

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

Condensed interim financial statements
for the three-month period ended
31 March 2020
and
Independent auditor's review report

Independent Auditor’s Report on Review of Interim Financial Information

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

I have reviewed the accompanying consolidated and the Bank’s statements of financial position of The Siam Commercial Bank Public Company Limited and its subsidiaries (“the Group”), and of The Siam Commercial Bank Public Company Limited, respectively, as at 31 March 2020; the consolidated and the Bank’s statements of profit or loss and other comprehensive income, changes in equity and cash flows for the three-month period then ended; and condensed notes (“interim financial information”). Management is responsible for the preparation and presentation of this interim financial information in accordance with Thai Accounting Standard 34, “Interim Financial Reporting” and the regulations of the Bank of Thailand. My responsibility is to express a conclusion on this interim financial information based on my review.

Scope of Review

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

Conclusion

Based on my review, nothing has come to my attention that causes me to believe that the accompanying interim financial information is not prepared, in all material respects, in accordance with Thai Accounting Standard 34, “Interim Financial Reporting” and the regulations of the Bank of Thailand.

(Wilai Buranakittisophon)
Certified Public Accountant
Registration No. 3920

KPMG Phoomchai Audit Ltd.
Bangkok
13 May 2020

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statement of financial position

Assets	Note	Consolidated		The Bank	
		31 March	31 December	31 March	31 December
		2020	2019	2020	2019
		(Unaudited)	(Audited)	(Unaudited)	(Audited)
		<i>(in thousand Baht)</i>			
Cash		45,154,938	47,615,159	44,992,657	47,450,329
Interbank and money market items, net		580,670,341	433,510,185	575,391,076	427,250,921
Financial assets measured at fair value through profit or loss	6	59,226,158	-	58,353,684	-
Derivative assets	5	101,870,839	63,132,091	101,994,020	63,283,308
Investments, net	7	224,612,591	312,065,032	224,884,522	310,504,994
Investments in subsidiaries and associate, net	8	78,148	78,148	7,616,115	6,727,117
Loans to customers and accrued interest receivables, net	9, 10	1,989,276,941	2,002,460,863	1,984,577,513	1,998,168,736
Properties for sale, net		17,193,690	16,641,789	16,945,054	16,393,154
Investment properties, net		-	-	295,719	-
Premises and equipment, net		39,766,770	40,776,524	38,576,913	39,910,623
Right-of-use assets, net		3,611,692	-	3,343,215	-
Goodwill and other intangible assets, net		18,644,259	19,186,569	17,906,134	18,450,769
Assets pending transfer		1,843,013	1,809,735	2,662,579	1,917,558
Deferred tax assets		981,952	2,004,629	800,968	1,809,077
Other assets, net		53,095,764	24,465,595	48,726,376	20,580,466
Total assets		3,136,027,096	2,963,746,319	3,127,066,545	2,952,447,052

The accompanying note 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	
		31 March 2020 (Unaudited)	31 December 2019 (Audited)	31 March 2020 (Unaudited)	31 December 2019 (Audited)
<i>(in thousand Baht)</i>					
Liabilities and shareholders' equity					
Liabilities					
Deposits		2,275,960,012	2,159,425,196	2,274,483,213	2,156,488,855
Interbank and money market items		156,744,388	145,844,197	156,781,080	145,870,962
Liabilities payable on demand		35,126,695	11,796,217	35,126,247	11,794,548
Financial liabilities measured at fair value through profit or loss		32,421	-	-	-
Liabilities to deliver security		-	18,335	-	-
Derivative liabilities	5	96,347,764	61,937,343	96,500,348	61,987,555
Debt issued and borrowings		72,281,889	77,952,008	71,841,472	76,355,562
Lease liabilities		3,622,955	-	3,352,472	-
Provisions		17,333,459	11,409,640	16,791,494	10,997,107
Liabilities pending transfer		10,964,688	21,933,486	10,678,245	21,915,093
Deferred tax liabilities		138,703	138,921	-	-
Other liabilities		71,675,810	72,444,505	68,909,435	69,093,197
Total liabilities		2,740,228,784	2,562,899,848	2,734,464,006	2,554,502,879
Shareholders' equity					
Share capital					
Authorised share capital					
3,582,726,363 preferred shares of Baht 10 each		35,827,264	35,827,351	35,827,264	35,827,351
3,417,273,637 common shares of Baht 10 each		34,172,736	34,172,649	34,172,736	34,172,649
Issued and paid-up capital					
3,602,006 preferred shares of Baht 10 each		36,020	36,107	36,020	36,107
3,395,590,192 common shares of Baht 10 each		33,955,902	33,955,815	33,955,902	33,955,815
Premium on share capital					
Premium on preferred shares		14,087	14,121	14,087	14,121
Premium on common shares		11,110,104	11,110,070	11,110,104	11,110,070
Other reserves		17,554,868	16,169,935	17,318,356	16,135,730
Retained earnings					
Appropriated					
Legal reserve		7,000,000	7,000,000	7,000,000	7,000,000
Unappropriated		325,552,014	332,071,783	323,168,070	329,692,330
Total owners of the company		395,222,995	400,357,831	392,602,539	397,944,173
Non-controlling interests		575,317	488,640	-	-
Total shareholders' equity		395,798,312	400,846,471	392,602,539	397,944,173
Total liabilities and shareholders' equity		3,136,027,096	2,963,746,319	3,127,066,545	2,952,447,052

(Mr. Arthid Nanthawithaya)

CEO & Chairman of Executive Committee

The accompanying note 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)

	Note	Consolidated		The Bank	
		Three-month period ended		Three-month period ended	
		31 March		31 March	
		2020	2019	2020	2019
		<i>(in thousand Baht)</i>			
Interest income		32,272,025	33,454,931	32,177,049	30,661,363
Interest expenses		6,494,781	8,741,515	6,459,465	8,720,064
Net interest income		25,777,244	24,713,416	25,717,584	21,941,299
Fee and service income		11,466,296	8,956,299	10,452,360	9,382,583
Fee and service expenses		2,551,697	2,288,492	2,236,805	2,016,321
Net fee and service income		8,914,599	6,667,807	8,215,555	7,366,262
Net gain on financial instruments measured at fair value through profit or loss		2,124,922	-	2,061,035	-
Net gain on trading and foreign exchange transactions		-	1,946,892	-	1,901,195
Net gain on investments		746,854	655,324	778,386	577,122
Share of profit from investment in associate		-	30,756	-	-
Dividend income		45,556	185,767	32,018	69,796
Net earned insurance premiums	8	-	13,543,566	-	-
Other operating income		31,514	95,539	12,588	19,768
Total operating income		37,640,689	47,839,067	36,817,166	31,875,442
Net insurance claims	8	-	13,269,098	-	-
Net operating income		37,640,689	34,569,969	36,817,166	31,875,442
Other operating expenses					
Employee expenses		7,953,063	9,208,959	7,246,260	8,250,888
Directors' remuneration		27,200	26,438	25,080	23,005
Premises and equipment expenses		3,462,507	3,313,019	3,299,631	3,067,450
Taxes and duties		1,011,415	1,152,673	1,006,285	1,061,286
Other expenses		3,938,621	4,133,924	4,611,804	4,714,030
Total operating expenses		16,392,806	17,835,013	16,189,060	17,116,659
Expected credit loss		9,726,466	-	9,333,549	-
Impairment loss on loans and debt securities		-	5,420,184	-	5,429,159
Profit from operating before income tax expense		11,521,417	11,314,772	11,294,557	9,329,624
Income tax expense	19	2,316,498	2,155,422	2,134,920	1,754,394
Net profit		9,204,919	9,159,350	9,159,637	7,575,230

The accompanying note 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)

	<i>Note</i>	Consolidated		The Bank	
		Three-month period ended		Three-month period ended	
		31 March		31 March	
		2020	2019	2020	2019
<i>(in thousand Baht)</i>					
Other comprehensive income (loss)					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Gains on investments in debt instruments					
at fair value through other comprehensive income		82,998	-	82,998	-
Gains on remeasuring available-for-sale investments		-	2,658,990	-	385,680
Losses arising from translating the financial statements					
of a foreign operation		(41,480)	(40,676)	(247,985)	-
Changes in hedge reserve		-	209,408	-	-
Income tax relating to components of other comprehensive					
income (loss) will be reclassified subsequently to profit or loss		(16,600)	(573,351)	(16,600)	(77,136)
		<u>24,918</u>	<u>2,254,371</u>	<u>(181,587)</u>	<u>308,544</u>
<i>Items that will not be reclassified subsequently to profit or loss</i>					
Gains on investments in equity instruments designated					
at fair value through other comprehensive income		116,179	-	116,179	-
Income tax relating to components of other comprehensive income					
(loss) will not be reclassified subsequently to profit or loss		(23,236)	-	(23,236)	-
		<u>92,943</u>	<u>-</u>	<u>92,943</u>	<u>-</u>
Total other comprehensive income (loss), net of income tax		<u>117,861</u>	<u>2,254,371</u>	<u>(88,644)</u>	<u>308,544</u>
Total comprehensive income		<u>9,322,780</u>	<u>11,413,721</u>	<u>9,070,993</u>	<u>7,883,774</u>
Net profit (loss) attributable to:					
Owners of the company		9,250,999	9,156,503	9,159,637	7,575,230
Non-controlling interests		(46,080)	2,847	-	-
Total comprehensive income (loss) attributable to:					
Owners of the company		9,367,985	11,395,500	9,070,993	7,883,774
Non-controlling interests		(45,205)	18,221	-	-
Earnings per share of the parent company					
Basic earnings per share (<i>in Baht</i>)	20	<u>2.72</u>	<u>2.69</u>	<u>2.69</u>	<u>2.23</u>

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(Mr. Arthid Nanthawithaya)

CEO & Chairman of Executive Committee

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statement of changes in equity (Unaudited)

	Consolidated															
	Issued and		Premium on		Gains	at fair value	Losses arising	Gains on	Losses arising	Gains on	Changes in	Total	Retained earnings		Total	Non-
Note	Preferred	Common	Preferred	Common									available-for-sale	through other		
	shares	shares	shares	shares	investments	income	operation	income	income	surplus	reserves	reserve	Unappropriated	the company	interests	Total
	<i>(in thousand Baht)</i>															
Three-month period ended 31 March 2020																
Balance at 31 December 2019 - as reported	36,107	33,955,815	14,121	11,110,070	1,059,304	-	(530,055)	-	15,640,686	16,169,935	7,000,000	332,071,783	400,357,831	488,640	400,846,471	
Impact of changes in accounting policies	3	-	-	-	(1,059,304)	1,172,391	-	1,243,267	-	1,356,354	-	274,161	1,630,515	-	1,630,515	
Balance at 1 January 2020 restated	36,107	33,955,815	14,121	11,110,070	-	1,172,391	(530,055)	1,243,267	15,640,686	17,526,289	7,000,000	332,345,944	401,988,346	488,640	402,476,986	
Dividend	12	-	-	-	-	-	-	-	-	-	-	(16,146,163)	(16,146,163)	-	(16,146,163)	
Conversion of preferred shares to common shares		(87)	87	(34)	34	-	-	-	-	-	-	-	-	-	-	
Liquidation of subsidiary		-	-	-	-	-	-	-	-	-	-	12,827	12,827	(118)	12,709	
Capital contribution from a non-controlling interest of a newly incorporated subsidiary		-	-	-	-	-	-	-	-	-	-	-	-	132,000	132,000	
Net profit (loss)		-	-	-	-	-	-	-	-	-	-	9,250,999	9,250,999	(46,080)	9,204,919	
Other comprehensive income (loss)		-	-	-	-	66,398	(42,355)	92,943	-	116,986	-	-	116,986	875	117,861	
Total comprehensive income (loss)		-	-	-	-	66,398	(42,355)	92,943	-	116,986	-	9,250,999	9,367,985	(45,205)	9,322,780	
Transfer to retained earnings		-	-	-	-	-	-	-	(88,407)	(88,407)	-	88,407	-	-	-	
Balance at 31 March 2020		36,020	33,955,902	14,087	11,110,104	-	1,238,789	(572,410)	1,336,210	15,552,279	17,554,868	7,000,000	325,552,014	395,222,995	575,317	395,798,312

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statement of changes in equity (Unaudited)

