



**PILLAR III DISCLOSURE**  
**JUNE 2016**

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## Introduction

Since January 1, 2013, **the Siam Commercial Bank PCL. (SCB) and its Financial Group** have adopted Basel III, the latest global regulatory framework for assessing bank capital adequacy and liquidity, to further strengthen its risk measurement and risk management practice. The Bank's implementation of Basel III closely follows the Basel Committee on Banking Supervision (BCBS)'s guidelines as well as strictly complies with the Bank of Thailand (BOT)'s regulations. In 2016, the Bank shall maintain its minimum Common Equity Tier 1 (CET1), Tier 1 capital, and total CAR at 5.125%, 6.625%, and 9.125%, respectively, in response to the BOT's adoption of the new capital conservation buffer of up to 2.5% of CET1 which is being phased in over a 4-year period at 0.625% p.a. from the beginning of 2016.

To compute the regulatory capital required to cover its credit risk, market risk and operational risk, SCB and its Financial Group used the Standardized Approach to measure these risks. Risk measurements and indicators in the Pillar III disclosure are shown for both 'Bank-Only' and 'Consolidated' basis. Per the BOT's requirement, the Pillar III disclosure is prepared based on data as of June 30 and December 31 each year and is available to market

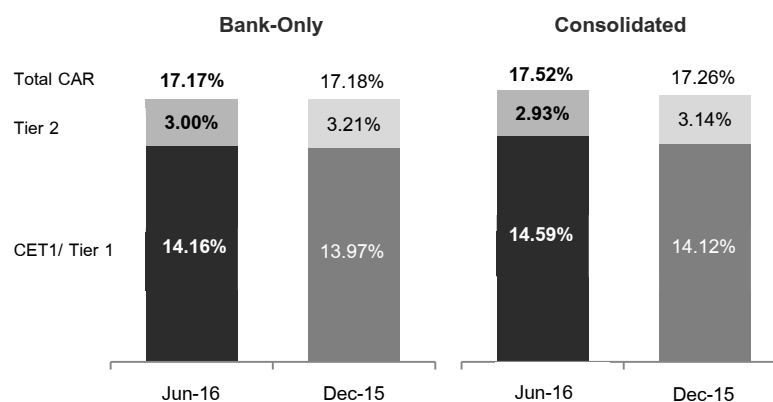
participants within four months after these dates. The released reports can be found on the Bank's website under the Investor Relations section at <http://www.scb.co.th/en/about-scb/investor-relations/financial-information/pillar>. The Bank also submits the report to the Stock Exchange of Thailand on the date of disclosure. This semi-annual disclosure, dated June 30, 2016, provides mainly quantitative information of the Bank's capital structure, its adequacy and the composition of risk-weighted assets. Furthermore, to make the sources of regulatory capital more transparent, this report shows the reconciliation of capital stated within the published financial statements, and capital under the regulatory scope of consolidation, together with the regulatory capital position during the transitional period.

Although this disclosure is not required to be audited by external auditors, the information has been internally verified and approved per the Bank's Pillar III disclosure policy. Furthermore, this disclosure contains the same information used internally by the Bank's management team which is also used for producing reports required by the BOT.

### Capital Adequacy Ratio remains well above the minimum regulatory requirement

SCB's Capital Adequacy Ratio (CAR) has been well above the minimum requirement set by the BOT for both Bank-Only and Consolidated basis. As shown in Figure 1, CET1 is the main component of CAR which reflects the Bank's strong capital base.

**Figure 1: Capital Adequacy Ratio and CET1 / Tier 1 Ratio (Standardized Approach)**



**Note:** In compliance with the BOT guidelines, the ratios as of June 30, 2016 did not include net profit after the interim dividend payment for 1H2016; otherwise, the capital would have been 15.0% and 18.0% for CET1/Tier 1 and CAR respectively on a Bank-Only basis and 15.5% and 18.5% on a Consolidated basis.

