

Annual Report 2021

Form 56-1 One Report

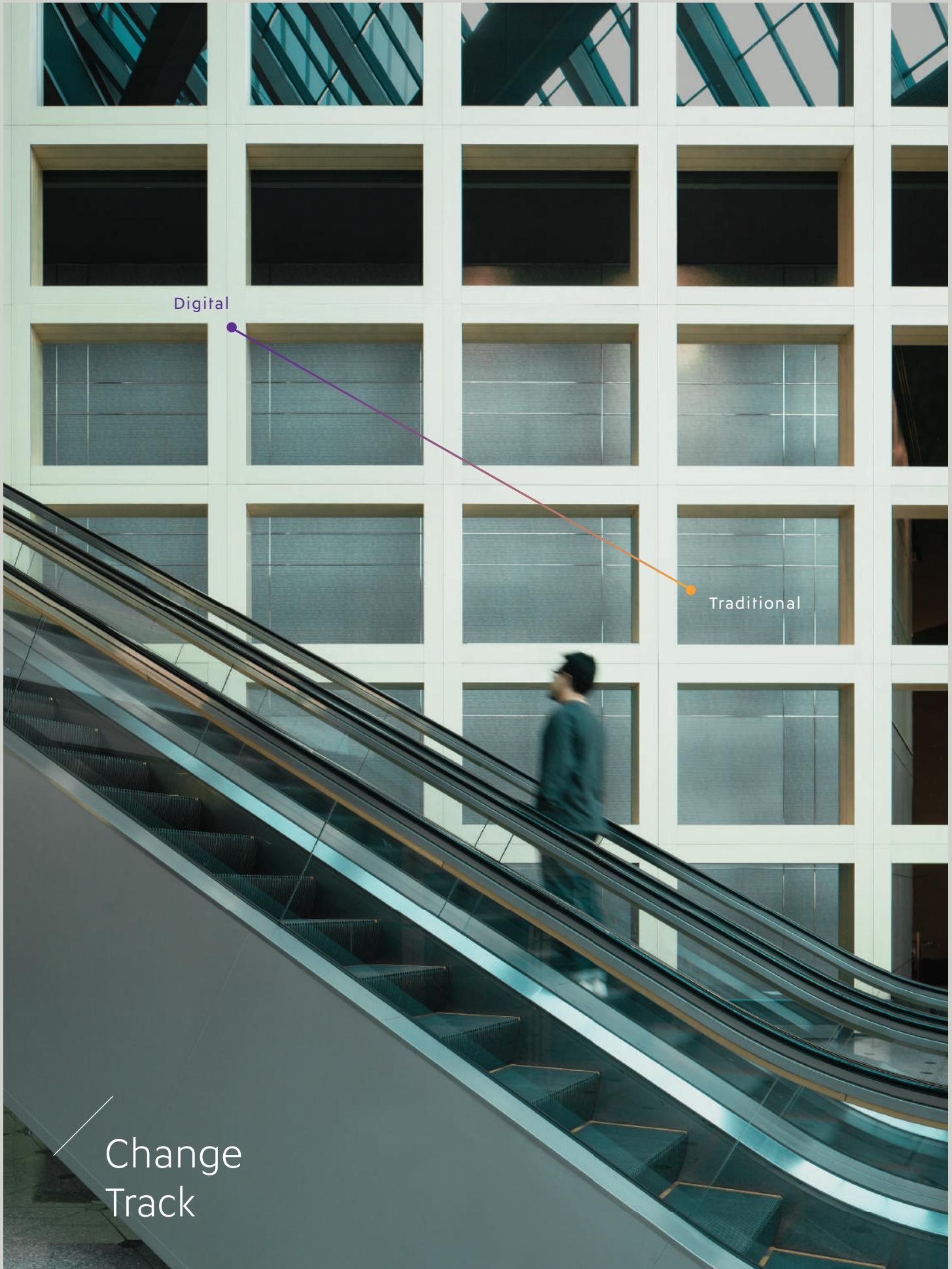
New Mothership to Unlock Value





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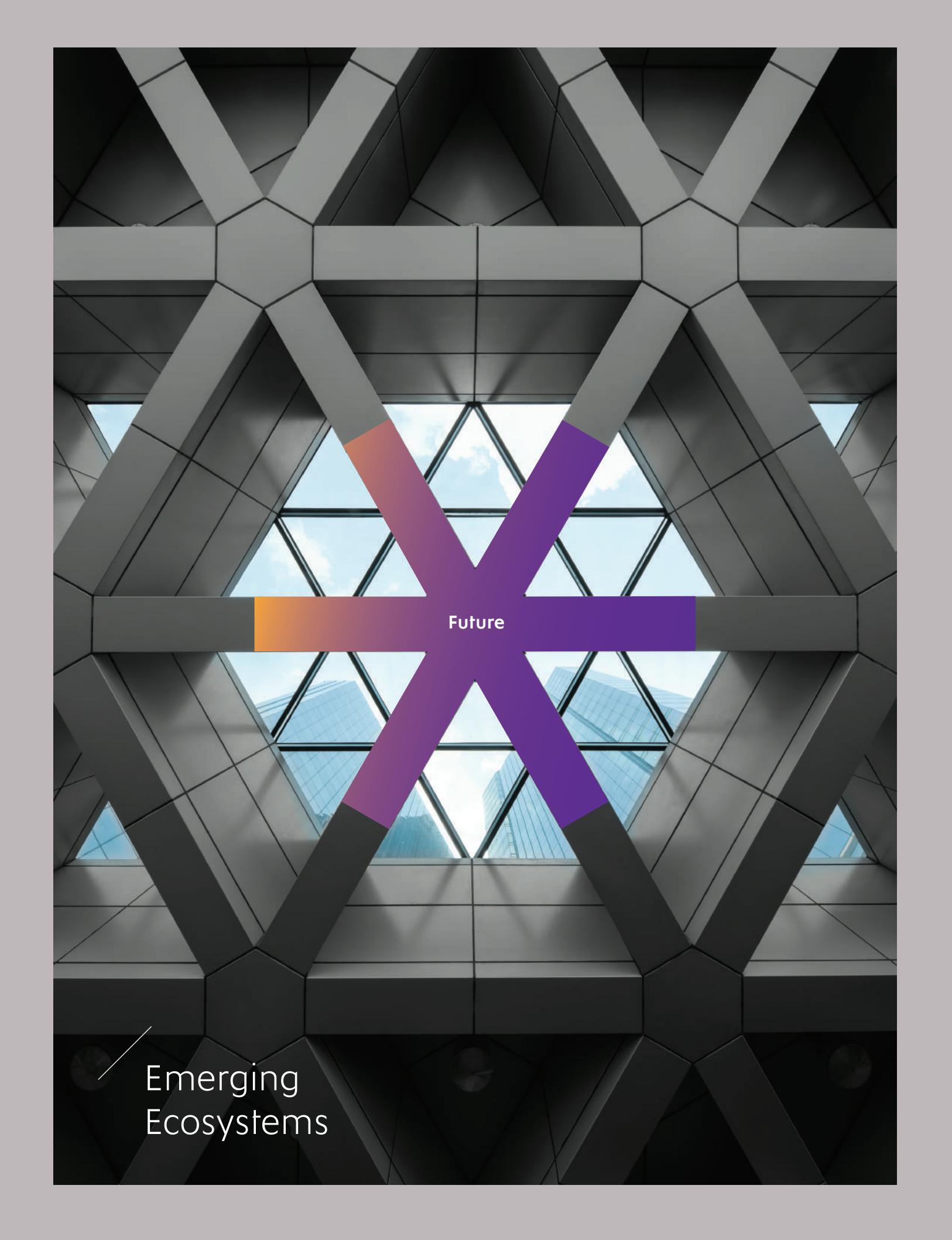


Creating new value, reaching for boundless opportunities

Transforming into a strong fintech business group.

Providing customer-centric services and
the best customer experience.

With our rock-solid foundation in banking, SCB is transforming into a strong fintech business group by collaborating with well-established local and regional partners and developing new businesses. We will pave the way to a better banking future by offering quality products and services that meet diverse customer needs.



Future

Emerging
Ecosystems

Unleashing our potential

Continuous development of service capabilities.

Achieving mutual goals for a better future.

We're uplifting our financial technology and innovation management capabilities across the board.

To boost productivity across all business functions, we're emphasizing continuous development of our people. To respond dynamically as customer needs evolve in the digital era, we're becoming an international fintech group that will help lead our industry forward.



Sustainability
Ratio

Fostering sustainability for a better society

Driving our organization with social, economic and environmental responsibility to move boldly ahead.

SCB conducts our business by considering environmental, social and governance, steered by three strategic pillars of sustainability: Sustainable Finance, Creating Social Impact, and Better Environmental Future. This enables SCB to hold a regional sustainability presence while helping the society in order to achieve our sustainability mission: "Our Presence Contributes to the Better Future For All".



new
context

Raise
the Level

**In a landscape of
exciting new opportunities,
SCB marks its 116th year**

by announcing its vision to transform into
a regional fintech business group.

As our customer needs evolve and business context transforms, we embrace a better future by delivering new, world-class services and competing across borders. SCB will create value for customers, society and the environment, serving as a key force to sustainably drive the nation's economy as a whole.

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2021 Highlights



**Under the SCB^x restructuring plan,
SCB will re-direct its business focus
“to Be a Better Bank”
that generates reasonable
and sustainable returns.**



Dr. Vichit Suraphongchai

Chairman of the Board of Directors

Mr. Arthid Nanthawithaya

Chief Executive Officer and
Chairman of the Executive Committee

Message from the Board of Directors

Dear Shareholders,

The COVID-19 pandemic remained a key volatility factor for the global and Thai economies throughout 2021. Nonetheless, many countries including Thailand are learning to live with COVID-19. In Thailand, government measures, such as on-target vaccination rollout, reopening to tourism with strict disease control measures, gradual lifting of public health restrictions, and government stimulus packages, have brought about a sense of gradual return to normalcy, a recovery in domestic consumption, and an increase in foreign tourist arrivals. These positive developments coupled with robust export growth have contributed to Thailand's economic recovery with GDP growing at 1.6% in 2021 after a deep slump of 6.1% in 2020.

Throughout this economic crisis, Siam Commercial Bank (SCB) has been constantly providing relief programs to alleviate financial hardships of affected customers and proactively helping customers to arrive at sustainable solutions by prioritizing the comprehensive debt restructuring program under the Bank of Thailand's framework to ensure their long-term survival, which means keeping business afloat for corporate customers and restoring financial health for retail customers. In 2021, more than half of customers in the short-term relief program successfully migrated to the comprehensive debt restructuring program. In addition, SCB has been promoting digital adoption through platforms such as SCB EASY app and Robinhood, a food delivery app, which has enabled the Bank to grow its digital customer base to over 20 million users. At the same time, SCB placed a high priority on maintaining financial strength and setting strategies to create sustainable value in this ever-changing, technology-driven business environment which has radically disrupted the banking business model and structure.

To implement the strategy for enhancing the competitiveness and long-term value of SCB Group, shareholders approved a proposed restructuring plan at the Extraordinary General Meeting of Shareholders No. 1/2021 on November 15, 2021. A new entity, SCB X Public Company Limited (SCBX), will be established as the parent company of SCB X Financial Group with a vision to be "the Most Admired Financial Technology Group in ASEAN." Under this new structure, SCBX will act as a mothership overseeing subsidiaries in finance, financial technology and digital platform businesses alongside the banking business which will remain the group's core business. This restructuring will make the organization nimbler and better at realizing growth opportunities with an ability to tailor governance and management to business-specific risk appetite and return expectation.

2021 Performance

In 2021, consolidated net profit of SCB and its subsidiaries totaled Baht 35,599 million, an increase of 30.8% yoy driven by higher operating profit and lower provisions. Pre-provision operating profit increased 7.9% yoy to Baht 86,795 million on the back of robust non-interest income growth and effective cost management.

Net interest income fell 1.8% yoy to Baht 95,171 million largely due to net interest margin compression in a currently low interest rate environment and the Bank's focus on high quality loans. Non-interest income increased 15.3% yoy to Baht 55,171 million primarily from mark-to-market gains on investments held by the Bank and its subsidiaries as well as a strong growth momentum in wealth management and bancassurance businesses.

Operating expenses declined 1.2% yoy to Baht 63,547 million owing to effective cost control, which improved the cost-to-income ratio to 42.3% in 2021.

Total expected credit loss stood at Baht 42,024 million in 2021, which was 9.9% lower from 2020, when additional buffer was set aside in response to the COVID-19 pandemic.

The non-performing loan (NPL) ratio rose to 3.79% at the end of 2021, from 3.68% in 2020, largely as a result of qualitative loan downgrades of customers severely affected by the pandemic. Nonetheless, the NPL coverage and capital adequacy ratio remained strong at 139.4% and 18.7%, respectively.

Corporate Governance and Sustainability

In 2021, SCB became one of the top 3 global sustainability leaders in the banking sector of Dow Jones Sustainability Indices (DJSI) and was selected as a member of DJSI for both the World Index and the Emerging Markets Index in the banking sector for the fourth consecutive year. Furthermore, SCB has consistently achieved the highest rating of "Excellent" in the annual corporate governance assessment by the Thai Institute of Directors Association (IOD) since 2005. This recognition from leading institutions is a testament to SCB's commitment to corporate governance and sustainability development.

SCB's key corporate governance and sustainability efforts in 2021 are summarized below.

- The Board worked closely with management on formulating SCB Group's strategy for sustainable growth and value creation by restructuring SCB Group under the "Reimagined

SCB" game plan to become "the Most Admired Financial Technology Group in ASEAN," a major change that requires careful consideration and planning.

- The Board convened meetings with all board sub-committee chairs to facilitate close collaboration amid this challenging business environment and arranged for performance assessments of the Board, the Board chairman, individual directors, and board sub-committees. The Board used feedback from these meetings and assessments to further improve its governance performance.
- The Board approved the Sustainability Governance Framework and the Sustainability Policy of SCB and SCB Financial Group which consist of three key pillars: (1) Sustainable finance, (2) Creating social impact, and (3) Better environmental future. The framework and policy will help steer business and employee practices toward "the Most Admired Bank" vision by prioritizing inclusive growth and fulfilling the UN Sustainable Development Goals (SDGs).
- During the COVID-19 pandemic, the Board attended to the needs of all stakeholders by closely monitoring customer relief efforts, promoting employee well-being, and supporting social and environmental initiatives. In 2021, SCB took part in the nation's vaccination drive to create herd immunity by offering space within SCB Head Office as a vaccination site under the Bangkok-based mass vaccination initiative called "Thai Ruam Jai, Krungthep Plodpai" (or United Thais Keep Bangkok Safe) as many as 201,300 people got vaccinated at SCB Head Office.

- The Board ensured that shareholders were able to exercise all the rights afforded to them by law and Corporate Governance Code, including the rights to participate in shareholder meetings. In 2021, SCB held two shareholder meetings; the first was the on-site 2021 Annual General Meeting of Shareholders, which was organized with strict observance of public health measures and safety guidelines, while the second (the Extraordinary General Meeting of Shareholders No. 1/2021) was held virtually to prevent the spread of COVID-19 and reduce large gatherings.
- The Board takes compliance with the Anti-Corruption and Bribery Policy seriously. SCB has taken a firm and explicit stance against corruption and has zero tolerance for corruption and bribery. In 2021, SCB was awarded a membership certificate by the Collective Action Coalition against Corruption (CAC) following the second renewal of its three-year CAC membership in 2020.

2022 Strategy

Under the SCB^X restructuring plan, SCB will continue to be the group's core revenue engine. However, in this business environment where the banking industry faces slower growth, intense competition and accelerating adoption of digital channels among customers, SCB will re-direct its business focus "to Be a Better Bank" that generates reasonable and sustainable returns. SCB will pivot from

a universal banking model to specializing in chosen business areas with a digital technology and digital banking focus.

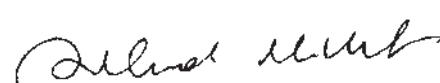
SCB expects 2022 to be a year of steady economic recovery albeit slow and uneven growth with lingering risk and volatility in commodity prices, inflation and Thai Baht currency. With the economy in a fragile state, SCB will err on the side of caution and continue to focus on asset quality in parallel with helping as many customers as possible with comprehensive debt restructuring measures to get through this crisis. At the same time, SCB will manage cost effectively, leverage technology to upgrade service offerings, and increase digital service capabilities with continual digital banking development. SCB aims to drive business growth by expanding wealth management and bancassurance businesses, building ecosystems on platforms to grow the customer base, as well as leveraging data and technology to be better and faster at meeting customer needs. As for asset growth, SCB will focus on quality rather than quantity by carefully weighing risk and return tradeoffs.

In closing, we would like to thank our shareholders, customers and all stakeholders for their continued support as well as our executives and employees for their dedication and contribution to SCB's success. SCB remains committed to our aspiration of becoming "the Most Admired Bank" and to making SCB X Financial Group "the Most Admired Financial Technology Group in ASEAN."



Dr. Vichit Suraphongchai

Chairman of the Board of Directors



Mr. Arthid Nanthawithaya

Chief Executive Officer and
Chairman of the Executive Committee

Board of Directors



Dr. Vichit Suraphongchai

Chairman of the Board and
Chairman of the Corporate Social
Responsibility Committee



ACM. Satitpong Sukvimol

Director and Member of the Corporate
Social Responsibility Committee



Mr. Prasan Chuaphanich

Independent Director and Chairman
of the Audit Committee



Mr. Kan Trakulhoon

Independent Director, Chairman of the Nomination,
Compensation and Corporate Governance Committee,
and Member of the Executive Committee



Mr. Krirk Vanikkul

Independent Director and Chairman
of the Risk Oversight Committee



Dr. Thaweesak Koanantakool

Independent Director, Chairman of the Technology Committee, and Member of the Nomination, Compensation and Corporate Governance Committee



Pol. Col. Thumnithi Wanichthanom

Director and Member of the Corporate Social Responsibility Committee



Dr. Pasu Decharin

Independent Director, Member of the Audit Committee, and Member of the Risk Oversight Committee



Mr. Weerawong Chittmittrapap

Independent Director and Member of the Nomination, Compensation and Corporate Governance Committee



Mr. Chaovalit Ekabut

Independent Director and Member of the
Audit Committee



Dr. Lackana Leelayouthayotin

Independent Director and Member
of the Executive Committee



Dr. Pailin Chuchottaworn

Independent Director, Member of the
Executive Committee, and Member of
the Technology Committee



Miss Jareeporn Jarukornsakul

Director, Member of the Technology
Committee, and Member of the Corporate
Social Responsibility Committee



Mr. Chakkrit Parapuntakul

Director, Member of the Executive Committee,
and Member of the Nomination, Compensation
and Corporate Governance Committee



Miss Chunhachit Sungmai

Director and Member of
the Risk Oversight Committee



Mrs. Pantip Sripimol

Director and Member of the
Risk Oversight Committee



Mr. Arthid Nanthawithaya

Director, Chief Executive Officer,
Chairman of the Executive Committee,
Member of the Risk Oversight Committee,
and Member of the Technology Committee.