	Consolidated														
	Issued and paid-up share capital		Premium on share capital		Gains on remeasuring available-for-sale investments	Losses arising from translating the financial statements of a foreign operation	Other reserves				Total Retained earnings		Total owners of the company	Non- controlling interests	Total
							Changes in revaluation surplus	Changes in hedge reserve	Total other reserves	Others					
	Preferred shares	Common shares	Preferred shares	Common shares	Investments	Foreign operation					Revaluation surplus	Hedge reserve	Total other reserves	Others	Legal reserve
<i>(in thousand Baht)</i>															
Three-month period ended 31 March 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
Conversion of preferred shares to common shares	(336)	336	(131)	131	-	-	-	-	-	-	-	-	-	-	-
Net profit	-	-	-	-	-	-	-	-	-	-	-	9,156,503	9,156,503	2,847	9,159,350
Other comprehensive income (loss)	-	-	-	-	2,112,141	(39,610)	166,140	-	-	2,238,671	-	326	2,238,997	15,374	2,254,371
Total comprehensive income (loss)	-	-	-	-	2,112,141	(39,610)	166,140	-	-	2,238,671	-	9,156,829	11,395,500	18,221	11,413,721
Transfer to retained earnings	-	-	-	-	-	-	-	(69,415)	-	(69,415)	-	69,415	-	-	-
Balance at 31 March 2019	36,847	33,955,075	14,410	11,109,781	3,847,375	(384,878)	754,559	15,985,290	(2,364,511)	17,837,835	7,000,000	321,468,148	391,422,096	974,673	392,396,769

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statement of changes in equity (Unaudited)

		The Bank												
		Other reserves												
Note	Issued and paid-up share capital		Premium on share capital		Gains on remeasuring available-for-sale investments	Gains on investments in debt instruments at fair value through other comprehensive income	Losses arising from translating the financial statements of a foreign operation	Gains on investments in equity instruments designated at fair value through other comprehensive income	Changes in revaluation surplus	Total other reserves	Retained earnings		Total	
	Preferred shares	Common shares	Preferred shares	Common shares							Legal reserve	Unappropriated		
<i>(in thousand Baht)</i>														
Three-month period ended 31 March 2020														
		36,107	33,955,815	14,121	11,110,070	1,056,822	-	-	-	15,078,908	16,135,730	7,000,000	329,692,330	397,944,173
	3	-	-	-	-	(1,056,822)	1,172,390	-	1,243,336	-	1,358,904	-	374,632	1,733,536
		36,107	33,955,815	14,121	11,110,070	-	1,172,390	-	1,243,336	15,078,908	17,494,634	7,000,000	330,066,962	399,677,709
Dividends	12	-	-	-	-	-	-	-	-	-	-	-	(16,146,163)	(16,146,163)
Conversion of preferred shares to common shares		(87)	87	(34)	34	-	-	-	-	-	-	-	-	-
Net profit		-	-	-	-	-	-	-	-	-	-	-	9,159,637	9,159,637
Other comprehensive income (loss)		-	-	-	-	-	66,398	(247,985)	92,943	-	(88,644)	-	-	(88,644)
Total comprehensive income (loss)		-	-	-	-	-	66,398	(247,985)	92,943	-	(88,644)	-	9,159,637	9,070,993
Transfer to retained earnings		-	-	-	-	-	-	-	-	(87,634)	(87,634)	-	87,634	-
Balance at 31 March 2020		36,020	33,955,902	14,087	11,110,104	-	1,238,788	(247,985)	1,336,279	14,991,274	17,318,356	7,000,000	323,168,070	392,602,539

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statement of changes in equity (Unaudited)

	The Bank												
	Issued and paid-up share capital		Premium on share capital		Other reserves						Retained earnings		Total
					Gains on remeasuring available-for-sale investments	Changes in hedge reserve	Changes in revaluation surplus	Total other reserves	Legal				
	Preferred shares	Common shares	Preferred shares	Common shares					reserve	Unappropriated	Total		
<i>(in thousand Baht)</i>													
Three-month period ended 31 March 2019													
Balance at 1 January 2019	37,183	33,954,739	14,541	11,109,650	1,052,485	(8)	15,483,321	16,535,798	7,000,000	272,533,969	341,185,880		
Conversion of preferred shares to common shares	(336)	336	(131)	131	-	-	-	-	-	-	-		
Net profit	-	-	-	-	-	-	-	-	-	7,575,230	7,575,230		
Other comprehensive income	-	-	-	-	308,544	-	-	308,544	-	-	308,544		
Total comprehensive income	-	-	-	-	308,544	-	-	308,544	-	7,575,230	7,883,774		
Transfer to retained earnings	-	-	-	-	-	-	(68,634)	(68,634)	-	68,634	-		
Balance at 31 March 2019	36,847	33,955,075	14,410	11,109,781	1,361,029	(8)	15,414,687	16,775,708	7,000,000	280,177,833	349,069,654		

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

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statement of cash flows (Unaudited)

	Consolidated		The Bank	
	Three-month period ended		Three month period ended	
	31 March		31 March	
	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<i>Cash flows from operating activities</i>				
Profit from operating before income tax expense	11,521,417	11,314,772	11,294,557	9,329,624
<i>Adjustments to reconcile profit from operating before income tax expense to cash receipts (payments) from operating activities</i>				
Depreciation and amortisation	2,453,027	1,361,261	2,338,039	1,289,354
Expected credit loss	10,565,487	-	10,172,570	-
Impairment loss on loans and debt securities	-	6,220,222	-	6,229,197
Impairment loss on properties for sale	228,492	50,295	228,492	50,295
Reversal of impairment loss on premises and equipment	-	(16,927)	-	-
Provision expenses	380,320	1,454,943	355,745	1,422,074
(Gain) loss on sale of properties for sale	(146,044)	241,497	(146,044)	241,497
Loss on sale of premises and equipment	-	8,194	-	6,979
Loss from write-off of premises and equipment	17,765	-	17,765	-
Net gain on financial instruments	(3,072,242)	(5,983,364)	(3,228,036)	(5,992,447)
Net gain on investments	(746,854)	(655,324)	(778,386)	(577,122)
Share of profit from investment in associate	-	(30,756)	-	-
	<u>21,201,368</u>	<u>13,964,813</u>	<u>20,254,702</u>	<u>11,999,451</u>
Net interest income	(25,777,244)	(24,713,416)	(25,717,584)	(21,941,299)
Dividend income	(45,556)	(185,767)	(32,018)	(69,796)
Proceeds from interest	30,692,070	31,102,144	30,623,179	29,676,606
Interest paid	(10,613,620)	(9,598,030)	(10,586,436)	(9,591,931)
Proceeds from dividend	40,683	101,225	30,400	297,315
Income tax paid	(16,514)	(91,711)	(237)	(2,129)
Profit from operating before changes in operating assets and liabilities	<u>15,481,187</u>	<u>10,579,258</u>	<u>14,572,006</u>	<u>10,368,217</u>
<i>(Increase) decrease in operating assets</i>				
Interbank and money market items	(147,129,945)	22,476,033	(148,088,737)	24,044,248
Derivative assets	(28,959,996)	363,280	(28,925,176)	593,824
Investment in short-term securities	(21,415,639)	(24,649,571)	(22,224,889)	(24,593,846)
Loans to customers	8,554,217	5,032,363	9,081,481	5,000,319
Properties for sale	1,879,177	1,801,215	1,879,177	2,109,591
Other assets	(28,959,038)	1,208,953	(29,190,909)	(63,135)
<i>Increase (decrease) in operating liabilities</i>				
Deposits	116,534,816	(41,572,253)	117,994,358	(42,848,762)
Interbank and money market items	10,900,191	9,797,185	10,910,118	11,602,461
Liabilities payable on demand	23,330,478	3,307,475	23,331,699	3,305,198
Liabilities to deliver security	(18,335)	3,434	-	-
Financial liabilities measured at fair value through profit or loss	32,421	-	-	-
Derivative liabilities	34,254,456	4,501,523	34,356,828	4,247,355
Short-term debt issued and borrowings	(14,695,457)	(3,300,192)	(13,539,427)	(3,292,632)
Liabilities under insurance contracts	-	4,105,418	-	-
Other liabilities	(23,257,336)	(7,627,273)	(22,782,574)	(5,626,819)
Net cash used in operating activities	<u>(53,468,803)</u>	<u>(13,973,152)</u>	<u>(52,626,045)</u>	<u>(15,153,981)</u>

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statement of cash flows (Unaudited)

	Consolidated		The Bank	
	Three-month period ended		Three-month period ended	
	31 March		31 March	
<i>Note</i>	2020	2019	2020	2019
	<i>(in thousand Baht)</i>			
<i>Cash flows from investing activities</i>				
Acquisition of instruments measured at fair value through other comprehensive income	(91,393,187)	-	(91,129,301)	-
Acquisition of available-for-sale securities	-	(145,752,549)	-	(102,580,323)
Proceeds from sale of instruments measured at fair value through other comprehensive income	146,887,131	-	146,887,131	-
Proceeds from sale of available-for-sale securities	-	122,107,491	-	81,547,673
Acquisition of instruments at amortised cost	(1,377)	-	-	-
Acquisition of held-to-maturity securities	-	(351,549)	-	(31,477)
Proceeds from redemption of instruments at amortised cost	723,902	-	723,902	-
Proceeds from redemption of held-to-maturity securities	-	1,200,296	-	-
Acquisition of general securities	-	(66,056)	-	(65,261)
Acquisition of investments in subsidiaries	-	-	(899,000)	-
Proceeds from liquidation of subsidiaries	28,612	-	28,612	-
Acquisition of premises and equipment	(146,273)	(217,755)	(97,191)	(286,643)
Proceeds from sale of premises and equipment	-	250,137	-	19
Acquisition of intangible assets	(345,449)	(663,438)	(308,739)	(580,940)
Net cash from (used in) investing activities	55,753,359	(23,493,423)	55,205,414	(21,996,952)
<i>Cash flows from financing activities</i>				
Proceeds from long-term debt issued	192,025	31,510,000	192,025	31,510,000
Repayment of long-term debt issued	(1,700,000)	(1,700,000)	(1,700,000)	(1,700,000)
Proceeds from long-term borrowings	7,270	3,371	7,270	3,371
Repayment of long-term borrowings	(23,683)	(17,183)	(23,683)	(17,183)
Payment of lease liabilities	(761,515)	-	(715,274)	-
Dividend paid to equity holders of the Bank	12 (2,549,394)	-	(2,549,394)	-
Capital contribution from a non-controlling interest of a newly incorporated subsidiary	132,000	-	-	-
Net cash (used in) from financing activities	(4,703,297)	29,796,188	(4,789,056)	29,796,188
Losses arising from translating the financial statements of a foreign operation	(41,480)	(40,676)	(247,985)	-
Net decrease in cash	(2,460,221)	(7,711,063)	(2,457,672)	(7,354,745)
Cash at 1 January	47,615,159	47,116,872	47,450,329	46,443,366
Cash at 31 March	45,154,938	39,405,809	44,992,657	39,088,621

(Mr. Arthid Nanthawithaya)

CEO & Chairman of Executive Committee

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

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

The interim financial statements issued for Thai regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from and are consistent with the Thai language financial statements, and both the English and Thai language financial statements were approved and authorised for issue by the directors on 13 May 2020.

1 General information

The principal activities of the Bank are 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, Singapore, and Cambodia. Details of the Bank's subsidiaries as at 31 March 2020 and 31 December 2019 are given in note 8.

2 Basis of preparation of the interim financial statements

(a) Statement of compliance

The condensed interim financial statements are presented in the same format as the annual financial statements and prepared its notes to the interim financial statements on a condensed basis ("interim financial statements") in accordance with Thai Accounting Standard (TAS) No. 34 *Interim Financial Reporting*, guidelines promulgated by the Federation of Accounting Professions, 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 21/2561, directive dated 31 October 2018, 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", and other supplementary BoT notifications and BoT circular letter number Tor Por Tor For Nor Sor (23) Wor 276/2563 directive dated 28 February 2020, regarding "The relief programs for customers affected by Thai economic situations." and BoT circular letter number Tor Por Tor For Nor Sor (01) Wor 380/2563 directive dated 26 March 2020, regarding to "The additional relief measures for the customers during COVID-19 pandemic situations."

Under the aforementioned COVID-19 related circular, the Bank of Thailand announced measures on loan staging allow banks to classify a non-NPL customer as of 1 January 2020 as performing or Stage 1 immediately if the Bank believes that such customer can perform according to the restructuring plan. Such debt restructuring during 1 January 2020 to 31 December 2021 (including any multiple restructuring) is considered pre-emptive debt restructuring, not troubled-debt restructuring.