### Capital Structure and Adequacy

Under the Basel III regulations, banks' capital is classified into three tiers: (i) Common Equity Tier 1 (CET1), (ii) Additional Tier 1 and (iii) Tier 2 capital. Details of CET1 capital, Additional Tier 1 and Tier 2 capital are as follows:

**Common Equity Tier 1 Capital (CET1)** represents the highest quality component of capital that allows banks to enter into financial commitments without any restriction, which includes:

- Fully paid-up common shares
- Premium on common shares
- Appropriated retained earnings
- Legal reserves
- Other comprehensive income i.e. revaluation surplus on land and premises and mark-to-market adjustments on AFS investment

**Note:** Minimum regulatory requirement of CET1 is 5.125% of total risk-weighted assets.

**Additional Tier 1 Capital** consists of high quality capital, which includes:

- Fully paid-up non-cumulative preferred shares
- Premium on the aforementioned preferred shares
- Perpetual subordinated debt

**Note:** Minimum regulatory requirement for CET1 and Additional Tier 1 combined is 6.625% of total risk-weighted assets.

**Tier 2 Capital** consists of less-permanent capital, which includes:

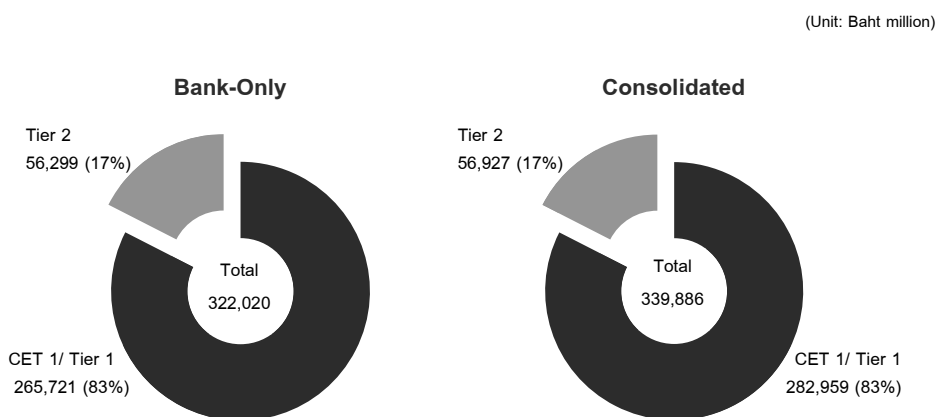
- Long-term subordinated liabilities
- General provisions (eligibility limited to 1.25% of credit risk-weighted assets)

**Note:** Minimum regulatory requirement of total capital adequacy ratio is 9.125%.

### Continued strong capital base

Common Equity Tier 1 Capital (CET1) is considered the highest quality of capital. For SCB, CET1 represents the major component, accounting for approximately 83% of total capital as of June 30, 2016. CET1 capital has grown significantly and continuously in recent years on the strength of the Bank's retained earnings. This high level of capital underscores the soundness of the Bank's capital position and ensures the Bank's ability to absorb losses in the event of an economic downturn or other adverse circumstances.

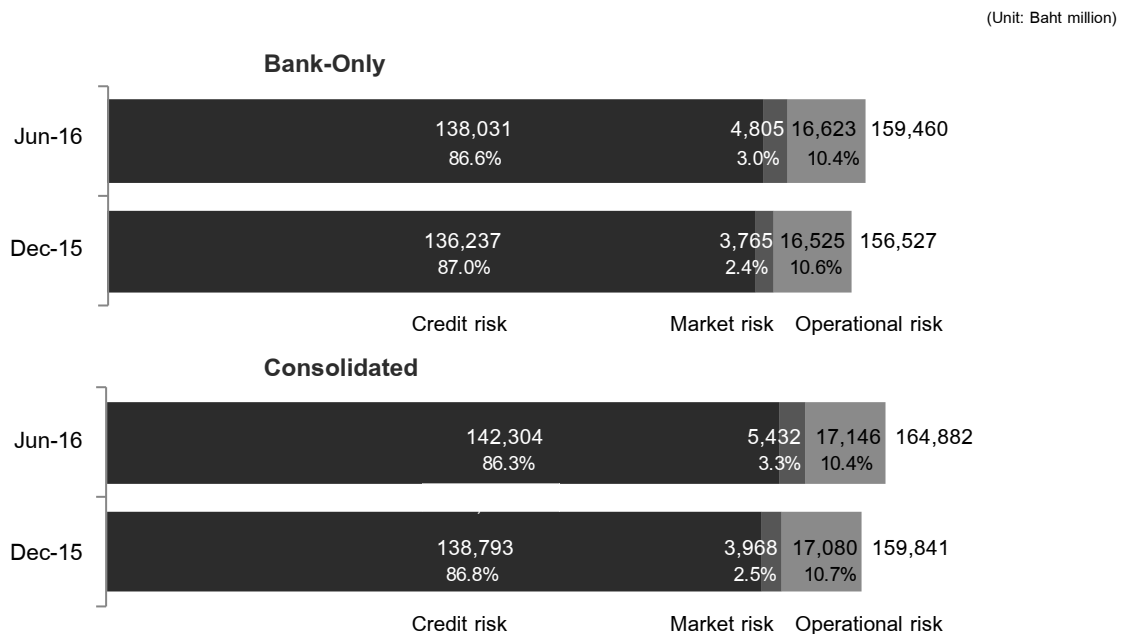
Figure 2: Component of Regulatory Capital as of June 30, 2016