President



Mrs. Apiphan Charoenanusorn

President



Mr. Sarut Ruttanaporn

President



Dr. Arak Sutivong

President

Senior Executive Vice President



Mr. Narong Srichukrin

Senior Executive Vice President,
Chief Wealth Banking Officer



Dr. Yunyong Thaicharoen

Senior Executive Vice President,
Chief Wholesale Banking Officer



Miss Poramasiri Manolamai

Senior Executive Vice President,
Chief Insurance Business Officer



Miss Auraratana Jutimitta

Senior Executive Vice President,
Chief Retail and Business Banking Officer



Mr. Vitoon Pornsakulvanich

Senior Executive Vice President,
Chief Integrated Channels Officer



Mrs. Pikun Srimahunt

Senior Executive Vice President,
Chief SME Banking Officer



Mrs. Wallaya Kaewrungruang

Senior Executive Vice President,
Chief Legal and Control Officer



Mr. Manop Sangiambut

Senior Executive Vice President,
Chief Financial Officer



Mr. Sathian Leowarin

Senior Executive Vice President,
Chief Strategy Officer



Mr. Krieng Wongnongtaey

Senior Executive Vice President,
Chief Risk Officer



Mrs. Voranuch Dejakaisaya

Senior Executive Vice President,
Chief Information and Operations Officer



Dr. Chalee Asavathiratham

Senior Executive Vice President,
Chief Digital Banking Officer



Mrs. Patraporn Sirodom

Senior Executive Vice President,
Chief People Officer



M.L. Chiradej Chakrabandhu

Senior Executive Vice President,
Chief Credit Officer

First Executive Vice President

(As of February 1, 2022)

Miss	Araya	Phuphanich	Miss	Nipaporn	Kullertprasert
Mr.	Dharittee	Kritsernvong	Miss	Parichart	Changprai
Miss	Jamaree	Ketrakool	Mr.	Patiphan	Lerdprasertsiri
Mr.	Kamalkant	Agarwal	Mr.	Patrick	Poulier
Mr.	Kiradit	Arromdee	Miss	Phannee	Prachantrikal
Miss	Lalitphat	Toranavikrai	Mr.	Pichan	Angsuvajrakon
Mrs.	Nataya	Sukhum	Miss	Pimjai	Tongmee
Mr.	Nipat	Wattanatittan	Miss	Piyaahpa	Charoenvej
Mr.	Parnu	Chotiprasidhi	Mr.	Pongsak	Poovantana
Miss	Pitiporn	Phanaphat	Mr.	Pornsit	Kridsadapradit
Mr.	Sirote	Vichayabhai	Mr.	Rungsan	Ongsaranakom
Miss	Soramon	Inkatanuvatana	Mr.	Rungsi	Vongkitbuncha
Mr.	Srihanath	Lamsam	Miss	Ruttaya	Tongrut
Mr.	Sutirapan	Sakkawatra	Mrs.	Sakara	Asvaraksh
Mr.	Tanik	Tarawisid	Mr.	Sakda	Dumnakkaew
Miss	Teerin	Ratanapinyowong	Mr.	Sakkawat	Itthisawad
Mr.	Tse Tiong	Lee	Miss	Salisa	Hanpanich
Miss	Wannarat	Phanjan	Mr.	Seksan	Pornpairin
Mr.	Worawat	Suvagondha	Mr.	Seksom	Intralawan
			Mr.	Siri	Ruttanawetwong
			Mrs.	Siribunchong	Uthayophas
			Mr.	Sittiporn	Thanyarattana
			Mr.	Somnuek	Siriwan

Executive Vice President

(As of February 1, 2022)

Miss	Anchalee	Suriyanta	Mr.	Somsakul	Vinichbutr
Mr.	Anthony Martin	Bargar	Miss	Soontharee	Rajitprueksa
Mrs.	Apiradee	Synsukpermpoon	Mr.	Sornchai	Suneta
Mr.	Arnon	Tonmukayakul	Mr.	Tapakorn	Siritanawutichai
Mr.	Arpat	Vijitakula	Mr.	Thanawatn	Kittisuwan
Mr.	Artapong	Porndhiti	Mr.	Theeradate	Sritarachiyanon
Mr.	Chalitti	Nuangchamnong	Miss	Vachiraporn	Ngaothammasarn
Mr.	Chirawat	Chamrasromran	Miss	Veena	Lertnimitr
Miss	Chunpen	Vitchichunthakhron	Miss	Vipasiri	Chantanumat
Mr.	Ekkapol	Apinun	Mrs.	Virasana	Boonyasai
Miss	Jinda	Chobpattana	Miss	Wijitar	Pumichartpong
Mr.	Kanin	Rangkla	Mr.	Wittawat	Autsawanapakas
Miss	Kanokwan	Jaisri	Mr.	Wongsakorn	Chaiwanon
Miss	Kluaymai	Devahastin			
Miss	Nartruedi	Punyaratabandhu			
Mr.	Natawat	Saigosoom			
Mrs.	Natthakan	Kanpachai			

5-YEAR: KEY FINANCIAL STATISTICS

Financial Status (Consolidated)

As of December 31,

Unit: Billion Baht

	2021 (TFRS 9)	2020 (TFRS 9)	2019	2018	2017
Total assets	3,314.6	3,278.4	2,963.7	3,187.3	3,024.0
Loans*	2,301.8	2,255.2	2,113.8	2,140.6	2,034.7
Loans and accrued interest receivables, net	2,165.5	2,130.3	2,002.5	2,040.6	1,948.1
Total liabilities	2,871.9	2,866.6	2,562.9	2,806.4	2,660.3
Deposits	2,467.5	2,420.5	2,159.4	2,159.6	2,092.5
Total shareholders' equity	442.6	411.8	400.8	381.0	363.8

* After deducting deferred revenue

Financial Results (Consolidated)

For the year ended December 31,

Unit: Billion Baht

	2021 (TFRS 9)	2020 (TFRS 9)	2019	2018	2017
Interest income	112.2	118.4	135.0	129.1	125.1
Less interest expenses	17.0	21.5	35.6	32.8	32.8
Net interest income	95.2	96.9	99.4	96.4	92.3
Non-interest income	55.2	47.9	66.7	41.9	43.9
Total income	150.3	144.8	166.1	138.2	136.2
Less operating expenses	63.5	64.3	70.5	64.6	57.7
Pre-provision operating profit	86.8	80.4	95.6	73.6	78.6
Less expected credit loss/impairment loss of loans and debt securities	42.0	46.6	36.2	24.0	25.1
Less income tax and non-controlling interests	9.2	6.6	18.9	9.5	10.3
Net profit (attributable to shareholders of the Bank)	35.6	27.2	40.4	40.1	43.2

Key Financial Ratios (Consolidated)

Unit: Percent

	2021 (TFRS 9)	2020 (TFRS 9)	2019	2018	2017
Profitability ratio					
Return on assets (ROA)	1.1	0.9	1.3	1.3	1.5
Return on equity (ROE)	8.4	6.7	10.4	10.8	12.4
Net interest margin (NIM)	3.0	3.2	3.3	3.2	3.2
Non-interest income to total income	36.7	33.1	40.2	30.3	32.2
Efficiency ratio					
Cost to income ratio	42.3	44.4	42.5	46.8	42.3
Cost to assets	1.9	2.1	2.3	2.1	1.9
Financial ratio					
Equity to assets	13.3	12.5	13.5	11.9	12.0
Loans to deposits	93.3	93.2	97.9	99.1	97.2
Capital adequacy ratio ^{1/}					
Total capital to risk assets	18.7	18.2	18.1	17.1	17.7
Tier 1 capital to risk assets	17.6	17.1	17.0	15.1	15.6
Tier 2 capital to risk assets	1.1	1.1	1.1	2.0	2.1
Asset quality ratio					
Non-performing loans to total loans	3.79	3.68	3.41	2.85	2.83
Total allowance to non-performing loans (Coverage ratio)	139.4	140.8	134.1	146.7	137.3
Allowance for expected credit loss/doubtful accounts on loans to total loans	6.6	6.2	5.4	4.8	4.4

Share Information ^{2/}

	2021	2020	2019	2018	2017
Earnings per share (Baht)	10.47	8.01	11.90	11.79	12.69
Book value per share (Baht)	129.74	121.04	117.78	111.80	106.93
Dividend per share ^{3/} (Baht)	4.06	2.30	6.25	5.50	5.50
Market capitalization (Billion Baht)	432	297	415	454	510
Number of shares (Million)	3,399	3,399	3,399	3,399	3,399

^{1/} Figures are disclosed under Basel III framework.^{2/} The Bank's share includes ordinary shares and preferred shares.^{3/} Dividend per share in 2021 as proposed to the Annual General Meeting of Shareholders in April 2022. (Interim dividend Baht 1.43 per share)

Business Operations and Performance

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Structure and Business Operations

Vision

To be "The Most Admired Bank." In other words, the Bank aspires to be recognized by each of its constituents as follows:

 **Customers:**

The Most PREFERRED Partner

 **Employees:**

The Most CARING Employer

 **Shareholders:**

The Most SUSTAINABLE RETURN Company

 **Society and Environment:**

The Most RESPONSIBLE Corporate Citizen

 **Regulators:**

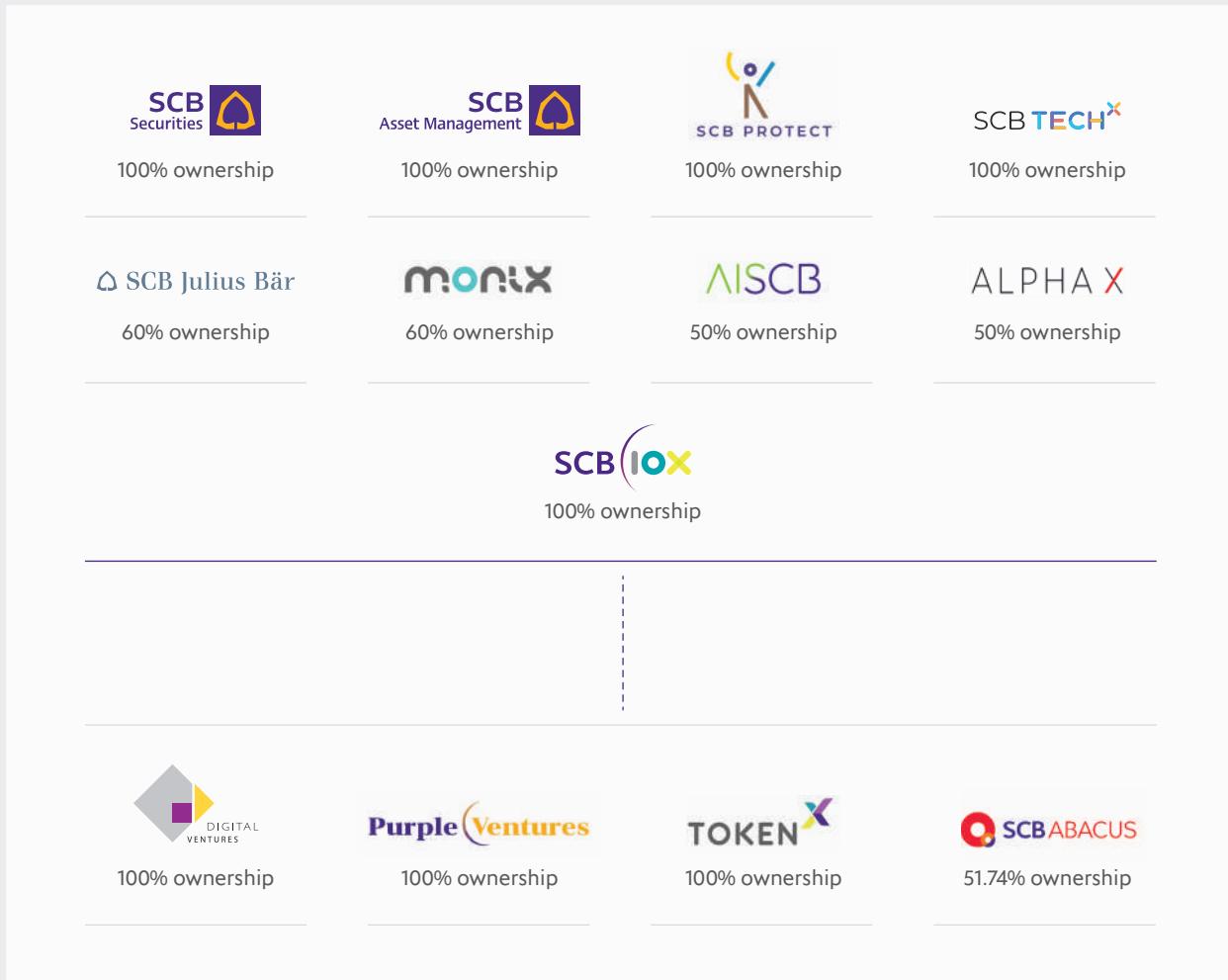
The Most PRUDENT Bank

Core Value

The Bank's core values are known as CRIS, which stands for

- **Customer centricity**
- **Risk culture**
- **Innovation**
- **Speed**

Major SCB Financial Group Companies



Background

Siam Commercial Bank (SCB) was founded on January 30, 1906 by Royal Charter to serve as the first indigenous bank in Thailand. Throughout its 115 years of operations, the Bank has played a pivotal role in shaping the country's financial services landscape through countless business cycles and political changes. Backed by the strong support of its major shareholders, the Bank has successfully navigated the ups and downs of these changes to become a better and stronger bank today.

Following the Asian financial crisis in 1997, the Bank undertook major recapitalization by joining the Ministry of Finance's Tier 1 Capital Support Scheme (also known as the August 14, 1998 Measure). As a result, the Ministry of Finance became one of the two largest shareholders of the Bank in May 1999, along with the Crown Property Bureau. The Ministry of Finance subsequently established the Vayupak Fund 1 and transferred a substantial part of its stake to the Fund on December 1, 2003. SCB's major shareholders as of December 30, 2021 were His Majesty King Maha Vajiralongkorn Phra Vajiraklaochaoyuhua (23.35%) and Vayupak Fund 1 (23.10%).



The Thai economy grew by

 **1.6%** in 2021

As recovery momentum accelerated
after the easing of lockdown and border
restrictions during the fourth quarter

EIC maintains its GDP growth forecast for 2022 at

 **3.2%**

Considering the effects of
Omicron on tourism and
overall sentiment in early 2022

Thailand's Economy in 2021 and Outlook for 2022

The Thai economy grew by 1.6% in 2021 as recovery momentum accelerated after the easing of lockdown and border restrictions during the fourth quarter. With the pandemic situation improving and vaccine rollout gaining traction (64% of the population fully vaccinated at the end of December), the government began to relax restrictions and allow economic activity in various sectors to resume, particularly tourism for both Thai and foreign visitors. Furthermore, the government continued to inject liquidity into the economy with additional stimulus measures, such as Kon La Kreung Phase 3, extra handout for state welfare cardholders and SMEs job retention schemes. These additional stimulus measures were expected to translate into higher domestic spending during the end of 2021 and early 2022. Moreover, Thai exports have been robust due to global trade expansion, despite intermittent slowdowns from COVID-19 outbreaks in trading partners and supply bottlenecks causing manufacturing disruptions. Overall, Thai exports rose as high as 17.1% in 2021.

EIC maintains its GDP growth forecast for 2022 at 3.2%, considering the effects of Omicron on tourism and overall sentiment in early 2022. The Thai economy will still be on a path of slow but steady recovery, making a modest rebound in line with increased vaccination rates both domestically and globally which facilitate resumption of economic activity. Exports will likely continue to grow steadily at 3.4% following a positive trend in global economic growth and international trade, especially exports to emerging economies which have recently shown accelerated growth. The tourism industry is expected to see gradual recovery, though not without a risk of being derailed by Omicron. In the base scenario where havoc wreaked by Omicron is limited to the first quarter, the number of tourist arrivals is expected to reach 5.9 million in 2022. However, in the worst-case scenario, the number of foreign visitors could plunge to 2.6 million if countries around the world reimpose travel restrictions and in particular if China postpones its re-opening

to 2023. In addition, the Russia-Ukraine conflict that has escalated since late-February may have adverse repercussions on the Thai economy, especially on tourism as Russian tourists were ranked 7th in terms of pre-COVID arrivals. Furthermore, the conflict is poised to cause a significant rise in energy and input costs, thus effectively reducing businesses' profit margins and hampering the consumer's purchasing power.

Domestic spending will likely pick up in 2022 given Thailand's vaccination progress, which helps restore economic activities. Consumption will be elevated in the short term from pent-up demand among affluent consumers and government stimulus measures, which are unlikely to be phased out anytime soon. However, recent concerns over the Omicron variant may dampen household spending, and possible localized public health measures to control sporadic outbreaks may directly hurt domestic expenditure. An overall rebound in domestic spending will proceed only slowly as scarring effects continue to cloud the recovery outlook, especially on a fragile labor market. Unemployment remained elevated at 1.6% in 4Q21, higher than the pre-COVID level. The number of underemployed and furloughed workers also increased significantly. EIC expects a sluggish recovery for the Thai labor market, which has been plagued by 1) labor market slack from a large pool of unemployed and underemployed workers, 2) a decline in SMEs' hiring capacity, and 3) skills mismatch worsened by a dramatic shift in employment landscape during the pandemic. Slow labor market recovery will hinder household earning capacity and debt management ability, which will put pressure on household spending in the medium term.

In 2022, overall growth contribution from government spending will likely decline from the previous year as fiscal budget shrinks and only half of the funds from the 500-billion loan decree remain. However, higher fiscal budget is critically needed to remedy

economic scars and to prepare for heightened downside risks. Not only should the government consider additional borrowing, but the increased budget should be targeted toward economic transformation and growth-oriented investment by focusing on upskilling and reskilling the workforce, promoting digital technology adoption among SMEs, and exploring new industries to accommodate the post-pandemic economic landscape and consumer demand. With the national debt ceiling set at 70% of GDP, the current public debt level is considered manageable given a low interest rate environment and Thailand's high liquidity. However, the government should come up with a convincing medium-term plan for national debt reduction and communicate it clearly to the public if confidence in its fiscal stability is to be maintained.

In the area of monetary policy, EIC expects the Monetary Policy Committee (MPC) to keep the policy rate at 0.5% throughout 2022 and prioritize increasing the effectiveness of its policies and measures to ensure even access to liquidity and debt resolution. Despite potential rate hikes by other central banks to address inflation, EIC does not expect the MPC to feel pressured to follow suit because of two reasons. First, the Thai economy is still fragile, while inflation seems tame. Although inflation is on the rise, it will still be within the Bank of Thailand's inflation target of 1-3% in 2022, with headline inflation forecasted at 1.6%. In addition, the recent uptick in inflation was mainly driven by supply-side factors following rising oil and raw materials prices, while demand-side pressure was limited as GDP was still below its potential level. Second, Thailand's external stability remains solid, backed by large foreign reserves which currently are triple the size of the country's short-term external debt. Therefore, the risk that widening interest rate differentials will trigger massive capital outflows or sharp baht depreciation is more muted compared to economically vulnerable countries that might require swift and substantial interest rate increases to maintain financial stability. Thus, EIC expects

the policy rate to remain at 0.5% throughout 2022, with the first rate hike likely to be in 2023 when the economy returns to the pre-pandemic level. The Bank of Thailand will instead focus on the effectiveness of policy transmission by tweaking rules and measures, especially those pertaining to credit risk mitigation mechanisms, to channel more liquidity to households and SMEs, in conjunction with supporting financial institutions in their efforts to provide tailored debt restructuring solutions to their customers.

