# Management Discussion and Analysis

For the fourth quarter and the year ended December 31, 2020

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## 1. Executive Summary

Amid severe economic headwinds and significant operating challenges stemming from the COVID-19 pandemic, Siam Commercial Bank and its subsidiaries reported a consolidated net profit (based on audited financial statements) of Baht 27.2 billion, a 33% decrease yoy. The decline in net profit was mainly due to higher provisions. Pre-provision operating profit, however, grew 12% yoy to Baht 80.4 billion (excluding the one-time gain on sale of shares in SCB Life recorded in the previous year), mainly the result of resilient non-interest income growth and effective operating cost control.

Net interest income fell by 3% yoy to Baht 96.9 billion largely due to the impact of lower interest rates from multiple rate cuts in the first half of the year. Total loans grew by 7% yoy with higher loan demand from corporate customers and extension of soft loans to business customers.

Non-interest income increased 12% yoy to Baht 47.9 billion (excluding the one-time gain on sale of shares in SCB Life last year). Given the gradual resumption of economic activities following the easing of restrictions at the end of June 2020, revenue from bancassurance and wealth management businesses continued its growth momentum.

Expenses declined 9% yoy to Baht 64.3 billion largely from the Bank's effective cost control measures. As a result, the cost-to-income ratio improved to 44% in 2020, compared to 49% in the previous year (excluding one-time items in 2019).

To strengthen the balance sheet against the potential economic impact of the COVID-19 pandemic, the Bank set aside provisions of Baht 46.6 billion, a 29% increase yoy.

Non-performing loan (NPL) ratio rose to 3.68% at the end of 2020 from 3.41% at the end of 2019, largely from qualitative loan downgrades of customers severely affected by the pandemic. Nonetheless, NPL coverage remained at a high level of 141% and the Bank's capital adequacy ratio remained strong at 18.2%.

## 2. Thailand’s Economic Outlook

**Thailand’s Economy in 2020 and Outlook for 2021**

**In 2020, the Thai economy was hit hard by the COVID-19 pandemic, which resulted in a severe contraction of GDP at 6.1%.** The global outbreak had a direct impact on the nation’s crucial tourism sector, after arrivals of international travelers declined drastically from the second quarter onward. Moreover, the strict lockdown measures in most countries slowed economic activity to a crawl throughout the world, disrupting supply chains and shrinking Thai exports in the second quarter by 17.7%. Thailand’s own hard lockdown during that quarter devastated service sectors as people avoided face-to-face activities and lowered private consumption due to people’s concerns on uncertainties. These factors produced a deep contraction of 12.1% in Thailand’s GDP in the second quarter. But in the year’s second half, the economy showed signs of bottoming out, led by government stimulus measures and a partial resumption of domestic tourism activities. The recovery was gradual due to ongoing scarring effects, including increasing business closures, weak labor markets and high levels of debt among both households and companies.

**As for 2021, SCB forecasts that Thailand’s economy will gradually recover, attaining a growth rate of 2.2%.** We expect that arrivals of foreign tourists will reach 3.7 million by the year’s end. The key factor in the pace of tourism recovery will be the progress in vaccinating populations in Thailand and other countries, as well as national policies regarding cross-border travel. In high-income countries, mass vaccination programs are likely to produce herd immunity by the second or third quarter, and vaccinated individuals may then be allowed to travel. Low- and middle-income countries in Asia, which account for the majority of people travelling to Thailand, are expected to achieve herd immunity through vaccinations somewhat later. In Thailand, mass vaccinations will begin in mid-2021, but herd immunity might not be achieved until the first half of 2022. Accordingly, SCB expects that Thailand will open its borders to vaccinated tourists on a gradual basis, starting in the second half of 2021. The pace of the tourism recovery will be slow this year but will accelerate in 2022.

**The resurgence of COVID-19 in Thailand and abroad during early 2021 could delay the nation’s economic recovery.** The new waves of pandemic in many countries will likely decelerate the global economic recovery, which will directly affect Thailand’s exports. In addition, the return of lockdown measures, even though only partial, will be a drag on private consumption. In our baseline scenario, SCB expects the new wave of COVID-19 to be contained during the first two months of 2021. The economic impact from the partial lockdown during that time is likely to be smaller than during the previous national lockdown in the second quarter of 2020 because the recent measures target only specific locations and business activities. The manufacturing sector is not likely to be derailed this year because businesses are better prepared to deal with pandemic conditions. In addition, the ongoing expansion of e-commerce and delivery services that came to the rescue during the previous lockdown will facilitate online transactions that will mitigate the lockdown impact.

**Existing scarring effects could be aggravated from the new round of COVID-19 outbreak.** The lingering economic scars include 1) fragile labor markets characterized by high unemployment, rising underemployment and falling incomes, 2) the likelihood of additional business closures especially among small and medium-size enterprises, and 3) the rising ratio of household debt to income, which will require balance sheet restoration. These scarring effects will be impediments to a recovery in consumption and investment going forward. On the bright side, the government stands ready to shore up the economic recovery with both spending from the budget and special outlays under its Baht 1-trillion act, which includes various income subsidy and co-pay measures.

**Regarding monetary policy, SCB expects that the Bank of Thailand (BOT) will maintain its policy rate at 0.5% throughout 2021 and be ready to use other measures to accommodate the economic recovery.** In our baseline forecast that the new wave of COVID-19 will be contained in the first two months of 2021, we believe that the BOT is likely to hold the policy rate at 0.5% throughout 2021. Furthermore, the BOT is likely to stand ready to implement specific measures to support economic recovery and strengthen financial stability. Such measures could include soft loans for SMEs and support for debt restructuring and NPL management.

**Key risks in 2021 include** 1) the uncertain length of time required to contain COVID-19, 2) a potential delay in the distribution of vaccines in Thailand, 3) lingering economic problems that drive NPLs higher and impacting financial stability, 4) potential turbulence in Thailand's domestic politics, which could erode investor confidence, 5) severe drought due to low levels of water in major reservoirs, and 6) strengthening of the Thai baht against currencies of key trading partners, which could hamper the recovery of external demand.

## 3. Management Discussion and Analysis

For the fourth quarter and the full year ended December 31, 2020

Although 2020 was full of challenges, the Bank has responded to the crisis proactively and prudently. The Bank was able to generate robust pre-provisioning operating profit by focusing on growing fee income, maintaining strict cost discipline, and pursuing a conservative balance sheet strategy. Since the beginning of the pandemic, the Bank has offered assistance to as many qualified customers as possible based on a revamped risk rating framework. The Bank's relief program has proven to be effective as the majority of customers who requested assistance have been able to resume repayment after exiting the program. The Bank constantly reassesses and makes adjustment to the level of provision to ensure adequate protection against future shocks and uncertainties. At the same time, the Bank qualitatively recognized the most vulnerable customers as NPLs. With Thailand experiencing the second wave of COVID-19 starting in late December 2020, the Bank continues to strengthen its capital base to protect against rising macro uncertainty.

Two major digital platforms, Robinhood and SCBShopDeal.com, were developed and launched to support customers during the pandemic which have quickly generated additional online customers. The Bank's total number of online users rose 33% yoy to 13.7 million users. This ongoing digital migration effort is part of the Bank's aspiration to build ecosystems to foster customer engagement.

The Bank will continue to do its best not only to survive but to thrive in this crisis.

**COVID-19**

As a result of the global pandemic, the Thai economy contracted 12.2% yoy in 2Q20 followed by better-than-expected GDP growth of -6.5% in 3Q20 (vs. -7.8% forecast by SCB EIC). This recovery from the initial sharp contraction was driven by higher exports, private consumption and government spending which led SCB EIC to revise the 2020 GDP forecast from -7.8% to -6.5%. However, given the second wave of the pandemic in many countries, SCB EIC has revised down the GDP growth forecast for 2021 to 2.2% from the previous forecast of 3.8% due to the slowdown in global GDP, slower export growth, lower number of tourists and softer domestic consumption following the Government measures to control the outbreak in Thailand.

**Our responses to COVID-19**

***Relief program***

Although COVID-19 has imparted severe damage to the Thai economy and its banking sector, relief efforts have mitigated the short-term impact and given customers a greater chance to survive the crisis. The Bank has helped over 1.1 million customers and new enrollment in the relief programs trailed off to minimal during 4Q20. At end of 2020, relief loans stood at 18% of total loans (Baht 402 billion), declining for two consecutive quarters from 29% (Baht 636 billion) at the end of 3Q20 and from 39% (Baht 839 billion) at the end of 2Q20. For customers whose relief terms ended in 2H20, 67% were able to make loan repayment according to the agreed upon terms, while 33% resumed repayment with term modifications. For the BOT's holiday program that ended in October, 73% of SMEs under the program were able to resume repayment, while 27% required further assistance and enrolled in the Bank's relief program. We continue to assess the impact from the second wave to the remaining Baht 402 billion relief program, taking into account the prospect of new entry into the relief program, ongoing government measures, and vaccine development. The Bank's relief efforts in response to the second wave will be more targeted than the initial programs.

***Proactive risk mitigation to ensure asset quality***

Given the BOT's relief measures that encourage pre-emptive debt restructuring to facilitate customers' long-term recovery, NPLs are expected to be contained during the relief period. To maintain prudent risk management, the Bank regularly conducts total portfolio review to ensure appropriate stage classification. This portfolio review helps the Bank to assess the need for qualitative NPL recognition based on internal risk ratings and customers' long-term repayment ability under the latest economic situation. As a result, around 60% of new NPLs in the 4Q20 and the 2H20 were from qualitative downgrade while the rest were from normal new NPL flows. Given the potential influx of distressed assets into the market, the Bank has adopted the long-term value preservation strategy for NPL management. Although the non-relief loan portfolio is generally stronger, the Bank continues to be vigilant to ensure optimal overall credit health.