In the event a customer is an existing NPL customer, the Bank can classify this customer as performing or Stage 1 immediately if the customer can repay the debt according to the restructuring plan for 3 consecutive months or periods, whichever is longer. The Bank will continuously monitor and review whether the customers can perform according to the new terms and conditions.

In addition, the BoT announced measures to help customers as follows:

For retail customers:

- (1) Principal and/or interest payment holiday for non-NPL customers as of 1 March 2020 for a period of 3 to 6 months beginning April 2020 for all term loans (including mortgage, auto loans and SSME loans) for affected customers who request assistance.
- (2) Minimum payment for credit cards will be reduced from 10% to 5% in 2020-2021, 8% in 2022 and back to 10% in 2023.

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For non-retail customers

Measure 1: A loan payment holiday of 6 months for all SMEs with a credit line not exceeding Baht 100 million, to provide liquidity to the SMEs.

SMEs with a line of credit with a commercial bank not exceeding Baht 100 million are automatically eligible to suspend payments of both principal and interest for 6 months. However, the customers can choose not to enter the relief program. This payment holiday will not be considered as a missed payment and thus will not impair credit history.

Measure 2: Soft loans to support liquidity for SME customers with a credit line not exceeding Baht 500 million, with a concessional interest rate of 2% per annum and interest-free (subsidised by BoT) for the first 6 months.

The BoT will provide soft loans of Baht 500 billion at 0.01% interest rate per annum to financial institutions for 2 years. Financial institutions will then lend-on SME customers at a concessional rate of 2% per annum.

Customers that are eligible for this measure must:

- (i) operate domestically,
- (ii) not listed on the Stock Exchange of Thailand or the Market for Alternative Investment (MAI),
- (iii) have a credit lines with a financial institution not exceeding Baht 500 million, and
- (iv) still have a performing loan with normal repayment status or arrears of less than 90 days (non-NPL) as of 31 December 2019.

The maximum drawdown for the soft loans is 20% of the loan outstanding at the end of December 2019.

On 8 April 2020, BoT announced a reduction in rate of contribution from financial institutions to the Financial Institutions Development Fund (FIDF) from 0.46% of deposit base to 0.23% per annum temporarily for the year 2020 to 2021 which is retrospectively effective from 1 January 2020.

The interim financial statements do not include all of the financial information required for full annual financial statements but focus on new activities, events and circumstances to avoid repetition of information previously reported. Accordingly, these interim financial statements should be read in conjunction with the financial statements of the Banks and its subsidiaries (the “Group”) for the year ended 31 December 2019.

The Group has adopted TFRS - Financial instruments standards and TFRS 16 Leases in this current period and disclosed the impact from changes to significant accounting policies in note 3.

(b) Use of judgments, estimates and accounting policies

In preparing these interim financial statements, judgments and estimates are made by management in applying the Group’s accounting policies. Actual results may differ from these estimates. The accounting policies, methods of computation and the key sources of estimation uncertainty were the same as those that described in the financial statements for the year ended 31 December 2019, except for the new significant judgments and key sources of estimation uncertainty related to the application of new TFRS as described in note 3.

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3 Changes in accounting policies

From 1 January 2020, the Group has initially applied TFRS - Financial instruments standards, impact of changes in accounting policies on shareholders' equity are as follows:

	Note	Consolidated		The Bank	
		Retained earnings	Other reserves	Retained earnings	Other reserves
At 31 December 2019 - as reported		332,072	16,170	329,692	16,136
<i>Increase (decrease) due to:</i>					
Adoption of TFRS - Financial instruments standards					
Classification of financial instruments		634	1,681	631	1,684
Impairment loss on financial assets	A(ii)	(113)	15	-	15
Derivatives		(162)	-	(162)	-
Related tax		(85)	(340)	(94)	(340)
At 1 January 2020 - restated		332,346	17,526	330,067	17,495

(A) TFRS - Financial instruments standards

The Group has adopted TFRS - Financial instruments standards by adjusting the cumulative effects to retained earnings and other components of equity on 1 January 2020. Comparative information has not been restated in accordance with the transitional provisions of the standard.

These TFRS - Financial instruments standards establish requirements related to definition, recognition, measurement, impairment and derecognition of financial assets and financial liabilities, including accounting for derivatives and hedge accounting as further described below:

(i) Classification and measurement of financial assets and financial liabilities

Recognition and initial measurement

The Group initially recognises all financial instruments (including regular-way purchases and sales of financial assets) are recognised on the trade date, which is the date on which the Group becomes a party to the contractual provisions of the instrument, except for investments in debt instruments recognise on the settlement date.

A financial asset or financial liability is measured initially at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue.

Financial assets

Prior to 1 January 2020, financial assets were classified as held-to-maturity debt securities, available-for-sale securities, trading securities and general investment. From 1 January 2020, on initial recognition, a financial asset is classified as measured at: amortised cost, FVOCI or FVTPL. A debt instrument is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis. All other financial assets are classified as measured at FVTPL. In addition, on initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment

The Group makes an assessment of the objective of a business model in which an asset is held at a portfolio level because this best reflects the way the business is managed, and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. In particular, whether management's strategy focuses on earning contractual interest revenue, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of the liabilities that are funding those assets or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed, or the contractual cash flows collected; and
- the frequency, volume and timing of sales in prior periods, the reasons for such sales and its expectations about future sales activity. However, information about sales activity is not considered in isolation, but as part of an overall assessment of how the Group's stated objective for managing the financial assets is achieved and how cash flows are realised.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL because they are neither held to collect contractual cash flow nor held both to collect contractual cash flows and to sell financial assets.

Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin. In making the assessment the Group considers.

- contingent events that would change the amount and timing of cash flows
- leverage features;
- prepayment and extension terms;
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse asset arrangements); and
- features that modify consideration of the time value of money - e.g. periodical reset of interest rates.

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Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Group changes its business model for managing financial assets.

Financial liabilities

The Group classifies its financial liabilities, other than financial guarantees and loan commitments, as measured at amortised cost or FVTPL.

(ii) Impairment

TFRS 9 introduces a 'expected credit loss' model.

The expected credit loss model applies to the following financial instruments that are not measured at FVTPL:

- Financial assets that are debt instruments;
- Lease receivables; and
- Loan commitments and certain financial guarantee contracts

Under TFRS 9, no impairment loss is recognised on equity investments.

Significant accounting estimates and judgments

The Group expected credit loss calculations are based on complex models with a series of underlying assumptions. The significant judgments and estimates in determining expected credit loss include criteria for assessing if there has been a significant increase in credit risk and development of expected credit loss models, including the choice of inputs relating to macroeconomic variables. The calculation also involves expert credit judgment used by management in conjunction with internal and external information.

Measurement

An expected credit loss represents the present value of expected cash shortfalls over the residual term of a financial asset, undrawn commitment or financial guarantee. A cash shortfall is the difference between the cash flows that are due in accordance with the contractual terms of the instrument and the cash flows that are expected to be received over the contractual life of the instrument.

Expected credit losses are computed as unbiased, probability-weighted amounts which are determined by evaluating a range of reasonably possible outcomes, the time value of money, and considering all reasonable and supportable information. This includes forward-looking information.

Estimate of expected cash shortfalls is determined by multiplying the probability of default (PD) with the loss given default (LGD) with the expected exposure at the time of default (EAD).

Forward-looking macro-economic assumptions are incorporated into the PD, LGD and EAD where relevant and where they have been identified to influence credit risk, such as GDP growth rates, interest rates and housing price index. These assumptions are determined using all reasonable and supportable information, which includes both available internal and external information and are consistent with those used for financial and capital planning.

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The period over which cash shortfalls are determined is generally limited to the maximum contractual period for which the Group is exposed to credit risk, except in the case of certain revolving facilities for which a behavioral life is estimated.

The estimation of expected cash shortfalls on collateralised financial instruments reflects the expected amount and timing of cash flows from foreclosure of the collateral less the costs of obtaining and selling the collateral, regardless of whether the foreclosure is deemed probable or not.

Cash shortfalls are discounted using the effective interest rate (or credit-adjusted effective interest rate for POCI instruments) on the financial instruments.

Expected Credit Loss recognition - staging

Performing (Stage 1)

Expected credit losses of the financial instruments that have not had a significant increase in credit risk (SICR) since initial recognition are recognised based on the expected cash shortfalls arising from possible default events up to 12 months from the financial reporting date.

Under-performing (Stage 2)

When financial assets have a SICR since initial recognition, expected credit losses are recognised for possible default events over the lifetime of the financial assets. SICR is assessed by using a number of quantitative and qualitative factors that are significant to the increase in credit risk. Financial assets that are 30 or more days past due and not credit-impaired will always be considered to have experienced a significant increase in credit risk.

Quantitative factors include an assessment of whether there has been a significant increase in the probability of default (PD) since origination. Increase in PD is determined from economic conditions that are relating to changes in credit risk such as internal credit rating downgrade and behavior scoring deterioration. If the changes exceed the thresholds, the financial assets are considered to have experienced a significant increase in credit risk.

Qualitative factor assessments are part of current credit risk management processes, such as an assessment of significant deterioration in the customers' ability to repay. Qualitative indicators include operating results, financial liquidity and other reliable indicators.

Customers can be transferred to Stage 1 in case they have proven that their ability to repay are back to normal.

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Non-performing (Stage 3)

Financial assets that are credit-impaired or in default represent those that are at least 90 days past due in respect of principal and/or interest. Financial assets are also considered to be credit-impaired where the customers are unlikely to repay on the occurrence of one or more observable events that have a negative impact on the estimated future cash flows of the financial assets.

Evidence that financial assets are credit impaired includes observable data about the following events:

- Significant financial difficulty of the issuer or borrower;
- Breach of contract such as default or a past due event;
- In the process of filing bankruptcy or business reorganisation to avoid the settlement of the borrower's obligation;
- The disappearance of an active market for the applicable financial asset due to financial difficulties of the borrower; and
- Purchase or origination of a financial asset at a significant discount that reflects incurred credit losses.

Expected credit losses of credit-impaired financial assets are determined based on the difference between the present value of the recoverable cash flows under a range of scenarios, including the realisation of any collateral held where appropriate, discounted with the financial assets' original effective interest rate, and the gross carrying value of the financial assets prior to any credit impairments.

For individual qualitative consideration of large corporate loans that are credit-impaired, there will be additional procedures where the Bank's Special Business Function analyses and presents the qualitative information and expected credit losses to the Quality Committee to review and propose to the Credit Committee for approval for such staging and expected credit losses. The expected credit losses are considered from the difference between the loan carrying amount and the present value of expected future cash flows including the considerations of collateral value deterioration and other information related to future cash flow assessment.

Retail loans credit impairment considerations

For retail loans which comprise of a large number of loans with the shared similar characteristics, statistical estimates are used through credit scoring analysis. The retail loans are considered to be credit-impaired when they are more than 90 days past due or if the borrower has been filed for bankruptcy or the borrower ceases or closes its operations.

In order to assess the expected credit losses, models are developed based on historical repayment, default information and other information indicating default risk behavior.

In case that the models cannot captured the risk, the management overlay principle, covering industry, model and other risks, will be applied.

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Modified financial instruments

Where the original contractual terms of a financial asset have been modified for credit reasons and the instrument has not been derecognised, the resulting modification loss is recognised within credit impairment in profit or loss with a corresponding decrease in the gross carrying value of the asset.

Expected credit losses for modified financial assets that have not been derecognised and are not considered to be credit-impaired will be recognised on a 12-month basis, or a lifetime basis, if there is a significant increase in credit risk. These assets are assessed to determine whether there has been a significant increase in credit risk subsequent to the modification.

Loans under Troubled Debt Restructuring (“TDR”) Programmes

TDR loans are those loans that have been modified in response to a customer who are temporarily in financial distress and are unable to meet their original contractual repayment terms. TDR can be initiated by the client, the Bank or a third party including government sponsored programmes. TDR may include revised repayment schedules, payment deferrals, tenor extensions, interest only payments, lower interest rates, forgiveness of interest or fees, or relaxation of loan covenants.

TDR loans that have been modified, and not derecognised, on terms that are not consistent with those readily available in the market and/or where the Bank has granted a concession compared to the original terms of the loans are considered credit impaired if there is a detrimental impact on cash flows. The modification loss is recognised in the profit or loss within credit impairment and the gross carrying value of the loan reduced by the same amount.

Write-offs of credit impaired instruments and reversal of impairment

To the extent a financial debt instrument is considered irrecoverable, the applicable portion of the gross carrying value is written off against the related loan provision. Such loans are written off after all the necessary procedures have been completed, it is decided that there is no realistic probability of recovery and the amount of the loss has been determined. Subsequent recoveries of amounts previously written off decrease the amount of the provision for loan impairment in profit or loss.