EIC expects the Thai baht to slightly strengthen against the U.S. dollar at the end of 2022. The Thai currency will likely follow a non-linear path where the baht will initially weaken in the first half of 2022 due to the effects of Omicron on tourism and domestic economic activity as well as the pressure from the Fed's tightening monetary policy. However, the baht will likely make a modest net gain and end the year at 32-33 baht to the U.S. dollar for the three following reasons. First, the Thai economy is poised to regain momentum following the country's re-opening after domestic vaccination has made significant headway. Second, the current account will remain in deficit due to rising global oil prices, but is expected to improve later in the year on the back of more foreign tourists. Third, capital will likely return to emerging markets and Thailand as investor sentiment improves with a better economic outlook following re-opening. Despite these positive factors, EIC is of the opinion that the baht is unlikely to make material gain since the U.S. dollar will also rally given the Fed's monetary stance. Moreover, investors still prefer safe-haven assets such as the U.S. dollar in this environment of looming global economic slowdown, supply chain uncertainty, and on-going concerns over COVID-19 variants. In terms of volatility, the baht will be highly sensitive to incoming factors, especially new COVID-19 outbreaks that could potentially affect tourism industry and changes in market perception of the Fed's monetary stance.

**Total number of digital users**

From
14 million users
in 2020 to

20

million users in 2021

Net profit growth**+30.8%** yoY

Nature of Business

Business Overview and Strategy

SCB Today

As one of the leading universal banking groups in Thailand, the Bank provides a wide array of financial products and services to meet the needs of diverse customers. True to its role as a universal bank, the Bank has a large presence throughout the country and stands ready to serve every customer with its vast portfolio of financial product and service offerings.

Complementing its core transaction services related to deposits and loans, the Bank has a comprehensive range of products and services to meet all customer needs. Retail services include home loans, personal loans, car hire purchase, credit cards, debit cards, currency exchange facilities and overseas remittances as well as investment and bancassurance products. For corporate and SME customers, the Bank offers business cash management services, lending products, trade finance, treasury products, bond and equity products, investment banking & corporate advisory, and other related financial services. In addition, there are also services offered by the Bank's subsidiaries for both retail and business customers ranging from securities brokerage, investment management, to life and non-life insurance brokerage services.

The Bank's subsidiaries serve a dual role of financial specialists to meet specific customer needs as well as channels for new growth opportunities. In addition to SCB Securities Co., Ltd. and SCB Asset Management Co., Ltd., the Bank also has a subsidiary, namely SCB 10X, that specializes in pushing the

frontier of digital and data analytics capabilities and using cutting-edge technologies to improve the banking business. Founded in 2020, SCB 10X's key mission is to build new growth areas beyond banking by focusing on technology innovations and investments through venture builder, venture capital, and strategic investment & partnership to promote long-term sustainable growth for the Bank.

The Bank's partnership with Julius Baer, a leading global private banking group based in Switzerland, has enabled the Bank to provide world-class wealth management services for ultra-high-net-worth customers. The Bank has also partnered with FWD Group Financial Services Pte. Ltd. whose expertise lies in creative and attractive life insurance products which are now accessible to customers through the Bank's distribution channels. These partnerships are critical for the Bank to become a "Bank of the Future" where rapidly changing customer needs can be met instantly and sustainably through digital capabilities.

The Bank's revenue came from three key segments: Corporate, SME, and Retail & Wealth. In 2021, the Retail & Wealth Segment contributed more than half of the Bank's revenue, followed by the Corporate and SME Segments. Given the Bank's strategic direction to grow fee income from bancassurance and wealth products, contribution from the Retail & Wealth Segment is expected to rise over time. The table below shows a breakdown of the Bank's revenue by customer segment.

Share of Revenue by Customer Segment (Consolidated)	2021	2020	2019
Corporate Segment	16%	19%	16%
SME Segment	14%	14%	11%
Retail & Wealth Segment	56%	55%	48%
Others *	14%	12%	25%

* Including Group Treasury, equity investments, subsidiaries and affiliates whose revenue is not included in customer segments

Performance in 2021

The banking industry in 2021 faced challenges on multiple fronts. Sluggish economic growth has worsened employment, income, and household debt, which directly impact the banking business. Moreover, limited business opportunities have intensified the level of competition. Today's banks must compete not only with other banks but also against new players such as non-bank entities, global tech companies and fintech start-ups. A more crowded field inevitably hits the Bank's bottom line. Throughout this challenging time, the Bank has been looking for ways to work more efficiently and reduce cost as well as identifying new business models to create long-term business sustainability.

The COVID-19 pandemic, which started in early 2020, created unprecedented economic shocks and turned into major economic crises in many countries throughout the world including Thailand. Thanks to support from the government and banking regulators, the Bank has been able to provide prompt assistance to customers to survive this crisis. During this difficult time when prudent financial management is of utmost importance, the Bank has closely monitored all its key parameters of financial position, including capital level, liquidity, loan quality and operating costs.

Since the beginning of the pandemic, helping customers has always been the Bank's key priority. At the end of 2020, Baht 402 billion (18% of total loans) were relief loans to help affected customers. Following the third wave of COVID-19 and the ensuing two-month debt moratorium measure issued by the Bank of Thailand in July 2021, relief loans climbed to Baht 464 billion (20% of total loans) at the end of September 2021, but then dropped to Baht 397 billion (17% of total loans) at the end of 2021. Since relief loans are temporary solutions, the Bank launched a comprehensive debt restructuring program in 2H21 to lay a sustainable path for customers to restore their financial health by offering a customized repayment term based on each borrower's ability to pay. The Bank believes that the restructuring program will help customers survive this crisis and become stronger. Customers'

survival means the Bank's sustainability.

The COVID-19 pandemic has reshaped business models in profound ways. An abrupt switch to digital technology after travel restrictions were imposed has dramatically increased the volume of online transactions. Thailand has some of the world's highest shares of mobile banking and online payments. Digital banking is an important business model for the Bank. It is, therefore, imperative for the Bank to shift its business model from be-all, for-all universal banking, where a bank branch provides every financial solution for everyone's needs, toward a digital service model, in which banking and non-banking services are provided through multiple digital platforms; for example, SCB EASY, Robinhood, etc.

Launched amid the pandemic, Robinhood is a local food delivery platform developed by Thais for Thais to help small restaurants by providing low-cost access to online sales channels. Robinhood charges no fee, no subscription cost and no GP (Gross Profit) fee. With Robinhood, sellers receive payments within an hour of sale, making online transactions almost cash equivalent, which helps ease cashflow and liquidity management for restauranteurs. At the same time, the platform has also created over 10,000 food delivery jobs during a time of high unemployment. Robinhood's cashless feature benefits delivery drivers and restaurant customers alike; delivery drivers can get instant payments while customers can pay directly to restaurants with various payment options, e.g., SCB EASY App, credit card, debit card or cash card.

The banking business, which has long played a leading role in financial intermediation, is about to undergo a massive transformation. The world of finance will become less dependent on intermediaries. Financial needs will be served and met differently. Access to financial products will be at customers' fingertips when interconnection is almost limitless. When everything is digitalized and instant online verification is made possible by blockchain technology, confidence in digital technology will rise and the role of banks as intermediaries will inevitably recede. To ensure

long-term survival, banks must rethink how they approach and engage with consumers, and find ways to be present in people's day-to-day life by embedding themselves in various ecosystems to connect with consumers and bypass the physical branch network altogether. Therefore, partnering with other businesses in a broad array of industries to extend consumer reach is key for banks to remain relevant and competitive.

Another critical factor is data management and analytics capabilities that enable banks to extract the most benefit out of data without violating customer data privacy. The ability to harness data to deliver the right product to the right customer at the right time without privacy invasion is crucial for banks to gain a strong and sustainable foothold in the digital era.

The Bank uses multiple channels, including SCB EASY App and subsidiaries' online lending platforms, to grow its digital customer base and to broaden online service offerings. As a result, the Bank's total number of digital users leapt from 14 million at the end of 2020 to 20 million users in 2021. The number of traditional branches throughout the country fell from 811 in 2020 to 718 branches with 74 express service points.

In 2021, the Bank reported net profit of Baht 35,599 million, a 30.8% yoy increase from the prior year. This large increase was mainly driven by higher net fee income, higher net gain on financial instruments measured at FVTPL, and lower expected credit losses. Expected credit losses were set at Baht 42,024 million (184 bps of total loans) which reflected the pro-cyclicality of forward-looking expected credit loss models as required by the TFRS 9 framework as well as management overlay given the current level of economic uncertainty.

Total loans grew by 2.1% yoy, which was below the 3–5% target as a consequence of the focus on higher quality loans. Loan growth was positive for SME and retail segments while corporate loans declined due to loan repayment. The gross Non-performing loan (NPL) ratio rose to 3.79% mainly from qualitative downgrades of SME and corporate customers. At the end of 2021, the NPL

coverage ratio remained high at 139.4%, with a strong total capital adequacy ratio under Basel III at 18.7% of total risk-weighted assets and common equity Tier 1 ratio at 17.6%.

Creating SCB^X as Mothership to Unlock Value

A major restructuring is underway for the SCB Financial Group. The Group will transition to a new structure where SCB^X will be the mothership of the Group, and the Bank will become a subsidiary along with other existing and future subsidiaries. Certain existing subsidiaries and credit card and personal loan businesses will spin off from the Bank, with the new entities owned directly by SCB^X. These subsidiaries will venture into businesses with growth, return and risk profiles distinct from the Bank, such as various forms of personal loans (e.g. title loan, luxury car hire purchase, credit card), unsecured personal loans, and will move into new territories of technology solution and distinct digital platform businesses.

The spin-off from the Bank confers numerous advantages to these subsidiaries: greater operational flexibility, better matched resources, as well as a higher degree of agility to adapt to new business models and to provide faster service to more diverse customers. Excess capital from the Bank will be appropriately allocated to high growth, high return investments. Another benefit of the spin-off is better access to external funding which will make these companies less dependent on the Bank's funding in the future. Moreover, balance sheets of high risk, high return subsidiaries will be separated from that of the Bank, ring-fencing risk to the Bank's depositors and in turn creating long-term growth and sustainability for the group. Every subsidiary will adhere to the group's governance and overall strategic direction, while maintaining agile, prudent and efficient management structure.

SCB^X's vision is to be "the Most Admired Financial Technology Group in ASEAN" with a target of 200 million customers. Business expansion will be in the form of partnering with major industry leaders or M&A to build digital platforms and ecosystems to reach customers effectively both in Thailand and the region. SCB^X's role is to ensure strategic

capital allocation for the Group with the following key functions:

1. Build new businesses for the Group, identify partnership opportunities and seek potential business alliance with new generation entrepreneurs
2. Manage capital effectively to achieve sustainable growth with appropriate risk management
3. Build bottom-up data capabilities from creating, managing and utilizing large databases for the maximum benefit of the Group
4. Ensure that governance and strategic direction of the Bank and other subsidiaries are aligned and comply with regulatory requirements.

SCB's Mission to Become Optimized and Lean

Following the group restructuring, the banking business, as the group's core cash flow generating business, will adopt a more measured risk and return approach in light of the current fragile economic conditions. More specifically, the Bank will continue prioritizing asset quality under rigid risk-return criteria while giving customers needed assistance to get through this crisis. At the same time, the Bank needs to focus on cost management. Technology adoption has enabled the Bank to redesign its service model and reduce branch dependency. As a result, the Bank has embarked on an initiative to rethink and transform its branch network by preparing its workforce through upskilling and reskilling to meet the demand of the new business model. Particularly, the Bank must increase its digital service capabilities to achieve sustainable growth. As for business growth, the Bank will focus on growing wealth management and insurance brokerage businesses increasingly through digital channels. The broad strategy is to shift the emphasis from asset growth to building ecosystems by leveraging its large customer base on various platforms. In addition, the Bank will also use its data analytics and digital capabilities to deliver better, faster and more customized financial solutions for customers.

With the objective to become a "**Better Bank**", the Bank sets its key strategic priorities for 2022 as follows:

1. Pivot from universal banking toward targeted areas of specialization with a focus on wealth management and insurance brokerage businesses
 - **Growth from wealth management business:** The wealth management business has been growing steadily in Thailand in recent years. To tap into this opportunity, SCB Financial Group, led by SCB Asset Management Co., Ltd. and SCB Securities Co., Ltd., aims to enhance wealth management service and customer experience by building an integrated investment platform where customers can access all investment products and advisory services. The Bank will leverage advanced technologies, e.g., artificial intelligence and robo-advisor service, to deliver personalized offerings and solutions. In addition, SCB Julius Baer was founded to better serve the ultra-high-net-worth customers.
- **Growth from bancassurance partnership:** Thailand's life insurance market has a low penetration rate with promising short-term and long-term growth potential. The Bank plans to unlock this potential by exploring new distribution models as well as partnering with FWD to increase product variety and quality. SCB Protect, the Bank's insurance brokerage subsidiary, was hampered by the pandemic and the resulting restricted activities in 2021 and hopes to continue to increase its agents to focus on its targeted customer segments in 2022.
2. Pursue balanced growth with an emphasis on quality over quantity by considering risk and return trade-off to avoid taking excessive risk while offering responsible products and fair pricing to ensure business sustainability
3. Digitalize traditional service channels to reduce cost to serve, create new ecosystems and expand customer base by leveraging data and digital capabilities to deliver better, cheaper and faster solutions to customers
4. Exercise financial discipline and strive for maximum efficiency in both capital management and cost management

Outlook and Key Performance Targets for 2022

With Thailand gradually recovering from the pandemic, GDP growth for 2021 grew by 1.6% and is expected to pick up by 3.2% in 2022. The Bank expects loan growth at around 3-5% due to a weak and fragile economic recovery as well as volatility and risks in commodity prices, inflation, and currencies. The focus on loan portfolio is not on growth but instead on portfolio optimization to increase returns. With this policy in place and the impact from comprehensive debt restructuring, NIM is expected to be in the 2.9-3.0% range.

Non-NII is expected to grow at a low single digit rate. The Bank will continue to expand its presence in insurance and wealth management businesses which, after the last two years of foundation building efforts, have shown impressive performance in 2021 with significant room to grow given their low penetration rates in Thailand. Investment gains can be expected to be meaningful but are subject to various uncontrollable external factors.

The Bank will strive to achieve all these objectives with disciplined cost management. While activities should pick up with macro recovery, the Bank aims to maintain its cost-to-income ratio in the low-to-mid 40s range.

Following the Bank's proactive debt restructuring plan that started in mid-2021 and qualitative downgrades to non-performing loan (NPL) already made during the past six quarters, the NPL ratio is expected to be not more than 4% at the end of 2022. As significant amounts of provisions have been set aside in the past two years, coupled with comprehensive debt restructuring progress, the Bank expects provisions to come down to not more than 140 bps while the NPL coverage ratio will be maintained at around 130%. This guidance provided by the Bank is subject to economic uncertainties and has not incorporated the full outcome of SCBX's restructuring, including ongoing acquisition deals and the set-up of certain new subsidiaries.

Corporate Segment



Growth is still an important target for the Corporate Segment in 2022 but with more emphasis on quality and portfolio rebalancing. At the same time, the Bank is committed to fulfilling its role as a "business thought partner" for corporate customers to the best of our ability.

Key strategic initiatives are to:

- 01** Focus on portfolio rebalancing to create an optimal portfolio along risk, return and long-term sustainability dimensions

02 Transform the business model to create quality and sustainable income streams together with acquiring new customers with strong growth potential in the new normal

03 Build new product capabilities that span capital markets, money markets and investment banking to create new revenue streams through fee income and increase efficiency in portfolio management

04 Be a leader in digital products and platforms by reducing cost to serve and leveraging in-depth analytics to better serve customers.



SME Segment



Given a highly fragile economy, the emphasis for the SME Segment will be on quality growth and long-term sustainability. The Bank will work closely with SME customers by providing guidance and support to help them achieve their business goals. The Bank will focus on increasing the number of high-quality customers in 2022 based on an enhanced matrix that incorporates both risk factors and industry outlook while also monitoring asset quality and managing cost.

Key strategic initiatives are to:

- 01** Help customers and closely monitor portfolio quality, especially in sensitive industries impacted by the pandemic
- 02** Create a balanced portfolio by focusing on loan quality with appropriate cost and revenue management

03 Expand digital commerce ecosystem to help SME customers achieve sustainable growth in the digital era with, for instance, easy and convenient digital banking service, cashless payment for both Thais and foreigners, and e-commerce advisory service

04 Develop digital platforms to foster sustainable growth and leverage in-depth analytics capabilities to improve credit approval efficiency and to offer more customized services

05 Provide end-to-end services as well as advisory service for the trading business which requires upskilling employees to think like an entrepreneur, to have in-depth understanding of the Bank's products and services, and to better understand customer needs

Wealth Segment



The Bank's priority for the Wealth Segment will be to increase its wealth management capabilities to serve customers at all levels by making the investment process easy and offering investment solutions that meet their needs at various risk appetites. As part of this effort, the Bank has launched a new investment platform to expand its product offerings. The Bank will harness digital technology to grow its wealth customer base, assets under management and profitability.

Key strategic initiatives are to:

01 Provide wealth management services to ultra-high-net-worth customers through strategic partnership with Julius Baer, the leading Swiss private banking group

02 Enhance financial advisory capability and integrate this capability into digital platforms to provide investment allocation advice to customers both in Thailand and abroad

03 Use data analytics technology to customize products and services to meet customer needs in areas such as retirement planning, asset management where a wide range of alternatives (from both subsidiaries and partners) are available on the Bank's platform, and life insurance products from FWD

04 Uplift capabilities of wealth advisors through intensive training to gain familiarity and expertise in more sophisticated insurance and investment products and leverage digital advisory tools to provide customized on-site and off-site services with a simple and convenient process



Retail Segment



In line with the Bank's long-term digital banking strategy, priorities for the Retail Segment entail controlling cost to serve, generating new income, quality-focused customer growth, as well as building core capabilities and infrastructure through technology and business model innovation.

Key strategic initiatives are to:

01 Control cost and generate revenue by targeting high-quality customers in high-return products with the use of data analytics technology for customer segmentation and product customization as well as for business model innovation or product development to generate new revenue streams

02 Expand and build quality customer base while deepening customer engagement by offering omni-channel solutions to diverse customer segments, e.g., teen debit-card users, e-commerce and online merchants, and subscription service consumers, through the Bank's ecosystems as well as utilizing technology in every process for the best possible customer experience

03 Grow the small e-commerce and online business customer segment and increase lending channels by embedding "Manee Merchants" in the ecosystem and offering end-to-end business solutions through "Manee Social Commerce" that consolidates multiple platforms for both front and back-end store management into one single system

04 Strengthen core competencies and infrastructure to reduce cost to serve as well as assign more banking agents and e-KYC to support cross-border payments

Digital Banking



Given the dominant role played by technology and increasing digital dependency, the Bank's strategy is to harness the power of technology and data to increase the ease and convenience of financial services. Digital banking has not only made 24/7 customer engagement possible, but also enabled the Bank to reach and serve new customers who had been impossible to reach in the past. Digital banking also helps lower the cost to serve and increase service efficiency for existing customers, which will likely translate into higher returns for shareholders in the long run.