**Capital requirements have increased slightly in 1H16 as a result of the economic slowdown**

At the end of June 2016, SCB's Bank-Only and Consolidated regulatory capital requirements stood at Baht 159,460 million and Baht 164,882 million respectively, which was higher than the end of 2015 by 1.9% on a Bank-Only basis and 3.2% on a Consolidated basis. The increase was mainly from higher credit risk from modest loan growth and a significant rise in market risk.

**Figure 3: Minimum Capital Requirements <sup>1/</sup> for Credit Risk, Market Risk, and Operational Risk**



<sup>1/</sup> 'Minimum Capital Requirements', here and in all table where the term is used, represents the capital charge at 8.5% of risk-weighted assets.

**Table 1: Comprehensive Regulatory Capital and Capital Adequacy**

(Unit: Baht million)

|  | Bank-Only        |                  | Consolidated     |                  |
|--|------------------|------------------|------------------|------------------|
|  | 30-Jun-16        | 31-Dec-15        | 30-Jun-16        | 31-Dec-15        |
| <b>Tier 1 Capital</b>  | <b>265,721</b>   | <b>257,204</b>   | <b>282,959</b>   | <b>265,491</b>   |
| <b>Common Equity Tier 1</b>                                      | <b>265,721</b>   | <b>257,204</b>   | <b>282,959</b>   | <b>265,491</b>   |
| Paid-up capital - common shares                                  | 33,992           | 33,992           | 33,992           | 33,992           |
| Surplus (deficit) net worth                                      | 11,124           | 11,124           | 11,124           | 11,124           |
| Legal reserve  | 7,000            | 7,000            | 7,000            | 7,000            |
| Net profit after appropriation                                   | 202,272          | 198,492          | 220,191          | 210,378          |
| Disclosed reserves   |                  |                  |                  |                  |
| Other comprehensive income                                       | 17,251           | 12,250           | 20,020           | 12,069           |
| Owner changes  | -                | -                | (2,364)          | (2,341)          |
| Deductions from CET1 on Owner's equity                           | (5,918)          | (5,654)          | (7,004)          | (6,730)          |
| <b>Additional Tier 1</b>   | <b>-</b>         | <b>-</b>         | <b>-</b>         | <b>-</b>         |
| <b>Tier 2 Capital</b>  | <b>56,299</b>    | <b>59,140</b>    | <b>56,927</b>    | <b>59,140</b>    |
| Proceeds from issuing subordinated debt securities               | 36,000           | 40,000           | 36,000           | 40,000           |
| General provision  | 20,299           | 19,140           | 20,927           | 19,140           |
| <b>Total Regulatory Capital</b>                                  | <b>322,020</b>   | <b>316,344</b>   | <b>339,886</b>   | <b>324,631</b>   |
| <b>Risk-Weighted Assets</b>                                      |                  |                  |                  |                  |
| Credit risk  | 1,623,897        | 1,602,792        | 1,674,165        | 1,632,864        |
| Market risk  | 56,531           | 44,299           | 63,907           | 46,682           |
| Operational risk   | 195,569          | 194,415          | 201,713          | 200,939          |
| <b>Total Risk-Weighted Assets</b>                                | <b>1,875,997</b> | <b>1,841,506</b> | <b>1,939,785</b> | <b>1,880,484</b> |
| Total capital/ Total risk-weighted assets                        | 17.17%           | 17.18%           | 17.52%           | 17.26%           |
| Total Tier 1 capital/ Total risk-weighted assets                 | 14.16%           | 13.97%           | 14.59%           | 14.12%           |
| Total CET1 capital/ Total risk-weighted assets                   | 14.16%           | 13.97%           | 14.59%           | 14.12%           |
| Capital after deducting capital add-on from Single Lending Limit | 320,474          | 314,196          | 338,217          | 321,596          |
| CAR after deducting capital add-on from Single Lending Limit     | 17.08%           | 17.06%           | 17.44%           | 17.10%           |
| Minimum Regulatory Capital Adequacy Ratios:                      |                  |                  |                  |                  |
| Minimum total capital/ Total risk-weighted assets                | 8.50%            | 8.50%            | 8.50%            | 8.50%            |
| Minimum total Tier 1 capital/ Total risk-weighted assets         | 6.00%            | 6.00%            | 6.00%            | 6.00%            |
| Minimum total CET1 capital/ Total risk-weighted assets           | 4.50%            | 4.50%            | 4.50%            | 4.50%            |
| Capital conservation buffer (CCB) requirements <sup>1/</sup>     | 0.625%           | -                | 0.625%           | -                |
| Total minimum CAR including CCB <sup>1/</sup>                    | 9.125%           | -                | 9.125%           | -                |