If, in a subsequent period, the amount of the credit impairment loss decreases and the decrease can be related objectively to an event occurring after the credit impairment was recognised, such as an improvement in the debtor’s credit rating, the previously recognised credit impairment loss is reversed by adjusting the provision account. The amount of the reversal is recognised in profit or loss.

Loss provisions on purchased or originated credit impaired instruments (POCI)

The Group measures expected credit loss on a lifetime basis for POCI instruments throughout the life of the instrument. However, expected credit loss is not recognised in a separate loss provision on initial recognition for POCI instruments as the lifetime expected credit loss is inherent within the gross carrying amount of the instruments. The Group recognises the change in lifetime expected credit losses arising subsequent to initial recognition in the income statement and the cumulative change as a loss provision. Where lifetime expected credit losses on POCI instruments are less than those at initial recognition, then the favourable differences are recognised as impairment gains in profit or loss and as impairment loss where the expected credit losses are greater.

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Improvement in credit risk

A period may elapse from the point at which instruments enter stage 2 or stage 3 and are reclassified back to stage 1. For financial assets that are credit-impaired (stage 3), and have not been subject to restructuring, a transfer to stage 2 or stage 1 is only permitted where the instrument is no longer considered to be credit-impaired. An instrument will no longer be considered credit-impaired when there is no shortfall of cash flows compared to the original contractual terms.

For financial assets within stage 2, these can only be transferred to stage 1 when they are no longer considered to have experienced a significant increase in credit risk.

Where significant increase in credit risk was determined using quantitative measures, the instruments will automatically transfer back to stage 1 when the original PD based transfer criteria are no longer met. Where instruments were transferred to stage 2 due to an assessment of qualitative factors, the issues that led to the reclassification must be cured before the instruments can be reclassified to stage 1. This includes instances where management actions led to instruments being classified as stage 2, requiring that action to be resolved before loans are reclassified to stage 1.

For TDR customers, exposures under stage 3 can transfer to stage 2 when the customer performs under the revised terms of the contract for three consecutive payments. A further 9 month monitoring period is required for such customers to be transferred to stage 1 on the basis that there is no overdue balance on the account and the customer is expected to repay its remaining obligations in full. On transfer to stage 1 the origination rating will be reset to that applicable on that date.

For TDR customers, exposures under stage 2 that were not previously credit impaired can transfer to stage 1 when the customer performs under the revised terms of the contract for three consecutive payments and the customer is expected to repay its remaining obligations in full. On transfer to stage 1 the origination rating will be reset to that applicable on that date.

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The Group has determined that the application of TFRS 9's impairment requirements at 1 January 2020 results in an additional allowance for expected credit loss as follows:

	Consolidated		
	Allowance for doubtful accounts as at 31 December 2019	Re-measurement (in million Baht)	Allowance for expected credit loss as at 1 January 2020
Interbank and money market items	157	(24)	133
Investments	-	3	3
Loans to customers	114,272	(4,814)	109,458
Loan commitments	2	3,777	3,779
Financial guarantee contracts	24	1,156	1,180
Others	-	15	15
Total	114,455	113	114,568

	The Bank		
	Allowance for doubtful accounts as at 31 December 2019	Re-measurement (in million Baht)	Allowance for expected credit loss as at 1 January 2020
Interbank and money market items	157	(25)	132
Investments	-	3	3
Loans to customers	113,627	(4,911)	108,716
Loan commitments	-	3,755	3,755
Financial guarantee contracts	-	1,163	1,163
Others	-	15	15
Total	113,784	-	113,784

Prior to 1 January 2020 the Group estimated the allowance for doubtful account based on specified BoT criteria and regulations considering payment histories, future expectation of customer payment and other qualitative factors.

(iii) Derivatives held for risk management and hedge accounting

Derivatives held for risk management purposes include all derivatives that are not held for trading. Derivatives held for risk management purposes are measured at fair value in the statement of financial position.

The Group designates certain derivatives held for risk management as well as certain non-derivative financial instruments as hedging instruments in qualifying hedging relationships. On initial designation of the hedge, the Group documents the relationship between the hedging instruments and hedged items, including the risk management objective, strategy in undertaking the hedge, together with the method that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at inception of the hedge relationship and on an ongoing basis, whether the hedging instruments are expected to be effective hedge in offsetting the changes in the fair value or cash flows of the respective hedged items during the period for which the hedge is designated, and whether the actual results of each hedge are within a pre-defined range. The Group makes an assessment for a cash flow hedge of a forecast transaction, whether the forecast transaction is highly probable to occur and presents an exposure to variations in cash flows that could ultimately affect profit or loss.

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These hedging relationships are described below.

Fair value hedges

When a derivative is designated as the hedging instrument in the hedge of the change in fair value in the Group's assets, liabilities or commitments that could affect profit or loss, changes in the fair value of the derivative are recognised immediately in profit or loss together with changes in the fair value of the hedged item (in the same line item in the statement of profit or loss and other comprehensive income as the hedged item).

If the hedging derivative is contractually matured, sold, terminated, exercised, or the hedge no longer meets the criteria for fair value hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively.

Adjustments, before discontinuation of being a hedged item, are recognised using the recalculated effective interest method to amortise to profit or loss over its remaining life.

Cash flow hedges

When a derivative is designated as the hedging instrument in the hedge of the variability in cash flows attributable to a particular risk associated with the Group's assets or liabilities that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in OCI and presented as the hedging reserve within equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. If the hedging derivative is contractually matured, sold, terminated, exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively. The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment in the same period as the hedged cash flows affect profit or loss (in the same line item in the statement of profit or loss and other comprehensive income as the hedged item).

Net investment in a foreign operation hedge

When a derivative instrument or a non-derivative financial liability is designated as the hedging instrument in a hedge of a net investment in a foreign operation, the effective portion of changes in the fair value of the hedging instrument is recognised in OCI and presented as the translation reserve within equity. Any ineffective portion of the changes in the fair value of the derivative is recognised immediately in profit or loss. The amount recognised in OCI is reclassified to profit or loss as a reclassification adjustment on disposal of the foreign operation.

Previously TFRS were silent on the requirements of hedge accounting and derivatives held for risk management purposes. The Group accounted these transactions on an accrual basis.

(iv) Interest

From 1 January 2020 interest income and expense are recognised in profit or loss using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

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When calculating the effective interest rate for financial instruments other than credit-impaired assets, the Group estimates future cash flows considering all contractual terms of the financial instrument, but not expected credit losses. For credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit losses.

The calculation of the effective interest rate includes transaction costs and fees and points paid or received that are an integral part of the effective interest rate. Transaction costs include incremental costs that are directly attributable to the acquisition or issue of a financial asset or financial liability.

The 'amortised cost' of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured on initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any expected credit loss allowance.

The 'gross carrying amount of a financial asset' is the amortised cost of a financial asset before adjusting for any expected credit loss allowance.

Calculation of interest income and expense

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortised cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis. For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the amortised cost of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

Presentation

Interest income and expense presented in the statement of profit or loss and OCI include:

- interest on financial assets and financial liabilities measured at amortised cost calculated on an effective interest basis;
- interest on debt instruments measured at FVOCI calculated on an effective interest basis;
- the effective portion of fair value changes in qualifying hedging derivatives designated in cash flow hedges of variability in interest cash flows, in the same period as the hedged cash flow affect interest income/expense; and
- the effective portion of fair value changes in qualifying hedging derivatives designated in fair value hedges of interest rate risk.

Interest income and expense on all trading assets and liabilities are considered to be incidental to the Group trading operations and are presented together with all other changes in the fair value of trading assets and liabilities in net trading income.

Prior to 1 January 2020 the Group recognised interest income and interest expenses at the rate specified in the contract, with related fees and costs being recognised when earned or incurred.

For financial assets and liabilities that exist on the date of transition, the effective interest rate will be calculated prospectively.

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(v) Investments, net

From 1 January 2020 the ‘investments, net’ caption in the statement of financial position includes:

- Investments in debt instruments measured at amortised cost; these are initially measured at fair value plus incremental direct transaction costs, and subsequently at their amortised cost using the effective interest method;
- Investments in debt instruments measured at FVOCI; and
- Investments in equity instruments designated at FVOCI.

For debt instruments measured at FVOCI, gains and losses are recognised in OCI, except for the following, which are recognised in profit or loss in the same manner as for financial assets measured at amortised cost:

- interest revenue using the effective interest method;
- ECL and reversals; and
- foreign exchange gains and losses.

When a debt instrument measured at FVOCI is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss.

The Group elects to present in OCI changes in the fair value of certain investments in equity instruments that are not held for trading. The election is made on an instrument-by-instrument basis on initial recognition and is irrevocable.

Gains and losses on such equity instruments are never reclassified to profit or loss and no impairment is recognised in profit or loss. Dividends are recognised in profit or loss unless they clearly represent a recovery of part of the cost of the investment, in which case they are recognised in OCI. Cumulative gains and losses recognised in OCI are transferred to retained earnings on disposal of an investment.

Previously investment securities were initially measured at fair value plus, in the case of investment securities not at FVTPL, incremental direct transaction costs, and subsequently accounted for depending on their classification as either held-to-maturity, FVTPL or available-for-sale.

The following table and the accompanying notes below explain the original measurement categories under TAS 105 and BoT regulations and the new measurement categories under TFRS 9 for each class of the Group’s financial assets and financial liabilities as at 1 January 2020.

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	Original classification at 31 December 2019	New classification under TFRS 9	At 31 December 2019	Consolidated		Allowance for expected credit loss	At 1 January 2020
				Reclassification	Remeasurement <i>(in million Baht)</i>		
Assets							
Cash	AMC	AMC	47,615	-	-	-	47,615
Interbank and money market items, net	AMC	AMC	433,510	-	-	24	433,534
Financial assets measured at fair value							
through profit or loss			-	33,978	761	-	34,739
Government and state enterprise securities	-	FVTPL	-	22,072	-	-	22,072
Corporate debt instruments	-	FVTPL	-	4,550	-	-	4,550
Domestic equity instruments	-	FVTPL	-	3,192	-	-	3,192
Domestic equity instruments	-	FVTPL	-	949	-	-	949
Foreign equity instruments	-	FVTPL	-	24	-	-	24
Domestic non-marketable equity instruments	-	FVTPL	-	31	393	-	424
Foreign non-marketable equity instruments	-	FVTPL	-	3,160	368	-	3,528
Derivative assets			63,132	-	2,540	-	65,672
Forward exchange contracts - held for risk management	Accrual	FVTPL	84	-	68	-	152
Forward exchange contracts - held for trading	FV	FVTPL	34,989	-	-	-	34,989
Interest rate swap contracts - held for risk management	Accrual	FVTPL	-	-	2,472	-	2,472
Interest rate swap contracts - held for trading	FV	FVTPL	27,573	-	-	-	27,573
Equity derivatives - held for trading	FV	FVTPL	482	-	-	-	482
Commodity derivatives - held for trading	FV	FVTPL	4	-	-	-	4
Investments, net			312,065	(33,978)	1,554	(3)	279,638
Government and state enterprise securities	Trading	-	22,072	(22,072)	-	-	-
Corporate debt instruments	Trading	-	4,550	(4,550)	-	-	-
Domestic equity instruments	Trading	-	3,192	(3,192)	-	-	-

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	Original classification at 31 December 2019	New classification under TFRS 9	At 31 December 2019	Consolidated		Allowance for expected credit loss	At 1 January 2020
				Reclassification	Remeasurement <i>(in million Baht)</i>		
Domestic equity instruments	AFS	-	949	(949)	-	-	-
Foreign equity instruments	AFS	-	24	(24)	-	-	-
Domestic non-marketable equity instruments	General investment	-	31	(31)	-	-	-
Foreign non-marketable equity instruments	General investment	-	3,160	(3,160)	-	-	-
Government and state enterprise securities	AFS	FVOCI	258,768	-	-	-	258,768
Foreign debt instruments	AFS	FVOCI	10,999	-	-	-	10,999
Domestic non-marketable equity instruments	General investment	FVOCI	486	-	1,554	-	2,040
Foreign non-marketable equity instruments	General investment	FVOCI	4	-	-	-	4
Government and state enterprise securities	HTM	AMC	7,586	-	-	-	7,586
Corporate debt instruments	HTM	AMC	30	-	-	(1)	29
Foreign debt instruments	HTM	AMC	214	-	-	(2)	212
Investments in subsidiaries and associate, net	-	-	78	-	-	-	78
Loans to customers and accrued interest receivables, net	AMC	AMC	2,002,461	-	-	4,814	2,007,275
Properties for sale, net	-	-	16,642	-	-	-	16,642
Premises and equipment, net	-	-	40,776	-	-	-	40,776
Goodwill and other intangible assets, net	-	-	19,187	-	-	-	19,187
Assets pending transfer	-	-	1,810	-	-	-	1,810
Deferred tax assets	-	-	2,005	-	(431)	6	1,580
Other assets, net	AMC	AMC	24,465	-	(78)	-	24,387
Total assets			2,963,746	-	4,346	4,841	2,972,933
Liabilities							
Deposits	AMC	AMC	2,159,425	-	-	-	2,159,425
Interbank and money market items	AMC	AMC	145,844	-	-	-	145,844