To operate within the above strategic framework requires building technology capability in four following areas:

- 01** Customer engagement: to give customers exceptional usage experience with data transparency and flexible services as if hyper-personalized
- 02** Product: to deliver differentiated value to individual customers by offering products, which may not be related to financial services but are central to day-to-day life, at close to instantaneous speed
- 03** Capacity: to accommodate high volume of transactions and customers at the level that exceeds the current capacity by a multiple factor
- 04** Virtual assistant: to provide real-time advice and recommendations on day-to-day issues to help customers reach their goals and make life easier.

SCB Asset Management Co., Ltd. (SCBAM)



SCB Asset Management Co., Ltd. is a wholly owned subsidiary of the Bank specializing in asset management business that covers mutual funds, provident funds and private funds. As of December 31, 2021, SCBAM remained the largest asset management company in Thailand in terms of assets under management (AUM), with a total AUM of Baht 1.66 trillion (including mutual funds for resolving financial institution problems). Total AUM grew 2.9% in 2021 fueled by a recovery in global demand as economic activity gradually returned to normal as vaccination rates climbed.

Solid investment performance coupled with effective distribution through the Bank have enabled SCBAM to gain a 17.6% market share in the mutual fund business, which amounts to Baht 944 billion in AUM. This total AUM, which was 0.2% higher than the prior year, includes Baht 191 billion of property funds (Type I) and infrastructure funds, as well as Baht 69 billion of real estate investment trusts (REITs) in net asset value under SCBAM trusteeship.

SCBAM's private fund business had Baht 541 billion AUM at the end of 2021, up 6.7% from the prior year, while AUM for the provident fund business grew 7.2% annually to Baht 176 billion at the end of 2021.

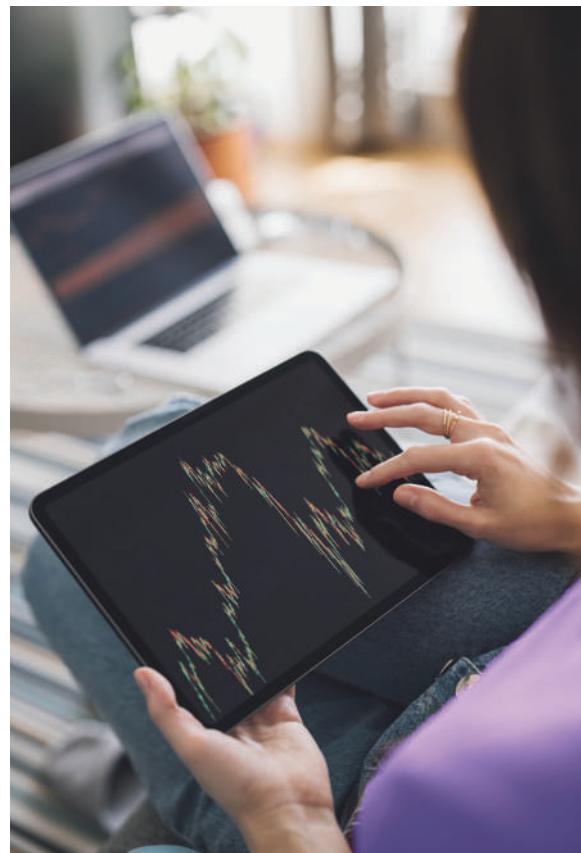
In 2021, SCBAM won numerous awards from leading Thai and international publications and institutions which include Outstanding Asset Management Company and Best Innovative Company from the Stock Exchange of Thailand and Money & Banking Magazine; Best Mutual Fund of the Year in the mixed fund category from Money & Banking Magazine; and Best Asset Manager in Thailand (Best Risk-adjusted Returns in ESG Principal Investment only & Equity Funds) from Alpha SEA (H.K.).

SCB Securities Co., Ltd. (SCBS)

SCB Securities Co., Ltd., a wholly owned subsidiary of the Bank, was founded in 1995 as the Bank's brokerage arm to provide securities trading services as well as equity investment products and services to both institutional and retail investors. Over the years, SCBS has won investors' confidence and trust to become one of Thailand's leading securities companies with a multi-channel approach in delivering services primarily through its online channels like SCBS Easy Invest App, Settrade Streaming, and website (www.scbsonline.com), with headquarters located at SCB Park Plaza.

In 2021, SCBS's average daily equity trading volume (excluding proprietary trading) in the Stock Exchange of Thailand was Baht 85 billion, a 39% increase from Baht 61 billion in 2020. The sharp rise in trading volume was primarily driven by retail investors and foreign investors, whose trading activities surged 45% and 41% respectively from 2020.

SCBS is committed to delivering services that best meet the needs of investors in this digital era. In response to investors' increasing interest in offshore markets, SCBS was the first in Thailand to offer offshore investment products in 2021 with no minimum investment amount, no transfer fee and no exchange rate fee. In addition, investors also get access to investment analysis publications by leading experts. SCBS's large variety of investment products including Robo Advisor and streamlined onboarding process have all contributed to an increase in the number of customers from around 355,000 in 2020 to 660,000 in 2021. Moreover, the company launched a structured notes product called KIKO (Knock-In Knock-Out) last year as an alternative for high-net-worth customers to diversify investment portfolios. All this has propelled SCBS to become a leader in the structured notes market with 25.6% market share in 2021 (an increase of 13.3%).



In 2021, SCB Financial Group redefined its corporate vision to adapt to the rapidly evolving global environment. Under the new vision, SCBS will strive to be a leader in investment and digital asset services in ASEAN by leveraging its large customer base, product variety, technological strength, and access to global tech and digital asset ecosystems, as part of SCBX's new growth engine. SCBS has been granted licenses for digital asset exchange and digital asset brokerage from the Securities and Exchange Commission and embarked on a strategic move by entering into an agreement to acquire a controlling stake in Thailand's leading digital asset exchange, Bitkub Online Company Limited.

Industry and Competition Review



The pandemic dragged on for another year in 2021, which presented additional challenges to the Thai banking industry. Not only did Thai banks continue to face stiff competition from digital banking and a multitude of regulatory changes, but relief measures added another layer of complexity to an already difficult environment. Nevertheless, the industry has been building a strong capital buffer over the years and will remain a key pillar for the nation's economic recovery. In terms of industry size and composition, there were 18 banks operating in Thailand at the end of 2021, 13 of which were commercial banks, 1 retail bank, and 4 foreign subsidiaries.

Comparison of SCB's performance with the Thai commercial banking sector*
as at December 31, 2021

Unit: Baht billion

Consolidated	Thai commercial banking sector*		Change yoY	SCB 2021	SCB's market share
	2021	2020			
Assets	20,891	19,791	5.6%	3,315	15.9%
Gross loans	14,107	13,307	6.0%	2,302	16.3%
Deposits	14,786	14,079	5.0%	2,467	16.7%
Net profit	183	138	32.2%	35.6	19.5%

* The Thai commercial banking sector as defined here consists of 10 commercial banks listed on the Stock Exchange of Thailand and excludes TCAP, since TBANK (its banking business) merged with TMB in 4Q19 and transformed into TMB Thanachart Bank or "TTB" in 2Q21.

In 2021, the banking sector aggregate net profit surged 32% yoy due largely to lower provisions. Operating profit rose 7% yoy driven by higher non-interest income mainly from both higher net fee and service income and higher net gain on financial instruments measured at FVTPL. In addition, the banks' cost control efforts kept operating expenses stable, which also contributed to higher operating profits. Net interest income remained

under pressure following multiple interest rate cuts in 2020, with the Bank of Thailand lowering its policy rate three times in 1H20 to a record low of 50 bps.

Total loan volume of the Thai commercial banking sector grew by 6% yoy in 2021, largely driven by loan growth in the corporate and retail sectors as well as soft loans to help customers. Given the high

level of economic uncertainty, banks have been more cautious in lending and consequently have tightened their underwriting criteria to focus on higher quality customers. In 2021, the Bank of Thailand (BOT) issued various COVID-19 relief measures and extended a reduction of FIDF fee from 46 bps to 23 bps per year for another year until the end of 2022. The BOT also urged banks to work with customers on long-term debt restructuring solutions and offered support by relaxing loan classification and provision requirements based on the extent of restructuring activity.

Sector deposits grew 5% yoy primarily from savings deposits. SCB's market share as at December 31, 2021, declined slightly to 16.7%. Market share for loans also contracted to 16.3%, reflecting SCB's focused growth strategy, which resulted in lower loan and deposit growth compared to the sector average.

The Thai commercial banking sector demonstrated a strong capital position with a 19.3% capital adequacy ratio on a bank-only basis as at December 31, 2021, which far exceeded the minimum capital required under Basel III rules.

As at December 31, 2021, the non-performing loan (NPL) ratio of Thai commercial banks declined by 11 bps to 3.28%. The NPL number, however, may not fully reflect current economic conditions due to the Bank of Thailand's relaxed loan classification rules. Since banks have significantly increased their expected credit loss, the sector's coverage ratio rose to 163% as at December 31, 2021.

In early 2022, the Bank of Thailand issued a public consultation paper on Repositioning Thailand's Financial Sector for a Sustainable Digital Economy. Key policy directions include, (1) leveraging on technology and data to drive innovation and better financial services, (2) managing the transition towards sustainability, and (3) shifting from stability to resiliency.

Regarding the policy to leverage on technology and data, the Bank of Thailand is seeking public opinions on guidelines to allow for the setup of virtual banks especially by non-bank players to enhance financial inclusion and keep pace with consumer needs. This will lead to an increase in competition and disruption in the local banking industry.

Given the current economic uncertainty and on-going disruptions, banks are likely to remain vigilant and maintain a high level of capital to accommodate future regulatory changes and uncertainties. As a medium-term objective, banks must continue to innovate and adapt to today's fast-changing world.

Total loan growth of the Thai commercial banking sector in 2021

6% yoY

Capital position of the Thai commercial banking sector in 2021

19.3% capital adequacy ratio



Awards and Honors in 2021



Awards
in 2021

Best Bank in Thailand Awards



- Euromoney (U.K.) (13th year)
- The Asset (H.K.) (13th year)

SCB is also selected as a member of Dow Jones Sustainability Indices (DJSI) for the World Index and the Emerging Markets Index in the banking sector for the 4th consecutive year and ranked among global sustainability leaders with a total score among the top 3 banks of 242 banks participated in 2021.

Sustainability Awards



- Highly Commended in the Sustainability Excellence category, the Stock Exchange of Thailand
- Asia's Best Sustainability Report (Standalone), Bronze Award, in Asia Sustainability Reporting (6th year)
- Financial Leadership in Sustaining Communities in Asia

Thailand Corporate Excellence Awards



From Thailand Management Association

- Financial Management Excellence
- Leadership Excellence
- Marketing Excellence

Organization Management Awards



From Asian Leadership

- Best COVID-19 Solution for Workforce Management
- Best COVID-19 Remote Monitoring Solution
- Most Innovative Solution for COVID-19

From Personnel Management Association of Thailand

- Gold Award, Thailand HR Innovation

Awards by Business Group



Wholesale Banking Group

From The Asset (H.K.)

- Best Local Currency Green Bond, Regional
- Best Retail Bond, Thailand
- Transport Deal of the Year, Thailand
- Renewable Energy Deal of the Year – Solar, Vietnam
- Best Corporate and Institutional Advisor, Thailand
- Best M&A Deal, Thailand
- Best Local Currency Bond
- Best Service Provider – Trade Finance (4th year)
- Best Service Provider – Transaction Bank
- Best Sustainability-Linked Bond (Deal of the Year – Manufacturing)

From Asiamoney (H.K.)

- Best Corporate and Investment Bank
- Thailand Market Leader in Cash Management Survey

From Alpha SEA (H.K.)

- Best Investment Bank in Thailand
- Best FX Bank for Corporates and FIS
- Best FX Bank for Structured Hedging Solutions and Proprietary Trading Ideas
- Best Cross Border M&A Deal of the Year
- Best Domestic M&A Deal of the Year
- Best Local Currency Bond Deal of the Year & Most Innovative Deal of the Year
- Best Sustainability-Linked Transaction & Best ESG-Linked Financing Deal of the Year

From Global Finance (U.S.)

- World's Best Investment Banks, Thailand
- Best Treasury & Cash Management Providers, Thailand

From Asian Banking and Finance (S.G.)

- Corporate & Investment Bank of the Year, Thailand
- Mergers and Acquisitions Deal of the Year, Thailand
- Debt Deal of the Year, Thailand

From Finance Asia (H.K.)

- Best of Southeast Asia in the Deal Awards, Asia
- Best Investment Bank

From International Financing Review (H.K.)

- Loan, Thailand Capital Markets Deal

From The Asian Banker (S.G.)

- Most Helpful Transaction Bank during COVID-19 in Thailand

From The Digital Banker (S.G.)

- Outstanding FX Services Solution
- Best Bank for Trade Finance, Thailand

From Stock Exchange of Thailand

- Deal of the Year Award for fundraising more than Baht 3,000 million – IPO of SCG Packaging Public Company Limited
- Deal of the Year Award for fundraising not exceeding Baht 3,000 million – IPO of NR Instant Produce Public Company Limited

Business Banking Group

- Best SME Bank in Thailand from Alpha SEA (H.K.) (2nd consecutive year)
- Best SME Bank from Asiamoney
- Best SME Service Provider from World Business Outlook (H.K.)

Retail Banking Group

- Best Private Bank for Customer Service in Asia from The Banker
- Best Domestic Private Bank in Thailand from Asiamoney
- Best Private Bank for Wealth Creation and Preservation in Global Private Banking Innovation from The Digital Banker
- Domestic Retail Bank of the Year from Asian Banking and Finance (S.G.)
- Strategic Partnership of the Year from Asian Banking and Finance (S.G.)
- Highly Commended Achievement – Best Retail Bank in Thailand, from Retail Banker International (U.K.)
- Highly Commended Achievement – Best Remittances initiative, from Retail Banker International (U.K.)
- Best Retail Bank in Thailand from Alpha SEA (H.K.)
- Best Digital Insurance Product for CX from The Digital Banker (S.G.)
- Outstanding Digital CX – Payment from The Digital Banker (S.G.)
- Debit Card of the Year from The Digital Banker (S.G.)
- Best in Lending, the World's Best Consumer Digital Banks in Asia-Pacific from Global Finance (U.S.)

Other Awards

- Banking CEO of the Year from International Investor Magazine
- Best Innovation Digital Transformation in Thailand from International Investor Magazine

Affiliated Corporations

- Best Wealth Management Bank in Thailand from Alpha SEA (H.K.) (SCB Julius Baer)
- Best Asset Management Company in Thailand from World Business Outlook (SCBAM)

Product and Service Offering

Funding Policy

The Bank has a policy of maintaining growth balanced between the sources and uses of funds by taking into consideration costs, income and maturity profiles of both the sources and uses of funds. The aim is to be in line with market circumstances without relying exclusively on any specific source of funds. Deposits are the Bank's main funding source, and the Bank has adopted a policy to maintain a solid deposit base under all market situations.

Lending Activities

The Bank has established a clear set of credit policies, strategies, and lending targets, focusing on maintaining credit quality in line with market opportunities, and on adapting to the situations and trends following the increasing role of technology and dependence on digital systems and platforms. To increase the ease and convenience of financial services even further, the Bank has combined technology with data to create a digital banking service model. This new approach will enable the Bank to reach out to new customers while satisfying existing customers at a lower cost and with greater efficiency.

These credit-related goals and strategies are determined jointly by business units and the Risk Management Group and are subject to regular review. The Bank's lending policy upholds good environmental, social and governance practices by adhering to regulatory requirements while considering overall economic growth and specific business trends. The Bank has a policy of not providing financial support to projects that will have a significant negative impact on society and the environment.

In 2021, the Bank marked another key milestone by becoming a signatory of the Equator Principles (EPs) Association, allowing the Bank to apply the internationally recognized EPs designed for financial institutions as a framework for identifying, assessing, and managing environmental and social risk when

financing large projects. This adoption will raise the bar for the Thai banking industry and ensure that the Bank supports projects with appropriate environmental and social risk management implemented to suit the nature and risk level of projects.

Another objective of the Bank's lending policy is for the Bank to be adaptive to changes under various other risk considerations in order to maintain public confidence in the Bank as part of sustainable development.

The Bank defines its Credit Policy Guide (CPG) as the framework of credit operations that will enable the Bank to enhance effectiveness and efficiency of its credit procedures and upgrade operation standards as per regulations and international best practices, and sets underwriting standards to serve as a tool in monitoring and outlining strategy in dealing with existing and new clients by specifying target clients, strategy for each group of clients, business target, minimum underwriting standards, or other services for target clients or target businesses.

The Bank attaches great importance to proper checks and balances in credit underwriting by establishing clear separation between business units and credit approval units.

Business units are responsible for managing relationships, acquiring new clients, creating new markets and originating loans. These business units are organized based on the nature of each business to best serve different clients, which are categorized into Corporate, SME, SSME, Wealth and Retail segments.

Credit approval units under the Credit Risk Management Division provide independent advice and recommendations in accordance with the Credit Policy Guide to support authorized approvers in making credit decisions.

In addition, credit approval authority is assigned to reflect different risk profiles and is governed by the three-signature rule.

For the Bank's Retail, SSME and Wealth customers, credit approval will be carried out in accordance with product programs or test programs approved by the Executive Committee or the Retail Credit Committee or Wealth Credit Committee. Credit approval authority and criteria, including exceptions, are clearly and explicitly specified.

Lending Policy

The Bank's lending policy covers a wide range of business segments, including Retail, Wealth, SSME, SME and Corporate customers. For business lending, the Bank targets high-potential, high-growth businesses among both existing and new clients. The Bank makes credit decisions based on a customer's cash flow and using alternative data (if any) to analyze the ability to repay, including considering the quality of collateral used for risk mitigation.

For Retail and SSME lending, the Bank shall ensure alternative data used is accurate, reasonable and reliable when undertaking information-based lending.

For Wealth customers, the Bank focuses on providing personal/family loans for wealth management and will analyze repayment ability and loan structure based on product type.

Credit Underwriting and Approval Process

The Bank strives to achieve appropriate risk diversification and reasonable risk-adjusted returns in its credit underwriting process. Each employee involved in the credit process, regardless of his or her level of credit approval authority, is expected to use professional judgment, avoid any conflict of interest, and comply with the Bank's Credit Policy Guide and underwriting standards.

The Bank's credit approval authority is provided at both employee and committee levels. Employees with credit approval authority are: 1) the chief executive officer, 2) the presidents, 3) the chief risk officer, 4) the head of credit risk management

function, 5) credit risk management senior managers, 6) senior credit officers and 7) credit officers, including authorized employees in retail and SSME lending. Employees having the same or similar job titles or level of position may or may not be granted similar credit approval authority, which depends on the individual's experience and expertise considered on a case-by-case basis.

