner changes items	(2,365)	(2,365)
Capital deduction items on CET1	(36,198)	(26,754)
Total Tier 1 capital	<u>332,040</u>	<u>326,679</u>
Tier 2 capital		
Subordinated debt	18,000	20,000
Allowance for classified assets of “normal” category	24,017	23,793
Total Tier 2 capital	<u>42,017</u>	<u>43,793</u>
Total capital funds	<u>374,057</u>	<u>370,472</u>
Total risk weighted assets	2,187,582	2,166,374

	The BoT's regulation minimum requirement*	30 June 2019	The BoT's regulation minimum requirement*	31 December 2018
Total capital / Total risk weighted assets	11.5	17.1	10.375 (%)	17.1
Total Tier 1 capital / Total risk weighted assets	9.0	15.2	7.875	15.1
Total Tier 1 common equity / Total risk weighted assets	7.5	15.2	6.375	15.1
Total Tier 2 capital / Total risk weighted assets		1.9		2.0

* Conservation buffer requires additional Common Equity Tier 1 of 0.625% per annum from 1 January 2016 onwards until reaching 2.50% in 2019, and a D-SIB Buffer of 0.5% from 1 January 2019 increasing to 1.0% from 1 January 2020 onwards.

	30 June 2019	31 December 2018
	<i>(in million Baht)</i>	
Capital after deducting capital add-on arising from Single Lending Limit	374,057	370,472
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 2019

For the three-month period ended 30 June 2019 (Unaudited)

		Basel III		
		The Bank		
		30 June 2019	31 December 2018	
		<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		258,937	258,691	
Other comprehensive income		14,338	13,985	
Capital deduction items on CET1		(20,243)	(19,609)	
Total Tier 1 capital		305,148	305,183	
Tier 2 capital				
Subordinated debt		18,000	20,000	
Allowance for classified assets of “normal” category		23,146	22,953	
Total Tier 2 capital		41,146	42,953	
Total capital funds		346,294	348,136	
Total risk weighted assets		2,107,778	2,091,071	
	The BoT’s regulation minimum requirement*	30 June 2019	The BoT’s regulation minimum requirement* (%)	31 December 2018
Total capital / Total risk weighted assets	11.5	16.4	10.375	16.6
Total Tier 1 capital / Total risk weighted assets	9.0	14.5	7.875	14.6
Total Tier 1 common equity / Total risk weighted assets	7.5	14.5	6.375	14.6
Total Tier 2 capital / Total risk weighted assets		1.9		2.0

* Conservation buffer requires additional Common Equity Tier 1 of 0.625% per annum from 1 January 2016 onwards until reaching 2.5% in 2019, and a D-SIB Buffer of 0.5% from 1 January 2019 increasing to 1.0% from 1 January 2020 onwards.

	30 June 2019	31 December 2018
	<i>(in million Baht)</i>	
Capital after deducting capital add-on arising from Single Lending Limit	346,294	348,136
Capital ratio after deducting capital add-on arising from Single Lending Limit (%)	16.4	16.6

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 https://www.scb.co.th/en/investor-relations/financial-information.html
Date of disclosure	Within 4 months after the period end date as indicated in the BoT notification
Information as of	31 December 2018

The disclosure for the six-month period ended 30 June 2019 will be provided on or before 31 October 2019 on the Bank’s website as noted above.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

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.

7 Interbank and money market items, net (Assets)

As at 30 June 2019 and 31 December 2018, interbank and money market items, net (Assets) were as follows:

	Consolidated					
	30 June 2019			31 December 2018		
	Demand	Time	Total	Demand	Time	Total
	<i>(in million Baht)</i>					
Domestic items:						
Bank of Thailand and Financial Institutions Development Fund	15,266	298,113	313,379	17,929	289,585	307,514
Commercial banks	2,305	20,869	23,174	3,258	13,665	16,923
Specialised financial institutions*	-	60	60	-	-	-
Other financial institutions**	12	3,505	3,517	823	8,944	9,767
Total	17,583	322,547	340,130	22,010	312,194	334,204
Add accrued interest receivables	-	70	70	-	794	794
Less allowance for doubtful accounts	-	(131)	(131)	-	(124)	(124)
Total domestic items	17,583	322,486	340,069	22,010	312,864	334,874
Foreign items:						
US Dollar	16,953	7,927	24,880	25,191	13,539	38,730
Japanese Yen	364	-	364	503	-	503
Euro	191	-	191	247	-	247
Other currencies	3,433	53	3,486	3,656	-	3,656
Total	20,941	7,980	28,921	29,597	13,539	43,136
Add accrued interest receivables	-	35	35	-	18	18
Less allowance for doubtful accounts	-	(51)	(51)	-	(123)	(123)
Total foreign items	20,941	7,964	28,905	29,597	13,434	43,031
Total domestic and foreign items	38,524	330,450	368,974	51,607	326,298	377,905

* Specialised financial institutions represent 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 represent financial institutions which have a license to offer interest bearing 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 2019

For the three-month period ended 30 June 2019 (Unaudited)

	The Bank					
	30 June 2019			31 December 2018		
	Demand	Time	Total	Demand	Time	Total
	<i>(in million Baht)</i>					
Domestic items:						
Bank of Thailand and Financial Institutions Development Fund	15,266	298,113	313,379	17,929	289,585	307,514
Commercial banks	1,727	20,869	22,596	2,422	4,395	6,817
Specialised financial institutions*	-	60	60	-	-	-
Other financial institutions**	330	3,505	3,835	1,124	8,944	10,068
Total	17,323	322,547	339,870	21,475	302,924	324,399
Add accrued interest receivables	-	70	70	-	100	100
Less allowance for doubtful accounts	-	(131)	(131)	-	(124)	(124)
Total domestic items	17,323	322,486	339,809	21,475	302,900	324,375
Foreign items:						
US Dollar	14,997	4,459	19,456	23,137	10,242	33,379
Japanese Yen	364	-	364	503	-	503
Euro	191	-	191	247	-	247
Other currencies	3,423	53	3,476	3,645	-	3,645
Total	18,975	4,512	23,487	27,532	10,242	37,774
Add accrued interest receivables	-	15	15	-	7	7
Less allowance for doubtful accounts	-	(51)	(51)	-	(123)	(123)
Total foreign items	18,975	4,476	23,451	27,532	10,126	37,658
Total domestic and foreign items	36,298	326,962	363,260	49,007	313,026	362,033

* Specialised financial institutions represent 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 represent financial institutions which have a license to offer interest bearing 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

As at 30 June 2019, the Bank and its subsidiaries had restricted on interbank and money market items of Baht 1,175 million (31 December 2018: Baht 1,264 million).

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

8 Derivatives

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 notional amount of 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.

As at 30 June 2019 and 31 December 2018, the notional amount of derivatives was as follows:

	Consolidated 30 June 2019 Notional amount			
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
	<i>(in million Baht)</i>			
Forward exchange contracts	1,317,177	34,410	949	1,352,536
Currency swap contracts	106,239	299,522	144,595	550,356
Interest rate swap contracts	808,017	1,353,812	380,524	2,542,353
Equity derivatives	8,315	1,630	-	9,945
Commodity derivatives	143	-	-	143

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

	Consolidated			
	31 December 2018			
	Notional amount			
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
	<i>(in million Baht)</i>			
Forward exchange contracts	1,169,594	21,705	1,948	1,193,247
Currency swap contracts	101,712	307,835	151,452	560,999
Interest rate swap contracts	647,429	1,279,355	383,705	2,310,489
Equity derivatives	4,888	2,317	-	7,205
Commodity derivatives	563	-	-	563

	The Bank			
	30 June 2019			
	Notional amount			
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
	<i>(in million Baht)</i>			
Forward exchange contracts	1,308,623	21,210	949	1,330,782
Currency swap contracts	106,854	307,234	140,310	554,398
Interest rate swap contracts	809,451	1,353,812	380,923	2,544,186
Equity derivatives	10,909	2,737	-	13,646
Commodity derivatives	143	-	-	143

	The Bank			
	31 December 2018			
	Notional amount			
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
	<i>(in million Baht)</i>			
Forward exchange contracts	1,169,594	21,705	1,948	1,193,247
Currency swap contracts	103,010	314,225	148,481	565,716
Interest rate swap contracts	641,829	1,259,200	385,338	2,286,367
Equity derivatives	7,251	3,159	-	10,410
Commodity derivatives	563	-	-	563

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

8.1 Trading book derivatives

As at 30 June 2019 and 31 December 2018, fair value and notional amount classified by type of risk were as follows:

Type of risk	Consolidated					
	30 June 2019		Notional amount	31 December 2018		Notional amount
	Assets	Liabilities		Assets	Liabilities	
	<i>(in million Baht)</i>					
Foreign exchange rate	37,567	33,189	1,803,091	25,364	21,002	1,645,232
Interest rate	23,070	24,361	2,476,764	15,590	14,136	2,247,376
Equity derivatives	109	730	9,945	83	656	7,205
Commodity derivatives	2	1	143	18	17	563
Total	60,748	58,281	4,289,943	41,055	35,811	3,900,376

Type of risk	The Bank					
	30 June 2019		Notional Amount	31 December 2018		Notional amount
	Assets	Liabilities		Assets	Liabilities	
	<i>(in million Baht)</i>					
Foreign exchange rate	37,567	33,189	1,785,379	25,242	21,450	1,649,949
Interest rate	23,070	24,361	2,478,597	15,035	14,076	2,223,254
Equity derivatives	639	568	13,646	611	584	10,410
Commodity derivatives	2	1	143	18	17	563
Total	61,278	58,119	4,277,765	40,906	36,127	3,884,176

8.2 Banking book derivatives

As at 30 June 2019 and 31 December 2018, carrying amount and notional amount classified by type of risk were as follows:

Type of risk	Consolidated and the Bank					
	30 June 2019		Notional amount	31 December 2018		Notional Amount
	Assets	Liabilities		Assets	Liabilities	
	<i>(in million Baht)</i>					
Foreign exchange rate	1,129	485	99,801	628	672	109,014
Interest rate ⁽¹⁾	432	15	65,589	112	51	63,113
Total	1,561	500	165,390	740	723	172,127

⁽¹⁾ Carrying amount at the end of the period/year for interest rate swap contracts held for banking book are accrued interest receivables or payables based on the contracts. Accrued interest receivables are presented as a part of "Other assets" and accrued interest payables are presented as a part of "Other liabilities" in the consolidated and the Bank's financial statements.

The carrying amount of derivative assets and liabilities for trading book derivatives is based on fair value and banking book derivatives is based on an accrual basis in accordance with the accounting policy disclosed in note 3.27.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

As at 30 June 2019 and 31 December 2018, the proportions, determined based on the notional amount of derivatives contracts divided by type of counterparty were as follows:

	Consolidated		The Bank	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	(%)			
Counterparty				
Financial institutions	81.09	71.04	80.72	70.57
Affiliated companies	-	-	0.33	0.38
Third parties	18.91	28.96	18.95	29.05

9 Investments, net

9.1 Classification of investments in securities

As at 30 June 2019 and 31 December 2018, the investments in securities of the Bank and its subsidiaries were classified as follows:

	Consolidated		The Bank	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	Fair value			
	(in million Baht)			
Trading securities				
Government and state enterprise securities	23,685	9,974	23,648	9,944
Corporate debt securities	3,116	1,473	2,983	1,467
Domestic equity securities	1,856	1,968	-	-
Total	28,657	13,415	26,631	11,411

	Consolidated		The Bank	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	Fair value			
	(in million Baht)			
Available-for-sale securities				
Government and state enterprise securities	230,451	348,508	230,451	228,742
Corporate debt securities	-	39,497	-	-
Foreign debt securities	11,313	24,249	11,313	13,271
Domestic equity securities	3,238	18,528	3,218	4,904
Foreign equity securities	1,093	1,881	1,093	1,881
Total	246,095	432,663	246,075	248,798

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

	Consolidated		The Bank	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	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	9,574	119,074	9,063	10,072
Corporate debt securities	31	68	367	364
Foreign debt securities	253	239	253	239
Other securities	-	1,300	-	-
Total	9,858	120,681	9,683	10,675
<i>Less</i> allowance for impairment	-	(36)	-	-
Total	9,858	120,645	9,683	10,675
	Consolidated		The Bank	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	Cost	Cost	Cost	Cost
	<i>(in million Baht)</i>			
General investments				
Domestic non-marketable equity securities	1,199	1,023	1,180	1,003
Foreign non-marketable equity securities	2,872	1,296	2,872	1,296
Total	4,071	2,319	4,052	2,299
<i>Less</i> allowance for impairment	(236)	(188)	(234)	(188)
Total	3,835	2,131	3,818	2,111
Total investments, net	288,445	568,854	286,207	272,995

Available-for-sale and held-to-maturity securities in the consolidated financial statements at 30 June 2019 reflect the impact of reclassification of amounts treated as held for sale in relation to the proposed divestment of SCB Life (see note 15).