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	Original classification at 31 December 2019	New classification under TFRS 9	At 31 December 2019	Consolidated		Allowance for expected credit loss	At 1 January 2020
				Reclassification	Remeasurement <i>(in million Baht)</i>		
Liabilities payable on demand	AMC	AMC	11,796	-	-	-	11,796
Liabilities to deliver security	FV	FVTPL	18	-	-	-	18
Derivative liabilities			61,937	-	156	-	62,093
Forward exchange contracts - held for risk management	Accrual	FVTPL	63	-	(15)	-	48
Forward exchange contracts - held for trading	FV	FVTPL	31,308	-	-	-	31,308
Interest rate swap contracts - held for risk management	Accrual	FVTPL	-	-	171	-	171
Interest rate swap contracts - held for trading	FV	FVTPL	30,297	-	-	-	30,297
Equity derivatives - held for trading	FV	FVTPL	265	-	-	-	265
Commodity derivatives - held for trading	FV	FVTPL	4	-	-	-	4
Debt issued and borrowings	AMC	AMC	77,952	-	2,472	-	80,424
Provisions	-	-	11,410	-	-	4,933	16,343
Liabilities pending transfer	AMC	AMC	21,934	-	-	-	21,934
Deferred tax liabilities	-	-	139	-	-	-	139
Other liabilities	AMC	AMC	72,445	-	(4)	-	72,441
Total liabilities			2,562,900	-	2,624	4,933	2,570,457
Shareholders' equity							
Share capital	-	-	33,992	-	-	-	33,992
Premium on share capital	-	-	11,124	-	-	-	11,124
Other reserves	-	-	16,170	-	1,344	12	17,526
Legal reserve	-	-	7,000	-	-	-	7,000
Unappropriated retained earnings	-	-	332,072	-	378	(104)	332,346
Total owners of the company	-	-	400,358	-	1,722	(92)	401,988
Non-controlling interests	-	-	488	-	-	-	488
Total shareholders' equity			400,846	-	1,722	(92)	402,476
Total liabilities and shareholders' equity			2,963,746	-	4,346	4,841	2,972,933

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	Original classification at 31 December 2019	New classification under TFRS 9	At 31 December 2019	The Bank		Allowance for expected credit loss	At 1 January 2020
				Reclassification	Remeasurement (in million Baht)		
Assets							
Cash	AMC	AMC	47,450	-	-	-	47,450
Interbank and money market items, net	AMC	AMC	427,251	-	-	25	427,276
Financial assets measured at fair value through profit or loss			-	32,140	761	-	32,901
Government and state enterprise securities	-	FVTPL	-	22,040	-	-	22,040
Corporate debt instruments	-	FVTPL	-	4,374	-	-	4,374
Domestic equity instruments	-	FVTPL	-	1,592	-	-	1,592
Domestic equity instruments	-	FVTPL	-	928	-	-	928
Foreign equity instruments	-	FVTPL	-	23	-	-	23
Domestic non-marketable equity instruments	-	FVTPL	-	23	393	-	416
Foreign non-marketable equity instruments	-	FVTPL	-	3,160	368	-	3,528
Derivative assets			63,283	-	2,540	-	65,823
Forward exchange contracts - held for risk management	Accrual	FVTPL	84	-	68	-	152
Forward exchange contracts - held for trading	FV	FVTPL	34,989	-	-	-	34,989
Interest rate swap contracts - held for risk management	Accrual	FVTPL	-	-	2,472	-	2,472
Interest rate swap contracts - held for trading	FV	FVTPL	27,573	-	-	-	27,573
Equity derivatives - held for trading	FV	FVTPL	633	-	-	-	633
Commodity derivatives - held for trading	FV	FVTPL	4	-	-	-	4
Investments, net			310,505	(32,140)	1,554	(3)	279,916
Government and state enterprise securities	Trading	-	22,040	(22,040)	-	-	-
Corporate debt instruments	Trading	-	4,374	(4,374)	-	-	-
Domestic equity instruments	Trading	-	1,592	(1,592)	-	-	-
Domestic equity instruments	AFS	-	928	(928)	-	-	-
Foreign equity instruments	AFS	-	23	(23)	-	-	-

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	Original classification at 31 December 2019	New classification under TFRS 9	At 31 December 2019	The Bank		Allowance for expected credit loss	At 1 January 2020
				Reclassification	Remeasurement (in million Baht)		
Domestic non-marketable equity instruments	General investment	-	23	(23)	-	-	-
Foreign non-marketable equity instruments	General investment	-	3,160	(3,160)	-	-	-
Government and state enterprise securities	AFS	FVOCI	258,768	-	-	-	258,768
Foreign debt instruments	AFS	FVOCI	10,999	-	-	-	10,999
Domestic non-marketable equity instruments	General investment	FVOCI	479	-	1,554	-	2,033
Foreign non-marketable equity instruments	General investment	FVOCI	4	-	-	-	4
Government and state enterprise securities	HTM	AMC	7,575	-	-	-	7,575
Corporate debt instruments	HTM	AMC	326	-	-	(1)	325
Foreign debt instruments	HTM	AMC	214	-	-	(2)	212
Investments in subsidiaries and associate, net	-	-	6,727	-	-	-	6,727
Loans to customers and accrued interest receivables, net	AMC	AMC	1,998,169	-	-	4,911	2,003,080
Properties for sale, net	-	-	16,393	-	-	-	16,393
Premises and equipment, net	-	-	39,911	-	-	-	39,911
Goodwill and other intangible assets	-	-	18,451	-	-	-	18,451
Assets pending transfer	-	-	1,918	-	-	-	1,918
Deferred tax assets	-	-	1,809	-	(431)	(3)	1,375
Other assets, net	AMC	AMC	20,580	-	(78)	-	20,502
Total assets			2,952,447	-	4,346	4,930	2,961,723
Liabilities							
Deposits	AMC	AMC	2,156,489	-	-	-	2,156,489
Interbank and money market items	AMC	AMC	145,871	-	-	-	145,871

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	The Bank						
	Original classification at 31 December 2019	New classification under TFRS 9	At 31 December 2019	Reclassification	Remeasurement <i>(in million Baht)</i>	Allowance for expected credit loss	At 1 January 2020
Liabilities payable on demand	AMC	AMC	11,794	-	-	-	11,794
Derivative liabilities			61,988	-	156	-	62,144
Forward exchange contracts - held for risk management	Accrual	FVTPL	63	-	(15)	-	48
Forward exchange contracts - held for trading	FV	FVTPL	31,308	-	-	-	31,308
Interest rate swap contracts - held for risk management	Accrual	FVTPL	-	-	171	-	171
Interest rate swap contracts - held for trading	FV	FVTPL	30,297	-	-	-	30,297
Equity derivatives - held for trading	FV	FVTPL	316	-	-	-	316
Commodity derivatives - held for trading	FV	FVTPL	4	-	-	-	4
Debt issued and borrowings	AMC	AMC	76,356	-	2,472	-	78,828
Provisions	-	-	10,997	-	-	4,918	15,915
Liabilities pending transfer	AMC	AMC	21,915	-	-	-	21,915
Other liabilities	AMC	AMC	69,093	-	(4)	-	69,089
Total liabilities			<u>2,554,503</u>	<u>-</u>	<u>2,624</u>	<u>4,918</u>	<u>2,562,045</u>
Shareholders' equity							
Share capital	-	-	33,992	-	-	-	33,992
Premium on share capital	-	-	11,124	-	-	-	11,124
Other reserves	-	-	16,136	-	1,347	12	17,495
Legal reserve	-	-	7,000	-	-	-	7,000
Unappropriated retained earnings	-	-	329,692	-	375	-	330,067
Total shareholders' equity			<u>397,944</u>	<u>-</u>	<u>1,722</u>	<u>12</u>	<u>399,678</u>
Total liabilities and shareholders' equity			<u>2,952,447</u>	<u>-</u>	<u>4,346</u>	<u>4,930</u>	<u>2,961,723</u>

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(B) TFRS 16 Leases

From 1 January 2020, the Group has initially adopted TFRS 16 on contracts previously identified as leases according to TAS 17 *Leases* and TFRIC 4 *Determining whether an arrangement contains a lease* using the modified retrospective approach.

Previously, the Group as a lessee, recognised payments made under operating leases in profit or loss on a straight-line basis over the term of the lease. Under TFRS 16, the Group assesses whether a contract is, or contains, a lease. If a contract contains lease and non-lease components, the Group allocates the consideration in the contract based on stand-alone selling price (transaction price). As at 1 January 2020, the Group recognised right-of-use assets and lease liabilities, as a result, the nature of expenses related to those leases was changed because the Group recognised depreciation of right-of-use assets and interest expense on lease liabilities.

On transition, the Group also elected to use the following practical expedients:

- do not recognise right-of-use assets and lease liabilities for leases with less than 12 months of lease term;
- use hindsight when determining the lease term;
- apply a single discount rate to a portfolio of leases with similar characteristics;
- rely on previous assessments whether leases are onerous as an alternative to performing an impairment review; and
- exclude initial direct costs from measuring the right-of-use asset.

Impact from the adoption of TFRS 16

	Consolidated	The Bank
	<i>(in million Baht)</i>	
<i>At 1 January 2020</i>		
Increase in right-of-use assets	4,365	4,046
Increase in lease liabilities	4,365	4,046

4 Maintenance of capital fund

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

The Bank maintains its capital fund in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk weighted assets in accordance with the criteria, methodologies, and conditions prescribed by the Bank of Thailand. As announced by the BoT in its circulars dated 8 November 2012 and 7 May 2019, the Bank is required to calculate its Capital Fund in accordance with Basel III. As at 31 March 2020 and 31 December 2019, the Consolidated Supervision group and the Bank's total capital funds were categorised as follows:

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	Basel III	
	Consolidated Supervision	
	31 March 2020	31 December 2019
	<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	291,508	307,655
Other comprehensive income	15,300	13,973
Capital deduction items on CET1	<u>(19,487)</u>	<u>(21,052)</u>
Total Tier 1 capital	<u>339,437</u>	<u>352,692</u>
Tier 2 capital		
General provisions	<u>22,883</u>	<u>22,514</u>
Total Tier 2 capital	<u>22,883</u>	<u>22,514</u>
Total capital funds	<u>362,320</u>	<u>375,206</u>
Total risk weighted assets	2,105,505	2,075,492

	The BoT's regulation minimum requirement*	31 March 2020	The BoT's regulation minimum requirement*	31 December 2019
			(%)	
Total capital / Total risk weighted assets	12.0	17.2	11.5	18.1
Total Tier 1 capital / Total risk weighted assets	9.5	16.1	9.0	17.0
Total Tier 1 common equity / Total risk weighted assets	8.0	16.1	7.5	17.0
Total Tier 2 capital / Total risk weighted assets		1.1		1.1

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

	31 March 2020	31 December 2019
	<i>(in million Baht)</i>	
Capital after deducting capital add-on arising from Single Lending Limit	362,320	375,206
Capital ratio after deducting capital add-on arising from Single Lending Limit (%)	17.2	18.1

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	Basel III	
	The Bank	
	31 March 2020	31 December 2019
	<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	255,678	271,824
Other comprehensive income	14,759	13,632
Capital deduction items on CET1	<u>(18,707)</u>	<u>(20,260)</u>
Total Tier 1 capital	<u>303,846</u>	<u>317,312</u>
Tier 2 capital		
General provisions	<u>22,824</u>	<u>22,432</u>
Total Tier 2 capital	<u>22,824</u>	<u>22,432</u>
Total capital funds	<u>326,670</u>	<u>339,744</u>
Total risk weighted assets	2,091,444	2,060,169

	The BoT's regulation minimum requirement*	31 March 2020	The BoT's regulation minimum requirement*	31 December 2019
			(%)	
Total capital / Total risk weighted assets	12.0	15.6	11.5	16.5
Total Tier 1 capital / Total risk weighted assets	9.5	14.5	9.0	15.4
Total Tier 1 common equity / Total risk weighted assets	8.0	14.5	7.5	15.4
Total Tier 2 capital / Total risk weighted assets		1.1		1.1

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

	31 March 2020	31 December 2019
	<i>(in million Baht)</i>	
Capital after deducting capital add-on arising from Single Lending Limit	326,670	339,744
Capital ratio after deducting capital add-on arising from Single Lending Limit (%)	15.6	16.5

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

Location of disclosure	The Bank's website under Investor Relations section at http://www.scb.co.th/en/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 2019

Capital management

The Group's 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 Group has complied with BoT imposed capital requirements throughout the period and, as noted in the table above, its capital level is well in excess of the minimum requirements.