At the end of 2020, loans under stage 3 increased to 3.7%, mainly driven by qualitative downgrades of customers across the loan book and partly from normal new NPL formation.

As for provisions, the Bank focuses on portfolio monitoring to ensure that loan classification and provisions are in line with credit risk, as well as setting aside management overlay to primarily cover macro downside risks. The Bank's provisioning level is kept at an elevated level with comfortable capital cushion and is continuously adjusted to reflect the changing environment. Given the second wave of the pandemic in Thailand, 4Q20 provisions were set at Baht 14.2 billion, or equivalent to a credit cost of 257 bps, with total provisions for 2020 at Baht 46.6 billion (214 bps). The higher provisioning also reflected weakening macroeconomic variables and asset impairment during the economic downturn as required by the new accounting standard (TFRS 9) and partly from model re-calibration.

In terms of risk management, the Bank has tightened its risk management practice while providing supports to credit customers. Specifically, the Bank implemented a new risk rating framework which segments customers into risk buckets based on their behaviors and detailed profiles. As an example, retail customers are classified into ten risk buckets where the bottom three are the most vulnerable. Non-retail customers are also subdivided and monitored based on their industries in addition to individual credit rating or scoring.

***Digital initiatives***

Early on in the pandemic, the Bank launched two major digital initiatives, Robinhood and www.SCBShopDeal.com, to help not only Thai SMEs but ultimately the overall economy. The food delivery platform “Robinhood” provides services without merchant GP charges and transmits payments to restaurant operators within an hour. The other initiative, SCBShopDeal, is an online marketplace created to help tourism-related SME customers promote special internet deals. These two platforms combined have registered more than 54,000 merchants and over 940,000 users at the beginning of 2021. These initiatives also serve to fulfill the Bank’s aspiration to build an ecosystem to deepen customer digital engagement.

The Bank has multiple digital channels with an array of products to serve individual customer segments. The digital transformation program which started in 2016 has enabled us to effectively engage with online customers. In 2020, the number of online users on all platforms rose 33% to 13.7 million and the number of online transactions in SCB EASY also increased to 77% of the Bank’s total transaction volume.

***Cost discipline***

To mitigate the impact of COVID-19 on performance, the Bank continues to work on transformation initiatives with a cost-reduction focus, such as physical branch closure, in addition to implementing disciplined cost control measures during this difficult time. On the revenue front, the Bank focuses on increasing non-interest income particularly from wealth management and bancassurance businesses. These efforts combined resulted in a significant reduction in the cost-to-income ratio to 44%, far exceeding expectation as indicated by the Bank’s guidance of high 40s.

***Focusing on fee income***

While pursuing a conservative balance sheet strategy, the Bank has shifted its revenue focus to growing fee income from bancassurance and wealth products. Partnership with FWD has given the Bank an advantage to capture the underpenetrated life insurance market, especially in this low interest rate and weak consumption environment. Hence, SCB’s new business premiums increased by more than 40% yoy. Together with SCB Protect, a fully owned insurance brokerage subsidiary intended for mass market, the Bank expects to see meaningful growth contribution from the insurance business in the coming years.

The Bank’s income from wealth management grew in 2020 primarily as the entire service model from customer acquisition to performance monitoring has been transformed. Also, the relationship managers have been upskilled to professional advisors. As a result, number of customers increased 8% and total AUM rose 5% with higher engagement level. Together with its private banking platform and SCB Julius

Baer, the Bank expects wealth business to continue to be one of the key high-return growth engines over the next few years.

***BOT regulations on dividend***

On June 18, 2020, the BOT issued an announcement on the enhancement of capital funds including the suspension of interim dividends by commercial banks to cope with risks from coronavirus and requested that all banks conduct a supervisory stress test. Given the satisfactory assessment of banks' capital plans and stress test results, the BOT announced on November 12, 2020 that banks are allowed to pay dividends for the year 2020. The BOT's regulation stipulates that the dividend payout rate for the year 2020 shall not exceed that of 2019 or 50% of 2020 net profit. Under the BOT's definition, the dividend payout ratio is calculated based on "bank only" net profit. The final dividend is subject to approval by shareholders.

***Outlook for 2021***

Considering the current economic uncertainty, the Bank will focus on quality growth and aims for a moderate loan growth of 3-5% in 2021. Following a series of rate cuts in 2020, a flight to quality, excess liquidity, and low-yield soft loans granted to SME customers, NIM will continue to be under pressure and is expected to be in the range of 3.0-3.2%.

With a couple of non-recurring items booked in 2020, non-NII is expected to remain flat although recurring item is expected to grow at a mid-to-high single digit range. The Bank will continue to focus on Bancassurance and wealth management which should report positive growth, albeit slow given the second wave impact. As income is under pressure, the Bank will tightly manage cost base and expect cost-to-income to decline to low-to-mid 40s. However, this cost control will not be at the expense of new investment and capability enhancements.

Regarding asset quality, given the Bank's prudent NPL recognition and management coupled with a value preservation strategy, NPL is expected to rise to 4.0-4.5% in 2021. Thus, provisions could remain elevated but should not be more than 200bps throughout 2021. Therefore, we expect provisions to have already peaked in 2020. The actual provision requirement will be dictated by the pace of the economic recovery. Finally, the Bank will maintain coverage ratio of at least 130% against risks arising from the pandemic and expiry of the relief program.

**4Q20 and 2020 Performance**

Siam Commercial Bank reported (audited) consolidated **net profit** of Baht 27,218 million for 2020, a 32.7% yoy decrease from Baht 40,436 million in 2019. The large decline was due to the base effect resulting from one-off items related to the sale of shares in SCB Life Assurance PCL (SCB Life) recorded in 3Q19, and higher provisions reflecting the potential impact of the pandemic on overall loan quality. Excluding the one-time gain from the sale of SCB Life in 3Q19, pre-provision operating profit (PPOP) increased by 12.4% yoy due to higher net fee income, higher net gain on trading and FX transactions and effective cost control measures.

**In the fourth quarter**, net profit decreased by 9.8% yoy to Baht 4,965 million in 4Q20 largely due to higher provisions. However, PPOP increased by 22.7% yoy due to robust net fee income growth, higher NII and lower OPEX. These positive factors were partly offset by lower gain on investments.

On a **quarter-on-quarter** basis, net profit increased by 7.0% qoq largely due to higher net fee income. These positive factors were partly offset by higher provisions as well as higher seasonal marketing and promotion expenses in the last quarter of the year..

## Net Profit and Total Comprehensive Income

| Consolidated<br>Unit: Baht million | 2020 | 2019 | % yoy | 4Q20 | % qoq | % yoy |
|---|---|---|---|---|---|---|
| Net interest income | 96,899 | 99,402 | -2.5% | 23,621 | -0.4% | 2.9% |
| Non-interest income | 47,869 | 66,696 | -28.2% | 12,745 | 18.4% | 5.6% |
| Total operating income | 144,768 | 166,098 | -12.8% | 36,366 | 5.5% | 3.8% |
| Operating expenses | 64,330 | 70,538 | -8.8% | 16,050 | 1.9% | -13.2% |
| **Pre-provision operating profit** | **80,437** | **95,560** | **-15.8%** | **20,316** | **8.4%** | **22.7%** |
| Expected credit loss/Impairment loss on loans and debt securities | 46,649 | 36,211 | 28.8% | 14,234 | 9.9% | 48.1% |
| Income tax | 6,794 | 19,098 | -64.4% | 1,164 | -3.3% | -24.2% |
| Non-controlling interests | (224) | (185) | NM | (48) | NM | NM |
| **Net profit** (attributable to shareholders of the Bank) | **27,218** | **40,436** | **-32.7%** | **4,965** | **7.0%** | **-9.8%** |
| Other comprehensive income (loss) | (1,643) | 19,863 | NM | 310 | NM | NM |
| **Total comprehensive income** | **25,575** | **60,300** | **-57.6%** | **5,276** | **100.9%** | **8.0%** |
| ROAE | 6.7% | 10.4% | | 4.9% | | |
| ROAA | 0.9% | 1.3% | | 0.6% | | |

NM denotes “not meaningful”

## Share Information

| Unit: Baht | 2020 | 2019 | % yoy | 4Q20 | % qoq | % yoy |
|---|---|---|---|---|---|---|
| EPS | 8.01 | 11.90 | -32.7% | 1.46 | 7.0% | -9.8% |
| BVPS | 121.04 | 117.78 | 2.8% | 121.04 | 1.3% | 2.8% |
| Closing price | 87.50 | 122.00 | -28.3% | 87.50 | 34.6% | -28.3% |
| Shares outstanding* (Million shares) | 3,399 | 3,399 | 0.0% | 3,399 | 0.0% | 0.0% |
| Market capitalization (Baht billion) | 297.4 | 414.7 | -28.3% | 297.4 | 34.6% | -28.3% |