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

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

As at 30 June 2019 and 31 December 2018, unrealised gains (losses) on available-for-sale securities and held-to-maturity securities were as follows:

Type of securities	Consolidated							
	30 June 2019				31 December 2018			
	Amortised cost	Unrealised gains	Unrealised losses	Fair value	Amortised cost	Unrealised gains	Unrealised losses	Fair value
	<i>(in million Baht)</i>							
Available-for-sale securities	244,069*	2,246	(220)	246,095	430,342*	5,955	(3,634)	432,663
Held-to-maturity securities	9,858*	805	-	10,663	120,645*	10,945	(63)	131,527
Total	253,927	3,051	(220)	256,758	550,987	16,900	(3,697)	564,190

Type of securities	The Bank							
	30 June 2019				31 December 2018			
	Amortised cost	Unrealised gains	Unrealised losses	Fair value	Amortised cost	Unrealised gains	Unrealised losses	Fair value
	<i>(in million Baht)</i>							
Available-for-sale securities	244,052*	2,243	(220)	246,075	247,609*	1,882	(693)	248,798
Held-to-maturity securities	9,683*	805	(3)	10,485	10,675*	804	-	11,479
Total	253,735	3,048	(223)	256,560	258,284	2,686	(693)	260,277

* Net of allowance for impairment

9.3 Investments in companies with holding of 10% and upwards

As at 30 June 2019 and 31 December 2018, 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:

	Consolidated				The Bank		
	Number of companies	30 June 2019	31 December 2018	Number of companies	30 June 2019	31 December 2018	
		<i>(in million Baht)</i>			<i>(in million Baht)</i>		
Mutual funds and financial services	2	-	-	2	-	-	
Others	8-9	344	216	7-8	344	216	
		344	216		344	216	

9.4 Investments in companies with problems in their financial positions

As at 30 June 2019, 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 88 million (31 December 2018: Baht 59 million).

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

10 Investments in subsidiaries and associate, net

10.1 Type of investments in subsidiaries and associate

As at 30 June 2019 and 31 December 2018, the Bank and its subsidiaries had an investment in associate, net of impairment provisions, as follows:

	Type of business	Type of share	Direct and indirect shareholding		Consolidated Investment value				
					Cost method		Equity method		
			30 June 2019	31 December 2018	30 June 2019	31 December 2018	30 June 2019	31 December 2018	
			(%)		(in million Baht)				
Associate									
	Sahaviriya Steel Industries PCL*	Steel industry	Common	40.2	40.2	-	-	78	47
Total investments in associate, net						-	-	78	47

* On 28 March 2018, the Bank acquired common shares in Sahaviriya Steel Industries Public Company Limited through a debt-to-equity swap under a rehabilitation plan.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

As at 30 June 2019 and 31 December 2018, the Bank had investments in subsidiaries and associate, net of impairment provisions and dividend income for the six-month periods ended 30 June, as follows:

	Type of business	Type of share	Direct shareholding		The Bank Investment value		Dividend income	
			30 June 2019	31 December 2018	Cost method		30 June 2019	30 June 2018
					30 June 2019	31 December 2018	June 2019	December 2018
			(%)		(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	-	12
SCB-Julius Baer Securities Co., Ltd.	Securities	Common	60.0	60.0	972	972	-	-
SCB Asset Management Co., Ltd.	Asset management	Common	100.0	100.0	222	222	775	-
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	-	-
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	81	162
SCB Protect Co., Ltd.	Non-life insurance broker	Common	100.0	100.0	2	2	-	10
SCB Abacus Co., Ltd.	Data analytics	Common	100.0	100.0	50	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	-	-	-	-	-	-
SCB-Julius Baer (Singapore) Pte.Ltd.*****	Securities	Common	-	-	-	-	-	-
Associate								
Sahaviriya Steel Industries PCL*****	Steel industry	Common	40.2	40.2	-	-	-	-
Total					8,683	21,183	856	184
Less allowance for impairment					(2,194)	(2,194)		
Total investments in subsidiaries and associate, net					6,489	18,989		

* The Company is under liquidation

** Investment of SCB Life Assurance PCL was reclassified to assets held for sale

*** The Company was liquidated on 19 July 2019

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

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

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

***** On 28 March 2018, the Bank acquired common shares in Sahaviriya Steel Industries Public Company Limited through a debt-to-equity swap under a rehabilitation plan.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

All subsidiaries and associate were registered and operate in Thailand except for the Cambodian Commercial Bank Ltd. and SCB-Julius Baer (Singapore) Pte. Ltd., which were registered and operate in Cambodia and Singapore, respectively.

10.2 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 the 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 2019 and 31 December 2018 amounted to Baht 6,770 million and Baht 6,797 million, respectively.

11 Loans to customers and accrued interest receivables, net

11.1 Classified by product as at 30 June 2019 and 31 December 2018

	Consolidated		The Bank	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in million Baht)</i>			
Overdrafts	96,295	99,514	95,842	98,985
Loans	1,462,610	1,436,866	1,459,478	1,422,820
Bills	313,391	334,411	313,391	334,411
Finance leases	251,988	232,155	251,988	232,155
Others	66,909	67,155	65,861	65,962
Less deferred revenue	(32,946)	(29,540)	(32,946)	(29,540)
Total loans to customers, net	2,158,247	2,140,561	2,153,614	2,124,793
Add accrued interest receivables	3,066	3,334	3,037	3,028
Total loans to customers and accrued interest receivables, net	2,161,313	2,143,895	2,156,651	2,127,821
Less allowance for doubtful accounts				
- allowance established per BoT regulations				
- Individual approach	(52,275)	(51,914)	(51,536)	(51,165)
- Collective approach	(7,774)	(7,298)	(7,774)	(7,298)
- allowance established in excess of BoT minimum regulations	(41,341)	(40,193)	(41,332)	(40,184)
Less revaluation allowance for debt restructuring	(3,968)	(3,868)	(3,968)	(3,868)
Total	2,055,955	2,040,622	2,052,041	2,025,306

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

11.2 Classified by currency and residential status of customers as at 30 June 2019 and 31 December 2018

	Consolidated					
	30 June 2019			31 December 2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	2,042,800	25,966	2,068,766	2,012,890	26,800	2,039,690
US Dollar	30,643	39,352	69,995	35,593	46,154	81,747
Other currencies	5,770	13,716	19,486	5,990	13,134	19,124
Total			<u>2,158,247</u>			<u>2,140,561</u>

	The Bank					
	30 June 2019			31 December 2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	2,040,821	25,966	2,066,787	2,000,051	26,800	2,026,851
US Dollar	30,643	36,819	67,462	35,593	43,225	78,818
Other currencies	5,770	13,595	19,365	5,990	13,134	19,124
Total			<u>2,153,614</u>			<u>2,124,793</u>

11.3 Classified by business type and quality of loan classification as at 30 June 2019 and 31 December 2018

	Consolidated											
	30 June 2019					31 December 2018						
	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	9,590	3,598	150	134	379	13,851	17,071	195	2,074	126	332	19,798
Manufacturing and commercial	514,046	23,538	2,476	6,820	19,663	566,543	558,753	19,315	8,819	3,583	19,871	610,341
Real estate and construction	157,435	12,953	4,183	523	2,933	178,027	158,998	3,278	982	410	2,972	166,640
Utilities and services	400,975	2,124	1,962	1,209	3,694	409,964	367,705	2,359	622	1,041	4,549	376,276
Housing loans	526,436	11,652	6,176	4,868	3,456	552,588	526,324	10,795	6,134	5,762	3,757	552,772
Others	407,111	19,904	5,025	2,257	2,977	437,274	387,441	17,938	4,372	2,324	2,659	414,734
Total *	<u>2,015,593</u>	<u>73,769</u>	<u>19,972</u>	<u>15,811</u>	<u>33,102</u>	<u>2,158,247</u>	<u>2,016,292</u>	<u>53,880</u>	<u>23,003</u>	<u>13,246</u>	<u>34,140</u>	<u>2,140,561</u>

	The Bank											
	30 June 2019					31 December 2018						
	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	9,541	3,598	150	134	379	13,802	17,024	195	2,074	126	332	19,751
Manufacturing and commercial	512,888	23,538	2,476	6,820	19,663	565,385	557,190	19,281	8,819	3,583	19,871	608,744
Real estate and construction	157,435	12,953	4,183	523	2,002	177,096	158,998	3,278	982	410	2,025	165,693
Utilities and services	399,857	2,124	1,962	1,209	3,694	408,846	366,478	2,359	622	1,041	4,549	375,049
Housing loans	526,372	11,652	6,176	4,868	3,456	552,524	526,266	10,795	6,134	5,762	3,757	552,714
Others	405,857	19,904	5,025	2,257	2,918	435,961	375,608	17,938	4,372	2,324	2,600	402,842
Total *	<u>2,011,950</u>	<u>73,769</u>	<u>19,972</u>	<u>15,811</u>	<u>32,112</u>	<u>2,153,614</u>	<u>2,001,564</u>	<u>53,846</u>	<u>23,003</u>	<u>13,246</u>	<u>33,134</u>	<u>2,124,793</u>

* Net of deferred revenue, excludes accrued interest receivables

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2019
For the three-month period ended 30 June 2019 (Unaudited)

11.4 Finance leases

As at 30 June 2019 and 31 December 2018, finance leases were as follows:

	Consolidated and the Bank							
	30 June 2019				31 December 2018			
	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	65,668	170,704	15,616	251,988	62,426	158,195	11,534	232,155
Less deferred revenue				<u>(32,548)</u>				<u>(29,126)</u>
Present value of the lease payments				219,440				203,029
Allowance for doubtful accounts				<u>(7,774)</u>				<u>(7,298)</u>
Finance leases, net				<u>211,666</u>				<u>195,731</u>

11.5 Loans to listed companies identified for delisting

	Consolidated and the Bank							
	30 June 2019				31 December 2018			
	Loans and accrued				Loans and accrued			
	No. of companies	interest receivables*	Collateral provision	Amount of provision	No. of companies	interest receivables*	Collateral provision	Amount of provision
	<i>(in million Baht)</i>				<i>(in million Baht)</i>			
Listed companies identified for delisting	1	8,615	3,775	6,543	3	10,996	5,449	8,291

* Including loans to financial institutions but excluding other expenses

11.6 Non-Performing Loans

As at 30 June 2019 and 31 December 2018, 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	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in million Baht)</i>			
Non-Performing Loans (net of allowance for doubtful accounts)	33,800	35,699	33,514	35,406
% of Non-Performing Loans to total loans (net)	1.4	1.5	1.4	1.5
Non-Performing Loans (gross)	68,885	70,389	67,895	69,383
% of Non-Performing Loans to total loans	2.8	2.9	2.7	2.8

As at 30 June 2019, Rutchayothin Assets Management Co., Ltd. which is a subsidiary of the Bank, had Non-Performing Loans of Baht 405 million (31 December 2018: Baht 421 million). However, the Non-Performing Loans based on principal of loan purchased from the Bank and its subsidiaries as at 30 June 2019 was Baht 932 million (31 December 2018: Baht 947 million).