**Note:** In compliance with the BOT guidelines, the ratios at June 30, 2016 did not include net profit after the interim dividend payment for 1H2016. If included, the capital would have stood at 15.0% and 18.0% for CET1/Tier 1 and CAR respectively on a Bank-Only basis and 15.5% and 18.5% on a Consolidated basis.

<sup>1/</sup>Capital conservation buffer requires additional Common Equity Tier 1 of 0.625% per annum from January 1, 2016 onwards until reaching 2.50% in 2019.

**Table 2: Capital Requirements by Risk Types**

(Unit: Baht million)

| Risk Types   | Bank-Only      |                | Consolidated   |                |
|--|----------------|----------------|----------------|----------------|
|  | 30-Jun-16      | 31-Dec-15      | 30-Jun-16      | 31-Dec-15      |
| <b>Credit risk – Standardized Approach</b>                                       |                |                |                |                |
| Performing   |                |                |                |                |
| Governments, Central Banks, MDBs <sup>1/</sup> and PSEs <sup>2/</sup> treated as |                |                |                |                |
| Sovereign  | 314            | 48             | 546            | 351            |
| Banks and PSEs <sup>2/</sup> treated as Banks                                    | 3,366          | 4,096          | 3,445          | 4,255          |
| Corporates <sup>3/</sup> and PSEs <sup>2/</sup> treated as Corporates            | 78,929         | 75,931         | 79,192         | 76,289         |
| Retail   | 29,797         | 30,128         | 29,836         | 30,179         |
| Retail mortgage loans  | 15,325         | 15,019         | 15,325         | 15,019         |
| Other assets <sup>4/</sup>   | 8,150          | 9,004          | 11,778         | 10,634         |
| Non-performing   | 2,150          | 2,011          | 2,183          | 2,066          |
| First-to-Default credit derivatives and securitization                           | -              | -              | -              | -              |
| <b>Total minimum capital requirements for credit risk</b>                        | <b>138,031</b> | <b>136,237</b> | <b>142,304</b> | <b>138,793</b> |
| <b>Market risk – Standardized Approach</b>                                       |                |                |                |                |
| Interest rate risk   | 3,978          | 2,887          | 3,979          | 2,887          |
| Equity position risk   | -              | -              | 624            | 128            |
| Foreign exchange risk  | 827            | 879            | 829            | 953            |
| Commodity risk   | -              | -              | -              | -              |
| <b>Total minimum capital requirements for market risk</b>                        | <b>4,805</b>   | <b>3,765</b>   | <b>5,432</b>   | <b>3,968</b>   |
| <b>Operational risk – Standardized Approach</b>                                  |                |                |                |                |
| <b>Total minimum capital requirements for operational risk</b>                   | <b>16,623</b>  | <b>16,525</b>  | <b>17,146</b>  | <b>17,080</b>  |
| <b>Total minimum capital requirements<sup>5/</sup></b>                           | <b>159,460</b> | <b>156,527</b> | <b>164,882</b> | <b>159,841</b> |