* Include both common and preferred shares

## Income statement for the fourth quarter and the year ended December 31, 2020
## (Consolidated basis)

### Net interest income

| Consolidated<br>Unit: Baht million | 2020 | 2019 | % yoy | 4Q20 | % qoq | % yoy |
|---|---|---|---|---|---|---|
| **Interest income** | **118,371** | **135,025** | **-12.3%** | **28,325** | **-0.9%** | **-10.7%** |
| Loans | 98,208 | 102,864 | -4.5% | 23,617 | -0.3% | -7.5% |
| Interbank and money market | 3,336 | 5,737 | -41.9% | 652 | -7.6% | -53.7% |
| Hire purchase | 13,022 | 13,461 | -3.3% | 3,184 | -4.7% | -7.2% |
| Investments | 3,724 | 12,833 | -71.0% | 866 | 1.9% | -34.1% |
| Others | 81 | 130 | -37.4% | 6 | -15.8% | -83.4% |
| **Interest expenses** | **21,472** | **35,624** | **-39.7%** | **4,705** | **-3.2%** | **-46.3%** |
| Deposits | 13,708 | 20,062 | -31.7% | 2,892 | -4.6% | -44.2% |
| Interbank and money market | 926 | 1,601 | -42.2% | 168 | 1.4% | -53.6% |
| Borrowings | 1,342 | 3,625 | -63.0% | 224 | -13.5% | -64.5% |
| Contribution to the Deposit Protection Agency & FIDF | 5,470 | 10,116 | -45.9% | 1,417 | 1.2% | -44.2% |
| Others | 26 | 220 | -87.9% | 5 | 121.4% | -89.3% |
| **Net interest income** | **96,899** | **99,402** | **-2.5%** | **23,621** | **-0.4%** | **2.9%** |

- **Net interest income** in 2020 decreased by 2.5% yoy to Baht 96,899 million with two sources of interest income being under pressure: 1) the divestment of SCB Life affecting investment income, and 2) contraction in net interest margin (NIM) after 4 rounds of interest rate cuts last year affecting income from loans and interbank. These negative factors were partly offset by lower funding cost, a reduction in FIDF fee from 0.46% to 0.23%, and higher income recognition under TFRS 9.
- **In the fourth quarter**, net interest income increased by 2.9% yoy to Baht 23,621 million largely driven by lower funding cost and FIDF fees as explained earlier which was partly offset by the impact of interest rate cuts.
- On a **quarter-on-quarter** basis, net interest income was relatively flat as loan growth of 3.9% qoq and lower funding cost cancelled out the negative effect from interest rate cuts.

## Yield and cost of funding

| Consolidated<br>Unit: Percentage | 2020 | 2019 | 4Q20 | 3Q20 | 2Q20 | 1Q20 | 4Q19 |
|---|---|---|---|---|---|---|---|
| Net interest margin | 3.23% | 3.34% | 3.02% | 3.12% | 3.20% | 3.54% | 3.20% |
| Yield on earning assets | 3.94% | 4.54% | 3.63% | 3.76% | 3.93% | 4.44% | 4.42% |
| Yield on loans | 5.09% | 5.47% | 4.84% | 5.01% | 5.16% | 5.71% | 5.43% |
| Yield on interbank and money market | 0.68% | 1.41% | 0.46% | 0.51% | 0.67% | 0.82% | 1.27% |
| Yield on investment | 1.14% | 2.91% | 0.99% | 1.04% | 1.21% | 1.51% | 1.80% |
| Cost of funds[1/] | 0.85% | 1.49% | 0.70% | 0.75% | 0.86% | 1.06% | 1.46% |
| Cost of deposits[2/] | 0.84% | 1.39% | 0.71% | 0.76% | 0.85% | 1.01% | 1.41% |

**Note** Profitability ratios use the average of the beginning and ending balances as the denominator.

[1/] Cost of funds = Interest expenses (including the contribution to DPA & FIDF) / Average interest-bearing liabilities.

[2/] Cost of deposits includes the contribution to the Deposit Protection Agency and FIDF fee.

| **SCB Interest Rates** | **Oct 12, 16** | **May 16, 17** | **Jan 4, 19** | **Aug 15, 19** | **Nov 8, 19** | **Feb 7, 20** | **Mar 24, 20** | **Apr 10, 20** | **May 25, 20** |
|---|---|---|---|---|---|---|---|---|---|
| **Lending rate (%)** | | | | | | | | | |
| MLR | 6.275 | 6.025 | 6.025 | 6.025 | 6.025 | 5.775 | 5.775 | 5.375 | 5.25 |
| MOR | 7.12 | 6.87 | 6.87 | 6.745 | 6.745 | 6.745 | 6.495 | 6.095 | 5.845 |
| MRR | 7.62 | 7.37 | 7.37 | 7.12 | 6.87 | 6.87 | 6.745 | 6.345 | 5.995 |
| **Deposit rate* (%)** | | | | | | | | | |
| Savings rate | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.50 | 0.25 |
| 3-month deposits | 0.90 | 0.90 | 0.90-1.15 | 0.90-1.15 | 0.65-0.90 | 0.60 | 0.50 | 0.50 | 0.375 |
| 6-month deposits | 1.15 | 1.15 | 1.15-1.40 | 1.15-1.40 | 0.90-1.15 | 0.80 | 0.60 | 0.60 | 0.50 |
| 12-month deposits | 1.40 | 1.40 | 1.40-1.65 | 1.40-1.65 | 1.15-1.40 | 0.90 | 0.65 | 0.65 | 0.50 |

* Excluding special campaigns which generally offer significantly higher rates but have different terms and conditions from the 3, 6, 12 month term deposits.

| | **Mar 12, 14** | **Mar 11, 15** | **Apr 29, 15** | **Dec 19, 18** | **Aug 7, 19** | **Nov 6, 19** | **Feb 5, 20** | **Mar 23, 20** | **May 20, 20** |
|---|---|---|---|---|---|---|---|---|---|
| **Policy rate (%)** | 2.00 | 1.75 | 1.50 | 1.75 | 1.50 | 1.25 | 1.00 | 0.75 | 0.50 |

## Non-interest income

| Consolidated<br>Unit: Baht million | 2020 | 2019 | % yoy | 4Q20 | % qoq | % yoy |
|---|---|---|---|---|---|---|
| Net fee and service income | 36,586 | 29,670 | 23.3% | 11,422 | 33.3% | 35.5% |
| Fee and service income | 45,621 | 39,103 | 16.7% | 13,649 | 26.7% | 23.5% |
| Fee and service expenses | 9,035 | 9,433 | -4.2% | 2,228 | 1.3% | -15.2% |
| Gain on financial instruments measured at FVTPL/<br>Net gain on trading and foreign exchange transactions | 7,662 | 6,817 | 12.4% | 1,164 | -18.2% | -25.0% |
| Share of (loss) profit from investment in associate | (78) | 31 | NM | - | - | NM |
| Dividend income | 155 | 627 | -75.2% | 6 | -34.0% | -25.2% |
| Other income | 1,840 | 541 | 240.4% | 140 | -66.9% | -38.9% |
| **Non-interest income excluding net gain on investments** | **46,166** | **37,289** | **23.8%** | **12,732** | **22.1%** | **30.5%** |
| Net gain on investments | 1,703 | 5,383 | -68.4% | 14 | -96.0% | -99.4% |
| Net gain on sale of investment in subsidiary | - | 24,024 | NM | - | - | - |
| **Total non-interest income** | **47,869** | **66,696** | **-28.2%** | **12,745** | **18.4%** | **5.6%** |

NM denotes "not meaningful"

- **Non-interest income** decreased by 28.2% yoy to Baht 47,869 million in 2020 largely due to a sharp decrease in non-recurring items related to the sale of shares in SCB Life Assurance PCL in 3Q19. Excluding these one-off items, non-interest income would have increased by 12.2% yoy from higher net fee income and higher net gain on trading and FX transactions. Recurring income grew significantly by 16.2% yoy as a result of substantial growth in bancassurance and, to a lesser degree, contribution from wealth management business despite a yoy decline in transactional banking fees and lending-related fees. The qoq increase in bancassurance was largely driven by a recognition of the performance-linked compensation for FY20 in the fourth quarter, following achievement of annual performance target in the fourth quarter of 2020. Note that TFRS 9 requires loan-related fees (i.e. front-end fees and commitment fees) to be amortized according to duration of underlying loans and recorded in NII.
- **In the fourth quarter**, non-interest income increased by 5.6% yoy to Baht 12,745 million due mainly to higher net fee income. Recurring income grew 24.3% yoy mainly from bancassurance and partly from wealth management businesses while non-recurring items fell yoy.
- On a **quarter-on-quarter** basis, non-interest income increased by 18.4% qoq due to higher net fee income from bancassurance and wealth management businesses as well as higher lending-related fees.