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

11.7 Non-accrual loans

As at 30 June 2019 and 31 December 2018, non-accrual loans, gross, (including loans to financial institutions), were as follows:

	Consolidated		The Bank	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in million Baht)</i>			
Loans where recognition of income has been suspended *	58,508	61,321	57,511	60,308
% of loans where recognition of income has been suspended	2.4	2.5	2.3	2.5

* Non-accrual loans as announced by the Notification of the Bank of Thailand number Sor Nor Sor 20/2558

11.8 Classified assets

As at 30 June 2019 and 31 December 2018, classified assets were as follows:

	Consolidated					
	30 June 2019					
	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	2,018,508	329,737	-	-	82	2,348,327
Special Mention	73,873	-	-	-	77	73,950
Sub-Standard	20,011	-	-	-	16	20,027
Doubtful	15,811	-	-	-	12	15,823
Doubtful Loss	33,110	-	624	693	771	35,198
	2,161,313	329,737	624	693	958	2,493,325

	Consolidated					
	31 December 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	2,019,500	327,545	-	-	19	2,347,064
Special Mention	53,968	-	-	-	5	53,973
Sub-Standard	23,034	-	-	-	3	23,037
Doubtful	13,246	-	-	-	5	13,251
Doubtful Loss	34,147	-	4,091	559	1,012	39,809
	2,143,895	327,545	4,091	559	1,044	2,477,134

* 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 2019

For the three-month period ended 30 June 2019 (Unaudited)

The Bank						
30 June 2019						
	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	2,014,844	329,737	-	-	82	2,344,663
Special Mention	73,873	-	-	-	77	73,950
Sub-Standard	20,011	-	-	-	16	20,027
Doubtful	15,811	-	-	-	12	15,823
Doubtful Loss	32,112	-	2,780	690	761	36,343
	<u>2,156,651</u>	<u>329,737</u>	<u>2,780</u>	<u>690</u>	<u>948</u>	<u>2,490,806</u>

The Bank						
31 December 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	2,004,473	318,081	-	-	19	2,322,573
Special Mention	53,934	-	-	-	5	53,939
Sub-Standard	23,034	-	-	-	3	23,037
Doubtful	13,246	-	-	-	5	13,251
Doubtful Loss	33,134	-	3,208	556	984	37,882
	<u>2,127,821</u>	<u>318,081</u>	<u>3,208</u>	<u>556</u>	<u>1,016</u>	<u>2,450,682</u>

* 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 2019
For the three-month period ended 30 June 2019 (Unaudited)

11.9 Allowance for doubtful accounts

11.9.1 Loans classified by quality as at 30 June 2019 and 31 December 2018 (inclusive of accrued interest receivables)

	Consolidated						
	30 June 2019						
	Individual approach (All loans except for finance leases)				Collective approach (Finance leases)		
	Net amount used to						
Loans and accrued interest receivables (in million Baht)	set the allowance for doubtful accounts	% used for setting the allowance	Allowance for doubtful accounts***	Loans and accrued interest receivables (in million Baht)	Allowance for doubtful accounts***	Total	
Minimum allowance of BoT regulations							
- Normal	1,817,675	1,780,687*	1	17,797	200,833	2,852	20,649
- Special Mention	59,455	58,680*	2	1,174	14,418	2,910	4,084
- Sub-Standard	18,542	9,763**	100	9,763	1,469	724	10,487
- Doubtful	15,070	5,999**	100	5,999	741	337	6,336
- Doubtful Loss	31,131	17,542**	100	17,542	1,979	951	18,493
Total	<u>1,941,873</u>	<u>1,872,671</u>		<u>52,275</u>	<u>219,440</u>	<u>7,774</u>	60,049
Allowance established in excess of BoT regulations							<u>41,341</u>
Total							<u>101,390</u>

	Consolidated						
	31 December 2018						
	Individual approach (All loans except for finance leases)				Collective approach (Finance leases)		
	Net amount used to						
Loans and accrued interest receivables (in million Baht)	set the allowance for doubtful accounts	% used for setting the allowance	Allowance for doubtful accounts***	Loans and accrued interest receivables (in million Baht)	Allowance for doubtful accounts***	Total	
Minimum allowance of BoT regulations							
- Normal	1,832,982	1,790,588*	1	17,788	186,518	2,873	20,661
- Special Mention	41,113	40,176*	2	803	12,855	2,697	3,500
- Sub-Standard	21,718	12,189**	100	12,189	1,316	642	12,831
- Doubtful	12,682	4,057**	100	4,057	564	261	4,318
- Doubtful Loss	32,371	17,077**	100	17,077	1,776	825	17,902
Total	<u>1,940,866</u>	<u>1,864,087</u>		<u>51,914</u>	<u>203,029</u>	<u>7,298</u>	59,212
Allowance established in excess of BoT regulations							<u>40,193</u>
Total							<u>99,405</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

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2019
For the three-month period ended 30 June 2019 (Unaudited)

The Bank							
30 June 2019							
	Individual approach (All loans except for finance leases)				Collective approach (Finance leases)		Total
	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	1,814,011	1,777,044*	1	17,770	200,833	2,852	20,622
- Special Mention	59,455	58,680*	2	1,174	14,418	2,910	4,084
- Sub-Standard	18,542	9,763**	100	9,763	1,469	724	10,487
- Doubtful	15,070	5,999**	100	5,999	741	337	6,336
- Doubtful Loss	<u>30,133</u>	<u>16,830**</u>	100	<u>16,830</u>	<u>1,979</u>	<u>951</u>	<u>17,781</u>
Total	<u>1,937,211</u>	<u>1,868,316</u>		<u>51,536</u>	<u>219,440</u>	<u>7,774</u>	59,310
Allowance established in excess of BoT regulations							<u>41,332</u>
Total							<u>100,642</u>

The Bank							
31 December 2018							
	Individual approach (All loans except for finance leases)				Collective approach (Finance leases)		Total
	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	1,817,955	1,775,859*	1	17,759	186,518	2,873	20,632
- Special Mention	41,079	40,142*	2	803	12,855	2,697	3,500
- Sub-Standard	21,718	12,189**	100	12,189	1,316	642	12,831
- Doubtful	12,682	4,057**	100	4,057	564	261	4,318
- Doubtful Loss	<u>31,358</u>	<u>16,357**</u>	100	<u>16,357</u>	<u>1,776</u>	<u>825</u>	<u>17,182</u>
Total	<u>1,924,792</u>	<u>1,848,604</u>		<u>51,165</u>	<u>203,029</u>	<u>7,298</u>	58,463
Allowance established in excess of BoT regulations							<u>40,184</u>
Total							<u>98,647</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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

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 2019 and 31 December 2018 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.

11.9.2 Changes to the allowance for doubtful accounts

As at 30 June 2019 and 31 December 2018, the changes to the allowance for doubtful accounts were as follows:

	Consolidated					Allowance established in excess of BoT regulations	Total
	Normal	Special Mention	Sub - Standard	Doubtful	Doubtful Loss		
	30 June 2019						
	<i>(in million Baht)</i>						
As at 1 January 2019	20,661	3,500	12,831	4,318	17,902	40,193	99,405
Bad debt and doubtful accounts	(10)	584	(2,344)	2,018	11,430	1,331	13,009
Bad debts written off	-	-	-	-	(10,839)	-	(10,839)
Others	(2)	-	-	-	-	(183)	(185)
As at 30 June 2019	<u>20,649</u>	<u>4,084</u>	<u>10,487</u>	<u>6,336</u>	<u>18,493</u>	<u>41,341</u>	<u>101,390</u>
	Consolidated						
	31 December 2018						
	<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	697	275	4,870	155	13,298	7,756	27,051
Bad debts written off	-	-	-	-	(13,602)	-	(13,602)
Others	-	-	-	-	-	257	257
As at 31 December 2018	<u>20,661</u>	<u>3,500</u>	<u>12,831</u>	<u>4,318</u>	<u>17,902</u>	<u>40,193</u>	<u>99,405</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 2019
For the three-month period ended 30 June 2019 (Unaudited)

The Bank							
30 June 2019							
	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 2019	20,632	3,500	12,831	4,318	17,182	40,184	98,647
Bad debt and doubtful accounts	(10)	584	(2,344)	2,018	11,438	1,331	13,017
Bad debts written off	-	-	-	-	(10,839)	-	(10,839)
Others	-	-	-	-	-	(183)	(183)
As at 30 June 2019	20,622	4,084	10,487	6,336	17,781	41,332	100,642

The Bank							
31 December 2018							
	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 2018	19,939	3,225	7,961	4,163	17,477	32,171	84,936
Bad debt and doubtful accounts	693	275	4,870	155	13,307	7,756	27,056
Bad debts written off	-	-	-	-	(13,602)	-	(13,602)
Others	-	-	-	-	-	257	257
As at 31 December 2018	20,632	3,500	12,831	4,318	17,182	40,184	98,647

12 Troubled debt restructuring

During the six-month periods ended 30 June 2019 and 2018, troubled debt restructuring was as follows:

Types of debt restructuring	Consolidated and the Bank							
	No. of accounts		Outstanding debts				Loss on debt restructuring	
	2019	2018	Before debt restructuring 2019	2018	After debt restructuring 2019	2018	2019	2018
	<i>(in million Baht)</i>							
Debt restructuring in various forms	5	1	438	5	428	5	-	-
Changes of repayment conditions	6,939	1,413	13,674	3,285	13,657	3,274	55	11
Total	6,944	1,414	14,112	3,290	14,085	3,279	55	11

As at 30 June 2019 and 31 December 2018, the Bank and its subsidiaries had outstanding balances relating to troubled debt restructured loans as follows:

	Consolidated and the Bank			
	30 June 2019		31 December 2018	
	No. of accounts	Outstanding debts	No. of accounts	Outstanding debts
	<i>(in million Baht)</i>			
Restructured loans which were classified as NPL	1,508	11,430	1,540	10,257
Restructured loans which were not classified as NPL	17,423	27,950	13,196	23,236
Total	18,931	39,380	14,736	33,493

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

Supplementary information relating to restructured loans for the six-month periods ended 30 June 2019 and 2018 were as follows:

	Consolidated and the Bank	
	2019	2018
	<i>(in million Baht)</i>	
Interest income recognised in the statement of profit or loss and other comprehensive income	462	504

Revaluation allowance for debt restructuring

As at 30 June 2019 and 31 December 2018, the changes to the revaluation allowance for debt restructuring were as follows:

	Consolidated and the Bank	
	30 June 2019	31 December 2018
	<i>(in million Baht)</i>	
Beginning balance	3,868	4,291
Increase (decrease) during the period/year	100	(423)
Ending balance	3,968	3,868

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

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

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

	Six-month period ended 30 June	
	2019 (Unaudited)	2018 (Audited)
	<i>(in million Baht)</i>	
Cash flows from operating activities		
Profit (loss) from operating before income tax expense	3	(2)
<i>Adjustments to reconcile profit (loss) from operating before income tax to cash receipts (payments) from operating activities</i>		
Reversal of impairment loss on loans and debt securities	(7)	(2)
Net interest expenses	3	3
Losses from operating before changes in operating assets and liabilities	(1)	(1)
<i>(Increase) decrease in operating assets</i>		
Intercompany and money market items	(12)	(5)
Investments	16	5
<i>Increase (decrease) in operating liabilities</i>		
Other liabilities	(3)	1
Net cash from operating activities	-	-
Net increase in cash	-	-
Cash at 1 January	-	-
Cash at 30 June	-	-

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

14 Properties for sale, net

As at 30 June 2019 and 31 December 2018, the changes to the properties for sale, net were as follows:

	Beginning balance	Consolidated 30 June 2019		Ending balance
		Additions/ Transfer in	Disposals/ Transfer out	
		<i>(in million Baht)</i>		
Foreclosed assets				
Immovable assets	11,690	2,422	(329)	13,783
Movable assets	630	3,922	(3,628)	924
Total	12,320	6,344	(3,957)	14,707
Others	1,689	815	(658)	1,846
Total properties for sale	14,009	7,159	(4,615)	16,553
Less allowance for impairment	(559)	(1,780)	1,646	(693)
Total properties for sale, net	13,450	5,379	(2,969)	15,860

	Beginning balance	Consolidated 31 December 2018		Ending balance
		Additions/ Transfer in	Disposals/ Transfer out	
		<i>(in million Baht)</i>		
Foreclosed assets				
Immovable assets	10,890	2,382	(1,582)	11,690
Movable assets	442	7,395	(7,207)	630
Total	11,332	9,777	(8,789)	12,320
Others	396	1,782	(489)	1,689
Total properties for sale	11,728	11,559	(9,278)	14,009
Less allowance for impairment	(444)	(140)	25	(559)
Total properties for sale, net	11,284	11,419	(9,253)	13,450

	Beginning balance	The Bank 30 June 2019		Ending balance
		Additions/ Transfer in	Disposals/ Transfer out	
		<i>(in million Baht)</i>		
Foreclosed assets				
Immovable assets	11,683	2,114	(329)	13,468
Movable assets	630	3,922	(3,628)	924
Total	12,313	6,036	(3,957)	14,392
Others	1,689	815	(658)	1,846
Total properties for sale	14,002	6,851	(4,615)	16,238
Less allowance for impairment	(556)	(1,780)	1,646	(690)
Total properties for sale, net	13,446	5,071	(2,969)	15,548

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

	The Bank			
	Beginning balance	31 December 2018		Ending balance
Additions/ Transfer in		Disposals/ Transfer out	(in million Baht)	
Foreclosed assets				
Immovable assets	10,883	2,382	(1,582)	11,683
Movable assets	442	7,395	(7,207)	630
Total	11,325	9,777	(8,789)	12,313
Others	396	1,782	(489)	1,689
Total properties for sale	11,721	11,559	(9,278)	14,002
Less allowance for impairment	(441)	(140)	25	(556)
Total properties for sale, net	11,280	11,419	(9,253)	13,446

The losses on sale of properties for sale recognised in the consolidated profit or loss for the six-month periods ended 30 June 2019 and 2018 were Baht 499 million and Baht 216 million respectively, and for the Bank's profit or loss were Baht 499 million and Baht 216 million, respectively.