<sup>1/</sup> Multilateral Development Banks

<sup>2/</sup> Public Sector Entities

<sup>3/</sup> Including claims on individuals and their related parties when aggregate limits exceed conditions of claims on retail

<sup>4/</sup> Other assets under Basel III include investment outside scope of consolidation which carries a 250% risk-weight

<sup>5/</sup> The minimum capital requirements are calculated based on the minimum regulatory capital adequacy ratio at 8.5%. If capital conservation buffer implemented in 2016 at 0.625% p.a. had been included in determining the minimum capital requirements, total capital requirements at end-June 2016 would have been Baht 171,185 million on a Bank-Only basis and Baht 177,005 million on a Consolidated basis.

**Table 3: Main Feature of Regulatory Capital Instruments**

|   | Ordinary share  | Subordinated debt 1/2012   | Subordinated debt 2/2012   |
|---|---|--|--|
| Issuer  | The Siam Commercial Bank PCL.   | The Siam Commercial Bank PCL.  | The Siam Commercial Bank PCL.  |
| Unique identifier   | ISIN Code: TH0015010000   | ISIN Code: TH0015032202  | ISIN Code: TH0015034901  |
| <b>Regulatory treatment</b>   |   |  |  |
| Instrument type   | Common Equity Tier 1  | Tier 2 capital   | Tier 2 capital   |
| Qualified or non-qualified  | Qualified   | Non-qualified  | Non-qualified  |
| Non-qualified Basel III features  | -   | No Basel III loss absorption   | No Basel III loss absorption   |
| Phased-out or full-amount   | -   | Phased-out (at 10% p.a.) <sup>2/</sup>   | Phased-out (at 10% p.a.) <sup>2/</sup>   |
| Eligible at Solo / Group / Group & Solo   | Group & Solo  | Group & Solo   | Group & Solo   |
| Amount recognized in regulatory capital<br>(Unit: Baht Million)   | 33,992 <sup>1/</sup><br>as of June 30, 2016   | 20,000 <sup>2/</sup>   | 20,000 <sup>2/</sup>   |
| Par value of instrument (Unit: Baht)  | 10  | 1,000  | 1,000  |
| Accounting classification   | Shareholder's equity  | Amortized debt   | Amortized debt   |
| Original date of issuance   | Multiple  | February 24, 2012  | September 17, 2012   |
| Perpetual or dated  | Perpetual   | Dated  | Dated  |
| Original maturity date  | No maturity   | February 24, 2022  | September 17, 2024   |
| Issuer's authority to call prior to supervisory approval  | No  | No   | No   |
| Optional call date, contingent call date and redemption amount  | N/A   | February 24, 2017 / Full redemption amount   | September 17, 2019 / Full redemption amount  |
| Subsequent call dates, if applicable  | N/A   | At any coupon payment dates 5 years after original issue                               | At any coupon payment dates 7 years after original issue                               |
| <b>Coupons / dividends</b>  |   |  |  |
| Fixed or floating dividend/coupon   | Discretionary dividend amount   | Fixed rate   | Fixed rate   |
| Coupon rate and any related index   | The ordinary shares receive distributable profit that has been declared as dividend.  | 4.5% p.a.  | 4.65% p.a.   |
| Existence of a dividend stopper   | No  | No   | No   |
| Fully discretionary, partially discretionary or mandatory   | Fully discretionary   | Mandatory  | Mandatory  |
| Existence of step up or other incentive to redeem   | No  | No   | No   |
| Noncumulative or cumulative   | Noncumulative   | Noncumulative  | Noncumulative  |
| Convertible or non-convertible  | Non-convertible   | Non-convertible  | Non-convertible  |
| Write-down feature  | No  | No   | No   |
| Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument) | The ordinary shares shall of the return of capital in a winding-up, allow the holders' rights of participation in any surplus profit or assets of the company after all senior obligations have been satisfied. | The subordinated notes rank pari passu with all subordinated debt issued by the issuer | The subordinated notes rank pari passu with all subordinated debt issued by the issuer |