## Non-interest income

| Consolidated<br>Unit: Baht million | 2020 | 2019 | % yoy | 4Q20 | % qoq | % yoy |
|---|---|---|---|---|---|---|
| Transactional banking * | 11,695 | 14,726 | -20.6% | 2,579 | -12.7% | -30.6% |
| Lending related ** | 5,481 | 8,087 | -32.2% | 1,441 | 4.1% | -26.1% |
| Wealth management *** | 8,190 | 7,303 | 12.1% | 2,423 | 27.1% | 30.4% |
| Bancassurance | 13,877 | 3,641 | 281.1% | 5,130 | 73.6% | 186.5% |
| **Recurring income** | **39,243** | **33,757** | **16.2%** | **11,573** | **25.8%** | **24.3%** |
| Non-recurring and others | 8,626 | 33,335 | -74.1% | 1,172 | -24.8% | -57.6% |
| **Total non-interest income** | **47,869** | **66,696** | **-28.2%** | **12,745** | **18.4%** | **5.6%** |

* Including transactional fee, trade and FX income, and others

** Including loan related fee and credit cards

*** Including income from fund management, securities business, and others

## Operating expenses

| Consolidated<br>Unit: Baht million | 2020 | 2019 | % yoy | 4Q20 | % qoq | % yoy |
|---|---|---|---|---|---|---|
| Employee expenses | 31,344 | 33,281 | -5.8% | 7,503 | -1.4% | -12.2% |
| Premises and equipment expenses | 12,749 | 13,894 | -8.2% | 3,219 | -0.8% | -12.2% |
| Taxes and duties | 3,847 | 4,627 | -16.9% | 996 | 5.3% | -6.6% |
| Directors' remuneration | 117 | 105 | 10.7% | 30 | 1.4% | 6.4% |
| Other expenses | 16,273 | 18,631 | -12.7% | 4,303 | 10.0% | -16.9% |
| **Total operating expenses** | **64,330** | **70,538** | **-8.8%** | **16,050** | **1.9%** | **-13.2%** |
| **Cost to income ratio** | **44.4%** | **42.5%** | | **44.1%** | | |

- **Operating expenses** fell across the board by 8.8% yoy to Baht 64,330 million in 2020 with the Bank's continued cost control effort in this challenging economic environment in addition to the effect from the divestment of SCB Life.
- **In the fourth quarter**, operating expenses decreased by 13.2% yoy to Baht 16,050 million due to the Bank's effective cost control measures across all expense items amid the current economic slowdown.
- On a **quarter-on-quarter** basis, operating expenses increased by 1.9% qoq largely due to the seasonality in marketing and promotion expenses which tend to be higher in the last quarter of the year.

The Bank's cost-to-income ratio stood at 44.4% in 2020 which was better than the target of high 40s. With income under increasing pressure from low interest rates and uneven economic recovery, the Bank will continue to maintain strict cost discipline.

## ECL/Impairment loss on loans and debt securities

| Consolidated<br>Unit: Baht million | 2020 | 2019 | % yoy | 4Q20 | % qoq | % yoy |
|---|---|---|---|---|---|---|
| ECL/Impairment loss on loans and debt securities | 46,649 | 36,211 | 28.8% | 14,234 | 9.9% | 48.1% |
| Credit cost (bps) | 214 | 170 | | 257 | | |

- In 2020, the Bank proactively set aside **expected credit loss** at Baht 46,649 million (214 bps of total loans) which reflected weakening macroeconomic variables and asset impairment during the economic downturn and partly from model re-calibration. This amount took into account the pro-cyclicality of forward-looking Expected Credit Loss (ECL) models and management overlay within a deteriorating economic environment under the TFRS 9 framework.

## Balance sheet as of December 31, 2020 (Consolidated basis)

As of December 31, 2020, the Bank's total assets increased 10.6% yoy to Baht 3,278 billion largely due to loan growth of 6.7% yoy, an increase of interbank and money market items, and higher investments. Details on the consolidated balance sheets are provided in the following sections:

### Net loans and accrued interest receivables

| Consolidated<br>Unit: Baht million | Dec 31, 20 | Sep 30, 20 | Jun 30, 20 | Dec 31, 19 |
|---|---|---|---|---|
| Loans to customers | 2,288,307 | 2,203,153 | 2,175,996 | 2,146,867 |
| *Less* Deferred revenue | (33,065) | (32,376) | (31,611) | (33,080) |
| **Total loans** | **2,255,242** | **2,170,777** | **2,144,385** | **2,113,787** |
| *Add* Accrued interest receivables and unearned interest income | 14,508 | 12,708 | 7,921 | 2,946 |
| **Total loans and accrued interest receivables and unearned interest income** | **2,269,750** | **2,183,485** | **2,152,306** | **2,116,733** |
| *Less* Modification losses | (2,124) | (2,457) | (1,378) | - |
| *Less* Allowance for expected credit loss/allowance for doubtful accounts | (137,318) | (125,694) | (115,845) | (111,150) |
| *Less* Revaluation allowance for debt restructuring | - | - | - | (3,122) |
| **Total loans and accrued interest receivables, net** | **2,130,308** | **2,055,334** | **2,035,083** | **2,002,461** |

### Loans

| By Segment (Consolidated)<br>Unit: Baht million | Dec 31, 20 | Dec 31, 19 | % yoy | Sep 30, 20 | % qoq |
|---|---|---|---|---|---|
| Corporate | 844,089 | 755,822 | 11.7% | 779,967 | 8.2% |
| SME | 368,622 | 350,837 | 5.1% | 370,192 | -0.4% |
| Retail | 1,042,531 | 1,007,128 | 3.5% | 1,020,618 | 2.1% |
| Housing loans* | 671,401 | 649,925 | 3.3% | 663,616 | 1.2% |
| Auto loans | 229,448 | 219,187 | 4.7% | 225,887 | 1.6% |
| Unsecured loans | 138,541 | 135,709 | 2.1% | 127,788 | 8.4% |
| Other loans | 3,141 | 2,307 | 36.2% | 3,327 | -5.6% |
| **Total loans** | **2,255,242** | **2,113,787** | **6.7%** | **2,170,777** | **3.9%** |

* Including all home mortgage loans, some of which are from segments other than retail.

Total loans (net of deferred revenue) as of December 31, 2020 increased by 6.7% yoy and 3.9% qoq. The actual loan growth of 6.7% yoy was higher than the revised target of 3-5% due mainly to higher-than-expected retail loan demand. Details on changes in loan volume by customer segments are as follows:

- **Corporate** loans increased by 11.7% yoy and 8.2% qoq mainly from top-quality corporates given less liquidity in the bond market.
- **SME** loans rose 5.1% yoy from a combination of lower repayments arising from relief programs, extension of soft loans to qualified customers as well as some targeted growth at high quality

existing small SMEs. Primary focus in the SME segment was the COVID-19 relief efforts where the Bank has proactively provided financial assistance in the form of relief programs and soft loans to qualified SME customers who have experienced cashflow difficulties in light of the weak economic environment.

- **Retail** loans increased 3.5% yoy and 2.1% qoq.
  - **Housing loans** increased 3.3% yoy and 1.2% qoq largely due to demand in high-end housing developments coupled with the effect of payment holiday under the relief program.
  - **Auto loans** increased 4.7% yoy and 1.6% qoq from the payment holiday introduced in late March as one of the relief measures. The yoy growth arose from some pockets of demand for new cars and My Car, My Cash product while the qoq growth was mainly from new cars.
  - **Unsecured loans** (personal loans and credit card receivables) increased by 2.1% yoy and 8.4% qoq. The yoy growth was driven by the Bank's strategy to grow high-margin loans in target customer segments while the qoq increase was mainly the seasonality effect with credit card spending being higher at the year end.

## Deposits

| Consolidated<br>Unit: Baht million | Dec 31, 20 | Dec 31, 19 | % yoy | Sep 30, 20 | % qoq |
|---|---|---|---|---|---|
| Demand | 93,336 | 77,549 | 20.4% | 107,959 | -13.5% |
| Savings | 1,758,903 | 1,376,942 | 27.7% | 1,720,816 | 2.2% |
| Fixed | 568,216 | 704,934 | -19.4% | 577,866 | -1.7% |
| Less than 6 months | 114,006 | 110,568 | 3.1% | 119,045 | -4.2% |
| 6 months and up to 1 year | 169,547 | 244,694 | -30.7% | 145,437 | 16.6% |
| Over 1 year | 284,663 | 349,672 | -18.6% | 313,384 | -9.2% |
| **Total deposits** | **2,420,455** | **2,159,425** | **12.1%** | **2,406,641** | **0.6%** |
| CASA - Current & Savings Accounts (%) | 76.5% | 67.4% | | 76.0% | |
| Gross loans to deposits ratio | 93.2% | 97.9% | | 90.2% | |
| Liquidity ratio (Bank-only) | 32.6% | 31.0% | | 35.4% | |

As of December 31, 2020, total **deposits** increased by 12.1% yoy and 0.6% qoq because of higher CASA. The growth in CASA, coupled with the decline in the amount of fixed deposits caused the Bank's CASA proportion to rise to 76.5%. As deposit growth was much stronger than loan growth, gross loans to deposits ratio decreased to 93.2% at the end of December 2020 from 97.9% at the end of December

2019. Given the weak and uncertain economic environment, customers are likely to be more cautious and hold higher liquid assets such as CASA deposits.

The Bank's daily liquidity ratio of 32.6%, as measured by total liquid assets to total deposits (at a bank-only level), was well above the 20% minimum threshold.

**Investment Classification**

Under TFRS 9, investments are classified into three categories: fair value to profit or loss (FVTPL), measured at amortized cost, and fair value to other comprehensive income (FVOCI). The new standards replace the previous classification as specified by TAS 105 which categorizes investments into held-to-maturity debt securities, available-for-sale securities, trading securities and general investment. The table below presents investment classification at the end of March 2020, June 2020, September 2020 and December 2020.

Consolidated
Unit: Baht million

| Investments (TFRS 9) | Dec 31, 20 | Sep 30, 20 | Jun 30, 20 | Mar 31, 20 |
|---|---|---|---|---|
| Financial assets measured at FVTPL | 28,033 | 43,431 | 39,358 | 59,226 |
| Investments in debt securities measured at amortised cost | 7,259 | 7,319 | 7,322 | 7,115 |
| Investments in debt securities measured at FVOCI | 302,378 | 303,896 | 247,672 | 215,328 |
| Investments in equity securities measured at FVOCI | 2,159 | 2,159 | 2,222 | 2,170 |
| **Net investment *** | **311,796** | **313,374** | **257,216** | **224,613** |
| Investment in associate | - | - | - | 78 |
| **Total** | **339,828** | **356,805** | **296,574** | **283,917** |

* Net investments are comprised of investments measured at amortised cost and measured at FVOCI

Investment in debt securities measured at FVOCI decreased slightly by 0.5% qoq mainly from lower investment in government and state enterprise securities while investment in foreign debt securities increased qoq.