Immovable assets for sale classified by internal appraisers as at 30 June 2019 and 31 December 2018 were as follows:

	Consolidated		The Bank	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	(in million Baht)			
Foreclosed assets				
Immovable assets				
Appraised by internal appraisers	13,783	11,690	13,468	11,683
Total	13,783	11,690	13,468	11,683

15 Assets classified as held for sale and liabilities directly associated with assets classified as held for sale

On 1 July 2019, the Bank entered into a binding Share Sale Agreement with FWD Group Financial Services Pte. Ltd. (FWD) to sell its entire stake in SCB Life Assurance Public Company Limited (SCB Life). Upon successful closing of the share sale, the Bank will form a business collaboration in life insurance business with FWD and the Bank will offer the life insurance products of FWD and SCB Life to the Bank's customers in Thailand through the Bank's distribution channels for a period of 15 years in accordance with a long-term distribution agreement.

The above-mentioned sale of shares is expected to be completed in the latter part of 2019, subject to the satisfaction of certain conditions specified in the Share Sale Agreement, including approval of the Bank's shareholders. Subject to completion of the share sale under the term of the relevant agreements, the Bank will receive a total consideration of Baht 92.7 billion along with additional payments common in bancassurance transactions over the course of the long-term distribution agreement.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

At 30 June 2019, assets and liabilities held for sale are re-measured at the lower of their existing carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, financial assets and contractual rights under insurance contracts, which are specifically exempt from this requirement and continue to be recognised at their existing carrying value.

Assets and liabilities held for sale contain the assets and liabilities of SCB Life subject to sale.

	<i>Note</i>	Consolidated <i>(in million Baht)</i>
Assets		
Cash		1
Interbank and money market items, net		13,364
Derivative assets		2,888
Investment, net		312,664
Loans to customers and accrued interest receivables, net		11,095
Premises and equipment, net	<i>16</i>	294
Goodwill and other intangible assets, net	<i>17</i>	9,370
Other assets, net		3,470
Total assets classified as held for sale		<u>353,146</u>
Liabilities		
Provisions	<i>23</i>	239
Liabilities under insurance contracts	<i>24</i>	284,892
Liabilities pending transfer		1
Deferred tax liabilities	<i>45</i>	2,188
Other liabilities		6,882
Total liabilities directly associated with assets classified as held for sale		<u>294,202</u>

Net profit relating to assets classified as held for sale recognised in profit or loss for the six-month period ended 30 June 2019 amounted to Baht 2,151 million. Reserves in relation to investments classified as available-for-sale and the effective portion of cash flow hedges recorded in the statement of changes in equity amounted to Baht 9,853 million and Baht 1,759 million, respectively.

No reclassification has been made to the Group's statement of profit or loss and other comprehensive income on the basis that the Group's operations of providing insurance products will continue under distribution agreements.

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2019
For the three-month period ended 30 June 2019 (Unaudited)

16 Premises and equipment, net

As at 30 June 2019 and 31 December 2018, the changes to the premises and equipment, net were as follows:

						Consolidated							Net balance
	Beginning balance	Additions/Transfer in	Cost Disposals/Transfer out	Transfer to assets classified as held for sale	Ending balance	30 June 2019		Accumulated depreciation			Impairment		
						Beginning balance	Depreciation	Disposals	Transfer to assets classified as held for sale	Ending balance	Allowance for impairment	Transfer to assets classified as held for sale	
						<i>(in million Baht)</i>							
Land													
Cost	5,702	1	(173)	(6)	5,524	-	-	-	-	-	(143)	1	5,382
Appraisal *	12,787	360	(376)	(2)	12,769	-	-	-	-	-	-	-	12,769
Premises and building improvements													
Cost	20,309	151	(485)	(4)	19,971	(8,812)	(356)	253	3	(8,912)	(145)	-	10,914
Appraisal *	9,060	-	(66)	(3)	8,991	(2,502)	(168)	19	-	(2,651)	-	-	6,340
Equipment	20,027	199	(498)	(419)	19,309	(13,487)	(1,052)	467	136	(13,936)	-	-	5,373
Others	443	212	(202)	-	453	(8)	-	-	-	(8)	-	-	445
Total	68,328	923	(1,800)	(434)	67,017	(24,809)	(1,576)	739	139	(25,507)	(288)	1	41,223

* 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 2019 and 2018 amounted to Baht 1,576 million and Baht 1,474 million, respectively.

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2019
For the three-month period ended 30 June 2019 (Unaudited)

	Consolidated									
	31 December 2018					31 December 2018				
	Beginning balance	Cost Additions/ Transfer in	Disposals/ Transfer out	Ending balance	Beginning balance	Accumulated depreciation		Ending balance	Allowance for impairment	Net balance
						Depreciation	Disposals			
					<i>(in million Baht)</i>					
Land										
Cost	5,844	-	(142)	5,702	-	-	-	-	(146)	5,556
Appraisal *	13,387	-	(600)	12,787	-	-	-	-	-	12,787
Premises and building improvements										
Cost	19,543	1,788	(1,022)	20,309	(9,018)	(633)	839	(8,812)	(150)	11,347
Appraisal *	9,220	-	(160)	9,060	(2,200)	(344)	42	(2,502)	(17)	6,541
Equipment	23,417	2,395	(5,785)	20,027	(17,141)	(2,079)	5,733	(13,487)	-	6,540
Others	1,451	459	(1,467)	443	-	(8)	-	(8)	-	435
Total	72,862	4,642	(9,176)	68,328	(28,359)	(3,064)	6,614	(24,809)	(313)	43,206

* 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 2019 amounted to Baht 18,243 million (31 December 2018: Baht 18,665 million).

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2019
For the three-month period ended 30 June 2019 (Unaudited)

	The Bank										
	30 June 2019										
	Cost				Accumulated depreciation					Allowance	
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Ending balance	Beginning balance	Depreciation	Disposals	Ending balance	for impairment	Net balance	
	<i>(in million Baht)</i>										
Land											
Cost	5,512	1	(75)	5,438	-	-	-	-	(142)	5,296	
Appraisal *	12,144	360	(227)	12,277	-	-	-	-	-	12,277	
Premises and building improvements											
Cost	19,731	132	(292)	19,571	(8,411)	(343)	141	(8,613)	(144)	10,814	
Appraisal *	8,961	-	(67)	8,894	(2,468)	(166)	19	(2,615)	-	6,279	
Equipment	19,198	177	(463)	18,912	(13,105)	(991)	447	(13,649)	-	5,263	
Others	440	204	(185)	459	-	-	-	-	-	459	
Total	65,986	874	(1,309)	65,551	(23,984)	(1,500)	607	(24,877)	(286)	40,388	

* 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 2019 and 2018 amounted to Baht 1,500 million and Baht 1,423 million, respectively.

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2019
For the three-month period ended 30 June 2019 (Unaudited)

	The Bank										
	31 December 2018										
	Beginning balance	Cost			Ending balance	Beginning balance	Accumulated depreciation		Ending balance	Allowance for impairment	Net balance
Additions/ Transfer in		Disposals/ Transfer out		Depreciation			Disposals				
<i>(in million Baht)</i>											
Land											
Cost	5,654	-	(142)	5,512	-	-	-	-	(145)	5,367	
Appraisal *	12,744	-	(600)	12,144	-	-	-	-	-	12,144	
Premises and building improvements											
Cost	18,958	1,779	(1,006)	19,731	(8,628)	(608)	825	(8,411)	(150)	11,170	
Appraisal *	9,121	-	(160)	8,961	(2,170)	(340)	42	(2,468)	-	6,493	
Equipment	22,511	2,083	(5,396)	19,198	(16,416)	(2,002)	5,313	(13,105)	-	6,093	
Others	1,438	249	(1,247)	440	-	-	-	-	-	440	
Total	70,426	4,111	(8,551)	65,986	(27,214)	(2,950)	6,180	(23,984)	(295)	41,707	

* 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 2019 amounted to Baht 17,887 million (31 December 2018: Baht 18,265 million).

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2019
For the three-month period ended 30 June 2019 (Unaudited)

17 Goodwill and other intangible assets, net

As at 30 June 2019 and 31 December 2018, the changes to the goodwill and other intangible assets, net were as follows:

	Cost					Consolidated 30 June 2019						
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Transfer to assets classified as held for sale	Ending balance	Beginning balance <i>(in million Baht)</i>	Amortisation	Disposals	Transfer to assets classified as held for sale	Ending balance	Allowance for impairment	Net balance
Goodwill	10,135	-	-	(8,865)	1,270	-	-	-	-	-	-	1,270
Software licenses	15,904	3,128	(5)	(564)	18,463	(7,377)	(1,218)	2	286	(8,307)	(9)	10,147
Software under installation	6,838	131	(1,049)	(227)	5,693	-	-	-	-	-	-	5,693
Others	10	-	(3)	-	7	(9)	-	2	-	(7)	-	-
Total	32,887	3,259	(1,057)	(9,656)	25,433	(7,386)	(1,218)	4	286	(8,314)	(9)	17,110

Amortisation presented in the consolidated profit or loss for the six-month periods ended 30 June 2019 and 2018 amounted to Baht 1,218 million and Baht 690 million, respectively.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

	Cost				Consolidated 31 December 2018 Accumulated amortisation			Ending balance	Allowance for impairment	Net balance
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out	Ending balance	Beginning balance	Amortisation	Disposals			
					<i>(in million Baht)</i>					
Goodwill	10,135	-	-	10,135	-	-	-	-	-	10,135
Software licenses	10,075	5,897	(68)	15,904	(5,789)	(1,639)	51	(7,377)	(9)	8,518
Software under installation	3,688	3,396	(246)	6,838	-	-	-	-	-	6,838
Others	9	1	-	10	(8)	(1)	-	(9)	-	1
Total	23,907	9,294	(314)	32,887	(5,797)	(1,640)	51	(7,386)	(9)	25,492

The gross amount of the Bank and its subsidiaries' fully amortised intangible assets that were still in use as at 30 June 2019 amounted to Baht 4,849 million (31 December 2018: Baht 4,667 million).

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the interim financial statements
For the six-month period ended 30 June 2019
For the three-month period ended 30 June 2019 (Unaudited)

	Cost			Ending balance	The Bank 30 June 2019 Accumulated amortisation			Ending balance	Net balance
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out		Beginning balance <i>(in million Baht)</i>	Amortisation	Disposals		
Goodwill	1,270	-	-	1,270	-	-	-	-	1,270
Software licenses	14,736	2,923	(3)	17,656	(6,916)	(1,147)	1	(8,062)	9,594
Software under installation	6,607	-	(1,034)	5,573	-	-	-	-	5,573
Total	22,613	2,923	(1,037)	24,499	(6,916)	(1,147)	1	(8,062)	16,437

Amortisation presented in the Bank's profit or loss for the six-month periods ended 30 June 2019 and 2018 amounted to Baht 1,147 million and Baht 644 million, respectively.