<sup>1/</sup>The preferential rights of the Bank's preferred shares (Baht 41 million) expired on May 10, 2009. From that, the rights of such preferred shares are the same as holders of ordinary shares.

<sup>2/</sup>Total amount of subordinated debt 1/2012 and 2/2012 was Baht 40,000 million. As the non-Basel III compliant capital instruments have to be phased-out, the remaining value of capital instruments that are qualified to be included as Tier 2 Capital in 2016 was Baht 36,000 million.



**Table 4: Reconciliation of Capital Stated within the Financial Statements as Compared to Capital under the Regulatory Scope of Consolidation**

(Unit: Baht million)

| Capital related items as of June 2016   | Balance sheet as per the<br>published financial statements <sup>1/</sup> | Balance sheet under<br>the regulatory scope<br>of consolidation <sup>2/</sup> | References |
|---|--|---|------------|
| <b>Assets</b>   |  |   |            |
| Cash  | 35,427   | 35,419  | -          |
| Interbank and money market items, net   | 228,867  | 219,797   | -          |
| Claim on securities   | 1,019  | 1,019   | -          |
| Derivative assets   | 60,441   | 61,548  | -          |
| Investments, net  | 558,955  | 345,321   | -          |
| Investments in subsidiaries and associates, net   | 341  | 32,323  | -          |
| Investments exclude embedded goodwill and regulatory capital deduction                        | -  | 27,473  | -          |
| Embedded goodwill   | -  | 3,805   | L          |
| Investment in shares and warrants of CET1 capital of financial institutes or financial groups | -  | 1,044   | O          |
| Loans to customers and accrued interest receivables, net                                      |  |   |            |
| Loans to customers  | 1,884,714  | 1,878,397   | -          |
| Accrued interest receivables  | 4,170  | 3,676   | -          |
| Total Loans to customers and accrued interest receivables                                     | 1,888,884  | 1,882,073   | -          |
| Less Deferred revenue   | (22,995)   | (22,995)  | -          |
| Less Allowance for doubtful accounts  | (73,846)   | (73,846)  | -          |
| General provision   | -  | (20,927)  | Q          |
| Specific provision  | -  | (52,919)  | -          |
| Less Revaluation allowance for debt restructuring   | (359)  | (359)   | -          |
| Total Loans to customers and accrued interest receivables, net                                | 1,791,683  | 1,784,872   | -          |
| Customers' liabilities under acceptances  | 53   | 53  | -          |
| Properties for sale, net  | 10,688   | 10,688  | -          |
| Premises and equipment, net   | 39,263   | 39,156  | -          |
| Goodwill and other intangible assets, net   | 11,979   | 2,744   | -          |
| Goodwill  | 10,135   | 1,270   | M          |
| Intangible assets   | 1,843  | 1,474   | -          |
| Phase-in at 20% p.a. during a transitional period of 2014 – 2018                              | -  | 884   | N          |
| Remaining portion   | -  | 589   | -          |
| Deferred tax assets   | 54   | 54  | -          |
| Other assets, net   | 34,844   | 32,009  | -          |
| <b>Total assets</b>   | <b>2,773,616</b>   | <b>2,565,005</b>  | <b>-</b>   |
| <b>Liabilities</b>  |  |   |            |
| Deposits  | 1,871,082  | 1,871,206   | -          |
| Interbank and money market items  | 131,833  | 133,468   | -          |
| Liabilities payable on demand   | 10,644   | 10,644  | -          |
| Liabilities to deliver securities   | 1,058  | 1,058   | -          |
| Financial liabilities designated at fair value  | -  | -   | -          |
| Derivative liabilities  | 62,797   | 62,727  | -          |
| Debt issued and borrowings  | 119,366  | 120,094   | -          |
| Debt instruments that are qualified as capital  | -  | 36,000  | P          |
| Debt instruments that are non-qualified as capital  | -  | 84,094  | -          |
| Bank's liabilities under acceptances  | 53   | 53  | -          |
| Provisions  | 7,317  | 7,210   | -          |
| Deferred tax liabilities  | 2,743  | 1,854   | -          |
| Other liabilities   | 246,286  | 40,701  | -          |
| <b>Total liabilities</b>  | <b>2,453,181</b>   | <b>2,249,017</b>  | <b>-</b>   |