Investments classified under TAS 105 prior to the adoption of TFRS 9 at the end of December 2019 are as follows:

Consolidated
Unit: Baht million

| Investments | Dec 31, 19 |
|---|---|
| Trading securities and securities measured at fair value through P/L | 29,814 |
| Available-for-sale securities | 270,740 |
| Held-to-maturity securities | 7,830 |
| General investments | 3,681 |
| **Net investment** | **312,065** |
| Investment in associate | 78 |
| **Total** | **312,143** |

### Statutory Capital

Pursuant to Basel III guidelines, the Bank of Thailand (BOT) requires all Thai commercial banks to hold a capital conservation buffer from January 1, 2016 onward. This additional capital requirement had been gradually phased in at the rate of 0.625% p.a. and reached the 2.5% target since January 2019.

Furthermore, the Bank has been designated by the BOT, along with 4 other major Thai commercial banks, as Domestic Systemically Important Banks (D-SIBs) which resulted in a requirement to maintain an additional Common Equity Tier 1 (CET1) of 0.5% in 2019 and 1.0% from 2020 onward. This Higher Loss Absorbency requirement (or D-SIBs buffer) is added on top of the 2.5% capital conservation buffer to provide additional stability and resilience.

The minimum regulatory capital requirements which include the capital conservation buffer and the D-SIBs buffer (Higher Loss Absorbency) are shown in the table below.

| Minimum regulatory capital requirement (%) | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|---|
| Common Equity Tier 1 | 4.50% | 4.50% | 4.50% | 4.50% | 4.50% |
| Tier 1 capital | 6.00% | 6.00% | 6.00% | 6.00% | 6.00% |
| Total capital | 8.50% | 8.50% | 8.50% | 8.50% | 8.50% |
| Additional buffers | | | | | |
| Capital Conservation Buffer | 0.625% | 1.25% | 1.875% | 2.50% | 2.50% |
| D-SIB Buffer | - | - | - | 0.50% | 1.00% |
| Common Equity Tier 1 | 5.125% | 5.75% | 6.375% | 7.50% | 8.00% |
| Tier 1 capital | 6.625% | 7.25% | 7.875% | 9.00% | 9.50% |
| Total capital | 9.125% | 9.75% | 10.375% | 11.50% | 12.00% |

Both current and upcoming regulatory changes have been incorporated into the Bank's long-term capital management plan well in advance. The Bank believes that its strong capital position, which is currently above the minimum regulatory requirement, together with high loan loss provisions, will enable the Bank to withstand any adverse shocks, be it Bank-specific or economy-wide.

The table below shows the Bank's total capital ratios under Basel III at the end of December 2020.

| Unit: Baht million, % | Consolidated | | | Bank-only | | |
|---|---|---|---|---|---|---|
| | **Dec 31, 20** | **Sep 30, 20** | **Dec 31, 19** | **Dec 31, 20** | **Sep 30, 20** | **Dec 31, 19** |
| **Statutory Capital** | | | | | | |
| Common Equity Tier 1/ Tier 1 | 377,036 | 378,602 | 352,692 | 375,490 | 376,849 | 317,312 |
| Tier 2 capital | 23,875 | 23,251 | 22,514 | 24,015 | 23,279 | 22,432 |
| **Total capital** | **400,911** | **401,853** | **375,206** | **399,505** | **400,128** | **339,744** |
| Risk-weighted assets | 2,197,668 | 2,145,282 | 2,075,492 | 2,201,154 | 2,138,817 | 2,060,169 |
| **Capital Adequacy Ratio** | **18.2%** | **18.7%** | **18.1%** | **18.1%** | **18.7%** | **16.5%** |
| Common Equity Tier 1/ Tier 1 | 17.1% | 17.6% | 17.0% | 17.0% | 17.6% | 15.4% |
| Tier 2 capital | 1.1% | 1.1% | 1.1% | 1.1% | 1.1% | 1.1% |

At the end of December 2020, the Bank's consolidated common equity Tier 1/Tier 1 capital increased significantly yoy, mainly as a result of appropriation of net profit. On a qoq basis, a 49 bps decrease in common equity Tier 1/Tier 1 capital was mainly from increased volume of risk-weighted assets. This strong capital position will enable the Bank to weather the current economic downturn and continue to assist its customers.

### Asset Quality

At the end of December 2020, **gross NPLs** (on a consolidated basis) increased 19.1% yoy and 12.9% qoq to Baht 101.5 billion. **Gross NPL ratio** increased to 3.68% from 3.32% at the end of September 2020 and 3.41% at the end of December 2019. The qoq increase in NPLs was mainly from qualitative downgrades of relief loans and partly from the normal NPL formation. The Bank also continuously and proactively manages its NPL portfolio using debt restructuring, NPL sales and write offs. Because of the BOT's relief measures, the reported numbers on gross NPLs, gross NPL ratio and new NPLs at the end of this quarter may not fully reflect the current economic conditions. Further, given the weak economic environment and resulting higher volumes of impaired assets, the Bank has adopted a prudent and value preservation strategy with regards to NPL sales. As such, the volume of NPL sales over the coming quarters may be reflective of the adopted strategy.

In addition to higher provisioning required by the ECL model to match weakening macro-economic factors as discussed in the "ECL/Impairment Loss of Loans and Debt Securities" section, additional provisions may also be needed to cover an expected rise in NPLs at the end of the relief program. At the end of December 2020, the Bank's **coverage ratio** was 140.8%, up 6.7% from the end of 2019.

| Unit: Baht million, % | Dec 31, 20 (TFRS 9) | Sep 30, 20 (TFRS 9) | Jun 30, 20 (TFRS 9) | Mar 31, 20 (TFRS 9) | Dec 31, 19 |
|---|---|---|---|---|---|
| **Consolidated** | | | | | |
| Non-Performing Loans (Gross NPLs) | 101,462 | 89,909 | 79,596 | 83,621 | 85,212 |
| Gross NPL ratio | 3.68% | 3.32% | 3.05% | 3.17% | 3.41% |
| Gross NPL ratio by segment/product | | | | | |
| Corporate | 3.99% | 3.86% | 3.44% | 3.51% | 3.56% |
| SME | 11.42% | 9.13% | 7.22% | 7.76% | 8.31% |
| Retail | 2.47% | 2.55% | 2.65% | 3.03% | 2.90% |
| Housing loans | 3.25% | 3.36% | 3.21% | 3.33% | 3.34% |
| Auto loans | 1.49% | 1.46% | 1.86% | 2.55% | 2.29% |
| Total allowance* | 142,813 | 131,031 | 121,353 | 116,730 | 114,272 |
| Total allowance to NPLs (Coverage ratio) | 140.8% | 145.7% | 152.5% | 139.6% | 134.1% |
| Credit cost (Quarterly, bps) | 257 | 240 | 184 | 185 | 180 |
| **Bank-only** | | | | | |
| Non-Performing Loans (Gross NPLs) | 100,333 | 88,768 | 78,459 | 82,467 | 84,349 |
| Gross NPL ratio | 3.64% | 3.28% | 3.01% | 3.14% | 3.38% |

* Excluding interbank and money market items. Total allowance as of Dec 31, 20, Sep 30, 20, Jun 30, 20 and Mar 31, 20 including loans, interbank and loan commitments, and financial guarantee contracts.

### Loan Classification and Allowance for Expected Credit Losses

Under TFRS 9, loans are classified into 3 stages based on changes in credit quality since initial recognition. Loans and allowance for expected credit losses at the end of December 2020, September 2020, June 2020, and March 2020 were classified as follows:

| Consolidated<br>Unit: Baht million | Dec 31, 20 (TFRS 9) | | Sep 30, 20 (TFRS 9) | | Jun 30, 20 (TFRS 9) | | Mar 31, 20 (TFRS 9) | |
|---|---|---|---|---|---|---|---|---|
| | Loans and interbank | ECL* | Loans and interbank | ECL* | Loans and interbank | ECL* | Loans and interbank | ECL* |
| Stage 1 (Performing) | 2,460,277 | 50,733 | 2,418,919 | 46,966 | 2,310,333 | 39,468 | 2,343,999 | 31,814 |
| Stage 2 (Underperforming) | 195,736 | 33,481 | 200,932 | 30,758 | 222,488 | 34,389 | 207,447 | 34,717 |
| Stage 3 (Non performing) | 101,462 | 58,598 | 89,909 | 53,307 | 79,596 | 47,496 | 83,621 | 50,199 |
| **Total** | **2,757,476** | **142,813** | **2,709,760** | **131,031** | **2,612,417** | **121,353** | **2,635,067** | **116,730** |

* Including ECL for loans, interbank and loan commitments and financial guarantee contracts.