	Cost			Ending balance	The Bank 31 December 2018 Accumulated amortisation			Ending balance	Net balance
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out		Beginning balance <i>(in million Baht)</i>	Amortisation	Disposals		
Goodwill	1,270	-	-	1,270	-	-	-	-	1,270
Software licenses	9,307	5,429	-	14,736	(5,371)	(1,545)	-	(6,916)	7,820
Software under installation	3,572	3,165	(130)	6,607	-	-	-	-	6,607
Total	14,149	8,594	(130)	22,613	(5,371)	(1,545)	-	(6,916)	15,697

The gross amount of the Bank's fully amortised intangible assets that were still in use as at 30 June 2019 amounted to Baht 4,695 million (*31 December 2018: Baht 4,521 million*).

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

18 Assets pending transfer

As at 30 June 2019 and 31 December 2018, assets pending transfer were as follows:

	Consolidated		The Bank	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in million Baht)</i>			
Sundry receivables	1,846	1,315	1,988	1,512
Others	954	918	954	918
Total	2,800	2,233	2,942	2,430

19 Other assets, net

As at 30 June 2019 and 31 December 2018, other assets, net were as follows:

	Consolidated		The Bank	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in million Baht)</i>			
Collateral per Credit Support Annex	7,645	5,262	7,645	5,613
Prepaid expenses	2,964	2,764	3,077	2,835
Receivables from sale of NPL	2,203	4,569	2,203	4,569
Securities business receivables and receivables from clearing house	2,146	4,279	-	-
Accrued service income	1,797	1,132	1,904	1,399
Accrued interest on investment and interest rate derivatives	1,140	2,291	1,140	717
Net inter-account balance	746	642	695	629
Others	3,222	5,595	2,555	3,678
Total	21,863	26,534	19,219	19,440

20 Deposits

20.1 Classified by product as at 30 June 2019 and 31 December 2018

	Consolidated		The Bank	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in million Baht)</i>			
Demand	77,324	68,139	76,158	66,797
Savings	1,443,184	1,418,782	1,442,275	1,418,070
Fixed				
- Less than 6 months	106,748	133,341	106,302	132,819
- 6 months and less than 1 year	216,760	194,939	216,760	194,820
- Over 1 year	346,604	344,430	346,604	344,430
Total	2,190,620	2,159,631	2,188,099	2,156,936

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

20.2 Classified by currency and residence of customer as at 30 June 2019 and 31 December 2018

	Consolidated					
	30 June 2019			31 December 2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	2,152,556	882	2,153,438	2,105,644	633	2,106,277
US Dollar	17,675	14,548	32,223	35,683	13,843	49,526
Other currencies	2,016	2,943	4,959	2,580	1,248	3,828
Total	<u>2,172,247</u>	<u>18,373</u>	<u>2,190,620</u>	<u>2,143,907</u>	<u>15,724</u>	<u>2,159,631</u>

	The Bank					
	30 June 2019			31 December 2018		
	Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>					
Baht	2,155,909	870	2,156,779	2,109,464	615	2,110,079
US Dollar	17,675	8,691	26,366	35,683	7,351	43,034
Other currencies	2,016	2,938	4,954	2,580	1,243	3,823
Total	<u>2,175,600</u>	<u>12,499</u>	<u>2,188,099</u>	<u>2,147,727</u>	<u>9,209</u>	<u>2,156,936</u>

21 Interbank and money market items (Liabilities)

As at 30 June 2019 and 31 December 2018, interbank and money market items (Liabilities) were as follows:

	Consolidated					
	30 June 2019			31 December 2018		
	Demand	Time	Total	Demand	Time	Total
	<i>(in million Baht)</i>					
Domestic items:						
Commercial banks	4,579	27,900	32,479	4,386	38,200	42,586
Specialised financial institutions*	104	54,615	54,719	89	71,093	71,182
Other financial institutions**	14,056	11,954	26,010	9,954	10,011	19,965
Total domestic items	<u>18,739</u>	<u>94,469</u>	<u>113,208</u>	<u>14,429</u>	<u>119,304</u>	<u>133,733</u>
Foreign items:						
US Dollar	436	4,735	5,171	463	4,705	5,168
Euro	102	-	102	111	-	111
Other currencies	2,471	151	2,622	3,010	507	3,517
Total foreign items	<u>3,009</u>	<u>4,886</u>	<u>7,895</u>	<u>3,584</u>	<u>5,212</u>	<u>8,796</u>
Total domestic and foreign items	<u>21,748</u>	<u>99,355</u>	<u>121,103</u>	<u>18,013</u>	<u>124,516</u>	<u>142,529</u>

* Specialised financial institutions represent 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 represent financial institutions which have a license to offer interest bearing 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 2019

For the three-month period ended 30 June 2019 (Unaudited)

	The Bank					
	30 June 2019			31 December 2018		
	Demand	Time	Total	Demand	Time	Total
	<i>(in million Baht)</i>					
Domestic items:						
Commercial banks	4,579	27,900	32,479	4,386	38,200	42,586
Specialised financial institutions*	104	54,615	54,719	89	71,093	71,182
Other financial institutions**	14,624	11,954	26,578	11,494	11,360	22,854
Total domestic items	19,307	94,469	113,776	15,969	120,653	136,622
Foreign items:						
US Dollar	440	4,928	5,368	466	4,910	5,376
Euro	102	-	102	111	-	111
Other currencies	2,475	-	2,475	3,015	475	3,490
Total foreign items	3,017	4,928	7,945	3,592	5,385	8,977
Total domestic and foreign items	22,324	99,397	121,721	19,561	126,038	145,599

* Specialised financial institutions represent 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 represent financial institutions which have a license to offer interest bearing 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 2019 and 31 December 2018, debt issued and borrowings were as follows:

	Interest rate (%)	Year of maturity	Consolidated					
			30 June 2019			31 December 2018		
			Domestic	Foreign	Total	Domestic	Foreign	Total
	<i>(in million Baht)</i>							
Bonds								
- US Dollar	2.75 - 4.40	2019 - 2029	697	58,272	58,969	726	52,753	53,479
- Baht	1.90	2019 - 2020	42,689	-	42,689	32,786	-	32,786
- Others	-	2019	14	-	14	429	-	429
Subordinated bonds								
- Baht	4.65	2024	20,000	-	20,000	20,000	-	20,000
Structured notes								
- Baht	0.08 - 0.48	2019	389	-	389	607	-	607
Others			257	-	257	260	-	260
Total			64,046	58,272	122,318	54,808	52,753	107,561

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

	Interest rate (%)	Year of maturity	30 June 2019		The Bank			
			Domestic	Foreign	Total	31 December 2018		Total
					<i>(in million Baht)</i>			
Bonds								
- US Dollar	2.75 - 4.40	2019 - 2029	697	58,272	58,969	726	53,398	54,124
- Baht	-	2019 - 2020	41,156	-	41,156	31,252	-	31,252
- Others	-	2019	14	-	14	429	-	429
Subordinated bonds								
- Baht	4.65	2024	20,000	-	20,000	20,000	-	20,000
Others			257	-	257	260	-	260
Total			62,124	58,272	120,396	52,667	53,398	106,065

23 Provisions

As at 30 June 2019 and 31 December 2018, provisions were as follows:

	Consolidated		The Bank	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
<i>(in million Baht)</i>				
Reserve for pension and gratuity	7,790	6,360	7,395	5,859
Reserve for reward points	3,066	2,978	3,064	2,975
Others	82	89	81	89
Total	10,938	9,427	10,540	8,923

Pension and other post-retirement employee benefits

The Bank and its subsidiaries operate 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 provisions as at 30 June 2019 and 31 December 2018 were as follows:

	Consolidated		The Bank	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
<i>(in million Baht)</i>				
Severance Payment (SP) benefits scheme	6,936	5,499	6,567	5,043
Other schemes	854	861	828	816
Total present value of unfunded provisions	7,790	6,360	7,395	5,859

Defined benefit plan

The Bank and its subsidiaries operate a defined benefit plan based on the requirement of Thai Labour Protection Act B.E 2541 (1998) to provide retirement benefits to employees based on pensionable remuneration and length of service.

The defined benefit plans expose the Bank and its subsidiaries to actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

Movement in the present value of the defined benefit obligations.

	Consolidated			
	30 June 2019		31 December 2018	
	SP	Others	SP	Others
	<i>(in million Baht)</i>			
Beginning balance	5,499	861	4,041	863
Included in profit or loss:				
Past service cost	1,366	-	-	-
Current service cost	292	21	564	46
Interest on obligation	104	14	143	31
Actuarial losses	-	-	-	6
	<u>1,762</u>	<u>35</u>	<u>707</u>	<u>83</u>
Included in other comprehensive income:				
Actuarial losses (gains)	-	-	1,009	(49)
Others				
Transfer to liabilities directly associated with assets classified as held for sale	(219)	(20)	-	-
Benefits paid	(106)	(22)	(258)	(36)
	<u>(325)</u>	<u>(42)</u>	<u>(258)</u>	<u>(36)</u>
Ending balance	<u>6,936</u>	<u>854</u>	<u>5,499</u>	<u>861</u>
	The Bank			
	30 June 2019		31 December 2018	
	SP	Others	SP	Others
	<i>(in million Baht)</i>			
Beginning balance	5,043	816	3,719	808
Included in profit or loss:				
Past service cost	1,264	-	-	-
Current service cost	257	19	488	34
Interest on obligation	96	13	132	28
Actuarial losses	-	-	-	2
	<u>1,617</u>	<u>32</u>	<u>620</u>	<u>64</u>
Included in other comprehensive income:				
Actuarial losses (gains)	-	-	945	(52)
Others				
Benefits paid	(93)	(20)	(241)	(4)
Ending balance	<u>6,567</u>	<u>828</u>	<u>5,043</u>	<u>816</u>

On 5 April 2019, the Labor Protection Act was amended to include a requirement that an employee who has been employed by the same employer for an uninterrupted period of twenty years or more, receives severance payment of 400 days of wages at the most recent rate. As a result of this change, the provision for retirement benefits as at 30 June 2019 recognised during the six-month period then ended in the consolidated and the Bank's financial statements increased by an amount of Baht 1.4 billion and Baht 1.3 billion, respectively. These amounts have been recorded under employee expenses in the period ended 30 June 2019.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

Actuarial losses recognised in other comprehensive income arising from:

	Consolidated		The Bank	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in million Baht)</i>			
Experience adjustment	-	695	-	663
Demographic assumptions	-	214	-	197
Financial assumptions	-	51	-	33
Total	-	960	-	893

Actuarial assumptions

The following were the principal actuarial assumptions at the reporting date.

	Consolidated		The Bank	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(%)</i>			
Discount rate	3.1 - 3.3	3.1 - 3.3	3.3	3.3
Future salary growth	5.5 - 10.0	5.5 - 10.0	5.5 - 10.0	5.5 - 10.0
Medical cost trend rate	4.0	4.0	4.0	4.0
Employee turnover	3.5 - 35.0	3.5 - 35.0	3.5 - 12.0	3.5 - 12.0

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 obligation by the amounts shown below.

	Consolidated		The Bank	
	Increase	Decrease	Increase	Decrease
	<i>(in million Baht)</i>			
At 30 June 2019				
Discount rate (1% movement)	(833)	1,007	(777)	941
Future salary growth (1% movement)	765	(659)	707	(609)

	Consolidated		The Bank	
	Increase	Decrease	Increase	Decrease
	<i>(in million Baht)</i>			
At 31 December 2018				
Discount rate (1% movement)	(660)	797	(615)	745
Future salary growth (1% movement)	606	(522)	561	(482)

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.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

Post-employee benefit expenses included in the statement of profit or loss and other comprehensive income for the six-month periods ended 30 June 2019 and 2018 were as follows:

	Consolidated		The Bank	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Recognised in profit or loss:				
Defined contribution plans	662	627	586	561
Defined benefit plans	1,797	281	1,649	251
Total post-employment benefit expenses	2,459	908	2,235	812

24 Liabilities under insurance contracts

As at 30 June 2019 and 31 December 2018, liabilities under insurance contracts were as follows:

	Consolidated	
	30 June 2019	31 December 2018
	<i>(in million Baht)</i>	
SCB Life Assurance PCL		
Long-term technical reserves	283,828	277,247
Short-term technical reserves	1,064	973
Total	284,892	278,220
Transfer to liabilities directly associated with assets classified as held for sale	(284,892)	-
Total	-	278,220

Liabilities under insurance contracts for SCB life Assurance PCL are calculated as described in note 3.30.