Committees with credit approval authority are as follows:

1. The Board of Directors has the authority to consider, review and approve loans within the scope set forth by SCB's rules on credit approval authority. Any lending to SCB-related business entities, SCB major shareholders or their related parties falls within the approval authority of the Board of Directors.
2. The Executive Committee has the authority to consider, review and approve loans within the scope set forth by SCB's rules on credit approval authority and to make recommendations to the Board of Directors concerning cases that require the Board's approval.
3. The Credit Committee, Retail Credit Committee, Wealth Credit Committee and Special Assets Committee are responsible for approving loans under their areas of authority and for making recommendations to the Executive Committee or the Board of Directors for cases beyond their scope of authority.

Credit Quality Control and Review

After a loan has been approved, the Bank will monitor the customer's account regularly as well as conduct periodic customer reviews with an analytic objective that goes beyond ex-post rationalization. The Bank focuses on forward-looking analysis to gain insight on both positive and negative changes in a specific industry or business pertaining to each customer, as well as the customer's future financial status. This approach enables the Bank to review and monitor the risks of each customer in order to formulate appropriate business strategies and action plans going forward.

Each relationship manager and special business officer is responsible for conducting customer reviews when warranted by events that have material impact on customers or by routine customer reviews within a specified timeframe at least once a year. Reports on customer reviews shall be prepared according to a specified format and submitted for approval.

For Retail customers and SSMEs, the Bank reviews customer risk ratings to gain insights on customer behavior and formulate an appropriate strategy for portfolio management, such as creating an early warning system. The reviews are conducted at least once a year, or more frequently if warranted by any material change in customers' risk ratings. For Retail customers and SSMEs with overdue payments, the Bank will pursue different collection strategies depending on a borrower's risk rating, which will enable the Collection Unit and the Special Business Unit to monitor and arrive at appropriate resolutions on a timely basis.

For Wealth customers, the Bank will monitor the return on investment and financial ratios to determine the status of their investments before they become NPLs.

For Corporate and SME customers, the Bank has a policy to enhance monitoring efficiency and asset quality assessment to ensure quick, thorough and accurate identification of problem loans. The Special Business Unit works closely with business units to oversee and manage customers to prevent NPLs by approaching customers to understand their problems and challenges in order to remedy and prevent loans from turning into NPLs. Moreover, there is qualitative loan classification that reflects customer quality to ensure that adequate provision is set aside for potential losses.

However, once a loan is classified as non-performing, collection responsibility shall be transferred to the Special Business Unit within one month from the date of NPL classification, for further action by work-out specialists. NPLs that are not transferred to the Special Business Unit shall be approved by the Credit Committee or Retail Credit Committee, as the case may be, to allow business units to continue taking responsibility for their NPLs.

Business Assets

Main Fixed Assets for Business Operations

Premises and equipment, net

As at December 31, 2021 and 2020, the net premises and equipment were as follows:

unit : Baht million

(Consolidated)	2021	2020
Land	23,749	17,714
Premises and building improvements	27,684	28,800
Equipment	19,224	18,889
Others	175	530
Right-of-use assets	2,987	6,055
Total	73,819	71,988
<u>Less</u> Accumulated depreciation	(28,505)	(31,192)
Allowance for impairment	(118)	(487)
Premises and equipment, net	45,196	40,309

Right-of-use assets

The Bank and its subsidiaries lease a number of branch offices, foreign exchange booths, ATM locations, cars with an option to renew after maturity date.

In 2021, the Bank and its subsidiaries record such lease as a right-of-use assets under TFRS 16.

Investment Policy

The Bank's investments in subsidiaries, affiliates and other companies as of December 31, 2021 follow two distinct investment management approaches.

Investment in SCB Financial Group

The Bank established SCB Financial Group to facilitate long-term investments in financial businesses as well as auxiliary businesses to support its banking operation. Furthermore, to increase long-term competitiveness for SCB Financial Group, SCB 10X was founded with an investment mandate to build new digital capabilities with applicability to the banking business. The strength of SCB 10X combined with other subsidiary companies will drive SCB Financial Group toward sustainable

growth and help accomplish its vision of being "the Most Admired Bank."

Investment in Other Businesses

For investments outside of SCB Financial Group, the Bank's objectives are to generate investment returns in the form of dividends and capital gains within an appropriate timeframe and/or to build long-term relationships with business partners and customers. Furthermore, the Bank has a policy to invest in fintech businesses to enhance its competitiveness and to meet customer needs.

Investment Oversight and Risk Management

The Bank's investment oversight covers policy formulation, business operations and risk management for both the overall group and individual business entities by regularly monitoring performance and assessing risk. Moreover, for all companies within SCB Financial Group and for some companies outside SCB Financial Group, the Bank also has its executives serve as board members to ensure that these businesses are operated in a way that meets the Bank's expectations.

Capital Structure

Securities

Registered capital, as of December 31, 2021, stood at Baht 70,000 million and comprised:

3,417,332,770 ordinary shares with a par value of Baht 10

3,582,667,230 preferred shares with a par value of Baht 10

Paid-up capital, as of December 31, 2021, stood at Baht 33,992 million and comprised:

3,395,649,325 ordinary shares with a par value of Baht 10 and one voting right per share

3,542,873 preferred shares with a par value of Baht 10 and one voting right per share

Details of Securities

SCB's securities listed on the Stock Exchange of Thailand (SET) are as follows:

1. Ordinary shares
2. Preferred shares

1. Ordinary shares

Amount 3,395,649,325 shares as of December 31, 2021

Issuer The Siam Commercial Bank Public Company Limited

Registrar Thailand Securities Depository Company Limited

Trading Traded on both main board and foreign board:

- Using the symbol SCB on the main board
- Using the symbol SCB-F on the foreign board

2. Preferred shares

Amount 3,542,873 shares as of December 31, 2021

Issuer The Siam Commercial Bank Public Company Limited

Registrar Thailand Securities Depository Company Limited

Trading Traded on both main board and foreign board:

- Using the symbol SCB-P on the main board
- Using the symbol SCB-Q on the foreign board

Preferred share features Preferential rights conferred to preferred shares have a 10-year validity from the date of the initial payment by the Ministry of Finance, which reached the expiration date on May 10, 2009. Therefore, the rights of preferred shareholders are now the same as those of ordinary shareholders. Preferred shares can be converted to ordinary shares in accordance with the conversion schedule and procedure specified by the Bank.

Conversion rate Preferred shares can be converted to ordinary shares at the ratio of 1:1.

Conversion price None

Conversion schedule Every quarter on March 31, June 30, September 30 and December 31 of each year.

- For conversion on March 31, requests must be submitted during March 16-30.
- For conversion on June 30, requests must be submitted during June 15-29.
- For conversion on September 30, requests must be submitted during September 15-29.
- For conversion on December 31, requests must be submitted during December 16-30.

	If a conversion date falls on a bank holiday, conversion shall be made on the last business day prior to the bank holiday.
Conversion procedure	<p>(1) Conversion request forms can be obtained at the Thailand Securities Depository Company Limited or at any securities brokerage.</p> <p>(2) Conversion request forms can be submitted to the Thailand Securities Depository Company Limited or at any securities brokerage during business hours.</p> <p>(3) Documents required for conversion are:</p> <ol style="list-style-type: none"> 1. The Bank's conversion request form; 2. Preferred share certificates or any permissible substitute (specified by the SET); 3. <u>For an individual</u>, a certified copy of a valid national identity card, foreigner identity card or passport (whichever is applicable); <u>For a juristic person</u>, a copy of a juristic person certificate issued by the Ministry of Commerce within 1 year of the request submission date, together with a certified copy of a valid national identity card of a director with signing authority.
Place for requesting conversion	<p>(1) Thailand Securities Depository Co., Ltd. or</p> <p>(2) Brokerage</p>

It should be noted that the Extraordinary General Meeting of Shareholders of The Siam Commercial Bank Public Company Limited No. 1/2021, which was held on November 15, 2021, resolved to approve the SCB Financial Group Restructuring Plan whereby the Bank had arranged to establish SCB X Public Company Limited ("SCBX") to be the parent company of the companies in the financial group. In this respect, once the Stock Exchange of Thailand (the "SET") gives preliminary approval to the Shareholding Restructuring Plan and SCBX

obtains approval from relevant authorities including the approval from the Office of the Securities and Exchange Commission in respect of the offering of newly-issued shares, SCBX will make a tender offer for all of the Bank's securities to the shareholders of the Bank, by issuing new shares and offering such newly issued ordinary shares in exchange for the Bank's ordinary shares and preferred shares, at a swap ratio of 1 ordinary share of the Bank for 1 ordinary share of SCBX, and 1 preferred share of the Bank for 1 ordinary share of SCBX. In making such tender offer, SCBX will cancel the tender offer if the number of shares offered by the offerees constitutes less than 90 percent of the Bank's total number of voting rights. After the completion of the tender offer for the securities of the Bank, the securities of SCBX will be listed on the SET, in place of the securities of the Bank, which will be delisted from the SET on the same day.

Future Share Issuance Obligation

The Bank has no future share issuance obligation.

Shareholding through Thai NVDR Co., Ltd.(NVDR)

As of December 30, 2021, the Bank had 3,399,192,198 registered and paid-up shares outstanding, of which 286,869,987 shares (or 8.44% of total shares) were held through NVDR. Total shares in NVDR can be divided into 286,868,887 ordinary shares (representing 8.45% of total ordinary shares) and 1,100 preferred shares (representing 0.03% of total preferred shares). NVDR has announced that it will abstain from attending and voting at shareholder meetings, except in cases that involve stock delisting from the SET. Investors can obtain the number of the Bank's shares held through NVDR directly from the Stock Exchange of Thailand at www.set.or.th/nvdr.

Note: Thai NVDR Co., Ltd. (NVDR) is a juristic person holding shares on behalf of foreign investors by issuing and selling non-voting depositary receipts, also known as "NVDR instruments," to interested foreign investors. The main purpose of NVDR instruments is to stimulate trading activity and liquidity in the Thai stock market. This mechanism allows foreign investors to invest in Thai securities without foreign limit restriction under applicable laws in Thailand.

Policy on Rights Issuance

The Bank has no plan to issue new shares to existing shareholders.

Shareholders

Principal shareholders (as of December 30, 2021)

No.	Name	Ordinary shares	Preferred shares	Total shares	Percentage of shares
1	His Majesty King Maha Vajiralongkorn Phra Vajiraklaochaoyuhua	793,832,359	-	793,832,359	23.35
2	VAYUPAK MUTUAL FUND 1	785,298,200	-	785,298,200	23.10
3	THAI NVDR COMPANY LIMITED	286,868,887	1,100	286,869,987	8.44
4	SOUTH EAST ASIA UK (TYPE C) NOMINEES LIMITED	124,902,250	-	124,902,250	3.68
5	STATE STREET EUROPE LIMITED	106,416,519	-	106,416,519	3.13
6	SOCIAL SECURITY OFFICE	99,701,000	-	99,701,000	2.93
7	THE BANK OF NEW YORK MELLON	44,089,240	-	44,089,240	1.30
8	NORTRUST NOMINEES LTD-CL AC	39,350,093	-	39,350,093	1.16
9	STATE STREET BANK AND TRUST COMPANY	29,723,776	-	29,723,776	0.87
10	SOUTH EAST ASIA UK (TYPE A) NOMINEES LIMITED	19,461,981	-	19,461,981	0.57
11	OTHERS	1,066,005,020	3,541,773	1,069,546,793	31.47
TOTAL ISSUED AND PAID-UP SHARES		3,395,649,325	3,542,873	3,399,192,198	100.00
	THAI SHAREHOLDERS	2,795,412,657	3,381,866	2,798,794,523	82.34
	FOREIGN SHAREHOLDERS	600,236,668	161,007	600,397,675	17.66

Remark: Based on issued and paid-up shares (common shares and preferred shares).

Dividend Policy

SCB's Dividend Policy

The Bank has a policy to pay dividends at the rate of not less than 30 percent of its net profit based on the consolidated financial statements, which are payable in any year of positive profits net of all legal reserves and other reserve requirements, provided that there is no accumulated loss and the Bank maintains sufficient capital to meet legal requirements.

In 2021, the Bank paid a dividend at Baht 2.30 per share to ordinary and preferred shareholders totaling Baht 7,818 million, or 28.7%, of the Bank's 2020 consolidated net profit, which was consistent with the Bank of Thailand's circular letter dated November 12, 2020 stipulating that financial institutions were allowed to pay dividends for the operational results of the year 2020, provided that the dividend payout ratio shall not exceed that of 2019 and shall not exceed 50 percent of 2020 net profit. The dividend payout ratio under the BOT circular letter was calculated based on banks' net profit under the unconsolidated (bank-only) financial statements.

The dividend payment from the Bank's 2021 operational results will be proposed for approval at the Annual General Meeting of Shareholders in April 2022 at the rate of Baht 4.06 per share. The Bank paid the interim dividend from the 2021 operating results to the holders of the Bank's preferred and

ordinary shares at the rate of Baht 1.43 per share, totaling of Baht 4,861 million. Accordingly, the remaining dividend to be paid under the resolution of the shareholders' meeting was at the rate of Baht 2.63 per share. It should be noted that on November 11, 2021, the Bank of Thailand (BOT) issued a circular letter on the 2021 dividend payment policy that financial institutions are allowed to pay dividends for the operational results of the year 2021 not exceeding 50 percent of 2021 net profit. However, financial institutions should maintain a cautious approach in accordance with their performance and by considering any possible risks lying ahead.

Dividend Policies of Subsidiaries

For a subsidiary over which the Bank has full control and which is not listed on the Stock Exchange of Thailand (SET), dividends shall be paid at the maximum amount of net profits after appropriation for legal reserves or at an appropriate level given the subsidiary's business requirements.

In the case of a subsidiary being a SET-listed company or a company over which the Bank does not have full control, dividend payment will depend on the individual company's dividend policy and shall comply with applicable laws, rules and regulations.

Debt Securities

At the end of 2021, outstanding debt securities issued by the Bank were as follows:

	Amount	Interest rate	Maturity date
USD Senior Unsecured Notes	USD 400 million	3.20%	July 2022
USD Senior Unsecured Notes	USD 500 million	2.75%	May 2023
USD Senior Unsecured Notes	USD 500 million	3.90%	February 2024
USD Senior Unsecured Notes	USD 500 million	4.40%	February 2029

Investments of Siam Commercial Bank PCL in Other Companies

As of December 31, 2021 the Bank owned 10% or more of the issued shares of the following companies.

No.	Company name and address	Type of business	Type of shares	Issued and paid-up capital (Baht)	Paid-up shares	Number of shares	Percentage of ownership*	Amount* (Baht)
Group 1 Financial Group Companies owned by SCB (After restructuring)								
1	THE SIAM COMMERCIAL BANK MYANMAR LTD. Sule Square Office Tower, Unit No.18-06/07, 221 Sule Pagoda Rd., Kyauktada Township, Yangon, Myanmar Tel. +95-9-774-555559, +95-9-773-999919	Banking	Ordinary	USD 150,000,000	1,500,000	1,500,000	100.00%	4,513,500,000
2	CAMBODIAN COMMERCIAL BANK LTD. ⁽¹⁾ 26 Monivong Rd., Sangkat Phsar Thmei 2, Khan Daun Penh, Phnom Penh, Kingdom of Cambodia Tel: +855 (23) 426-145, 213-601-2	Banking	Ordinary	USD 75,000,000	750,000	750,000	100.00%	2,687,888,635
3	SCB-JULIUS BAER SECURITIES CO., LTD. 108 Sukumvit Rd., North Klongton, Wattana, Bangkok 10110 Tel: 0-2098-9999	Securities	Ordinary	2,650,000,000	265,000,000	158,999,999	60.00%	1,589,999,990
4	SCB TRAINING CENTRE CO., LTD. 9 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 081-847-9297	Training center	Ordinary	549,000,000	5,490,000	5,490,000	100.00%	389,504,400
5	SCB-JULIUS BAER (SINGAPORE) PTE. LTD. ⁽²⁾ 9 Straits View, #08-10A, Marina One West Tower, Singapore 018937 Tel: +65-6973-2020	Securities	Ordinary	317,966,000	13,700,000	13,700,000	100.00%	317,966,000
6	SCB PROTECT CO., LTD. G Tower Grand Rama 9, 20 th Floor, 9 Rama 9 Rd., Huai Khwang, Huai Khwang, Bangkok 10310 Tel. 0-2037-7899	Insurance broker	Ordinary	303,000,000	30,300,000	30,299,997	100.00%	302,999,970
7	SCB ASSET MANAGEMENT CO., LTD. SCB Park Plaza Bldg., Tower 1, 7 th -8 th Floor, 18 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2949-1500	Asset management	Ordinary	100,000,000	20,000,000	20,000,000	100.00%	221,573,983
8	MAHISORN CO., LTD. ⁽³⁾ SCB Park Plaza, 18-19 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2937-5400	Property management	Ordinary	66,949,000	669,490	669,490	100.00%	88,168,273

No.	Company name and address	Type of business	Type of shares	Issued and paid-up capital (Baht)	Paid-up shares	Number of shares	Percentage of ownership*	Amount* (Baht)
9	RUTCHAYOTHIN ASSETS MANAGEMENT CO., LTD. 9 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2795-4131	Asset management	Ordinary	25,000,000	2,500,000	2,500,000	100.00%	25,000,000
10	SCB PLUS CO., LTD. G Tower Grand Rama 9, 12 th and 14 th Floor, 9 Rama 9 Rd., Huai Khwang, Huai Khwang, Bangkok 10310 Tel: 0-2792-3900	Collection	Ordinary	1,000,000	100,000	100,000	100.00%	1,000,000
Group 2 Financial Group Companies to be transferred to SCBX (After restructuring)								
11	SCB 10X CO., LTD. One FYI Center Tower, 3 rd Floor, Unit 1/301-1/305, 2525 Rama 4 Rd., Khlong Toie, Bangkok 10110 Tel: 0-2795-7828	Venture capital, venture builder and strategic investments	Ordinary	17,250,000,000	200,000,000	199,999,997	100.00%	17,249,999,700
12	SCB SECURITIES CO., LTD. SCB Park Plaza Bldg., Tower 3, 2 nd , 20 th -21 st Floor, 19 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2949-1000	Securities	Ordinary	2,100,000,000	240,000,000	240,000,000	100.00%	2,207,396,410
13	PURPLE VENTURES CO., LTD. ⁽²⁾ SCB Park Plaza Bldg., Tower 3 East, 22 nd Floor, 19 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2795-1114	E-Commerce and digital services	Ordinary	1,597,000,000	26,000,000	26,000,000	100.00%	1,597,000,000
14	MONIX CO., LTD. Training Center Tower, 2 nd Floor, 9 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2098-9507	Digital lending	Ordinary	660,000,000	6,600,000	3,959,999	60.00%	395,999,900
15	AISCB CO., LTD. SCB Park Plaza Bldg., Tower 3, 22 nd Floor, 19 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2030-1919	Digital lending	Ordinary	600,000,000	6,000,000	2,999,999	50.00%	299,999,900
16	SCB ABACUS CO., LTD. ⁽²⁾ SCB Park Plaza Bldg., Tower 3, 22 nd Floor, 19 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2544-6566	Data analytics and digital lending	Ordinary	473,529,410	47,352,941	24,500,000	51.74%	246,162,685
17	SCB TECH X CO., LTD. SCB Park Plaza Bldg., Tower West A, 2 nd Floor, 18 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900	Specialized technology services provider	Ordinary	151,000,000	15,100,000	15,099,997	100.00%	150,999,970