The TFRS 9 loan staging classification adopted since January 1, 2020 is not directly comparable to the previous loan classification. The prior loan classification as at December 31, 2019 was:

| Consolidated<br>Unit: Baht million | Dec 31, 19<br>Loan and accrued interest | <br>Allowance for doubtful accounts |
|---|---|---|
| Normal | 1,966,438 | 20,403 |
| Special mention | 64,996 | 4,040 |
| Substandard | 36,234 | 19,618 |
| Doubtful | 17,821 | 6,353 |
| Doubtful loss | 31,244 | 16,763 |
| **Total** | **2,116,733** | **67,177** |
| Allowance established in excess of BOT regulations | | 43,973 |
| **Total allowance** | | **111,150** |

**New NPLs by Segment and by Product (%)**

| | | | | 2020 | | | 2019 | | | | 2018 | | 2020 | 2019 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | 4Q20 | 3Q20 | 2Q20 | 1Q20 | 4Q19 | 3Q19 | 2Q19 | 1Q19 | 4Q18 | 3Q18 | 2Q18 | 1Q18 | | |
| **Total loans** | **0.75%** | **0.73%** | **0.45%** | **0.58%** | **0.73%** | **1.02%** | **0.54%** | **0.50%** | **0.48%** | **0.49%** | **0.44%** | **0.41%** | **2.45%** | **2.80%** |
| Corporate[1/] | 0.51% | 0.51% | 0.14% | 0.11% | 0.22% | 1.77% | 0.25% | 0.12% | 0.14% | 0.25% | 0.02% | 0.06% | 1.20% | 2.51% |
| SME[1/] | 2.90% | 2.46% | 0.85% | 1.12% | 1.97% | 0.90% | 0.75% | 0.99% | 0.68% | 0.73% | 0.68% | 0.79% | 7.28% | 4.58% |
| Housing loans[2/] | 0.54% | 0.75% | 0.55% | 0.78% | 0.78% | 0.77% | 0.83% | 0.76% | 0.85% | 0.81% | 0.93% | 0.70% | 2.57% | 3.15% |
| Auto loans[3/] | 0.45% | 0.10% | 0.25% | 1.20% | 0.85% | 0.72% | 0.68% | 0.61% | 0.67% | 0.57% | 0.51% | 0.43% | 1.90% | 2.85% |
| **New NPLs** (Baht billion) | **20.7** | **19.8** | **11.9** | **15.2** | **18.2** | **26.2** | **13.4** | **12.3** | **11.8** | **12.2** | **10.6** | **9.7** | **67.5** | **70.1** |

1/ In 2Q18, some SME customers experienced sales turnover growth and were reclassified as Corporate customers. Data as of 1Q18 are restated figures.

2/ Most new NPLs in housing loans were highly concentrated among customers who are self-employed with high leverage and loan-to-value ratios. The Bank has tightened its underwriting standards for these segments since early 2014.

3/ Excluding the cases in which cars had been repossessed before the end of the month on the month that loans were classified as NPL.

New NPL formation in 2020 decreased from the previous year across almost all segments except SME segment mainly because the BOT's relief measures may have delayed the impact of rising NPLs. In addition to the normal level of NPL increase, higher new NPLs in the SME segment was also caused by qualitative downgrades of customers in the relief programs across the loan portfolio, especially the riskiest and most vulnerable customers whose businesses have limited debt serviceability.

In 4Q20, new NPL formation increased qoq to 0.75%, compared with 0.73% in 3Q20 primarily in the SME and auto loan segments. The increase in new NPLs was due mainly to the qualitative downgrades of certain corporate and SME customers and the natural flows of auto loans.

### Sources and Uses of Funds

As of December 31, 2020, deposits accounted for 73.8% of SCB's funding base. Other major sources of funds were: 12.6% from shareholders' equity, 6.1% from interbank borrowings, and 2.1% from debt issuance. Uses of funds for this same period were: 68.8% for loans, 16.7% for interbank and money markets lending, 10.4% for investments in securities, and 1.6% held in cash.

## Additional Financial Information

| Consolidated<br>Unit: Baht million, % | Dec 31, 20 (TFRS 9) | Dec 31, 19 | % yoy | Sep 30, 20 (TFRS 9) | % qoq |
|---|---|---|---|---|---|
| **Loans by Sector** | **2,255,242** | **2,113,787** | **6.7%** | **2,170,777** | **3.9%** |
| Agricultural and mining | 17,309 | 16,820 | 2.9% | 18,240 | -5.1% |
| Manufacturing and commercial | 619,585 | 554,901 | 11.7% | 571,198 | 8.5% |
| Real estate and construction | 191,123 | 169,798 | 12.6% | 188,654 | 1.3% |
| Utilities and services | 386,737 | 363,278 | 6.5% | 373,664 | 3.5% |
| Housing loans [1/] | 557,242 | 544,388 | 2.4% | 551,286 | 1.1% |
| Other loans | 483,246 | 464,602 | 4.0% | 467,735 | 3.3% |
| **Debt issued and borrowings** | **67,235** | **77,952** | **-13.7%** | **71,632** | **-6.1%** |
| Debentures | 61,546 | 76,060 | -19.1% | 64,787 | -5.0% |
| Structured notes | 434 | 1,596 | -72.8% | 1,017 | -57.3% |
| Others | 213 | 296 | -28.0% | 236 | -9.7% |
| Hedge | 5,042 | - | NM | 5,592 | -9.8% |
| **Troubled debt restructured loans** | **13,871** [2/] | **40,970** | NM | **14,750** [2/] | **-6.0%** |

| | 4Q20 | 3Q20 | 4Q19 | 2020 | 2019 |
|---|---|---|---|---|---|
| **Yield on loans by segment** | | | | | |
| **Yield on loans** | **4.84%** | **5.01%** | **5.43%** | **5.09%** | **5.47%** |
| Corporate | 3.20% | 3.38% | 4.01% | 3.49% | 4.23% |
| SME | 5.33% | 5.52% | 6.28% | 5.94% | 6.07% |
| Retail | 6.11% | 6.22% | 6.41% | 6.20% | 6.41% |
| Housing loans | 5.05% | 4.92% | 4.82% | 4.95% | 4.91% |
| Auto loans | 5.60% | 6.02% | 6.22% | 5.81% | 6.38% |
| Credit card [3/] | 14.27% | 15.64% | 15.19% | 15.45% | 15.43% |
| Speedy | 17.52% | 18.69% | 21.44% | 18.72% | 21.42% |
| **Auto loans portfolio** | | | | | |
| New car | 57.0% | 56.1% | 56.1% | 57.0% | 56.1% |
| Used car | 24.9% | 25.6% | 26.0% | 24.9% | 26.0% |
| My car, My cash | 18.1% | 18.3% | 17.9% | 18.1% | 17.9% |
| **NPL reduction methodology** | | | | | |
| Repayments, auctions, foreclosures and account closed | 29.0% | 46.5% | 47.6% | 45.0% | 40.9% |
| Debt restructuring | 13.4% | 10.3% | 4.2% | 7.5% | 2.9% |
| NPL sales [4/] | 46.8% | 24.3% | 0.4% | 25.0% | 24.3% |
| Write off | 10.8% | 18.9% | 47.8% | 22.5% | 31.9% |

[1/] Classified by sector/product and excludes retail loans where customers use their home as collateral. (These loans are classified under "Other loans" in accordance with regulatory guidelines). Elsewhere in this report, all housing loans are aggregated under mortgage loans and the balance of these loans at the end of December 31, 2020, September 30, 2020, and December 31, 2019, was Baht 671 billion, Baht 664 billion, and Baht 650 billion, respectively.

[2/] New definition under BOT's notification on February 28, 2020. This excluded loans to customers modified under relief program.

[3/] Revolving only

[4/] The Bank sold NPLs of Baht 4.3 billion in 4Q20, 2.3 billion in 3Q20, Baht 0.05 billion in 4Q19, Baht 13.4 billion in 2020 and Baht 16.7 billion in 2019.

NM denotes “not meaningful”

## APPENDIX

## Adoption of TFRS 9

The Bank has adopted TFRS 9 since January 1, 2020. This new Financial Reporting Standard affects the classification and measurement of financial assets and liabilities, the impairment of financial assets and hedge accounting. There are 5 major implications to the Bank; namely

- Interest income recognition: the effective interest rate principle will be used to determine interest income for step-rate loans,
- Fee income recognition: upfront fee earned at point of financial assets (mostly loans) origination will be amortized over the life of financial assets and recognized as interest income,
- Capital gain recognition – investment classification will be changed to FVTPL, FVOCI and amortised cost,
- Loan classification – loans are classified into 3 stages: Stage 1 (performing), Stage 2 (underperforming), Stage 3 (non-performing),
- Loan provisioning – the concept of expected credit loss will be applied.

Key impacts of TFRS 9 are presented in Table 1, Investment classification in Table 2, and loan classification and loan provisioning in the section below.