Long-term technical reserves

	Consolidated	
	30 June 2019	31 December 2018
	<i>(in million Baht)</i>	
Beginning balance	277,247	247,319
Reserve increase from new and inforce policies in the period/year	23,607	47,197
Reserve released for benefit payments, lapse and cancellation in the period/year	(17,026)	(17,269)
Ending balance	283,828	277,247

25 Liabilities pending transfer

As at 30 June 2019 and 31 December 2018, liabilities pending transfer were as follows:

	Consolidated		The Bank	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in million Baht)</i>			
Other payables	4,316	9,113	4,326	8,921
Pending for payment E-banking	5,236	7,093	5,236	7,093
Unsettled remittance transaction	4,673	2,957	4,673	2,957
Others	403	513	324	464
Total	14,628	19,676	14,559	19,435

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

26 Other liabilities

As at 30 June 2019 and 31 December 2018, other liabilities were as follows:

	Consolidated		The Bank	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in million Baht)</i>			
Accrued expenses	15,868	19,912	15,615	16,864
Other payable per Credit Support Annex	14,782	7,425	15,611	6,803
Accrued interest payable	5,186	5,025	5,169	5,072
Securities business payables and payables to clearing house	1,826	4,006	-	-
Withholding tax payable	657	807	621	684
Marginal deposits	633	638	608	617
Others	719	649	555	1,201
Total	39,671	38,462	38,179	31,241

27 Advance received from electronic payment

In accordance with the Bank of Thailand (BoT) notification number Sor Nor Chor 7/2561, directive dated 16 April 2018, regarding “Regulations on Service Business relating to Electronic Money (E-Money)” and Sor Nor Chor 8/2561 directive dated 16 April 2018 regarding “Regulations on Service Business relating to Electronic Fund Transfer (EFT)”, the Bank discloses advances received from E-Money and EFT as at 30 June 2019 in the amount of Baht 167 million (*31 December 2018: Baht 175 million*).

28 Share capital

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

Holders of preferred shares are entitled to convert the shares they hold into common shares, with the conversion ratio of 1:1. The holders of common 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.

29 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

Under the Public Companies Act B.E. 2535 Section 116 requires the Bank and its subsidiaries which are public companies shall allocate not less than 5% of its annual net profit, less any accumulated losses brought forward (if any), to a reserve account (“legal reserve”), until this account reaches an amount not less than 10% of the registered authorised capital. The legal reserve is not available for dividend distribution.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

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

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.

Currency translation differences

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

Cash flow hedge reserves

The cash flow hedges account within equity comprises the cumulative net change in the fair value of cash flow hedges related to hedged transactions that have not yet occurred.

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.

Movements in reserves

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

30 Dividends

At the annual general meeting of the shareholders of the Bank held on 4 April 2019, the shareholders approved the dividend in respect of the Bank result of the year 2018 at Baht 5.50 per share, amounting to Baht 18,696 million. The interim dividend was paid to shareholders on 20 September 2018 of 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. The remaining dividend was paid to shareholders on 3 May 2019.

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 Bank result of the year 2017 at Baht 5.50 per share, amounting to Baht 18,696 million. The interim dividend was paid to shareholders on 19 September 2017 of 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. The remaining dividend was paid to shareholders on 3 May 2018.

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

31 Assets pledged as collateral and under restriction

As at 30 June 2019 and 31 December 2018, assets pledged as collateral and under restriction were as follows:

	Consolidated		The Bank	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in million Baht)</i>			
Government securities pledged for life policy reserve	-	64,381	-	-
Securities pledged as collateral for repurchase	47,417	69,435	47,417	69,435
Others	90	79	78	46
Total	47,507	133,895	47,495	69,481

32 Contingencies

As at 30 June 2019 and 31 December 2018, contingencies were as follows:

	Consolidated		The Bank	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in million Baht)</i>			
Avals to bills	6,341	7,985	6,341	7,985
Guarantees of loans	11,753	15,049	10,938	14,181
Liability under unmatured import bills	15,181	11,129	15,181	11,129
Letters of credit	36,171	46,994	35,817	46,666
Other contingencies				
- Amount of unused bank overdrafts	186,397	185,210	185,546	184,401
- Other guarantees	199,839	218,814	198,791	217,773
- Receivables / payables from investments	6,079	4,906	6,079	3,239
- Others	44,143	47,869	42,445	45,469
Total	505,904	537,956	501,138	530,843

As at 30 June 2019, 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 2018: Baht 3 million).

33 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:

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

33.1 Assets, liabilities and contingencies

As at 30 June 2019 and 31 December 2018, assets, liabilities and contingencies balances with related parties, were as follows:

	Consolidated		The Bank	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in million Baht)</i>			
Subsidiaries				
Derivative assets	-	-	530	628
Investments	-	-	367	364
Other assets	-	-	2,580	1,769
Deposits	-	-	5,606	5,059
Interbank and money market items (liabilities)	-	-	200	213
Derivative liabilities	-	-	803	446
Debt issued and borrowings	-	-	2,050	3,183
Other liabilities	-	-	1,263	633
Contingencies	-	-	14,870	15,677
Associate				
Derivative assets	97	18	97	18
Loans*	8,615	8,844	8,615	8,844
Deposits	222	416	222	416
Contingencies	2,872	1,407	2,872	1,407
Major shareholders (more than 10% ownership)				
Deposits	6,869	4,824	6,869	4,824
Directors and key executive officers				
Loans*	93	121	93	121
Deposits	1,545	1,428	1,545	1,428
Debt issued and borrowings	6	6	6	6
Related companies (Shareholding through other companies' debt restructuring process)				
Contingencies	1	1	1	1
Entities in which the directors, management or close members of their families have significant influence				
Loans*	3,441	4,322	3,441	4,322
Deposits	9,892	29,161	9,892	29,161
Contingencies	1,552	1,583	1,552	1,583

* Before deducting allowance for doubtful accounts for consolidated and the Bank amounting to Baht 6,687 million and 6,687 million, respectively (31 December 2018: Baht 6,816 million and Baht 6,816 million, respectively).

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

33.2 Income and expenses

Significant income and expenses with related parties for the three-month periods ended 30 June 2019 and 2018 were as follows:

	Consolidated		The Bank	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Subsidiaries				
Interest income	-	-	1	15
Interest expenses	-	-	26	25
Other income	-	-	3,303	2,025
Other expenses	-	-	904	246
Gains on trading	-	-	2	556
Associate				
Interest income	59	68	59	68
Interest expenses	53	62	53	62
Gains (losses) on trading	117	(6)	117	(6)
Major shareholders (more than 10% ownership)				
Interest expenses	14	20	14	20
Other expenses	8	6	8	6
Directors and key executive officers				
Interest income	1	1	1	1
Interest expenses	3	3	3	3
Entities in which the directors, management or close members of their families have significant influence				
Interest income	40	7	40	7
Interest expenses	77	11	77	11
Other expenses	29	-	29	-

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

Significant income and expenses with related parties for the six-month periods ended 30 June 2019 and 2018 were as follows:

	Consolidated		The Bank	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Subsidiaries				
Interest income	-	-	3	43
Interest expenses	-	-	46	40
Other income	-	-	5,441	4,300
Other expenses	-	-	1,719	1,838
(Loss) gain on trading	-	-	(4)	1,254
Associate				
Interest income	117	-	117	-
Interest expenses	107	-	107	-
Gains on trading	128	37	128	37
Major shareholders (more than 10% ownership)				
Interest expenses	26	66	26	66
Other expenses	16	14	16	14
Directors and key executive officers				
Interest income	1	3	1	3
Interest expenses	6	6	6	6
Entities in which the directors, management or close members of their families have significant influence				
Interest income	81	24	81	24
Interest expenses	147	32	147	32
Other expenses	29	25	29	25

34 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 30 June</i>	Consolidated		The Bank	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Short-term employee benefits	476	510	400	406
Post-employment benefits and others	24	25	6	17
Total	500	535	406	423

<i>For the six-month period ended 30 June</i>	Consolidated		The Bank	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Short-term employee benefits	1,282	1,193	1,072	953
Post-employment benefits and others	65	39	40	26
Total	1,347	1,232	1,112	979

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

35 Operating leases

Leases as lessee

The Bank and its subsidiaries lease a number of branch offices rental, foreign exchange booths, ATM rental areas, cars and office equipment under operating lease. The leases typically run for an average period of 5 years, with an option to renew the lease after maturity date.

The rent paid to the lessors are adjusted to market rentals at regular intervals, and the Bank and its subsidiaries do not have an interest in the residual value of the rental assets. As a result, it was determined that substantially all of the risks and rewards of the rental assets are with the lessors.

(a) *Future minimum lease payments*

As at 30 June 2019 and 31 December 2018, the future minimum lease payments under non-cancellable leases were payable as follows.

Type of lease	Period	Consolidated		The Bank	
		30 June 2019	31 December 2018	30 June 2019	31 December 2018
		<i>(in million Baht)</i>			
Land and/or premises	Within 1 year	2,377	2,510	2,209	2,349
	1 - 5 years	1,416	1,497	1,229	1,342
	Over 5 years	151	164	151	164
Equipment	Within 1 year	243	101	233	96
	1 - 5 years	26	9	-	-
Vehicles	Within 1 year	287	298	277	290
	1 - 5 years	404	538	391	523

(b) *Amount recognised in profit or loss*

<i>For the six-month period ended 30 June</i>	Consolidated		The Bank	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Lease expense	2,509	2,585	2,384	2,493

36 Operating segments

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; the Insurance segment which provides insurance products through subsidiary companies and the Bank's distribution channel. The assets and liabilities of SCB Life's operations have been classified as held for sale at 30 June 2019 (see note 15).

In the information provided below, the results of subsidiaries together with the income from the Banks' interbank and money market and investments, that is not allocated to a specific business unit, are presented under "Others" column. 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 2019

For the three-month period ended 30 June 2019 (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>For the three-month period ended 30 June 2019</i>	Corporate Segment	SME Segment	Retail Segment	Consolidated			Elimination	Total
				Insurance Segment	Others	(in million Baht)		
Net interest income	4,404	3,611	12,087	2,774	2,660	-	25,536	
Non-interest income, net	2,314	851	2,828	2,764	3,863	(2,115)	10,505	
Total operating income	6,718	4,462	14,915	5,538	6,523	(2,115)	36,041	
Total operating expenses	(1,890)	(1,934)	(9,755)	(862)	(3,406)	1,190	(16,657)	
Profit before impairment loss and income tax	4,828	2,528	5,160	4,676	3,117	(925)	19,384	
Impairment loss and income tax							(8,439)	
Net profit							10,945	

<i>For the three-month period ended 30 June 2018</i>	Corporate Segment	SME Segment	Retail Segment	Consolidated			Elimination	Total
				Insurance Segment	Others	(in million Baht)		
Net interest income	4,365	3,562	10,657	2,553	2,712	-	23,849	
Non-interest income, net	2,266	671	4,324	1,367	3,326	(1,460)	10,494	
Total operating income	6,631	4,233	14,981	3,920	6,038	(1,460)	34,343	
Total operating expenses	(1,811)	(1,882)	(9,819)	(870)	(2,610)	1,213	(15,779)	
Profit before impairment loss and income tax	4,820	2,351	5,162	3,050	3,428	(247)	18,564	
Impairment loss and income tax							(7,440)	
Net profit							11,124	

<i>For the six-month period ended 30 June 2019</i>	Corporate Segment	SME Segment	Retail Segment	Consolidated			Elimination	Total
				Insurance Segment	Others	(in million Baht)		
Net interest income	8,705	7,038	23,730	5,490	5,287	-	50,250	
Non-interest income, net	4,384	1,538	5,907	5,356	6,389	(3,213)	20,361	
Total operating income	13,089	8,576	29,637	10,846	11,676	(3,213)	70,611	
Total operating expenses	(3,859)	(3,732)	(19,774)	(1,588)	(7,810)	2,271	(34,492)	
Profit before impairment loss and income tax	9,230	4,844	9,863	9,258	3,866	(942)	36,119	
Impairment loss and income tax							(16,015)	
Net profit							20,104	