No.	Company name and address	Type of business	Type of shares	Issued and paid-up capital (Baht)	Paid-up shares	Number of shares	Percentage of ownership*	Amount* (Baht)
18	DIGITAL VENTURES CO., LTD. ⁽²⁾ Rutchadaphisek Corner Property Bldg. (RCP), 2 nd Floor, 101 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900 Tel: 0-2061-6166	Financial technology	Ordinary	103,750,000	1,037,500	1,037,500	100.00%	103,750,000
19	ALPHA X CO., LTD. 888 Latphrao 112, (lam Somboon), Phlapphla, Wang Thonglang, Bangkok 10310 Tel: 0-2009-5200	Hire purchase, leasing, and refinancing business	Ordinary	150,000,000	30,000,000	15,000,000	50.00%	75,000,000
20	TOKEN X CO., LTD. ⁽²⁾ One FYI Center Tower, 3 rd Floor, Unit 1/301-1/305, 2525 Rama 4 Rd., Khlong Toie, Bangkok 10110	Initial coin offering portal	Ordinary	50,000,000	500,000	500,000	100.00%	50,000,000
Group 3 Non-Financial Group Companies ⁽³⁾								
21	SYNQA PTE. LTD. ⁽²⁾ 6 Battery Rd., #38-04 Singapore 049909	Online payment services	Preferred	3,440,321,911	5,245,520	1,022,964	19.50%	1,670,993,769
22	THAI OBAYASHI CORP., LTD. Nantawan Bldg., 11 th Floor, 161 Soi Mahadlek Luang 3 Ratchadamri Rd., Lumpini, Pathumwan, Bangkok 10330 Tel: 0-2252-5200	Construction	Ordinary	10,000,000	20,000	2,000	10.00%	1,491,352,100
23	SBI DIGITAL MARKETS PTE. LTD. ⁽²⁾ 176 Orchard Rd, #05-05 The Centerpoint, Singapore 238843	Security dealings and commodity contracts brokerage	Ordinary	555,084,315	7,200,002	1,200,001	16.67%	355,053,486
24	TREX VENTURES CO., LTD. ⁽²⁾⁽⁴⁾ One FYI Center Tower, 3 rd Floor, Unit 1/301-1/305, 2525 Rama 4 Rd., Khlong Toie, Bangkok 10110	Digital financial services	Ordinary	300,000,000	10,000,000	5,100,000	51.00%	153,000,000
25	BCI (THAILAND) CO., LTD. 5/13 Moo 3, 4 th Floor, Chaengwattana Rd., Khlongkuea, Pakkret, Nonthaburi 11120 Tel: 088-597-4790	Blockchain platform	Ordinary	530,000,000	53,000,000	11,750,000	22.17%	117,500,000
26	NATIONAL ITMX CO., LTD. 5/13 Moo 3, Chaengwattana Rd., Khlongkuea, Pakkret, Nonthaburi 11120 Tel: 0-2558-7555	Payment system service provider	Ordinary	50,000,000	500,000	114,259	22.85%	103,708,523
27	APE BOARD PTE. LTD. ⁽²⁾ 141 Middle Road #05-06, GSM Building, Singapore 188976	Investment dashboard service	Preferred	67,006,900	8,333	3,333	40.00%	66,839,800

No.	Company name and address	Type of business	Type of shares	Issued and paid-up capital (Baht)	Paid-up shares	Number of shares	Percentage of ownership*	Amount* (Baht)
Group 3 Non-Financial Group Companies ⁽³⁾								
28	TPOP INCORPORATION CO., LTD. ⁽²⁾ 99 Moo2, Bangpoon, Muang Pathumthani, Pathumthani 12000	Composing music, purchase or procure by any copyright and intellectual property rights related to all type of music	Ordinary	60,000,000	1,500,000	600,000	40.00%	60,000,000
29	SAMAWAT HEALTH CO., LTD. ⁽²⁾ 488 Srinakarin Rd., Suanluang, Suanluang, Bangkok 10250	Digital platform for telemedicine services	Ordinary	50,000,000	500,000	200,000	40.00%	20,000,000
30	SWOP MART CO., LTD. ⁽²⁾ 433 Sukhonthasawat Rd., Lat Phrao, Bangkok 10230	E-commerce platform	Ordinary	20,000,000	500,000	200,000	40.00%	20,000,000
31	THE LIVINGOS PTE. LTD. ⁽²⁾ 8 Marina Boulevard, #05-02, Marina Bay Financial Centre, Singapore 018981	Application service for condominium residents	Preferred	137,021,590	6,662,500	812,500	12.20%	16,709,950
32	ESSE COMPLEX LIMITED Suite 5508, 55 th Floor, Central Plaza 18 Harbour Rd, Wanchai, Hong Kong.	Property investment	Ordinary	USD 3,800,000	3,800,000	380,000	10.00%	12,699,562
33	RUAMRUDEE ABOVE LTD. Suite 5508, 55 th Floor, Central Plaza 18 Harbour Rd., Wanchai, Hong Kong.	Property investment	Ordinary	USD 3,500,000	3,500,000	350,000	10.00%	11,696,965
34	GUNKUL B2B CO., LTD. ⁽²⁾ Pearl Bangkok Tower, 8 th Floor, 1177 Phahonyothin Rd, Phayathai, Phayathai, Bangkok. 10400	Digital platform service for trading electrical equipment	Ordinary	25,000,000	500,000	200,000	40.00%	10,000,100
35	SAHAVIRIYA STEEL INDUSTRIES PCL ⁽⁵⁾ Prapawit Bldg., 2 nd -3 rd Floor, 28/1 Surasak Rd, Silom, Bangkok, Bangkok 10500 Tel. 0-2238-3063-82	Steel industry	Ordinary	11,113,018,280	11,113,018,280	4,469,534,816	40.22%	1
36	DEAN & DELUCA INC. ⁽⁵⁾ Corporation Trust Center, 1209 Orange Street, Wilmington, New Castle, Delaware 19801	Retailer of premium gourmet and delicatessen business	Ordinary	USD 1,730,476	173,047,632	45,837,074	26.49%	1
37	SIAM SAT NETWORK CO., LTD. ^{(2) (4)} SCB Park Plaza Bldg., Tower 2 West, 21 st Floor 18 Rutchadaphisek Rd, Jatujak, Jatujak, Bangkok 10900	Sattelite service	Ordinary	112,500,000	11,250,000	9,182,012	81.62%	-

No.	Company name and address	Type of business	Type of shares	Issued and paid-up capital (Baht)	Paid-up shares	Number of shares	Percentage of ownership*	Amount* (Baht)
Group 3 Non-Financial Group Companies⁽³⁾								
38	SIAM TECHNOLOGY SERVICE CO., LTD. ⁽¹⁾⁽⁴⁾ SCB Park Plaza Bldg., Tower 1 West, 18 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900	Consultant	Ordinary	30,000,000	3,000,000	2,249,993	75.00%	-
39	SIAM MEDIA AND COMMUNICATION CO., LTD. ⁽⁴⁾ SCB Park Plaza Bldg., Tower 2 West, 17 th -22 nd Floor, 18 Rutchadaphisek Rd., Jatujak, Jatujak, Bangkok 10900	Holding Company	Ordinary	700,000,000	7,000,000	2,333,800	33.34%	-
40	SUPERNAP (THAILAND) CO., LTD. Sindhorn Tower 3 Bldg. 18 th Floor, 130-132 Wittayu Rd. Lumpini, Pathumwan, Bangkok 10330 Tel: 0-3312-5100	Data center	Ordinary	2,000,000,000	200,000,000	20,000,000	10.00%	-
41	THAI U.S. LEATHER CO., LTD. ⁽⁴⁾ 39/98 Rama II Rd., Banghrachao, Muang, Samutsakhon 74000 Tel: 034-490-082-7	Leather Industry	Ordinary	193,750,000	25,000,000	2,500,000	10.00%	-
42	NAVUTI CO., LTD. 920/4 Moo7, Mae Fah Luang, Mae Fah Luang, Chiang Rai 57110 Tel: 053-767-015, 0-2252-7114 (Bangkok office)	Agribusiness	Ordinary	60,000,000	600,000	60,000	10.00%	-

Remarks

* In case of indirect investment by bank affiliates, in which the Bank holds more than 30% of their shares, the figures will depict the total percentage of shareholding and investment value of the Bank and its affiliates (under Section 258 of Securities and Exchange Act).

(1) Company held jointly by the Bank and a Bank affiliate in which the Bank holds more than 30% of shares.

(2) Company held by a Bank affiliate in which the Bank holds more than 30% of shares.

(3) Companies with shareholding from 10% which are not classified as Financial Group Companies.

(4) Discontinued operations, or in process of dissolution or liquidation.

(5) Debt restructuring investment.

Risk Management and Risk Factors

Risk Management

SCB's strong performance during the past 10 years has been accompanied by significant expansion in the Bank's assets and customer base. As its operations grow in complexity and size, the Bank must shift its priority toward sustainability. Moreover, the Bank's past successes have also raised the expectations of customers, shareholders and other stakeholders. Against this backdrop, the Bank believes that effective risk management will continue to be the key to sustainable growth and profitability.

Risk management aims to create long-term stability for the business to achieve its goals within its risk appetite. It also mitigates risks in critical or uncontrollable situations. SCB is committed to continuously develop and strengthen its entire risk management system including risk identification, risk assessment and measurement, risk control and mitigation, and risk monitoring to be prepared for ongoing and future challenges.

The backbone of SCB's risk management consists of the policy formulation process, implementation framework and audit process, in tandem with building a strong risk management culture by empowering our people with knowledge and accountability so that they can all participate in this crucial discipline.

SCB's overall risk management structure, policy and system comprise the following:

Risk Management System

SCB's risk management system has four major components:

1. Risk identification

Major risks of the Bank include transactions and activities involving customers and counterparties. These risks are strategic risk; credit risk; market risk; interest rate risk in the banking book; liquidity risk; and operational risk, which entails model risk, reputational risk, people risk and technology risk. These risk categories are discussed in detail in

the section below titled "Key Risk Factors for the Banking Business."

2. Risk assessment and measurement

To assess and measure each type of risk, the Bank employs a wide range of quantitative and qualitative methods based on internal ratings-based approaches and/or other appropriate internal models:

- **For strategic risk**, the Bank relies on and develops an assessment using primarily qualitative risk factors and quantitative economic indicators.
- **For credit risk**, measures include borrower risk ratings to gauge the probability of default (PD). The Bank applies credit scoring, such as application scores, and behavioral scores to assess risk profiles of retail clients and small SMEs. In addition, the Bank has developed risk models to estimate loss given default (LGD) and exposure at default (EAD). For derivative products, the Bank relies upon the potential future exposure (PFE) methodology to measure credit risk exposure.
- **For market risk**, measurements include both statistical tools, such as value at risk (VaR), and non-statistical methods, including risk-factor sensitivity analysis, position measures and stress testing for trading book exposures.
- **For interest rate risk in the banking book (IRRBB)**, the Bank assesses the risk by measuring the impact of interest rate fluctuation on net interest income and economic value of equity (EVE) using interest rate volatility assumption under stress scenarios.
- **For liquidity risk**, the measures cover balance-sheet structure, cash flows of assets and liabilities, and off-balance-sheet items. The liquidity risk measurements include liquidity coverage ratio (LCR), net stable funding ratio

(NSFR), liquidity ratio and maximum cumulative outflow (MCO).

- **For operational risk** measurement, the Bank has developed a risks and controls self-assessment (RCSA) as a tool to identify and assess risks and controls as well as loss incident data to determine operational risk and internal control effectiveness for each of the Bank's business units and products. It has also established key risk indicators (KRIs) to identify causes of risks and track movement of risk trends as an early warning tool to effectively manage risks. A tolerance level is defined for each KRI, and KRI reporting is required to be performed within a defined period. All relevant business units and product teams are required to acknowledge their roles and responsibilities as defined in the internal RCSA and KRI regulations to ensure consistent and transparent practice of operational risk management. Moreover, as part of its risk mitigation process, the Bank has established a business continuity management plan (BCM) to ensure continuity of key activities during any crisis event that might disrupt business. The Bank's operational risk management approach requires all new products and any material changes to existing products to undergo a risk profile review. This approach ensures that operational risk remains within the Bank's risk appetite to reduce the impact from potential operational risk events.
- **For model risk**, the performance of a model is measured by using statistical quantitative factors including key performance indicators and other qualitative indicators to validate that the employed model is suitable. Qualitative analysis and measurement are also conducted to validate risks arising from usage of a model.
- **For reputational risk, technology risk and people risk**, the Bank mainly applies risk analysis, including quantitative and qualitative risk management.

To implement forward-looking risk management, the Bank also performs stress tests in addition to other risk measurement tools, particularly for market risk, credit risk and liquidity risk.

3. Risk control and mitigation

The Bank has established a risk appetite statement (RAS) that is aligned with the long-term goals of the SCB Financial Group to guide its overall risk considerations and controls. The Bank regularly reviews its capital adequacy, monitors and controls risk by establishing key risk indicators and risk limits for the exposure faced by the Bank at different levels: organization-wide, customer, product, transaction and others. The Bank has an internal control process to manage risks in accordance with the Bank's policies and procedures.

4. Risk monitoring

Risks in all categories are monitored and reported promptly and accurately to relevant functions and management on a regular basis to ensure effective risk management and control. Risk monitoring reports are created at the product level, the function level and for the Bank level.

Risk Governance Structure

The risk governance structure comprises five key components:

1. Policies

The Board of Directors has the responsibility to review and approve the Bank's major risk management policies, such as the Risk Management Policy of SCB Financial Group, Intra-SCB Financial Group Transaction Policy, Credit Policy Guide, Internal Capital Adequacy Assessment Process Policy (ICAAP Policy), Recovery Plan Policy, Stress Testing Policy, Market Risk Policy, Trading Book Policy, Interest Rate Risk in the Banking Book Management Policy, Liquidity Risk Management Policy, Operational Risk Policy, Business Continuity Management Policy and Strategic Risk Management Policy.

In addition, the Board of Directors approves the other key related policies, i.e., Reputational Risk Management Policy, People Risk Management Guidelines, Technology Risk Management Policy and Model Risk Management Policy.

2. Authority

The Board of Directors has the responsibility to delegate approval authority to management and other committees. The authority includes credit approvals and decisions to underwrite different types of risks based on the underlying risk level (risk-based authority).

3. Committees with significant roles in risk management

Committees with significant roles in risk management have been categorized into two levels as specified below:

3.1 Sub-Board committees

The Board of Directors has delegated its risk management duties to the management and other committees. The following committees have been appointed to oversee the Bank's risk management implementation:

3.1.1 The Executive Committee is responsible for considering and approving matters related to the business of the Bank according to the Bank's regulations – such as for credit, debt restructuring and investments – and to administer related functions as assigned by the Board of Directors.

3.1.2 The Risk Oversight Committee is responsible for reviewing the adequacy and efficiency of overall risk management policy, strategies and risk tolerance to ensure that they are effective and efficient, as mandated by the Board of Directors.

3.1.3 The Audit Committee comprises independent directors who are responsible for reviewing the adequacy of the Bank's internal control as well as the effectiveness of risk management implementation of the Bank and SCB Financial Group.

3.1.4 The Technology Committee is responsible for providing support to the Board of Directors to forecast long-term technology trends and

develop corresponding strategies, address the integrity of technology services and manage technology risk.

3.2 Management committees involved in risk management of the Bank

In addition to the above-mentioned sub-board committees, the following management committees have also been set up to oversee the Bank's risk management processes:

3.2.1 The Risk Management Committee is responsible for developing risk management strategies in line with the SCB Group's risk management framework including review the adequacy of overall risk management policy/guideline and oversee the SCB Group's compliance with its risk management policy and strategies. The Committee also manages the overall risk of the Bank.

3.2.2 The Assets and Liabilities Management Committee is responsible for managing liquidity risk and interest rate risk in the banking book.

3.2.3 The Equity Investment Management Committee is responsible for approving investment in equities within its approval authority and has authority to set the investment process, operation process and other management pertaining to investment, including managing risk of the Bank's equity investment portfolio.

3.2.4 The Credit Committee, Retail Credit Committee, Wealth Credit Committee and Special Assets Committee are responsible for approving loans within their approval authority. Any loan exceeding a committee's authority level requires approval from the Executive Committee or the Board of Directors as set forth in the Credit Approval Authority Regulation and the NPL and NPA Approval Authority Regulation. However, any loan involving Bank-related businesses, major shareholders or related persons must be approved by the Board of Directors. Loans viewed

by the Executive Committee as contentious and having potential reputational risk shall be proposed to the Board of Directors for approval as deemed appropriate.

With regard to the consideration of non-performing assets (NPAs), the Management Committee is responsible for approving NPAs within its approval authority. Any NPA having a fair market value exceeding the Management committee's authority level requires approval from the Executive Committee or the Board of Directors as set forth in the NPL and NPA Approval Authority Regulation.

3.2.5 The Underwriting Risk Committee is responsible for reviewing and approving underwriting limits based on market risk considerations. The Committee makes recommendations to the Executive Committee or the Board of Directors for approval in any case of a high-risk transaction or when an underwriting limit exceeds its approval authority.

3.2.6 The Model Risk Management Committee is responsible for validating and overseeing all internal risk models employed by the Bank to ensure that model management frameworks perform as expected. The Committee is also responsible for approving models as well as validation of results.

3.2.7 Other committees, such as the Investment Committee.

4. Risk governance

4.1 Credit risk governance

The Bank has long emphasized the importance of proper checks and balances in its organizational structure by separating business functions and credit approval functions for effective internal control. Credit approval authority is determined in accordance with risk level or expected loss, which will

depend on credit line, borrower risk rating and severity class. For non-retail credit, the Bank assigns approval authority to both credit committees and individuals. For retail credit, the Bank monitors and controls retail lending by means of the established Credit Policy Guide and approval authority as well as underwriting criteria according to Product Program/Risk Program approved by the Executive Committee or the Retail Credit Committee. In addition, the Bank assesses and measures credit risk by product and/or customer segment.

4.2 Market risk governance

The Bank sets a variety of market risk limits for its trading portfolios and banking portfolio, and these limits have been endorsed by the Risk Oversight Committee and approved by the Board of Directors. For the Bank's key market risks, which are interest rate risk, foreign exchange risk and investment risk in the banking book, the Committee sets risk limits for trading positions and banking book position based on information from a number of risk monitoring and assessment tools such as value at risk (VaR), risk sensitivity measures (basis point value), position measures and stress testing. In addition, trading portfolio performance is monitored and controlled by using management action triggers (MATs).

4.3 Interest rate risk in the banking book (IRRBB) governance

The Bank sets risk limits for IRRBB by measuring the impact of interest rate fluctuation on net interest income and economic value of equity (EVE) using interest rate volatility assumptions under stress scenarios. To monitor IRRBB, the Bank produces repricing gap reports for risk analysis and risk assessment. The analysis, assessment and risk management strategies are then reported to the Assets and Liabilities Management Committee (ALCO) for further action.