### Table 1: Key Impact of TFRS 9

| | Impacted Area | Previous | TFRS 9 | Key Matters | P&L impact |
|---|---|---|---|---|---|
| Income | Interest income recognition | Contractual rate over contractual life | Effective Interest Rate (EIR) over expected life | - Impact from step rate loans (i.e. mortgage)<br>- No Impact from single rate loan (fixed or floating rates)<br>- Continue to record interest income even a loan is NPL (i.e. no stop accrued) | ↑ |
| | Fee income related to loan origination | Upfront<br>(Front-end fee and commitment fee) | Amortization based on EIR | - Fee amortization required for front end fee and commitment fee received from loan origination<br>- Record fee income amortization in 'NII'. | ↓ |
| | Capital gain recognition on equity instrument<br>*(If classify as FVOCI)* | Recognize in P&L when sell | Realize in RE (No recycling to P/L) | - For equity instruments, if we classify as 'FVOCI', 'capital gain will be recognized to retained earning (RE), not in P&L.<br>- No change for debt instruments. Capital gain can be realized in P&L when sell. | ↓ |
| Impairment | Loan Classification | Pass (0-1 month past due) | - Stage 1 (Performing)<br>- No significant increase in credit risk | - Aging Criteria is the same as before<br>- **Significant increase in credit risk** (SICR) from origination date i.e. PD change, credit rating downgrade<br>- **More Stringent criteria** i.e. rescheduled and restructured loans | |
| | | Special Mention (1-3 month past due) | - Stage 2 (Underperforming)<br>- Significant increase in credit risk | | |
| | | NPL (>3 month past due) | - Stage 3 (Non performing)<br>- Credit impaired | | |
| | General Provision | Allow | Do not allow | | |
| | Provision Calculation | Pass (1%)<br>Special Mention (2%) (after net collateral)<br>NPL (100%)<br><br>With additional provision based on Possible Impaired Loan (PIL) | Stage 1 (12 month expected credit loss)<br>Stage 2 (Life time expected credit loss)<br>Stage 3 (Life time expected credit loss) | - **More provision required** i.e. Lifetime ECL for stage 2<br>- **New provision required for off financial reporting items** e.g. undrawn commitment, unused credit line and financial guarantee<br>- Beside modelling, **management overlay** could be defined given assumptions which have not reflected in the model yet. | |

**Table 2: Investment Classification**

| Product | | Classification | | Measurement | | | No recycling |
|---|---|---|---|---|---|---|---|
| | | Previous | TFRS 9 | Income | Mark to market | Provision | |
| Investment | Equity | General investment | FVOCI | Dividend | √ | - | √ |
| | | | FVTPL | Dividend | √ | - | - |
| | | AFS | FVOCI | Dividend | √ | - | √ |
| | | Trading | FVTPL | Dividend | √ | - | - |
| | Debt | HTM | AMC | Interest | - | √ | - |
| | | AFS | FVOCI | Interest | √ | √ | - |
| | | Trading | FVTPL | Interest | √ | - | - |

FVTPL = Fair value through P&L, FVOCI = Fair value through OCI and AMC = Amortized cost

**Loan classification and loan provisioning**

TFRS 9 introduces forward-looking 'expected credit loss' (ECL) model, and loans are classified into 3 stages based on changes in credit quality since initial recognition. The three stages are defined as follows:

- **Stage 1 (Performing): 12-month ECL**

This comprises loans with no significant increase in credit risk since initial recognition. Loans are classified as stage 1 upon initial recognition (with the exception of purchased or originated credit impaired, or POCI, assets) and have ECL provision for 12 months (12-month ECL).

- **Stage 2 (Underperforming): Lifetime ECL not credit-impaired**

Loans are classified as stage 2 if they exhibit a significant increase in credit risk (SICR) since initial recognition. Loans with 30-day or more delinquency but not credit-impaired will be considered to have experienced a significant increase in credit risk. In this stage, a provision is made for the lifetime ECL representing losses over the life of the financial assets (lifetime ECL).

- **Stage 3 (Non-performing): Lifetime ECL credit-impaired**

This stage comprises loans that are credit-impaired or in default defined as at least 90-day delinquent in either principal or interest. Credit-impaired loans require lifetime provision.

Note that the BOT allows for certain exceptions on stage classification per its announcement dated February 28, 2020.

## Relief Measures by the Government and the Bank of Thailand (BOT)

### The BOT Relief Measures Phase 1

On February 28, 2020, the BOT announced measures on loan staging which allow banks to immediately classify non-NPL customers as of January 1, 2020 as performing, or Stage 1, if there are reasons to believe that such customers can adhere to the restructuring plans.

NPL customers as of January 1, 2019 can be immediately classified as performing, or Stage 1, if they meet the repayment schedules as specified in the restructuring plans for three consecutive months or periods, whichever is longer. Banks shall constantly monitor and review customers' adherence to the new terms and conditions.

The BOT subsequently announced additional relief measures as follows:

For retail customers:

1. Grant principal and/or interest payment holiday of 3-6 months for all term loans (including mortgage, auto loans and SSME loans) beginning in April 2020 for affected non-NPL customers (as of March 1, 2020) who request assistance.

2. Reduce minimum credit card payment from 10% to 5% in 2020-2021, which will gradually rise to 8% in 2022 and fully revert back to 10% in 2023.

For non-retail customers

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

Companies having credit lines with commercial banks not exceeding Baht 100 million are automatically eligible to defer both principal and interest payments for 6 months. However, customers can opt out of the relief program. This payment holiday will not be considered missed payment and will not affect the credit history. This measure has expired and customers from this relief program requiring further assistance has been migrated to the Bank's own relief programs.

**Measure 2: Soft loans** to provide liquidity for customers with a credit line not exceeding Baht 500 million at a concessional interest rate of 2% per annum and interest-free (subsidized by the Ministry of Finance) 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 this money to eligible customers at a concessional rate of 2% per annum.

For eligibility, customers must:

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

The maximum drawdown for the soft loan is 20% of outstanding loan balance as of December 31, 2019.

On October 16, 2020, the BOT issued a notice to grant a 6-month extension for financial institutions to submit for the BOT's soft loans in accordance with the Royal Decree and to include companies listed on the Market for Alternative Investment (MAI) as qualified soft loan recipients.

Moreover, the BOT reduced the FIDF fee from 0.46% of deposit base to 0.23% per annum for 2 years beginning January 1, 2020, as a relief for banks to support the economy. The BOT expects banks to pass on the savings to borrowers, and therefore, on April 10, 2020, SCB announced a 0.40% reduction for all "M-based" lending rates.

**The Government Soft Loan Program**

On March 10, 2020, the Government of Thailand approved measures to help business owners directly and indirectly affected by the COVID-19 pandemic. One of the key measures is the soft loan program in the total amount of Baht 150 billion which will be provided by the Government Savings Bank (GSB). GSB will provide soft loans to banks at the interest rate of 0.01% for 2 years which are to be lent to affected business owners with the limit of Baht 20 million per customer and at the rate of no more than 2%.

**The BOT Relief Measures Phase 2**

On June 19, 2020, the BOT issued the second phase of measures to further assist retail customers with details as follows:

**1. Reduce interest rate ceiling by 2-4% per annum**

Interest rate ceiling for credit cards and personal loans (effective from August 1, 2020) will be reduced as follows:

| **Type** | **Previous Ceiling % p.a.** | **New Ceiling % p.a.** |
|---|---|---|
| 1. Credit cards | 18% | 16% |
| 2. Personal loans under supervision | | |
| • Revolving loans | 28% | 25% |
| • Installment loans | 28% | 25% |
| • Car title loans | 28% | 24% |

**2. Increase credit card, revolving loan, and installment loan limit**

For borrowers with good repayment track record and less than Baht 30,000 monthly income who need additional credit lines, their credit limit will be temporarily increased from 1.5 times to 2 times of their average monthly income until December 31, 2021 (effective from August 1, 2020).

**3. Additional minimum relief measures for retail borrowers in phase 2** (effective from July 1, 2020) Banks shall extend the scope and duration of assistance for non-NPL (as of March 1, 2020) retail customers affected by COVID-19 by offering at least the minimum relief options to impacted customers according to loan type.

| Types | Minimum measures |
|---|---|
| Credit cards | Convert to long-term loans with 48 installments or extend the term according to borrowers' ability to pay at interest rate not exceeding 12% |
| Personal loans with revolving lines such as cash cards | • Reduce the minimum payment according to borrowers' ability to pay, or<br>• Convert to long-term loans with 48 installment or extend the term according to borrowers' ability to pay at interest rate not exceeding 22% |
| Personal loans with installment and car title loans | Reduce installment amount by at least 30% with interest rate not exceeding 22% |
| Hire purchase loans | • Payment holiday (principal and interest) for 3 months, or<br>• Reduce installment amount by extending the term |
| Mortgage loans | • Payment holiday (principal and interest) for 3 months, or<br>• Payment holiday on principal for 3 months and consider reducing interest rate as appropriate, or<br>• Reduce installment amount by extending the term |

Customers can request assistance by contacting the Bank through our website, apps, call center, or text messages from July 1, 2020 to December 31, 2020. Following the BOT's announcement on January 12, 2021, the above measures have been extended to June 30, 2021.

**4. Debt restructuring**

Banks shall accelerate borrowers' debt restructuring process, taking borrowers' ability to pay as the key consideration, in order to provide financial relief for borrowers. Debt restructuring may entail extending repayment period, converting short-term to long-term loans, deferring payments, and reducing interest rates. Banks will work with severely impacted borrowers who fall into NPLs and consider delaying foreclosure or seizing collaterals.

**DR BIZ Program**

On August 21, 2020, the BOT and financial institutions launched the DR BIZ program for business customers. The objective of this program is to coordinate assistance and debt relief for customers with multiple creditors which will be done through a standardized debt solution that creditors have agreed upon to ensure quick and comprenhensive debt restructuring decisions.

To be eligible, business customers must owe between Baht 50-500 million with multiple financial institutions. Furthermore, customers must not be NPL or be NPL with any financial institutions after January 1, 2019, unless it can be proven that they were impacted by COVID-19. Customers can request to join the DR BIZ program by contacting their banks from September 1, 2020 onwards.

**Debt Consolidation**

On August 27, 2020, the BOT released new debt relief measure to help retail customers by allowing customers who have mortgages with banks to consolidate other unsecured personal loans (credit card, unsecured loans, auto loans) to utilize the same collaterals. Eligible customers must have mortgage loans (non-NPLs) and unsecured loans (both non-NPLs and NPLs) with the same bank. With this debt consolidation, interests charged on unsecured loans will be capped at the Minimum Retail Rate (MRR).