Table 4 (continued)

(Unit: Baht million)

| Capital related items as of June 2016                            | Balance sheet as per the published financial statements <sup>1/</sup> | Balance sheet under the regulatory scope of consolidation <sup>2/</sup> | References      |
|--|---|---|-----------------|
| <b>Owner's Equity</b>  |   |   |                 |
| Share capital  |   |   |                 |
| Issued and paid-up share capital                                 |   |   |                 |
| Preferred shares   | 41  | 41  | A               |
| Common shares  | 33,951  | 33,951  | B               |
| Premium on share capital   |   |   |                 |
| Premium on preferred shares                                      | 16  | 16  | C               |
| Premium on common shares   | 11,108  | 11,108  | D               |
| Disclosed reserves   |   |   |                 |
| Surplus on revaluation of land and premises                      |   |   |                 |
| Qualified as capital   | -   | 15,063  | G <sup>3/</sup> |
| Non-qualified as capital   | -   | 1,680   | -               |
| Surplus (deficit) on remeasuring available-for-sale investments  |   |   |                 |
| Qualified as capital   | -   | 5,067   | H <sup>3/</sup> |
| Non-qualified as capital   | -   | 1,482   | -               |
| Others   |   |   |                 |
| Foreign currency translation differences                         |   |   |                 |
| Phase-in at 20% p.a. during a transitional period of 2014 – 2018 | (164)   | (164)   | -               |
| Remaining portion  | -   | (98)  | I               |
| Share of other comprehensive income of associates                | (2,364)   | (2,364)   | K               |
| Surplus (deficit) from valued cash flow hedge reserve            | (12)  | (12)  | J               |
| Retained earning   |   |   |                 |
| Appropriated retained earning                                    |   |   |                 |
| Legal reserve  | 7,000   | 7,000   | E               |
| Unappropriated retained earning                                  |   |   |                 |
| Net profit after appropriation to capital                        | -   | 220,191   | F <sup>4/</sup> |
| Net profit unappropriated to capital                             | -   | 22,930  | -               |
| Total shareholders' equity                                       | 320,210   | 315,988   | -               |
| Non-controlling interest   | 225   | -   | -               |
| <b>Total owner's equity</b>                                      | <b>320,435</b>  | <b>315,988</b>  | -               |
| <b>Total liabilities and owner's equity</b>                      | <b>2,773,616</b>  | <b>2,565,005</b>  | -               |

<sup>1/</sup> Balance sheet as per the published financial statements means audited financial statements on a consolidated basis reported to SET

<sup>2/</sup> Balance sheet under the regulatory scope of consolidation means financial statement on a consolidated basis under the BOT's regulation which does not include subsidiaries operating in the insurance business or other financial industry entities whose shares are held by the Bank in a ratio of between 10% - 50% of issued and paid-up shares.

<sup>3/</sup> Surplus on assets revaluation can be counted as capital subject to prior BOT approval.