5 Fair value of financial assets and financial liabilities

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

	Carrying amount	Consolidated Fair value			Total
		Level 1	Level 2	Level 3	
<i>(in million Baht)</i>					
At 31 March 2020					
Financial assets					
Financial assets measured at fair value through profit or loss	59,226	2,356	53,155	3,715	59,226
Derivative assets					
Foreign exchange rate	54,017	-	54,017	-	54,017
Interest rate	47,451	-	47,451	-	47,451
Others	403	-	403	-	403
Total	101,871	-	101,871	-	101,871
Investments, net					
Investments in debt instruments measured at amortised cost	7,115	-	8,020	-	8,020
Investments in debt instruments measured at fair value through other comprehensive income	202,021	-	202,021	-	202,021
Investments in equity instruments designated at fair value through other comprehensive income	15,477	13,307	-	2,170	15,477
Total	224,613	13,307	210,041	2,170	225,518
Total financial assets	385,710	15,663	365,067	5,885	386,615

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	Carrying amount	Consolidated			Total
		Level 1	Fair value		
			Level 2	Level 3	
			<i>(in million Baht)</i>		
<i>Financial liabilities</i>					
Financial liabilities measured at fair value through profit or loss	32,421	32,421	-	-	32,421
Derivative liabilities					
Foreign exchange rate	49,556	-	49,556	-	49,556
Interest rate	46,405	-	46,405	-	46,405
Others	387	-	387	-	387
Total	96,348	-	96,348	-	96,348
Total financial liabilities	128,769	32,421	96,348	-	128,769
	Carrying amount	The Bank			Total
		Level 1	Fair value		
			Level 2	Level 3	
			<i>(in million Baht)</i>		
<i>At 31 March 2020</i>					
<i>Financial assets</i>					
Financial assets measured at fair value through profit or loss	58,354	1,664	52,975	3,715	58,354
Derivative assets					
Foreign exchange rate	54,012	-	54,012	-	54,012
Interest rate	47,451	-	47,451	-	47,451
Others	531	-	531	-	531
Total	101,994	-	101,994	-	101,994
Investments, net					
Investments in debt instruments measured at amortised cost	7,399	-	8,303	-	8,303
Investments in debt instruments measured at fair value through other comprehensive income	202,021	-	202,021	-	202,021
Investments in equity instruments designated at fair value through other comprehensive income	15,465	13,307	-	2,158	15,465
Total	224,885	13,307	210,324	2,158	225,789
Total financial assets	385,233	14,971	365,293	5,873	386,137
<i>Financial liabilities</i>					
Derivative liabilities					
Foreign exchange rate	49,552	-	49,552	-	49,552
Interest rate	46,404	-	46,404	-	46,404
Others	544	-	544	-	544
Total financial liabilities	96,500	-	96,500	-	96,500

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The fair value of financial instruments measured at fair value in the consolidated and the Bank statement of financial position as at 31 December 2019 were as follows:

	Consolidated			The Bank		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Fair value (in million Baht)						
At 31 December 2019						
Financial assets						
Derivative assets						
Foreign exchange rate	-	34,989	34,989	-	34,989	34,989
Interest rate	-	27,573	27,573	-	27,573	27,573
Others	-	486	486	-	637	637
Total	-	63,048	63,048	-	63,199	63,199
Investments						
Trading securities	3,192	26,622	29,814	1,592	26,414	28,006
Available-for-sale securities	952	269,788	270,740	951	269,767	270,718
Total	4,144	296,410	300,554	2,543	296,181	298,724
Total financial assets	4,144	359,458	363,602	2,543	359,380	361,923
Financial liabilities						
Derivative liabilities						
Foreign exchange rate	-	31,308	31,308	-	31,308	31,308
Interest rate	-	30,297	30,297	-	30,297	30,297
Others	-	269	269	-	320	320
Total financial liabilities	-	61,874	61,874	-	61,925	61,925

The Group determines Level 2 fair values for debt instruments 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. In the case of derivative assets, fair values reflect the credit risk of the counterparty.

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 31 December 2019 were as follows:

	Consolidated		The Bank	
	Carrying amount	Fair value Level 2	Carrying amount	Fair value Level 2
(in million Baht)				
At 31 December 2019				
Financial assets				
Derivative assets	84	151	84	151
Held-to-maturity securities	7,830	8,717	8,115	9,002
Financial liabilities				
Derivative liabilities	63	48	63	48

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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.
Financial assets measured at fair value through profit or loss and 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.
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.
Loans to customers and accrued interest receivables:	<ul style="list-style-type: none"> - For variable-rate loans that are repriced frequently and have no significant change in credit risk, fair values are based on carrying amount. - Fair values of other loans are estimated using discounted cash flow analyses, using market interest rates or the fair value of collateral. There is no significant difference with the carrying amount.

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- Deposits: - 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.
- Interbank and money market items (Liabilities): - 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: - 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 Financial assets measured at fair value through profit or loss

	Consolidated 31 March 2020	The Bank 31 March 2020
	<i>(in million Baht)</i>	
Debt instruments measured at fair value through profit or loss		
Government and state enterprise securities	46,693	46,666
Corporate debt instruments	6,088	6,087
Total	52,781	52,753
	Consolidated 31 March 2020	The Bank 31 March 2020
	<i>(in million Baht)</i>	
Equity instruments measured at fair value through profit or loss		
Domestic equity instruments	2,480	1,636
Foreign equity instruments	26	26
Domestic non-marketable equity instruments	10	10
Foreign non-marketable equity instruments	3,929	3,929
Total	6,445	5,601
Total financial assets measured at fair value through profit or loss	59,226	58,354

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7 Investments, net

7.1 Classification of investments

	Consolidated 31 March 2020 Amortised cost <i>(in million Baht)</i>	The Bank 31 March 2020 Amortised cost		
Investments in debt instruments measured at amortised cost				
Government and state enterprise securities	7,083	7,072		
Corporate debt instruments	32	327		
Total	7,115	7,399		
	Consolidated 31 March 2020 Fair value <i>(in million Baht)</i>	The Bank 31 March 2020 Fair value		
Investments in debt instruments measured at fair value through other comprehensive income				
Government and state enterprise securities	175,226	175,226		
Foreign debt instruments	26,795	26,795		
Total	202,021	202,021		
Allowance for expected credit loss	(25)	(25)		
	Consolidated 31 March 2020 Fair value	The Bank 31 March 2020 Fair value	Consolidated 31 March 2020 Dividend income	The Bank 31 March 2020 Dividend income
<i>(in million Baht)</i>				
Investments in equity instruments designated at fair value through other comprehensive income				
Domestic non-marketable equity instruments	15,472	15,461	29	30
Foreign non-marketable equity instruments	5	4	-	-
Total	15,477	15,465	29	30
Total investments, net	224,613	224,885		

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	Consolidated 31 December 2019 Fair value <i>(in million Baht)</i>	The Bank 31 December 2019 Fair value <i>(in million Baht)</i>
Trading securities		
Government and state enterprise securities	22,072	22,040
Corporate debt securities	4,550	4,374
Domestic equity securities	3,192	1,592
Total	29,814	28,006
	Consolidated 31 December 2019 Fair value <i>(in million Baht)</i>	The Bank 31 December 2019 Fair value <i>(in million Baht)</i>
Available-for-sale securities		
Government and state enterprise securities	258,768	258,768
Foreign debt securities	10,999	10,999
Domestic equity securities	949	928
Foreign equity securities	24	23
Total	270,740	270,718
	Consolidated 31 December 2019 Cost / Amortised cost <i>(in million Baht)</i>	The Bank 31 December 2019 Cost / Amortised cost <i>(in million Baht)</i>
Held-to-maturity securities		
Government and state enterprise securities	7,586	7,575
Corporate debt securities	30	326
Foreign debt securities	214	214
Total	7,830	8,115
	Consolidated 31 December 2019 Cost <i>(in million Baht)</i>	The Bank 31 December 2019 Cost <i>(in million Baht)</i>
General investments		
Domestic non-marketable equity securities	724	707
Foreign non-marketable equity securities	3,192	3,192
Total	3,916	3,899
<i>Less</i> allowance for impairment	(235)	(233)
Total	3,681	3,666
Total investments, net	312,065	310,505

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7.2 Investments in companies with holding of 10% and upwards

	Consolidated			The Bank		
	Number of companies	31 March 2020	31 December 2019	Number of companies	31 March 2020	31 December 2019
		<i>(in million Baht)</i>			<i>(in million Baht)</i>	
Mutual funds and financial services	3	3,287	-	3	3,287	-
Others	8	344	343	8	344	343
		<u>3,631</u>	<u>343</u>		<u>3,631</u>	<u>343</u>

7.3 Investment in companies with problems in their financial positions

As at 31 March 2020, the Group held investments in a number of securities issued by companies with problems in their financial positions and operating results. The Group has 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 278 million (31 December 2019: Baht 276 million).

8 Investments in subsidiaries and associate, net

	Type of business	Type of share	Direct and indirect shareholding		Consolidated Investment value					
			Investment value		Cost method		Equity method			
			31 March 2020	31 December 2019	31 March 2020	31 December 2019	31 March 2020	31 December 2019		
			<i>(%)</i>		<i>(in million Baht)</i>					
Associate										
Sahaviriya Steel Industries PCL	Steel industry	Common	40.2	40.2	-	-	78	78	78	78
Total investments in associate, net					<u>-</u>	<u>-</u>	<u>78</u>	<u>78</u>	<u>78</u>	<u>78</u>

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	Type of business	Type of share	Direct shareholding		The Bank Investment value Cost method		Dividend income for the year	
			31	31	31	31	31	31
			March	December	March	December	March	March
			2020	2019	2020	2019	2020	2019
			(%)		(in million Baht)			
Subsidiaries								
Cambodian Commercial Bank Ltd.	Banking	Common	100.0	100.0	2,688	2,688	-	-
SCB Securities Co., Ltd.	Securities	Common	100.0	100.0	2,207	2,207	-	-
SCB-Julius Baer Securities Co., Ltd.	Securities	Common	60.0	60.0	1,080	1,080	-	-
SCB 10X Co., Ltd.*	Holding company	Common	100.0	-	700	-	-	-
SCB Training Centre Co., Ltd.	Training center	Common	100.0	100.0	390	390	-	-
SCB Abacus Co., Ltd.	Data analytics and digital lending	Common	100.0	100.0	250	250	-	-
SCB Asset Management Co., Ltd.	Asset management	Common	100.0	100.0	222	222	-	-
Monix Co., Ltd.*	Digital lending	Common	60.0	-	198	-	-	-
Rutchayothin Assets Management Co., Ltd.	Asset management	Common	100.0	100.0	25	25	-	-
SCB Protect Co., Ltd.	Insurance broker	Common	100.0	100.0	3	2	1	-
SCB Plus Co., Ltd.	Collection	Common	100.0	100.0	1	1	-	-
Sor. Or. Kor. PCL**	Commercial	Common	-	99.7	-	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					7,764	7,448	<u>1</u>	<u>-</u>
Less allowance for impairment					(147)	(720)		
Total investments in subsidiaries and associate, net					<u>7,617</u>	<u>6,728</u>		

* Newly established in 2020

** The company was liquidated in March 2020

*** 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)

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.

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Divestment in SCB Life Assurance PCL

On 26 September 2019, the Bank sold all its shares (99.2%) in SCB Life Assurance PCL. From the shares sold, the Bank has received a total consideration of Baht 92,720 million, of which Baht 75,000 million was the share sale, resulting in net gain on sale of investment in subsidiary of Baht 24,024 million and Baht 61,900 million in the consolidated and the Bank's financial statements, respectively. The Bank entered into a long-term Distribution Agreement with FWD Group Financial Services Pte. Ltd. to offer the life insurance product to the customers through the Bank's distribution channels for a period of 15 years. An amount of Baht 17,720 million from the total consideration has been recorded as deferred income which was included in other liabilities and will be recognised as income over 15 years. The Bank will also receive payments common in bancassurance transactions over the course of the Distribution Agreement.