4.4 Liquidity risk governance

The Bank manages and controls liquidity risk to ensure that it maintains adequate sources of liquidity in order to maintain sufficient future cash flows to cover its activities under both

normal and stress situations by using cash flow reports or liquidity gap reports. The Bank's policy is to maintain its liquidity coverage ratio (LCR), net stable funding ratio (NSFR) and liquidity ratio (liquid assets as a percentage of total deposits) at the appropriate level and to monitor net cash outflows over different time horizons to ensure that the Bank will be able to meet its liquidity needs on a timely basis.

4.5 Operational risk governance

The Bank has adopted the "Three Lines of Defense" model as a core principle in its risk management practices. Front-line business functions constitute the first line of defense by applying risk management and control principles to their day-to-day operations (i.e., continuous monitoring of key activities such as suspicious access to customer data). The centralized functions are the second line of defense, providing consultation, support and scrutiny regarding the way in which the first line manages its operational risk. It comprises functions such as operational risk management, compliance, IT security, fraud management, etc. The third line of defense comprises independent assurance providers (e.g., internal audit and other independent assurance providers), which provide independent review and objective assurance on the effectiveness of the Bank's internal control system. In addition, the third line of defense also provide assurance to Audit Committee and the Bank's Board of Directors that the Bank and its financial group companies have effective and sufficient operational risk control.

The Risk Management Function holds regular meetings with business-level committees to discuss operational risk issues, and it provides risk management information to management across key functions to facilitate their business decision-making.

4.6 People risk governance

The Bank applies the Three Lines of Defense model to manage people risk in the same manner as for operational risk. The first line of defense involves the People Function, business functions and relevant support

functions. The second line of defense involves a shared service group, which is responsible for providing recommendations, support, alerts and testing for approaches adopted by the People Function to manage people risks. The shared service group comprises Operational Risk Management, Compliance & Operational Control, Technology Security & Risk, Fraud Control and others. Lastly, the third line of defense is carried out by independent units, which conduct tests on processes and procedures set out by the People Function (including the people risk management process). The last line of defense, which is under the responsibility of the Audit Division, provides assurance to the Audit Committee and the Board of Directors that the Bank and SCB Financial Group companies have effective control measures for people risk.

4.7 Model risk management governance

The Bank has established a unit responsible for Model Risk Management to have a balance of authority and work independently to validate models and to increase the effectiveness of model usage as the second line of defense and serve to offer consultation, support and validation to the first line of defense. Model risk management oversight covers the validation of models using both quantitative and qualitative approaches to ensure that the usage of models achieves the target and that controls have been put in place according to model governance to prevent any misuse of models and minimize model risks.

Regarding risk management of SCB Financial Group, the Bank as the parent company has an oversight responsibility for the risk management of subsidiary companies. The Bank's subsidiaries are responsible for establishing risk and internal control policies and practices to ensure effective risk management at a level equivalent to that of the Bank and consistent with the Bank of Thailand's guidelines on consolidated supervision. The Board of Directors has approved the Risk Management Policy of SCB Financial Group, which requires each subsidiary to formulate a risk management policy, set up an appropriate organizational structure, set risk

tolerance limits, establish risk management approaches, and prepare risk reports as specified by the Bank's risk management guidelines, which depend on the nature of the subsidiary's business.

For the Intra-SCB Financial Group Transaction Policy, the Bank follows the principle of good governance by requiring that these transactions be conducted under no special terms and conditions. Any company that is wholly owned or substantially owned by the Bank, which is considered equivalent to a business unit of the Bank, can use the Bank's shared services/resources or provide services to the Bank at market price or with conditions stipulated on an arm's length basis.

5. Chief Risk Office

The Chief Risk Office, under the Chief Risk Officer (CRO) who reports directly to the Chief Executive Officer and the Chairman of the Executive Committee, is responsible for setting the risk management framework, making risk policy recommendations, as well as reporting and monitoring major types of risk. The Chief Risk Office is responsible for bringing the Bank's risk management policies and practices up to global standards and for ensuring that the Bank and its subsidiaries have a comprehensive and integrated risk management framework. Moreover, other relevant functions are responsible for specific risks. For example, the Chief Financial Office is responsible for liquidity risk and interest rate risk in the banking book (IRRBB); the Chief People Office is in charge of people risk; the Chief Strategy Office handles strategic risk; and Chief Marketing Office is responsible for reputational risk.

Key Risk Factors for the Banking Business

Risks from Economic Uncertainties

EIC maintains its GDP growth forecast for 2022 at 3.2%, considering the effects of Omicron on tourism and overall sentiment in early 2022. The Thai economy will remain on a path of slow but steady recovery, making a modest rebound as increased

vaccination rates within Thailand and around the world facilitate resumption of economic activities. Exports will likely continue to grow steadily at 3.4% following the positive trend in global economic growth and international trade, especially exports to emerging economies which have recently shown an acceleration. The tourism industry is expected to see gradual recovery, though not without a risk of being derailed by Omicron. In the base scenario, where pandemic havoc is limited to the first quarter, the number of tourist arrivals is expected to reach 5.9 million in 2022. However, in the worst-case scenario, the number of foreign visitors could plunge to 2.6 million if countries around the world reimpose travel restrictions and, in particular if China postpones its re-opening to 2023. In addition, the Russia-Ukraine conflict that has escalated since late-February may have adverse repercussions on the Thai economy, especially on tourism, as Russian tourists were ranked 7th in terms of pre-COVID arrivals. Furthermore, the conflict is poised to cause a significant rise in energy and input costs, thus effectively reducing businesses' profit margins and hampering the consumer's purchasing power.

Overall, EIC views that Thailand's economic growth will remain below the potential rate, with a significant output loss and high downside risks from the resurgence of COVID-19. The government should continue its crucial role to buttress growth in 2022 and consider borrowing to provide additional stimulus support. Based on EIC's calculation, even 3.2% growth in 2022 would be substantially below the potential level. This will result in high output loss and more profound scarring effects. Thailand might need to wait until mid-2023 for the economy to recover to the pre-pandemic 2019 level. Nonetheless, long-term damage could ensue if the Thai economy lags its growth potential or grapples with large economic scars. First, more companies might go out of business and withdraw both employment and investment from the domestic economy, thus deterring future growth potential. Second, unemployed people who fail to land new jobs or whose skills fail to match labor market needs would suffer considerable loss of income and opportunities for skill advancement, thus becoming jobless on a long-term basis, which could derail future productivity. At the same time, this

recent crisis will exacerbate the disadvantaged conditions of some groups such as low-income people, low-skilled workers and SMEs. Thailand's inequality gap would thus widen further and exacerbate the risks of political instability and other social issues.

In 2022, the Thai economy still faces a variety of downside risks. First, the COVID-19 situation in Thailand and other countries might become more severe, especially if the new variants are more resistant to current vaccines. Second, scarring effects might leave deeper wounds in the economy, gravely impacting the ability of households and businesses to service debt. Third, rapid inflation following energy price surges and global supply bottlenecks might propel further expectations of inflation, which would prompt major central banks to raise interest rates swiftly, hampering economic recovery worldwide. Fourth, China risks slowing down from the energy crisis and real estate slump.

The global economic recovery will continue in 2022, albeit at a slower pace than during the previous year and with two major risks that warrant monitoring: First, the emergence of the Omicron variant. Early evidence suggests that the new variant is more transmissible and resistant to current vaccines. Though Omicron produces milder cases than other variants, the new outbreak will take a toll on economic activity, particularly in the service sector because several countries have restricted international travel as a prevention measure. Furthermore, if some regions of the world lag in vaccination progress, new and more severe strains may emerge. Second, supply chain disruptions have persisted longer than expected, causing inflation to soar in many countries. Supply chains have failed to match recovering demand in recent years due to: 1) the Delta outbreak in production-based countries in East Asia, where stringent lockdowns and factory closures led to shortages of product and raw materials, 2) insufficient labor due to the pandemic and government benefits that discourage workers from returning to the job market, 3) shipping delays and overcrowded ports which severely affect transport of durable goods, and 4) low investment in new projects, leading to supply shortages especially of chips and semiconductors.

Nevertheless, EIC expects that the supply chain issues will start to subside in 2022. Prices might remain high, but upticks should slow as factories in East Asia resume operation and vaccination progress helps governments contain outbreaks. Labor shortages should also be resolved as government benefits gradually expire and COVID-19 concerns subside. Wage hikes in some sectors would motivate more workers to return to the labor market. The global chip shortage has resulted in signs that investment is being renewed, though it might take until 2023 before new supply fully satisfies global demand. Overall, inflation will decelerate in 2022, as supply disruptions steadily ease, but on average will remain higher than the pre-pandemic level.

As for the Bank's management of risk in the face of uncertain economic conditions, SCB robustly monitors the credit quality of its borrowers on a regular basis in order to ensure adequate allowance for expected credit loss. Similarly, the Bank closely monitors its portfolios in terms of the concentration of credit loans in order to react promptly in the face of an economic shock. In addition, SCB conducts stress tests in order to appraise the adequacy of funds. This process is part of the internal capital adequacy assessment process (ICAAP) that the Bank of Thailand requires of all commercial banks.

1. Credit Risk

1.1. Concentration risk

Concentration risk relates to any single exposure or group of exposures in an entity or a business sector with a potential to produce large losses for the Bank if problems arise in that entity or sector.

The Bank manages credit concentration risk by setting concentration limits based on loss potential for each borrower group. Specifically, the Bank controls and monitors lending ratios under the following guidelines:

- Lending, investment, contingent liabilities or lending-like transactions with any major borrower and related parties or project must not exceed, without regulatory approval,

25% of consolidated Group capital.

- The sum of lending, investment, contingent liabilities or lending-like transactions with all major borrowers and related parties, of which total debts exceed 10% of the Bank's total capital, must not exceed three times the Bank's total capital.

Additionally, the Bank requires that lending not be concentrated in any one specific industry. This is determined from industry trends, business opportunity, probability of loss and probability of default. The Bank has applied statistical tools to determine industry limits, such as the Herfindahl-Hirschman Index (HHI), which is an index adopted for measuring industry concentration.

The economic impact of COVID-19 dragged into 2021, especially in tourism-related industries and the real estate business, which contributed around 7% and 5% of total loans, respectively, at the end of 2021. These industries are likely to require a longer recovery period and will need continuous assistance or comprehensive debt restructuring from the Bank. However, the borrowers are leading companies in these industries, and collateral values are high in proportion to loans outstanding, which will help mitigate potential losses to the Bank.

1.2. Counterparty risk

Counterparty risk is the risk of losses from counterparties violating contract agreements, particularly for derivatives contracts, such as interest-rate swaps, currency swaps, equity instruments and forward rate agreements. Generally, the Bank enters into derivative contracts with customers that need to square their positions and minimize their risk exposure. To keep market risk exposure under the limit, the Bank may hedge its risk exposure in part or in whole by entering into off-setting agreements (back-to-back) with foreign banks in the OTC derivatives markets, which creates counterparty risk with these banks.

The Bank sets a risk limit for each counterparty based on the same underwriting process as

for credit customers. To determine counterparty limits, specifically for financial institutions (FIs), the Bank takes into consideration the counterparty's credit ratings and level of Tier 1 capital. The Bank also establishes a country limit for each country. For risk monitoring, the Bank closely monitors counterparties' credit conditions based on aggregate exposure, credit default swap (CDS) spread, changes in credit ratings and changes in equity prices. This information is reported to senior management on a daily basis as input to assist with keeping the risk level within the Bank's risk appetite during normal and stress situations.

To mitigate counterparty risk, the Bank signs ISDA credit support annexes (CSAs) with its major counterparties, which require posting collateral in the form of cash or highly liquid securities when a contract's fair market value changes more than the threshold.

The effects of the COVID-19 pandemic do have an impact on counterparty credit risk for some specific counterparties in certain industries, which is reflected in a slightly higher credit valuation adjustment (CVA). But the impact of this credit valuation adjustment on the overall portfolio is not material, and the Bank has closely measured, monitored and controlled such associated risk.

1.3. Country risk

When the Bank engages in international lending or a cross-border transaction, it undertakes not only customer credit risk but also country risk arising from the economic, social and political conditions of the country. The Bank sets out a risk management framework to ensure that adequate policies and processes are in place to identify, measure, evaluate, monitor, report and control or mitigate country risk, both direct and indirect, on a timely basis.

The Bank manages country risk by setting a maximum exposure limit and a country limit for each country, based on a sovereign scorecard model and external credit ratings and the Bank's level of Tier 1 capital.

The COVID-19 pandemic's effect on country risk resulted in downgrades for some countries. The Bank has suspended country limits for such countries and has closely measured, monitored and controlled such associated risk and has also reported this to the appropriate Bank committees.

14. Non-performing loan (NPL) risk

NPLs arise when borrowers fail to repay debts according to schedule, which may cause the Bank to lose not only interest income, but sometimes part or all the principal, with an impact on the Bank's profitability and capital adequacy.

In response to the outbreak of COVID-19, the Bank of Thailand has provided a relief program to assist retail borrowers as well as non-retail debtors, under which SCB has established such measures as installment reductions, postponement of principal repayment, ceiling rate cuts, among others. As of December 31, 2021, **SCB's outstanding loans to customers under the relief program are 17% of the Bank's total loans.** (For non-retail customers, the amount is measured at the customer level. This includes some accounts that are not under the relief program.)

The uncertainty of the COVID-19 situation continuing in 2021 and restrictions imposed on many businesses by the government to control the pandemic spread had a dramatic effect on companies and households, exposing the Bank to a higher risk of loan defaults compared to normal circumstances. The relief measures by the BOT as well as by SCB itself helped slowed down the rate of defaults. SCB does, however, face the so-called "cliff-effect" risk whereby the customers' ability to pay will return to pre-COVID level at the eventual end of the pandemic. In addition, the Bank is exposed to risks resulting from the deteriorating financial position and financial ratio of debtors, whereby there is 1) a higher tendency to breach covenants, which the Bank may be forced to relax, 2) an increasing proportion of stage 2 loans due to worsening credit rating, 3) a higher required

provisioning. The Bank will closely monitor and review loan quality and credit concentration to ensure that the Bank has set aside provisions that are adequate to mitigate the impact from portfolio deterioration.

At the end of 2021, NPLs stood at Baht 109,114 million, or 3.8%, up from Baht 101,462 million, or 3.7%, in 2020. (Further explanation regarding NPLs is provided in the Management Discussion and Analysis section of this Annual Report.)

The Bank manages its NPL risk by setting aside adequate expected credit loss. At the end of 2021, the Bank had total expected credit loss of Baht 152,111 million, covering 139.4% of NPLs.

15. Off-balance-sheet risk

To adhere to the Thai Financial Reporting Standards, some of the Bank's obligations with customers and counterparties are classified as off-balance-sheet items, which have underlying credit risk from the potential of failure to comply with contract terms.

At the end of 2021, the Bank's obligations from aval and guarantees, liabilities under yet-to-mature import bills, and letters of credit amounted to Baht 483,224 million, up by 3.9% from the year before.

To manage this off-balance-sheet exposure, the Bank treats such obligations as a form of loan, and business units are required to follow the normal credit approval process. The Bank controls this risk by setting a counterparty risk limit for each customer along with the country risk limit. Monitoring is also done by keeping abreast of the current situation and related information.

For the credit risk of a derivative transaction, unlike general credit risk in which losses are often one-sided, both sides of a contract can face losses as a result of change in the contract's value from market movements. To quantify the credit equivalent amount of a derivative transaction, the Bank uses the Monte Carlo

simulation and current exposure method, depending on product type, to determine the credit exposure of a derivative transaction with a counterparty.

Derivative transactions introduce additional market risk arising from change in a contract's value. The Bank controls its derivatives risk exposure to market volatility by setting limits using a variety of risk indicators, such as VaR, risk sensitivities including option greeks, loss action triggers and stress testing.

1.6. Risk from impairment in value of real estate collateral

Because most collateral is in the form of real estate, a sluggish property market and lower house prices will negatively affect the value of the Bank's collateral, which may result in higher losses from NPLs. The Bank has established the Collateral and Non-Performing Assets Appraisal Policy as part of the Credit Risk Management Policy to ensure that collateral and NPA values reflect fair market values, especially for setting expected credit loss and capital calculation as well as for consideration in credit approval and debt restructuring.

The Bank has managed impairment risk through the Collateral and Non-Performing Assets Appraisal Policy as mentioned above, which requires collateral for credit lines exceeding Baht 20 million or over to be reassessed every five years. Collateral for non-performing loans (NPLs) is reassessed every three years unless any decision needs to be made that depends on collateral value, such as restructuring of a problem loan. In that case, collateral value must be reassessed within one year to reflect fair market value. For non-performing assets, collateral is re-appraised every year per BOT's requirement.

For the choice of appraiser, the Bank is authorized by the BOT to use its internal appraiser for loans of any size. According to the policy of the Bank, either an internal appraiser or an external appraiser may be an appropriate choice. The Bank has established

a list of qualified criteria for use in selecting any external appraiser in order to be confident that it conforms to professional standards and ethics.

The criteria must be approved by the Risk Management Committee and reviewed annually so that the Acceptance Valuation Assessment Committee (AVA Committee) can use them as a guideline for selecting external valuation companies. The companies on the qualified list are reviewed every six months.

To ensure transparency and prevent conflicts of interest, the Bank's internal appraisal process is independent from the credit approval function. The Bank's internal appraiser together with the AVA Committee are responsible for monitoring and updating property price movements in the market and reporting them to the Credit Committee annually.

The COVID-19 pandemic may have caused collateral value to depreciate as a result of the economic downturn, which will cause the Bank to face higher losses by exacerbating NPL problems. To address this risk, the Bank takes into account a borrower's delinquency probability and collateral depreciation in formulating a resolution strategy to mitigate losses for the Bank. The Bank's debt management approach may involve debt restructuring, debt consolidation, NPL sales or legal action.

2. Market Risk and Interest Rate Risk in the Banking Book (IRRBB)

2.1. Foreign exchange risk

Fluctuation in exchange rates affects the value of the Bank's foreign currency-denominated assets and liabilities. Transactions exposed to foreign exchange risk include proprietary trading transactions and money transfers as well as payments related to international trade and foreign investment, which may result in the Bank's net currency position being short or long at any point in time. Thai baht appreciation against the currency in which the Bank has a net long position will result in foreign

exchange losses, whereas baht depreciation will result in foreign exchange gains. On the other hand, if the Bank is in a net short position, the Bank will make a gain on the position when the baht strengthens but a loss when the baht weakens.

The Bank controls foreign exchange risk by setting risk limits on foreign exchange risk exposure both in terms of statistical limits, such as VaR, and monetary limits, such as net open position, open position by currency, management action triggers, etc.

As at December 31, 2021, the Bank's foreign currency position was a net open position of \$43.25 million (USD equivalent), with a VaR in the foreign exchange rate portfolio of Baht 9.6 million.