<sup>4/</sup> Net profit after appropriation from resolution of the shareholder's meeting

Table 4 (continued)

| (Unit: Baht million)  |   |  |
|---|---|--|
| Items   | Component of regulatory capital reported by financial group | References based on balance sheet under the consolidated supervision |
| <b>Tier 1 capital</b>   |   |  |
| <b>CET1 capital</b>   |   |  |
| Paid-up common shares after deducting treasury shares   | 33,992  | A + B  |
| Surplus (deficit) net worth   | 11,124  | C + D  |
| Legal reserve   | 7,000   | E  |
| Reserves from retained earnings   | -   | -  |
| Net profit after appropriation  | 220,191   | F  |
| Disclosed reserves  |   |  |
| Revaluation surplus on land and building appraisal  | 15,063  | G  |
| Revaluation surplus (deficit) of equity and debt securities for sales                               | 5,067   | H  |
| Gain (loss) from converting foreign currency operation of foreign operation to the Bank             | (98)  | I  |
| Gain (loss) from fair valued cash flow hedge reserve  | (12)  | J  |
| Other owner changes items   | (2,364)   | K  |
| Total CET1 capital before regulatory adjustments and deduction                                      | 289,963   | -  |
| Regulatory adjustments on CET1  | -   | -  |
| <b>Regulatory deduction on CET1</b>   |   |  |
| Goodwill  | 5,075   | L + M  |
| Intangible assets   | 884   | N  |
| Deferred tax assets   | -   | -  |
| Investment in shares and warrants of CET1 capital of other financial institutes or financial groups | 1,044   | O  |
| Total regulatory deduction to CET1  | 7,004   | -  |
| <b>Total CET1 capital</b>   | <b>282,959</b>  | <b>-</b>   |
| <b>Additional Tier 1 capital</b>  |   |  |
| Total Additional Tier 1   | -   | -  |
| <b>Total Tier 1 capital</b>   | <b>282,959</b>  | <b>-</b>   |
| <b>Tier 2 capital</b>   |   |  |
| Proceeds from issuing subordinated debt securities  | 36,000  | P  |
| General provision   | 20,927  | Q  |
| Total Tier 2 capital before regulatory adjustments and deduction                                    | 56,927  | -  |
| Regulatory deduction on Tier 2 capital  | -   | -  |
| <b>Total Tier 2 capital</b>   | <b>56,927</b>   | <b>-</b>   |
| <b>Total regulatory capital</b>   | <b>339,886</b>  | <b>-</b>   |

**Table 5: Capital Position during the Transitional Period**

(Unit: Baht million)

| Capital amount as for June 2016   | Bank-Only      | Consolidated   | Net value of items within<br>the transitional phase<br>subject to Basel III |
|---|----------------|----------------|---|
| <b>Tier 1 capital</b>   |                |                |   |
| <b>CET1 capital</b>   |                |                |   |
| Total CET1 capital before regulatory adjustments and deduction              | 271,639        | 289,963        | 1,417 <sup>1/</sup>   |
| Total regulatory adjustments to CET1  | -              | -              |   |
| Total regulatory deduction to CET1  | (5,918)        | (7,004)        | (589) <sup>2/</sup>   |
| <b>Total CET1</b>   | <b>265,721</b> | <b>282,959</b> |   |
| <b>Additional Tier 1 capital</b>  |                |                |   |
| Total Additional Tier 1 capital before regulatory adjustments and deduction | -              | -              |   |
| Total regulatory deduction to Additional Tier 1                             | -              | -              |   |
| <b>Total Additional Tier 1</b>  | <b>-</b>       | <b>-</b>       |   |
| <b>Total Tier 1 capital</b>   | <b>265,721</b> | <b>282,959</b> |   |
| <b>Tier 2 capital</b>   |                |                |   |
| Total Tier 2 capital before regulatory adjustments and deduction            | 56,299         | 56,927         | (36,000) <sup>3/</sup>  |
| Total regulatory deduction to Tier 2  | -              | -              |   |
| <b>Total Tier 2 capital</b>   | <b>56,299</b>  | <b>56,927</b>  |   |
| <b>Total regulatory capital</b>   | <b>322,020</b> | <b>339,886</b> |   |

<sup>1/</sup> Revaluation surplus of debt securities that are available for sale and foreign currency translation differences, phased-in at 20% p.a. during the transitional period of 2014 - 2018

<sup>2/</sup> Intangible assets e.g. software licenses, phase-in at 20% p.a. during the transitional period of 2014 – 2018

<sup>3/</sup> Non-Basel III compliant capital instruments will be phased-out at 10% p.a. starting from January 1, 2013