9 Loans to customers and accrued interest receivables, net

	Consolidated		The Bank	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	<i>(in million Baht)</i>			
Loans to customers	2,095,504	2,113,787	2,089,812	2,108,876
Add Accrued interest receivables and unearned interest income	<u>5,021</u>	<u>2,946</u>	<u>4,981</u>	<u>2,920</u>
Total loans to customers and accrued interest receivables and unearned interest income	2,100,525	2,116,733	2,094,793	2,111,796
Less modification losses	<u>(472)</u>	<u>-</u>	<u>(472)</u>	<u>-</u>
Gross carrying amounts	2,100,053	2,116,733	2,094,321	2,111,796
Less allowance for expected credit loss/ allowance for doubtful accounts	(110,776)	(111,150)	(109,743)	(110,505)
Less revaluation allowance for debt restructuring	<u>-</u>	<u>(3,122)</u>	<u>-</u>	<u>(3,122)</u>
Total loans to customers and accrued interest receivables, net	<u>1,989,277</u>	<u>2,002,461</u>	<u>1,984,578</u>	<u>1,998,169</u>

9.1 Classified by stages

	Consolidated	The Bank
	31 March 2020	31 March 2020
	<i>(in million Baht)</i>	
Performing	1,808,659	1,804,193
Under - performing	207,722	207,628
Non - performing	<u>84,144</u>	<u>82,972</u>
Total	<u>2,100,525</u>	<u>2,094,793</u>

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Consolidated							
31 December 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	1,768,195	1,734,439*	1	17,334	198,243	3,069	20,403
- Special Mention	49,103	48,122*	2	965	15,893	3,075	4,040
- Sub-Standard	34,389	18,717**	100	18,717	1,845	901	19,618
- Doubtful	16,842	5,898**	100	5,898	979	455	6,353
- Doubtful Loss	29,054	15,717**	100	15,717	2,190	1,046	16,763
Total	1,897,583	1,822,893		58,631	219,150	8,546	67,177
Allowance established in excess of BoT regulations							43,973
Total							111,150

The Bank							
31 December 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	1,764,369	1,730,625*	1	17,306	198,243	3,069	20,375
- Special Mention	48,862	47,886*	2	958	15,893	3,075	4,033
- Sub-Standard	34,389	18,717**	100	18,717	1,845	901	19,618
- Doubtful	16,842	5,898**	100	5,898	979	455	6,353
- Doubtful Loss	28,184	15,111**	100	15,111	2,190	1,046	16,157
Total	1,892,646	1,818,237		57,990	219,150	8,546	66,536
Allowance established in excess of BoT regulations							43,969
Total							110,505

* Net of cash and near cash collateral

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

*** Excluding revaluation allowance for troubled debt restructuring

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9.2 Classified by business type and stages

	Consolidated				The Bank			
	31 March 2020				31 March 2020			
	Performing	Under - performing	Non - performing	Total *	Performing	Under - performing	Non - performing	Total *
	<i>(in million Baht)</i>							
Agriculture and mining	12,532	1,088	3,767	17,387	12,471	1,088	3,767	17,326
Manufacturing and commercial	466,562	65,824	31,760	564,146	463,791	65,740	31,476	561,007
Real estate and construction	141,262	19,294	12,253	172,809	141,219	19,294	11,449	171,962
Utilities and services	330,398	17,378	5,891	353,667	330,396	17,378	5,891	353,665
Housing loans	467,768	55,243	16,020	539,031	467,715	55,243	16,020	538,978
Others	386,254	48,280	13,930	448,464	384,739	48,271	13,864	446,874
Total *	1,804,776	207,107	83,621	2,095,504	1,800,331	207,014	82,467	2,089,812

* Excludes accrued interest receivables and unearned interest income

	Consolidated					The Bank					Total *	
	31 December 2019					31 December 2019						
	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	12,726	387	125	165	3,417	16,820	12,668	387	125	165	3,417	16,762
Manufacturing and commercial	499,219	22,273	12,163	5,921	15,325	554,901	496,853	22,037	12,163	5,921	15,325	552,299
Real estate and construction	152,772	4,214	9,734	484	2,594	169,798	152,762	4,214	9,734	484	1,789	168,983
Utilities and services	353,755	3,382	1,803	1,155	3,183	363,278	353,755	3,382	1,803	1,155	3,183	363,278
Housing loans	515,944	12,122	6,086	6,850	3,386	544,388	515,895	12,122	6,086	6,850	3,386	544,339
Others	429,295	22,486	6,243	3,246	3,332	464,602	427,966	22,486	6,243	3,246	3,274	463,215
Total *	1,963,711	64,864	36,154	17,821	31,237	2,113,787	1,959,899	64,628	36,154	17,821	30,374	2,108,876

* Excludes accrued interest receivables

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9.3 Classified by type of financial instruments

	Consolidated				
	31 March 2020				
	Loans to customers and financial institutions*	Deposit with financial institutions*	Investments in debt instruments*	Loan commitments and financial guarantee contracts	Total
	<i>(in million Baht)</i>				
Performing	2,347,920	41,137	209,585	1,014,707	3,613,349
Under - performing	208,062	-	-	42,654	250,716
Non - performing	84,144	-	-	1,259	85,403
Total	<u>2,640,126</u>	<u>41,137</u>	<u>209,585</u>	<u>1,058,620</u>	<u>3,949,468</u>

* Includes accrued interest receivables and unearned interest income

	Consolidated				
	31 December 2019				
	Loans to customers*	Loans to financial institutions*	Investments	Other assets	Total
	<i>(in million Baht)</i>				
Normal	1,966,438	385,755	-	78	2,352,271
Special Mention	64,996	8	-	77	65,081
Sub-Standard	36,234	-	-	19	36,253
Doubtful	17,821	-	-	18	17,839
Doubtful Loss	31,244	-	944	773	32,961
Total	<u>2,116,733</u>	<u>385,763</u>	<u>944</u>	<u>965</u>	<u>2,504,405</u>

* Includes accrued interest receivables

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	The Bank				
	31 March 2020				
	Loans to customers and financial institutions*	Deposit with financial institutions*	Investments in debt instruments*	Loan commitments and financial guarantee contracts	Total
	<i>(in million Baht)</i>				
Performing	2,343,904	35,407	209,867	1,011,731	3,600,909
Under - performing	207,969	-	-	42,459	250,428
Non - performing	82,972	-	-	1,259	84,231
Total	<u>2,634,845</u>	<u>35,407</u>	<u>209,867</u>	<u>1,055,449</u>	<u>3,935,568</u>

* Includes accrued interest receivables and unearned interest income

	The Bank				
	31 December 2019				
	Loans to customers*	Loans to financial institutions*	Investments	Other assets	Total
	<i>(in million Baht)</i>				
Normal	1,962,612	385,755	-	78	2,348,445
Special Mention	64,755	8	-	77	64,840
Sub-Standard	36,234	-	-	19	36,253
Doubtful	17,821	-	-	18	17,839
Doubtful Loss	30,374	-	1,511	688	32,573
Total	<u>2,111,796</u>	<u>385,763</u>	<u>1,511</u>	<u>880</u>	<u>2,499,950</u>

* Includes accrued interest receivables

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10 Allowance for expected credit loss

10.1 Classified by type of financial instruments

	12-month ECL	Consolidated		Total
		Lifetime ECL, not credit impaired	Lifetime ECL, credit impaired	
<i>(in million Baht)</i>				
Interbank and money market items				
Balance at 31 March 2020	<u>66</u>	<u>2</u>	<u>-</u>	<u>68</u>
Loans to customers				
Balance at 31 March 2020	<u>28,865</u>	<u>31,983</u>	<u>49,928</u>	<u>110,776</u>
Investments in debt instruments				
Balance at 31 March 2020	<u>26</u>	<u>-</u>	<u>-</u>	<u>26</u>
Loan commitments and financial guarantee contracts				
Balance at 31 March 2020	<u>2,883</u>	<u>2,732</u>	<u>271</u>	<u>5,886</u>
Total	<u>31,840</u>	<u>34,717</u>	<u>50,199</u>	<u>116,756</u>

	12-month ECL	The Bank		Total
		Lifetime ECL, not credit impaired	Lifetime ECL, credit impaired	
<i>(in million Baht)</i>				
Interbank and money market items				
Balance at 31 March 2020	<u>65</u>	<u>2</u>	<u>-</u>	<u>67</u>
Loans to customers				
Balance at 31 March 2020	<u>28,667</u>	<u>31,965</u>	<u>49,111</u>	<u>109,743</u>
Investments in debt instruments				
Balance at 31 March 2020	<u>26</u>	<u>-</u>	<u>-</u>	<u>26</u>
Loan commitments and financial guarantee contracts				
Balance at 31 March 2020	<u>2,763</u>	<u>2,716</u>	<u>271</u>	<u>5,750</u>
Total	<u>31,521</u>	<u>34,683</u>	<u>49,382</u>	<u>115,586</u>

10.2 Changes to the allowance for expected credit loss

	Consolidated	The Bank
	<i>(in million Baht)</i>	
At 1 January 2020	114,568	113,784
Net remeasurement	8,987	8,627
Write-off	(7,251)	(7,251)
Others	452	426
At 31 March 2020	<u>116,756</u>	<u>115,586</u>

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Consolidated							
31 December 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	20,661	3,500	12,831	4,318	17,902	40,193	99,405
Bad debt and doubtful accounts	(256)	540	6,787	2,035	26,640	3,390	39,136
Bad debts written off	-	-	-	-	(27,779)	-	(27,779)
Others	(2)	-	-	-	-	390	388
As at 31 December 2019	<u>20,403</u>	<u>4,040</u>	<u>19,618</u>	<u>6,353</u>	<u>16,763</u>	<u>43,973</u>	<u>111,150</u>

The Bank							
31 December 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	(257)	533	6,787	2,035	26,669	3,395	39,162
Bad debts written off	-	-	-	-	(27,694)	-	(27,694)
Others	-	-	-	-	-	390	390
As at 31 December 2019	<u>20,375</u>	<u>4,033</u>	<u>19,618</u>	<u>6,353</u>	<u>16,157</u>	<u>43,969</u>	<u>110,505</u>

11 Troubled debt restructuring

The Coronavirus disease (COVID-19) outbreak that first emerged in People's Republic of China and impacts many countries globally as a pandemic. Thailand is currently facing these challenging circumstances as a result of this pandemic. While this is foremost a health crisis, the pandemic also has a significant economic impact. The Bank released measures to assist debtors affected by the COVID-19 and other economic impact by extending debt repayment and other measures. The relief measures provided by the Bank and the accounting guidance with respect to relief measures provided by Bank of Thailand are disclosed in note 2.

The impact of the COVID-19 pandemic remains uncertain and represents a material downside risk to the economy. However, there are government and other support measures intended to mitigate the negative impact of the economy. The future uncertain events including the impact of the COVID-19 are still not reflected in the current credit models. Therefore, the management considered the impact from these uncertain events based on available information for individual customers level and industry level and recorded additional ECL as a management overlay.

According to Bank of Thailand's circular no. Thor Por Thor. For Nor Sor. (23) Wor. 276/2563 dated 28 February 2020, a new definition of debt restructuring has been introduced i.e. the debt being restructured due to the increase in credit risk and is categorised as follows:

- The debt restructuring of non-NPL customers is pre-emptive restructuring, undertaken once there is an indication of performing customers having repayment problems, resulting in a loss
- The debt restructuring of NPL customers is classified as troubled debt restructuring, regardless of whether a loss has been incurred or not

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However, the modification of contract according to the changes in cash flow projection in order to maintain good relationship with customers, provided that the customer has no increase in credit risk, for instance, reducing interest rate in accordance with market conditions, will not be considered as a debt restructuring.