Debt consolidation requests can be made directly to customers' own banks from September 1, 2020 to December 31, 2020. The number of customers and outstanding loan amounts that participated in this initiative was not significant (less than 0.1% of total loans).

**The BOT's measures to accommodate SMEs in the relief program under the Royal Decree**

October 16, 2020, the BOT issued a policy guidance that provides measures to assist SME customers under the payment holiday per the Royal Decree whose loans are due on October 22. These new measures will allow financial institutions to provide proactive and targeted assistance to each customer as follows:

1. Customers who have earned sufficient income, or whose businesses have returned to normal, are to resume regular repayment after the measure is over.
2. Customers whose businesses have resumed but not recovered shall undergo debt restructuring according to their repayment ability. Banks are allowed to freeze loan staging during the negotiation period until the end of 2020.
3. For customers who have not been able to resume their debt repayment, banks may consider extending the deferral period on a case by case basis for up to 6 months after the end of 2020.
4. Customers who have lost communication with their banks are advised to contact their respective banks for appropriate financial assistance to prevent them from being classified as NPLs.

On December 28, 2020, the BOT changed the following soft loan eligibility criteria to increase SMEs' credit assessibility which took effect on January 1, 2021:

1. Redefine the term "Business Group," one of the lending criteria, by separating individuals from legal entities.
    a. For individuals, change from considering all closely related persons deemed the same for lending purposes to only those with close relationships such as legal spouses
    b. For legal entities, change from considering all associated companies to only subsidiaries with more than 50% ownership
2. Customers can apply for additional loans twice (from once originally), with total soft loan not exceeding 20% of total debt at the end of 2019.

Banks must submit soft loan applications for the BOT approval before April 18, 2021.

**The BOT's policy guidance on debt settlement practices**

On October 28, 2020, the BOT issued policy guidance on debt settlement practices to reduce potential NPLs and alleviate debt burden for customers. This policy guidance covers 3 areas:

1. Default interest rate must be calculated based on "the actual default principal" only.
2. Default interest rate must not exceed "contract interest rate plus at most 3%".
3. Loan repayment shall follow "the longest overdue first" basis.

**The BOT extends the relief application deadline for retail customers and entrusts financial institutions to expedite the debt restructuring process.**

On January 12, 2021, the BOT announced additional relief measures in response to the new wave of COVID-19 outbreak in Thailand which entail:

1. *Extend the deadline for retail customers to apply for assistance until June 30, 2021* (from the original deadline of December 31, 2020) which can be done by customers themselves or by their employers/business owners for added convenience.
2. *Financial institutions are to provide expedited assistance* to all customer segments which may be in one of the following forms:
    - Debt restructuring, such as reducing installment payments, extending repayment period, renewing or maintaining credit limit, changing loan type from short term to long term, principal and/or interest payments holiday, lowering interest rates, etc.
    - Additional working capital and liquidity
    - Debt moratorium for SMEs with a credit line below Baht 100 million under the royal decree on soft loans
    - Modification of other loan conditions as deemed appropriate.

## Credit Ratings

| Credit Ratings of Siam Commercial Bank PCL | December 31, 2020 |
|---|---|
| **Moody's Investors Service** | |
| Outlook | Stable |
| Bank deposits | Baa1/P-2 |
| Senior unsecured MTN | (P) Baa1 |
| Other short term | (P) P-2 |
| **S&P Global Ratings** | |
| Counterparty Credit Rating | BBB+/A-2 |
| Outlook | Negative |
| Senior Unsecured (Long Term) | BBB+ |
| Senior Unsecured (Short Term) | A-2 |
| **Fitch Ratings** | |
| **Foreign Currency** | |
| Long Term Issuer Default Rating | BBB |
| Short Term Issuer Default Rating | F3 |
| Outlook | Stable |
| Senior Unsecured | BBB |
| Viability Rating | bbb |
| **National** | |
| Long Term Rating | AA+(tha) |
| Short Term Rating | F1+(tha) |
| Outlook | Stable |
| Subordinated Debenture | AA(tha) |

## 4. SCB and Sustainability

Economic and financial turbulence, trade wars, international conflicts and disturbances, technological advancements, regulatory shifts, climate change, social unrest, epidemics, poverty and limited access to basic resources all impact a country's development and business sustainability.

SCB recognizes that these economic, social and environmental challenges present both risks and opportunities to businesses, leading the Bank to review and improve its strategies to ensure that they are consistent and responsive to an ever-changing context. Based on the principles of good governance, the Bank has therefore instituted a comprehensive risk management system, strict compliance with rules and regulations, fair practices in human resource management and respect for human rights in order to encourage responsible business conduct throughout the Bank's value chain.

In 2020, the Bank established a sustainability governance structure, with the Board of Directors and the Executive Committee clearly identifying senior executive responsibilities for ensuring that SCB's management approach aligns with changing trends, is consistent with the sustainable development concept, and is implemented on a continuous basis. SCB also adopted a Sustainability Policy, supported by a strategic framework consisting of three pillars: Sustainable Finance, Creating Social Impact and a Better Environmental Future, under the mission: "Our Presence Contributes to a Better Future for All." This will serve as a guide in reaching the Bank's sustainability and inclusive growth targets while contributing toward the United Nations Sustainable Development Goals (SDGs), another step toward the Bank becoming Thailand's "Most Admired Bank."

## 5. Awards and Achievement

(Awards received in 2020)

**Best Bank in Thailand Awards**

- Euromoney (UK) (12th year)
- The Asset (HK) (12th year)
- FinanceAsia (HK) (10th year)
- Asiamoney (HK) (6th year)
- Alpha SEA (HK) (3rd year)

**Dow Jones Sustainability Indices**

SCB was selected as a member of the Dow Jones Sustainability Indices 2020 (DJSI 2020) in the Financial category of the World Index and Emerging Markets Index group for the third consecutive year from among 253 institutions in the world.

**Thailand Corporate Excellence 2020 (Distinguished) from Thailand Management Association (TMA)**

- Human Resource Management
- Financial Management
- Innovation
- Product and Service
- Marketing

**Awards Won by Business Groups**

**Wholesale Banking Group**

**From The Asset (HK)**

- Best in Treasury and Working Capital-LLCs (2nd year)
- Best Service Provider Trade Finance (3rd year)
- Best Sell-Side Firm in Thailand
- Best Power Deal of the Year
- Best Power M&A Deal of the Year
- Best Retail Bond Thailand
- Best Local Currency Green Bond — Regional
- Best Corporate and Institutional Advisor — Thailand

**From Asiamoney (HK)**

- Best Local Bank in the Region for BRI in Southeast Asia (4th consecutive year)
- Best Cash Management Poll — Market Leader in Thailand
- Best Cash Management Poll — Market Leader in Thailand (Asian Banks)

- Best Cash Management Poll — Best Services in Thailand (Asian Banks)

**From Corporate Treasurer (HK)**

- Best Cash Management House
- Best Trade and Supply Chain House (2nd consecutive year)
- Best FX House
- Best Transaction Bank

**From Alpha SEA (HK)**

- Best Cash Management Bank in Thailand
- Best Foreign Exchange for Corporate & Financial Institutes
- Best Foreign Exchange for Structured Hedging Solutions and Proprietary Trading Ideas
- Best Local Currency Bond Deal of the Year, Thailand
- Best Bond Deal for Retail Investors in Southeast Asia
- Best IPO for Retail Investors — Thailand
- Best ESG Green Financing in Southeast Asia — Thailand
- Best ESG Green Financing in Southeast Asia — Vietnam

**From Global Finance (US)**

- Best Equity Bank in Asia-Pacific (2nd consecutive year)
- Best Investment Bank in Thailand

**From Asian Banking and Finance (SG)**

- Corporate & Investment Bank of the Year (3rd consecutive year)
- Green Deal of the Year

**Business Banking Group**

- Best SME Bank in Thailand from Alpha SEA (HK)
- Best SME Bank in Thailand from Brand Age magazine

**Retail Banking Group**

- Best Private Bank in Thailand from Global Finance (US) (4th consecutive year)
- Best for Investment Research in Thailand from Asiamoney (HK)
- Best Private Bank — Highly commended from The Asset (HK)
- Highly Commended Achievement — Outstanding Private Bank, Southeast Asia from Private Banker International (UK)
- Best for Private Banking Services Overall from Euromoney (UK)
- Best for Private Banking Net Worth: Mega High Net Worth Clients (US$250m+) from Euromoney (UK)
- Best for Private Banking Services: ESG/Impact Investing from Euromoney (UK)

- Best for Private Banking Services: Investment Management from Euromoney (UK)
- Best for Private Banking Services: Philanthropic Advice from Euromoney (UK)
- Best for Private Banking Technology: Innovative or Emerging Technology Adoption from Euromoney (UK)
- Best Domestic Retail Bank of the Year from Asian Banking & Finance (SG)
- Best Debit Card Initiative of the Year from Asian Banking & Finance (SG)
- Best Service Innovation of the Year from Asian Banking & Finance (SG)
- Best Debit Card of the Year from The Digital Banker (UK)
- Best Financial Inclusion Initiative from The Digital Banker (UK)
- Best Payments Innovation from The Digital Banker (UK)
- Best Private Bank – Thailand from The Digital Banker (UK)

**Affiliated Corporations**

- Best Asset Manager (Money Market & Balance Funds) from Alpha SEA (HK)
- Best Asset Manager (Fixed Income Funds) from Alpha SEA (HK)
- Top 50 of Global Corporate Venturing 2021 Emerging Leaders from Global Corporate Venturing