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

<i>For the six-month period ended 30 June 2018</i>	Consolidated						Total
	Corporate Segment	SME Segment	Retail Segment	Insurance Segment	Others	Elimination	
	<i>(in million Baht)</i>						
Net interest income	8,463	7,089	21,147	5,016	5,466	-	47,181
Non-interest income, net	4,959	1,311	9,655	3,056	6,209	(2,650)	22,540
Total operating income	13,422	8,400	30,802	8,072	11,675	(2,650)	69,721
Total operating expenses	(3,727)	(3,894)	(19,938)	(1,682)	(5,123)	2,355	(32,009)
Profit before impairment loss and income tax	9,695	4,506	10,864	6,390	6,552	(295)	33,712
Impairment loss and income tax							(15,209)
Net profit							22,503

	Consolidated						Total
	Corporate Segment	SME Segment	Retail Segment	Insurance Segment	Others	Elimination	
	<i>(in million Baht)</i>						
Loans*	818,987	346,096	987,705	-	5,459	-	2,158,247
Total assets	777,304	303,282	948,703	343,572	909,670	(17,636)	3,264,895
Total liabilities	689,311	165,198	1,267,582	294,250	460,854	(8,007)	2,869,188

	Consolidated						Total
	Corporate Segment	SME Segment	Retail Segment	Insurance Segment	Others	Elimination	
	<i>(in million Baht)</i>						
Loans*	827,258	341,679	955,563	10,699	5,362	-	2,140,561
Total assets	789,777	297,310	910,042	324,559	889,070	(23,418)	3,187,340
Total liabilities	650,433	153,233	1,219,126	285,187	512,462	(14,084)	2,806,357

* Net of deferred revenue

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

37.1 As at 30 June 2019 and 31 December 2018, the financial position classified by domestic and foreign business was as follows:

	Consolidated					
	30 June 2019			31 December 2018		
	Domestic business	Foreign business	Total	Domestic business	Foreign business	Total
	<i>(in million Baht)</i>					
Total assets	3,183,355	81,540	3,264,895	3,112,925	74,415	3,187,340
Interbank and money market items, net (Assets)	357,508	11,466	368,974	365,626	12,279	377,905
Investments, net *	287,146	1,377	288,523	567,647	1,254	568,901
Loans to customers and accrued interest receivables, net	2,036,197	19,758	2,055,955	2,021,528	19,094	2,040,622
Deposits	2,175,645	14,975	2,190,620	2,147,122	12,509	2,159,631
Interbank and money market items (Liabilities)	116,218	4,885	121,103	137,316	5,213	142,529
Debt issued and borrowings	64,046	58,272	122,318	54,808	52,753	107,561

* 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 2019
For the three-month period ended 30 June 2019 (Unaudited)

	The Bank					
	30 June 2019			31 December 2018		
	Domestic business	Foreign business	Total	Domestic business	Foreign business	Total
	<i>(in million Baht)</i>					
Total assets	2,841,907	72,927	2,914,834	2,794,927	65,200	2,860,127
Interbank and money market items, net (Assets)	357,248	6,012	363,260	355,127	6,906	362,033
Investments, net *	291,349	1,347	292,696	290,761	1,223	291,984
Loans to customers and accrued interest receivables, net	2,034,926	17,115	2,052,041	2,009,126	16,180	2,025,306
Deposits	2,178,998	9,101	2,188,099	2,150,941	5,995	2,156,936
Interbank and money market items (Liabilities)	116,986	4,735	121,721	140,419	5,180	145,599
Debt issued and borrowings	62,124	58,272	120,396	52,667	53,398	106,065

* Includes net investments in subsidiaries and associate

37.2 The results of operations classified by domestic and foreign business for the three-month periods ended 30 June 2019 and 2018 were as follows:

	Consolidated							
	2019				2018			
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	<i>(in million Baht)</i>							
Interest income	34,111	1,275	(967)	34,419	31,689	894	(616)	31,967
Interest expenses	(8,708)	(1,142)	967	(8,883)	(7,878)	(856)	616	(8,118)
Net interest income	25,403	133	-	25,536	23,811	38	-	23,849
Net fee and service income	7,122	63	-	7,185	7,057	27	-	7,084
Other operating income	3,304	16	-	3,320	3,382	28	-	3,410
Other operating expenses	(22,424)	(142)	-	(22,566)	(20,674)	(112)	-	(20,786)
Profit before income tax	13,405	70	-	13,475	13,576	(19)	-	13,557
Income tax expenses	(2,531)	1	-	(2,530)	(2,420)	(13)	-	(2,433)
Net profit (loss)	10,874	71	-	10,945	11,156	(32)	-	11,124

	The Bank							
	2019				2018			
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	<i>(in million Baht)</i>							
Interest income	31,337	1,200	(967)	31,570	29,153	836	(616)	29,373
Interest expenses	(8,663)	(1,172)	967	(8,868)	(7,884)	(847)	616	(8,115)
Net interest income	22,674	28	-	22,702	21,269	(11)	-	21,258
Net fee and service income	7,933	17	-	7,950	7,236	13	-	7,249
Other operating income	3,669	14	-	3,683	2,884	23	-	2,907
Other operating expenses	(21,824)	(106)	-	(21,930)	(20,203)	(92)	-	(20,295)
Profit before income tax	12,452	(47)	-	12,405	11,186	(67)	-	11,119
Income tax expenses	(2,135)	(12)	-	(2,147)	(1,942)	(5)	-	(1,947)
Net profit (loss)	10,317	(59)	-	10,258	9,244	(72)	-	9,172

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

37.3 The results of operations classified by domestic and foreign businesses for the six-month periods ended 30 June 2019 and 2018 were as follows:

	Consolidated							
	2019			2018				
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	<i>(in million Baht)</i>							
Interest income	67,256	2,606	(1,988)	67,874	62,743	1,620	(1,108)	63,255
Interest expenses	<u>(17,175)</u>	<u>(2,437)</u>	<u>1,988</u>	<u>(17,624)</u>	<u>(15,557)</u>	<u>(1,625)</u>	<u>1,108</u>	<u>(16,074)</u>
Net interest income	50,081	169	-	50,250	47,186	(5)	-	47,181
Net fee and service income	13,779	74	-	13,853	15,140	89	-	15,229
Other operating income	6,496	12	-	6,508	7,289	22	-	7,311
Other operating expenses	<u>(45,543)</u>	<u>(279)</u>	<u>-</u>	<u>(45,822)</u>	<u>(41,875)</u>	<u>(153)</u>	<u>-</u>	<u>(42,028)</u>
Profit before income tax	24,813	(24)	-	24,789	27,740	(47)	-	27,693
Income tax expenses	<u>(4,648)</u>	<u>(37)</u>	<u>-</u>	<u>(4,685)</u>	<u>(5,157)</u>	<u>(33)</u>	<u>-</u>	<u>(5,190)</u>
Net profit (loss)	<u>20,165</u>	<u>(61)</u>	<u>-</u>	<u>20,104</u>	<u>22,583</u>	<u>(80)</u>	<u>-</u>	<u>22,503</u>

	The Bank							
	2019			2018				
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	<i>(in million Baht)</i>							
Interest income	61,762	2,457	(1,988)	62,231	57,769	1,510	(1,108)	58,171
Interest expenses	<u>(17,168)</u>	<u>(2,408)</u>	<u>1,988</u>	<u>(17,588)</u>	<u>(15,555)</u>	<u>(1,608)</u>	<u>1,108</u>	<u>(16,055)</u>
Net interest income	44,594	49	-	44,643	42,214	(98)	-	42,116
Net fee and service income	15,289	28	-	15,317	15,513	61	-	15,574
Other operating income	6,245	5	-	6,250	5,558	13	-	5,571
Other operating expenses	<u>(44,265)</u>	<u>(210)</u>	<u>-</u>	<u>(44,475)</u>	<u>(40,915)</u>	<u>(75)</u>	<u>-</u>	<u>(40,990)</u>
Profit before income tax	21,863	(128)	-	21,735	22,370	(99)	-	22,271
Income tax expenses	<u>(3,882)</u>	<u>(20)</u>	<u>-</u>	<u>(3,902)</u>	<u>(4,065)</u>	<u>(13)</u>	<u>-</u>	<u>(4,078)</u>
Net profit (loss)	<u>17,981</u>	<u>(148)</u>	<u>-</u>	<u>17,833</u>	<u>18,305</u>	<u>(112)</u>	<u>-</u>	<u>18,193</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 2019

For the three-month period ended 30 June 2019 (Unaudited)

38 Interest income

Interest income included in profit or loss for the six-month periods ended 30 June 2019 and 2018 was as follows:

	Consolidated		The Bank	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Loans	50,614	48,120	50,127	47,686
Investments in debt securities	7,497	6,552	2,601	2,104
Finance leases	6,563	5,814	6,563	5,814
Interbank and money market items	2,916	2,600	2,655	2,397
Investments and trading transactions	232	118	232	118
Others	52	51	53	52
Total	67,874	63,255	62,231	58,171

39 Interest expenses

Interest expenses included in profit or loss for the six-month periods ended 30 June 2019 and 2018 were as follows:

	Consolidated		The Bank	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Deposits	9,558	8,992	9,542	8,980
Contributions to Deposit Protection Agency	5,001	4,854	5,001	4,854
Debt issued				
- Subordinated debentures	461	461	461	461
- Others	1,589	845	1,581	859
Interbank and money market items	870	785	895	806
Borrowings	37	42	-	-
Others	108	95	108	95
Total	17,624	16,074	17,588	16,055

40 Net fee and service income

Net fee and service income included in profit or loss for the six-month periods ended 30 June 2019 and 2018 were as follows:

	Consolidated		The Bank	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Fee and service income				
- ATM, Debit cards, Credit Cards and other banking electronic	7,115	6,594	7,118	6,598
- Acceptances, avals and guarantees	747	798	739	790
- Others	10,450	11,807	11,415	11,554
Total fee and service income	18,312	19,199	19,272	18,942
Fee and service expenses	(4,459)	(3,970)	(3,955)	(3,368)
Net fee and service income	13,853	15,229	15,317	15,574

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

41 Net gain on trading and foreign exchange transactions

Net gain (loss) on trading and foreign exchange transactions included in profit or loss for the six-month periods ended 30 June 2019 and 2018 was as follows:

	Consolidated		The Bank	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Foreign currencies and foreign currency related derivatives	4,135	2,395	4,121	3,027
Interest rate related derivatives	(504)	1,140	(504)	1,140
Debt securities	305	(28)	245	(62)
Equity securities	70	767	32	32
Others	1	6	1	6
Total	4,007	4,280	3,895	4,143

42 Net gain on investments

Net gain (loss) on investments included in profit or loss for the six-month periods ended 30 June 2019 and 2018 was as follows:

	Consolidated		The Bank	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Available-for-sale securities	1,656	272	1,247	30
Held-to-maturity securities	(96)	(96)	-	-
General investments	(77)	755	(77)	755
Others	91	(26)	91	(26)
Total	1,574	905	1,261	759

43 Other expenses

Other expenses included in profit or loss for the six-month periods ended 30 June 2019 and 2018 were as follows:

	Consolidated		The Bank	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Marketing expenses	3,029	4,503	2,944	4,391
Other service fees	1,222	1,137	2,712	2,747
Software amortisation	1,218	683	1,147	644
Others	2,987	2,268	2,873	2,175
Total	8,456	8,591	9,676	9,957

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

44 Impairment loss on loans and debt securities

Impairment loss on loans and debt securities and loss on debt restructuring included in profit or loss for the six-month periods ended 30 June 2019 and 2018 were as follows:

	Consolidated		The Bank	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Interbank and money market items	(65)	8	(65)	8
Loans to customers *	11,339	9,999	11,349	10,001
Loss on debt restructuring	55	11	55	11
Total	11,329	10,018	11,339	10,020

* Net of bad debts recovery

45 Income tax

Income tax recognised in profit or loss

<i>For the three-month period ended 30 June</i>	Consolidated		The Bank	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Current tax expense				
Current period	2,705	2,898	2,281	2,376
Deferred tax expense				
Movements in temporary differences	(175)	(465)	(134)	(429)
Total income tax expense	2,530	2,433	2,147	1,947

<i>For the six-month period ended 30 June</i>	Consolidated		The Bank	
	2019	2018	2019	2018
	<i>(in million Baht)</i>			
Current tax expense				
Current period	4,443	5,700	3,612	4,490
Deferred tax expense				
Movements in temporary differences	242	(510)	290	(412)
Total income tax expense	4,685	5,190	3,902	4,078