During the three-month periods ended 31 March 2020 and 2019, troubled debt restructuring was as follows:

	Consolidated and the Bank							
	No. of accounts		Outstanding debts				Loss on debt restructuring	
			Before debt restructuring		After debt restructuring			
2020	2019	2020	2019	2020	2019	2020	2019	
<i>(in million Baht)</i>								
Troubled debt restructuring	963	5,476	2,976	10,576	2,960	10,550	75	5

As at 31 March 2020 and 31 December 2019, the Group had outstanding balances relating to troubled debt restructuring loans as follows:

	Consolidated and the Bank			
	31 March 2020		31 December 2019	
	No. of accounts	Outstanding debts	No. of accounts	Outstanding debts
<i>(in million Baht)</i>				
Restructured loans	9,353	15,835	23,004	40,970

12 Dividends

The dividends paid by the Bank to the shareholders are as follows:

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in million Baht)
<i>2020</i>				
Interim dividend 2019 (special)	17 January 2020	14 February 2020	0.75	2,549
Interim dividend 2019	24 March 2020	22 April 2020	4.00	13,597
Total			4.75	16,146

13 Assets pledged as collateral and under restriction

	Consolidated		The Bank	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
<i>(in million Baht)</i>				
Securities pledged as collateral for repurchase	65,064	58,793	65,064	58,793
Others	90	90	79	79
Total	65,154	58,883	65,143	58,872

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14 Contingencies

	Consolidated		The Bank	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	<i>(in million Baht)</i>			
Avals to bills	5,673	6,233	5,673	6,233
Guarantees of loans	8,120	8,037	7,288	7,270
Liability under unmatured import bills	9,799	12,138	9,724	11,987
Letters of credit	30,539	27,255	30,433	27,138
Other contingencies				
- Amount of unused bank overdrafts	187,164	184,954	186,293	184,182
- Other guarantees	227,680	216,868	226,555	215,829
- Receivables / payables from investments	27,349	9,109	27,349	9,109
- Others	46,393	46,729	46,393	46,729
Total	542,717	511,323	539,708	508,477

As at 31 March 2020, the Bank had commitments of Baht 3 million, in connection with financial institutions whose operations were closed down permanently by the Ministry of Finance on 8 December 1997 (31 December 2019: Baht 3 million).

15 Related parties

15.1 Assets, liabilities and contingencies

	Consolidated		The Bank	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	<i>(in million Baht)</i>			
Subsidiaries				
Derivative assets	-	-	150	152
Investments	-	-	327	326
Loans*	-	-	450	-
Other assets	-	-	1,543	749
Deposits	-	-	4,868	3,690
Interbank and money market items (liabilities)	-	-	257	174
Derivative liabilities	-	-	157	50
Debt issued and borrowings	-	-	-	100
Other liabilities	-	-	1,142	804
Contingencies	-	-	2,330	1,906
Associate				
Loans*	8,307	8,387	8,307	8,387
Deposits	7	7	7	7
Contingencies	110	108	110	108
Major shareholders (more than 10% ownership)				
Deposits	9,635	9,481	9,635	9,481
Directors and key executive officers				
Loans*	89	111	89	111
Deposits	1,938	1,519	1,938	1,519

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	Consolidated		The Bank	
	31 March 2020	31 December 2019	31 March 2020	31 December 2019
	<i>(in million Baht)</i>			
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*	10,395	23,710	10,395	23,710
Deposits	53,154	16,128	53,154	16,128
Other liabilities	4	9	4	9
Contingencies	6,389	7,771	6,389	7,771

* Before deducting allowance for expected credit loss for consolidated and the Bank amounting to Baht 3,182 million and 3,182 million, respectively (31 December 2019: Baht 3,449 million and Baht 3,449 million, respectively).

15.2 Income and expenses

	Consolidated		The Bank	
	2020	2019	2020	2019
	<i>(in million Baht)</i>			
Interest income				
Subsidiaries	-	-	4	2
Associate	53	58	53	58
Directors and key executive officers	1	1	1	1
Entities in which the directors, management or close members of their families have significant influence	97	48	97	48
Interest expenses				
Subsidiaries	-	-	3	20
Associate	49	54	49	54
Major shareholders (more than 10% ownership)	34	12	34	12
Directors and key executive officers	3	3	3	3
Entities in which the directors, management or close members of their families have significant influence	53	69	53	69
Other income				
Subsidiaries	-	-	1,093	2,138
Other expenses				
Subsidiaries	-	-	817	815
Major shareholders (more than 10% ownership)	8	8	8	8
Gains from financial instruments				
Subsidiaries	-	-	152	-
Gains (losses) on trading				
Subsidiaries	-	-	-	(6)
Associate	-	11	-	11

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16 Key management personnel compensation

<i>For the three-month period ended 31 March</i>	Consolidated		The Bank	
	2020	2019	2020	2019
	<i>(in million Baht)</i>			
Short-term employee benefits	911	797	767	664
Post-employment benefits	12	42	10	34
Other long-term employee benefits	4	-	-	-
Total	927	839	777	698

17 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 the Bank's distribution channel.

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 pricing policy among business units are in line with the normal course of business.

<i>For the three-month period ended 31 March 2020</i>	Consolidated						Total
	Corporate Segment	SME Segment	Retail Segment	Insurance Segment	Others	Elimination	
	<i>(in million Baht)</i>						
Net interest income	4,179	3,972	11,484	-	6,142	-	25,777
Non-interest income, net	2,072	788	4,792	2,884	2,322	(995)	11,863
Total operating income	6,251	4,760	16,276	2,884	8,464	(995)	37,640
Total operating expenses	(2,685)	(2,438)	(9,853)	(186)	(2,193)	962	(16,393)
Profit before expected credit loss and income tax	3,566	2,322	6,423	2,698	6,271	(33)	21,247
Expected credit loss and income tax							(12,042)
Net profit							9,205

<i>For the three-month period ended 31 March 2019</i>	Consolidated						Total
	Corporate Segment	SME Segment	Retail Segment	Insurance segment	Others	Elimination	
	<i>(in million Baht)</i>						
Net interest income	4,296	3,371	11,651	2,717	2,679	(1)	24,713
Non-interest income, net	1,938	703	4,746	1,164	2,404	(1,098)	9,857
Total operating income	6,234	4,074	16,397	3,881	5,083	(1,099)	34,570
Total operating expenses	(2,560)	(2,834)	(10,731)	(727)	(2,065)	1,082	(17,835)
Profit before impairment loss and income tax	3,674	1,240	5,666	3,154	3,018	(17)	16,735
Impairment loss and income tax							(7,576)
Net profit							9,159

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

18.1 The financial position classified by domestic and foreign business

	Consolidated					
	31 March 2020			31 December 2019		
	Domestic business	Foreign business	Total	Domestic business	Foreign business	Total
	<i>(in million Baht)</i>					
Total assets	3,113,270	22,757	3,136,027	2,887,037	76,709	2,963,746
Interbank and money market items, net (Assets)	570,634	10,036	580,670	421,587	11,923	433,510
Financial asset measured at fair value through profit or loss	59,226	-	59,226	-	-	-
Investments, net *	222,200	2,491	224,691	310,536	1,607	312,143
Loans to customers and accrued interest receivables, net	1,972,963	16,314	1,989,277	1,984,799	17,662	2,002,461
Deposits	2,263,657	12,303	2,275,960	2,148,020	11,405	2,159,425
Interbank and money market items (Liabilities)	152,720	4,024	156,744	140,652	5,192	145,844
Debt issued and borrowings	10,329	61,953	72,282	20,781	57,171	77,952

	The Bank					
	31 March 2020			31 December 2019		
	Domestic business	Foreign business	Total	Domestic business	Foreign business	Total
	<i>(in million Baht)</i>					
Total assets	3,113,446	13,621	3,127,067	2,885,151	67,296	2,952,447
Interbank and money market items, net (Assets)	570,940	4,451	575,391	421,438	5,813	427,251
Financial asset measured at fair value through profit or loss	58,354	-	58,354	-	-	-
Investments, net *	230,042	2,459	232,501	315,656	1,576	317,232
Loans to customers and accrued interest receivables, net	1,971,285	13,293	1,984,578	1,983,270	14,899	1,998,169
Deposits	2,268,262	6,221	2,274,483	2,151,661	4,828	2,156,489
Interbank and money market items (Liabilities)	153,240	3,541	156,781	140,975	4,896	145,871
Debt issued and borrowings	9,888	61,953	71,841	19,185	57,171	76,356

* Includes net investments in subsidiaries and associate

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18.2 The results of operations classified by domestic and foreign businesses

	Consolidated							
	2020			2019				
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	<i>(in million Baht)</i>							
Interest income	31,736	1,154	(618)	32,272	33,145	1,331	(1,021)	33,455
Interest expenses	<u>(5,887)</u>	<u>(1,226)</u>	<u>618</u>	<u>(6,495)</u>	<u>(8,468)</u>	<u>(1,295)</u>	<u>1,021</u>	<u>(8,742)</u>
Net interest income (expenses)	25,849	(72)	-	25,777	24,677	36	-	24,713
Net fee and service income	8,889	25	-	8,914	6,657	11	-	6,668
Other operating income	2,611	346	(8)	2,949	3,192	(3)	-	3,189
Other operating expenses	(16,255)	(146)	8	(16,393)	(17,665)	(170)	-	(17,835)
Expected credit loss	(9,506)	(220)	-	(9,726)	-	-	-	-
Impairment loss on loans	-	-	-	-	(5,434)	14	-	(5,420)
Profit (loss) before income tax	11,588	(67)	-	11,521	11,427	(112)	-	11,315
Income tax	<u>(2,305)</u>	<u>(11)</u>	<u>-</u>	<u>(2,316)</u>	<u>(2,117)</u>	<u>(39)</u>	<u>-</u>	<u>(2,156)</u>
Net profit (loss)	<u>9,283</u>	<u>(78)</u>	<u>-</u>	<u>9,205</u>	<u>9,310</u>	<u>(151)</u>	<u>-</u>	<u>9,159</u>

	The Bank							
	2020			2019				
	Domestic business	Foreign business	Elimination	Total	Domestic business	Foreign business	Elimination	Total
	<i>(in million Baht)</i>							
Interest income	31,714	1,080	(617)	32,177	30,425	1,257	(1,021)	30,661
Interest expenses	<u>(5,868)</u>	<u>(1,208)</u>	<u>617</u>	<u>(6,459)</u>	<u>(8,505)</u>	<u>(1,236)</u>	<u>1,021</u>	<u>(8,720)</u>
Net interest income (expenses)	25,846	(128)	-	25,718	21,920	21	-	21,941
Net fee and service income	8,209	7	-	8,216	7,355	11	-	7,366
Other operating income	2,547	337	-	2,884	2,577	(9)	-	2,568
Other operating expenses	(16,091)	(98)	-	(16,189)	(17,000)	(117)	-	(17,117)
Expected credit loss	(9,487)	153	-	(9,334)	-	-	-	-
Impairment loss on loans	-	-	-	-	(5,441)	12	-	(5,429)
Profit before income tax	11,024	271	-	11,295	9,411	(82)	-	9,329
Income tax	<u>(2,133)</u>	<u>(2)</u>	<u>-</u>	<u>(2,135)</u>	<u>(1,747)</u>	<u>(7)</u>	<u>-</u>	<u>(1,754)</u>
Net profit (loss)	<u>8,891</u>	<u>269</u>	<u>-</u>	<u>9,160</u>	<u>7,664</u>	<u>(89)</u>	<u>-</u>	<u>7,575</u>

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19 Income tax expenses

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

The consolidated and the Bank's effective tax rate in respect of continuing operations for the three-month periods ended 31 March 2020 were 20% and 19% respectively (*31 March 2019: 19% and 19% respectively*).

20 Basic earnings per share

	Consolidated		The Bank	
	2020	2019	2020	2019
	<i>(in million Baht / million shares)</i>			
Profit attributable to common shareholders of the Bank (basic)	9,251	9,157	9,160	7,575
Number of common and preferred shares outstanding	3,399	3,399	3,399	3,399
Earnings per share (basic) (in Baht)	2.72	2.69	2.69	2.23

21 Events after the reporting period

- 21.1 At the Extraordinary General Meeting of SCB 10X Co., Ltd. on 23 March 2020, the resolution approved an additional authorised share capital amounting to Baht 700 million (7 million shares, par value at Baht 100 per share) to Baht 5,300 million (53 million shares, par value at Baht 100 per share). The Company's authorised share capital was issued and paid-up amounting to Baht 3,230 million which was registered with the Ministry of Commerce on 3 April 2020
- 21.2 On 9 April 2020, The Central Bank of Myanmar granted preliminary approval a Foreign Bank License (Subsidiary License) in Myanmar, which is valid for 9 months. The Bank has to fulfil the commitments made in the Application, take all necessary measures to ensure functional banking operation from day one of business and have to comply with requirements laid down by the Central Bank of Myanmar. Upon fulfilment, the Final License will be granted to the Bank.
- 21.3 On 10 April 2020, the Bank registered the conversion of 166 preferred shares to 166 common shares with the Ministry of Commerce.