Income tax recognised in other comprehensive income

<i>For the three-month period ended 30 June</i>	Consolidated					
	Before tax	2019 Tax expense	Net of tax	Before tax	2018 Tax benefit	Net of tax
	<i>(in million Baht)</i>					
Investments	6,775	(1,355)	5,420	(4,137)	827	(3,310)
Derivatives	808	(162)	646	(351)	70	(281)
Total	7,583	(1,517)	6,066	(4,488)	897	(3,591)

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

<i>For the three-month period ended 30 June</i>	The Bank					
	Before tax	2019 Tax expense	Net of tax <i>(in million Baht)</i>	Before tax	2018 Tax benefit	Net of Tax
Investments	333	(67)	266	(544)	109	(435)
Total	333	(67)	266	(544)	109	(435)

<i>For the six-month period ended 30 June</i>	Consolidated					
	Before tax	2019 Tax expense	Net of tax <i>(in million Baht)</i>	Before tax	2018 Tax benefit	Net of tax
Investments	9,434	(1,886)	7,548	(6,063)	1,213	(4,850)
Derivatives	1,018	(204)	814	(570)	114	(456)
Total	10,452	(2,090)	8,362	(6,633)	1,327	(5,306)

<i>For the six-month period ended 30 June</i>	The Bank					
	Before tax	2019 Tax expense	Net of tax <i>(in million Baht)</i>	Before tax	2018 Tax benefit	Net of Tax
Investments	719	(144)	575	(675)	135	(540)
Total	719	(144)	575	(675)	135	(540)

Reconciliation of effective tax rate

<i>For the three-month period ended 30 June</i>	Consolidated			
		2019 <i>Rate (%)</i>	2018 <i>Rate (%)</i>	
Profit before income tax expense		<i>(in million Baht)</i> 13,475		<i>(in million Baht)</i> 13,557
Income tax using the Thai corporation tax rate	20.0	2,695	20.0	2,711
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		(165)		(278)
Total	18.8	2,530	17.9	2,433

<i>For the three-month period ended 30 June</i>	The Bank			
		2019 <i>Rate (%)</i>	2018 <i>Rate (%)</i>	
Profit before income tax expense		<i>(in million Baht)</i> 12,405		<i>(in million Baht)</i> 11,119
Income tax using the Thai corporation tax rate	20.0	2,481	20.0	2,224
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		(334)		(277)
Total	17.3	2,147	17.5	1,947

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

<i>For the six-month period ended 30 June</i>	Consolidated			
	2019	2018	2019	2018
	<i>Rate</i> <i>(%)</i>	<i>(in million</i> <i>Baht)</i>	<i>Rate</i> <i>(%)</i>	<i>(in million</i> <i>Baht)</i>
Profit before income tax expense		<u>24,789</u>		<u>27,693</u>
Income tax using the Thai corporation tax rate	20.0	4,958	20.0	5,539
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		<u>(273)</u>		<u>(349)</u>
Total	<u>18.9</u>	<u>4,685</u>	<u>18.7</u>	<u>5,190</u>

<i>For the six-month period ended 30 June</i>	The Bank			
	2019	2018	2019	2018
	<i>Rate</i> <i>(%)</i>	<i>(in million</i> <i>Baht)</i>	<i>Rate</i> <i>(%)</i>	<i>(in million</i> <i>Baht)</i>
Profit before income tax expense		<u>21,735</u>		<u>22,271</u>
Income tax using the Thai corporation tax rate	20.0	4,347	20.0	4,454
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		<u>(445)</u>		<u>(376)</u>
Total	<u>18.0</u>	<u>3,902</u>	<u>18.3</u>	<u>4,078</u>

Deferred tax

Deferred tax assets and liabilities as at 30 June 2019 and 31 December 2018 were as follows:

	Consolidated		The Bank	
	30 June 2019	31 December 2018	30 June 2019	31 December 2018
	<i>(in million Baht)</i>			
Deferred tax assets	123	198	25	107
Deferred tax liabilities	(491)	(423)	(351)	-
Net	<u>(368)</u>	<u>(225)</u>	<u>(326)</u>	<u>107</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 2019

For the three-month period ended 30 June 2019 (Unaudited)

Movements in deferred tax assets and liabilities during the six-month periods ended 30 June 2019 and 2018 were as follows:

	At 1 January 2019	Consolidated (Charged) / Credited to:			Transfer to liabilities directly associated with assets classified as held for sale	At 30 June 2019
		Profit or loss	Other Comprehensive income <i>(in million Baht)</i>	Retained earnings		
<i>Deferred tax assets</i>						
Derivative assets	43	13	-	-	-	56
Investments	194	(5)	(94)	-	(16)	79
Investments in subsidiaries and associate	454	-	-	-	-	454
Loans to customers and accrued interest receivables	2,508	(323)	-	-	-	2,185
Properties for sale	112	27	-	-	-	139
Premises and equipment	1	-	-	-	(1)	-
Other intangible assets	11	-	-	-	-	11
Other assets	77	(10)	-	-	(22)	45
Derivative liabilities	69	-	136	-	(205)	-
Provision	1,890	346	-	-	(48)	2,188
Liabilities under insurance contracts	42	19	-	-	(61)	-
Other liabilities	812	(328)	-	-	(8)	476
Total	6,213	(261)	42	-	(361)	5,633
<i>Deferred tax liabilities</i>						
Derivative assets	(229)	(9)	(340)	-	578	-
Investments	(685)	(35)	(1,792)	-	1,970	(542)
Loans to customers and accrued interest receivables	(503)	82	-	-	-	(421)
Premises and equipment	(4,983)	7	-	1	-	(4,975)
Other assets	(17)	(47)	-	-	1	(63)
Deposits	(21)	21	-	-	-	-
Total	(6,438)	19	(2,132)	1	2,549	(6,001)
Net	(225)	(242)	(2,090)	1	2,188	(368)

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

	At 1 January 2018	Consolidated (Charged) / Credited to:		At 30 June 2018
		Profit or loss	Other comprehensive income	
<i>(in million Baht)</i>				
Deferred tax assets				
Derivative assets	32	13	-	45
Investments	23	62	388	473
Investments in subsidiaries and associate	409	45	-	454
Loans to customers and accrued interest receivables	830	696	-	1,526
Properties for sale	89	8	-	97
Premises and equipment	1	-	-	1
Other intangible assets	26	(9)	-	17
Other assets	103	(17)	-	86
Deposits	10	(10)	-	-
Derivative liabilities	15	-	107	122
Provisions	1,547	77	-	1,624
Liabilities under insurance contracts	46	(2)	-	44
Other liabilities	765	(322)	-	443
Total	3,896	541	495	4,932
Deferred tax liabilities				
Derivative assets	(110)	(1)	7	(104)
Investments	(1,686)	65	825	(796)
Loans to customers and accrued interest receivables	(573)	(88)	-	(661)
Premises and equipment	(4,989)	16	-	(4,973)
Other assets	(17)	(4)	-	(21)
Deposits	-	(19)	-	(19)
Total	(7,375)	(31)	832	(6,574)
Net	(3,479)	510	1,327	(1,642)

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

	At 1 January 2019	The Bank (Charged) / Credited to:			At 30 June 2019
		Profit or loss	Other comprehensive income	Retained earnings	
<i>Deferred tax assets</i>					
Derivative assets	43	13	-	-	56
Investments	172	-	(95)	-	77
Investments in subsidiaries and associate	454	-	-	-	454
Loans to customers and accrued interest receivables	2,503	(333)	-	-	2,170
Properties for sale	111	27	-	-	138
Other intangible assets	9	-	-	-	9
Other assets	56	(11)	-	-	45
Provisions	1,785	324	-	-	2,109
Other liabilities	759	(312)	-	-	447
Total	5,892	(292)	(95)	-	5,505
<i>Deferred tax liabilities</i>					
Investments	(408)	(61)	(49)	-	(518)
Loans to customers and accrued interest receivables	(503)	82	-	-	(421)
Premises and equipment	(4,836)	6	-	1	(4,829)
Other assets	(17)	(46)	-	-	(63)
Deposits	(21)	21	-	-	-
Total	(5,785)	2	(49)	1	(5,831)
Net	107	(290)	(144)	1	(326)

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

	At 1 January 2018	The Bank (Charged) / Credited to:		At 30 June 2018
		Profit or loss	Other comprehensive income	
		<i>(in million Baht)</i>		
Deferred tax assets				
Derivative assets	32	13	-	45
Investments	9	-	107	116
Investments in subsidiaries and associate	409	45	-	454
Loans to customers and accrued interest receivables	830	696	-	1,526
Properties for sale	88	9	-	97
Other intangible assets	26	(9)	-	17
Other assets	82	(18)	-	64
Deposits	10	(10)	-	-
Provisions	1,468	74	-	1,542
Other liabilities	703	(296)	-	407
Total	3,657	504	107	4,268
Deferred tax liabilities				
Investments	(754)	3	28	(723)
Loans to customers and accrued interest receivables	(573)	(88)	-	(661)
Premises and equipment	(4,847)	16	-	(4,831)
Other assets	(17)	(4)	-	(21)
Deposits	-	(19)	-	(19)
Total	(6,191)	(92)	28	(6,255)
Net	(2,534)	412	135	(1,987)

46 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 2019 and 2018 were calculated as follows:

	Consolidated		The Bank	
	2019	2018	2019	2018
	<i>(in million Baht / million shares)</i>			
Profit attributable to common shareholders of the Bank (basic)	10,976	11,111	10,258	9,172
Number of common and preferred shares outstanding	3,399	3,399	3,399	3,399
Earnings per share (basic) (in Baht)	3.23	3.27	3.02	2.70

Basic earnings per share in the consolidated and the Bank's financial statements for the six-month periods ended 30 June 2019 and 2018 were calculated as follows:

	Consolidated		The Bank	
	2019	2018	2019	2018
	<i>(in million Baht / million shares)</i>			
Profit attributable to common shareholders of the Bank (basic)	20,132	22,476	17,833	18,193
Number of common and preferred shares outstanding	3,399	3,399	3,399	3,399
Earnings per share (basic) (in Baht)	5.92	6.61	5.25	5.35

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Notes to the interim financial statements

For the six-month period ended 30 June 2019

For the three-month period ended 30 June 2019 (Unaudited)

47 Events after the reporting period

47.1 On 1 July 2019, the Bank entered into a binding Share Sale Agreement with FWD Group Financial Services Pte. Ltd. to sell its entire stake in SCB Life Assurance Public Company Limited (see Note 15).

On 6 August 2019, the Extraordinary General Meeting of Shareholders has approved to sell its entire stake in SCB Life Assurance Public Company Limited to FWD Group Financial Services Pte. Ltd.

47.2 On 11 July 2019, the Bank registered the conversion of 27,630 preferred shares to 27,630 common shares with the Ministry of Commerce.

48 Thai Financial Reporting Standards (TFRS) not yet adopted

A number of new TFRS which relevant to the Bank and its subsidiaries' operations are expected to have significant impact on the consolidated and the Bank's financial statements on the date of initial application. Those TFRS become effective for annual financial reporting periods beginning on or after 1 January 2020 are as follows:

TFRS	Topic
TFRS 7*	Financial Instruments: Disclosures
TFRS 9*	Financial Instruments
TFRS 16	Leases
TAS 32*	Financial Instruments: Presentation
TFRIC 16*	Hedges of a Net Investment in a Foreign Operation
TFRIC 19*	Extinguishing Financial Liabilities with Equity Instruments

* TFRS - Financial instruments standards

(a) *TFRS - Financial instruments standards*

These TFRSs establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting. When these TFRSs are effective, some accounting standards, interpretations and guidance which are currently effective will be cancelled.

(b) *TFRS 16 Leases*

TFRS 16 introduces a single lessee accounting model for lessees. A lessee recognises a right-of-use asset and a lease liability. There are recognition exemptions for short-term leases and leases of low-value items. Lessor accounting remains similar to the current standard, i.e. lessors continue to classify leases as finance or operating leases. When this TFRS is effective, some accounting standards and interpretations which are currently effective will be cancelled.

Management is presently considering the potential impact of adopting and initially applying those TFRSs on the interim financial statements.