2.2. Interest rate risk

Interest rate fluctuation affects the Bank's interest income and expenses as well as the economic value of equity. Four main sub-types of interest rate risk are defined as follows:

- **Repricing risk** is the risk from maturity/timing mismatches of the Bank's assets and liabilities, which cause interest rates at maturity or reset date to differ due to yield curve movements. For example, assuming all other factors are constant, if the Bank's assets can be repriced faster than liabilities (a positive gap), interest margin increases when interest rates rise. On the other hand, if the Bank's ability to reprice assets is slower than liabilities (a negative gap), then interest margin narrows when interest rates rise.
- **Yield curve risk** arises from interest rates at different maturities changing differently.
- **Basis risk** occurs when the Bank's assets and liabilities are based on different reference interest rates, e.g., fixed-deposit rates, interbank lending rates, THBFIIX interest rates, etc. Therefore, any change in reference rates will affect interest rates tied with assets and liabilities differently.

- **Options risk** arises from implicit and explicit options in the Bank's assets and liabilities and off-balance-sheet items, where exercising these options might affect the Bank's revenue and costs. For example, an option on a three-month deposit that allows early withdrawal before maturity will, if exercised, cause the Bank's costs to rise sooner than expected.

To manage its interest rate risk, the Bank sets risk tolerance limits for both the trading book and banking book. For trading book exposures, there are limits on VaR, sensitivities to yield curve and basis shifts (basis point value), and stress testing. For banking book exposures, limits are determined based on percentage of income and capital.

As of December 31, 2021, the VaR of interest rate risk exposure in the trading book was Baht 21.69 million. For the banking book, a 1% increase in interest rates for a period of one year would decrease net interest income by Baht 4.13 billion.

3. Liquidity risk

Liquidity risk is the risk that the Bank may not be able to meet its obligations as they fall due, because of an inability to realize assets or to cover funding requirements at an appropriate price, thus resulting in losses to the Bank.

In order to manage liquidity risk, the Bank has established the Liquidity Risk Management Policy. The policy has been approved by the Board of Directors, with the Assets and Liabilities Management Committee taking an oversight responsibility to ensure compliance with the policy.

The Bank manages and controls its liquidity risk to ensure that it maintains adequate sources of liquidity in order to maintain adequate future cash flows to cover its activities during both normal and stress situations by using cash flow reports or liquidity gap reports. The Bank's policy is to maintain its liquidity coverage ratio (LCR), net stable funding ratio (NSFR) and liquidity ratio (liquid assets as a percentage of total deposits) at the appropriate level and to monitor net cash outflows over

different time horizons to ensure that the Bank will be able to meet its liquidity needs on a timely basis.

Additionally, the Bank conducts stress testing on a regular basis under the scenarios of the Bank of Thailand as well as the Bank's own scenarios. Stress test results are incorporated into the Bank's contingency funding plan, which establishes scenario-specific action plans and explicit roles and responsibilities for liquidity management in the event of crisis.

The Bank's average of month-end liquidity coverage ratio (LCR) for the fourth quarter of 2021 was 202%, which shows that the Bank has ample liquidity. In addition, the Bank has a policy to maintain its daily liquidity ratio at 20% or higher, measured as total liquid assets to total deposits. At the end of December 2021, the Bank's liquid assets represented 33% of total deposits, which ensures that there will be adequate liquidity under both normal and crisis situations.

To monitor and control the Bank's liquidity risk at the appropriate level, the Bank has controlled the drawdown of undrawn credit, such as by assessing liquidity in the banking system and using this assessment in the Bank's contingency funding plan.

4. Strategic risk

Strategic risk refers to the risk of a current and/or prospective impact on the Bank and its Financial Group's earnings, capital, reputation or standing arising from factors such as changes in the environment the Bank operates in, adverse strategic decisions, improper implementation of major strategies, or lack of responsiveness to industry, economic and technological changes. The Board of Directors has adopted a Strategic Risk Management Policy as a framework to formalize and provide a structured approach in managing strategic risk. Strategic risk is managed throughout the strategy setting process itself and through the assessment of strategic risk. The strategy process – including 1) strategic planning, 2) alignment and change management, 3) implementation and monitoring, and performance 4) evaluation and feedback – is designed to ensure the sufficiency of information taken into consideration in

formulating and implementing strategy. The risk assessment, which is a part of the Bank's risk materiality assessment framework, is performed to monitor potential strategic risk arising from both external and internal factors.

The Strategy Group is currently the strategy process owner responsible for supporting the Board and senior management to formulate and review strategy as well as recommend remedial action (if required). Also, the Strategy Group is responsible for conducting the strategic risk assessment on a regular basis.

The Bank recognizes that economic uncertainty triggered by the COVID-19 pandemic, as well as the government's measures, has considerable impact on the Bank's operations. The Bank has a process to regularly monitor and assess strategic risk, and when necessary, modifies the strategy in response to changes in the economy, industry and technology to enable the Bank to achieve its business objectives.

5. Operational risk

The Bank defines operational risk, based on Basel II's definition, as the risk of losses resulting from inadequacy or failure of internal processes, people or systems or from external events, which also includes legal risk, and the impact on reputation from operational risk, but excluding strategic risk. (Details regarding reputational risk are discussed in item No. 6 below.) Operational risk factors can arise from both internal and external environments, such as changes in key personnel, organizational structure, processes, systems, products, natural disasters, riots, etc.

The Bank realizes that its businesses must face operational risks and therefore places great emphasis on operational risk management and has continually improved this crucial process over time.

Business and support functions within the Bank are responsible for managing their operational risk by applying the methodologies and approaches that the Bank has developed as well as indicated in the risk control self-assessment (RCSA) and key risk indicator (KRI) internal regulations. Each function

performs an RCSA, which entails identifying key risks, evaluating the effectiveness of controls, and establishing action plans to mitigate or prevent these risks to limit them to within the level of risk appetite appropriate for each function. The Bank has reviewed the previous RCSAs and identified key risks at the Bank level for which senior management must establish mitigation and prevention measures to control such risks to be within the stated risk appetite. Each function must specify KRIs for certain important risks that require monitoring to ensure that these key risks are within the risk appetite and managed in a timely fashion. In any case of loss, the Bank not only has a process to rectify the issue systematically, but also capitalizes on lessons learned by collecting the information to guide future prevention and mitigation plans.

The Bank's risk assessment and control process undergoes periodic reviews to identify new emerging risks and detect ineffective controls that worsen existing risks. The results are reported to relevant committees and senior management for approval and to determine action plans to reduce or eliminate such risks. Throughout 2021, the Bank focused on RCSAs to cover all units and also to perform key control effectiveness assessments in the dimensions of key control design and key control performance by key control owners or independent appointed units to conduct key control testing to assess the key control effectiveness. In case any key control gaps have been identified, the key control owner is required to develop an action plan to close the gap with consultation from the operational risk management unit.

Throughout 2019 and 2020, SCB formed a multidisciplinary taskforce to execute a privacy program to comply with the spirit of the Thai government's Personal Data Protection Act (PDPA). The PDPA was published in the Government Gazette in May 2019 with the effective date in June 2022. SCB has been working toward PDPA readiness, such as by adopting many privacy-by-design techniques in enhancing the client's privacy journey. The Bank has been using this additional time to further strengthen our privacy

protection and upgrade existing controls to embrace global best practices. SCB has completed such privacy protection enhancements as follows:

- updated our Data Privacy and Protection Policy and upgraded numerous internal procedures and standards to comply with PDPA
- rolled out internal training on online privacy and role-based privacy training
- published our Privacy Notice
- developed consent messages and enhanced our consent management system
- performed third party and cross-border data transfer assessments
- developed a data subject rights handling process and exercised privacy breach management handling
- performed data privacy impact assessment and identified mitigation and control actions for the high-risk data processing processes

Risk pertaining to changes in statutory policies, laws, rules and regulations is part of operational risk. Besides the operational risks already mentioned, the Bank, as a financial institution, has a duty to comply with laws, statutory rules, and regulations of several regulatory agencies, such as the Bank of Thailand, the Securities and Exchange Commission, the Stock Exchange of Thailand, the Anti-Money Laundering Office and others. The Bank's Compliance and Operational Control Function is responsible for providing regulatory advice, clarifications and recommendations to other related functions to ensure that the Bank and SCB Financial Group comply with laws, regulations and internal rules. The Compliance Function reports any material regulatory risks to senior management and related committees to ensure effective regulatory risk management.

Furthermore, the Bank has prepared to handle crises by putting in place business continuity management, which is ready to be used when needed. SCB promptly activated its business continuity plan after COVID-19 emerged and the government issued measures to contain the outbreak. The pandemic has forced the Bank to change its internal work processes to accommodate these containment measures and social distancing

requirements, such as screening customers on entry to branches, altering the provision of service to branch customers and assigning most employees to work from home. During the pandemic, the Bank must manage operational risks around providing service to borrowers who may require more servicing time. Yet SCB must simultaneously ensure customer satisfaction.

6. Reputational risk

Maintaining an organization's reputation is a critical part of running a business, especially for any financial business, and the Bank's reputation results from the confidence and trust that have been built up over many years. Reputation is not easy to build and is easy to lose.

Recognizing the importance of reputational risk, SCB has developed a Reputational Risk Management Guideline and Process, which is applied to the Bank and SCB Financial Group companies. Each business is required to take necessary preventive measures against potential reputational risk from both internal operations and external factors, regardless whether its operations are income generating.

Application of the Reputational Risk Management Guideline depends on the nature of the business in terms of reputational risk exposure. Financial companies that are highly exposed to reputational risk must implement a reputation risk management policy with a clear reputational risk management process, whereas companies with non-material reputational risks are required to report any reputational risk incidents to senior management. Any transaction that could negatively affect the Bank's reputation requires prior approval by the Executive Committee and may be reported to the Board of Directors if deemed appropriate by the Chairman of the Executive Committee.

The Marketing Function is responsible for working closely with other internal functions and SCB Financial Group companies to determine reputational risk factors as well as for assessing and reporting reputational risk issues to the senior management and related committees.

7. People risk

People risk refers to an organization's exposure to risk from the actions or negligence of its people, and, vice versa, the risks to people from an organization's actions or negligence. As people are the most important assets of an organization, people risk can influence other risk types, e.g., credit risk, market risk, liquidity risk, reputational risk, operational risk and strategic risk.

SCB recognizes the importance of people risk in the business and has made serious efforts to address this risk. The Board of Directors has set an effective framework for people risk management as well as for conducting overall risk review. Senior management oversees people risk management and control within their functions and coordinate with the People Function and other relevant functions.

The People Function, together with business functions and relevant support functions, is responsible for identifying people risks based on appropriate analysis given the business complexity of each function, as well as for assessing, controlling, monitoring and reporting risks to the Bank's management, with periodic reviews and updates regarding potential risks.

The people risk management framework involves three major considerations:

1. People capability and capacity: SCB's business approach is based on transforming employees and equipping them with the right skills and capabilities for future banking, as well as engaging them with the work and performance of the functions. The Bank expands the scope of employees' decision-making authority, increases their capabilities, and provides learning opportunities and a conducive working environment to enable them to reach their fullest potential.

2. People conduct: SCB's business approach is based on requiring all employees to adhere to the highest level of integrity; promoting risk ownership; defining accountabilities and collaboration among business units for a positive work culture; objectively achieving positive employee relations; and good governance. The Bank accepts complaints and grievances, including via the Whistle Blower

Policy. The committee considers the matter and initiates a prevention plan. The Bank upholds the utmost privacy of the employees with regard to the privacy act.

3. People health and safety: SCB's business approach is based on a strong commitment to creating a safe working environment for people with due consideration to both physical and emotional health, extending to employees' families and communities.

Failure to put any of the above considerations into practice may lead to varying degrees of people risk depending on the situation. Therefore, it is critical to assess, control and mitigate people risks to within the Bank's risk appetite.

People are vital resources in the banking business. Not only must the Bank provide suitable products and services that meet customer needs, but there are also rules and regulations on customer protection with which the Bank and its staff must comply to avoid market misconduct. Therefore, the Bank needs people capacity and capability to help achieve its business goals in a sustainable manner. SCB duly recognizes the importance of human resources, which have been subject to significant and constant challenges in today's environment.

A key challenge is the advent of new technologies, which may replace existing service delivery platforms and put pressure on an organization to reform or transform itself. Such broad-scale organizational change increases the demands on human resources in terms of both quality and quantity. Specifically, an organization requires knowledgeable, well-rounded and adaptable people to drive change within the organization.

SCB has taken measures to mitigate such risks by building a risk culture whereby risk awareness and ownership are the norm, and risk mitigation and prevention are the responsibilities of all staff. Moreover, the Bank set up SCB Academy to build additional skills and knowledge for its people, such as product knowledge and data analytics skills related to business analysis and planning, as well as putting an emphasis on helping people build

their career paths to ensure business success and sustainable growth. The Bank places importance on providing a safe and conducive work environment to foster employee engagement.

For people risk management, the Bank and SCB Financial Group also apply the "Three Lines of Defense" principle used in operational risk management to ensure effectiveness in people risk management and internal control.

8. Technology risk

Today's technology is changing rapidly. If the Bank cannot adapt or come up with a long-term plan to accommodate such change, the Bank's business may not be sustainable. Specifically, the Bank may not be able to serve customers effectively in terms of meeting their product or pricing needs. Moreover, technology risk may also cause business and service disruptions, which may lead to lower profitability and market share for the Bank.

Because of these wide-ranging and interrelated impacts, managing technology risk is the Bank's priority. SCB has adopted a comprehensive technology risk management framework with the following key components: 1) risk identification, 2) risk assessment, 3) risk response, and 4) monitoring and reporting. Furthermore, the Bank emphasizes, and has taken steps to build and enhance, the organization's risk culture, particularly for technology risk, by educating and training people; managing knowledge platforms on technology risk to be accurate and up-to-date; applying risk management tools that meet international standards; along with continually improving its risk management framework to be in line with global practices.

The technology risk management process enables the Bank to adequately manage technology risk at both the strategic and operational levels. At the strategic level, the Bank aims to build a modern, flexible and secure IT architecture to support omnichannel service delivery for customers, along with providing data management capabilities for marketing and credit management analysis. At the operational level, the Bank takes into consideration the IT organizational structure; system procurement

and development; system accuracy and security; and critical data management, such as customer data; system capacity to support transaction workloads, including service continuity in case of any emergency or critical situation; IT third party management; and other factors, which help increase its competitiveness and profitability.

During the COVID-19 pandemic, the Bank may face higher cybersecurity risk as a result of many employees

working from home and requiring remote access to the Bank's IT system that could open up an opportunity for data theft or cyber-attack. At the same time, the pandemic has caused the use of mobile banking applications to grow exponentially. The Bank must therefore make sure the cyber risk management and its mobile app system can accommodate a high volume of transactions and, upon encountering problems, can be restored within the fastest possible recovery time to ensure that the Bank can provide continuous service to customers.

Emerging Risk	Importance	Impact to the Bank	Management approach
Risks from climate change and approaches to achieving Carbon Neutrality	<p>SCB has closely monitored the global coalition and the commitment of financial institutions worldwide to reach Carbon Neutrality by 2050. In this regard, Thailand took an important milestone in 2021 when the government joined the 26th UN Climate Change Conference (COP26) and pledged to accomplish Carbon Neutrality by 2050 with provision of support on finance and technology as well as international cooperation. Since the new goal is 15 years earlier than Thailand's initial Carbon Neutrality commitment by 2065, the Bank has examined potential transition risks which could arrive ahead of the plan, particularly regulatory changes and government policy to mitigate GHG emissions. Similarly, modern markets and technology will focus on high-capability and environment friendly alternatives in transition to a low-carbon and green economy. Under such circumstances, certain projects not aligned to or supporting a decarbonization target might face constraints as well as adverse impacts on asset values and operating costs due to regulatory changes, especially the</p>	<p>Given potential regulatory shifts toward GHG management, there might be long-term impacts on project finance whereby a business model or technology does not align with the Carbon Neutrality target.</p> <p>Moreover, since project finance requires a longer repayment period than other loan products, there are higher risks of stranded assets that could significantly damage the Bank's revenue and performance. Certain projects with high risks are heavy polluters such as coal mining and unconventional petroleum production.</p> <p>SCB recognizes that the Carbon Neutrality ambition could deter competitiveness of companies that face constraints in adopting clean technology or reshaping the business model to accommodate the target both within firms and along the supply chain. Any regulatory changes or financial measures related to GHG reduction will likely affect the business performance and expansion strategy of SCB clients, thus causing ripple effects onto the Bank if we end up failing to present financial solutions as planned.</p>	<p>Considering the estimated impacts, SCB adopts the Equator Principles, which require every large-scale project finance with high environmental impact and annual GHG emissions of over 100,000 tons of carbon dioxide equivalent to undergo and report climate risk assessment both in terms of transition and physical risks. By doing so, any project finance will reveal potential environmental impacts and thus enable appropriate solutions and concrete management plans.</p> <p>For general business, SCB has continued to offer loans to clean energy businesses and low-carbon infrastructure projects. As the world and Thailand took further steps on GHG mitigation to meet the Carbon Neutrality commitment, the Bank also started to develop wide-ranging financial solutions and loan products to assist clients in their journey to a low-carbon transition. The Bank offers solutions in the form of loans and financial products such as derivatives—all adhere to industrial standards ranging from the Green Bond Principles to the Sustainability Linked Bond Principles. Most recently,</p>

Emerging Risk	Importance	Impact to the Bank	Management approach
	<p>fossil fuel industry and heavy GHG emitters.</p> <p>Furthermore, the Bank consistently monitors physical risks from climate change which could have impacts on the economy—from the slowdown of economic activities to business interruption; property damage; and shortfalls and degradation of natural resources, crops and commodities.</p> <p>Aside from that, SCB monitors the EU Carbon Border Adjustment Mechanism (CBAM) to help clients reshape their business plans and stay competitive in the global market.</p>		<p>SCB became the first financial institution in Thailand to launch an ESG-Linked Interest Rate Swap in 2021.</p> <p>Moreover, the Bank plans to review projects and companies exposed to high-risk industry in its portfolio in order to identify appropriate measures such as reducing the proportion of such industries or consulting with clients on a GHG emission approach through low-carbon projects.</p> <p>(For more details on SCB's transition to a low-carbon economy and climate-related risks management to achieve the Carbon Neutrality commitment, please visit "Sustainable Finance" chapter and "Climate Risk and Resilience" chapter)</p>
Cybersecurity risks from increasing reliance on digital technology and adoption of new business models and operations	<p>Today's business landscape has forced companies—including SCB—to heavily rely on technology as a key business driver. Cybersecurity risks thus become inevitable and even more evident in the wake of COVID-19 outbreaks, which prompted the Bank to shift from onsite to remote work. The "Work from Anywhere" arrangement could pose increasing risks to the security system as it allows more convenient access to the Bank's internal system and data.</p> <p>Risk management and proactive measures to ensure cybersecurity thus play a pivotal role in strengthening cyber protection and preventing damage in case of unfavorable events such as infrastructure shutdown, service disruption, security breach or personal data theft. In particular, the Bank has employed the</p>	<p>Increased reliance on digital technology as well as the adoption of advanced data management and storage systems could imperil SCB's safeguards against cybersecurity risks. As the Bank strives to enhance digital platforms and data networks with partners, such unfavorable conditions would affect not only SCB but also clients and business partners.</p> <p>Cyber risks might result in financial damage, ailed woes reputation, and loss of trust from clients and other stakeholders—including regulators who could impose a penalty on the Bank.</p> <p>For customers, cyberattacks could cause inconveniences due to system disruption, whereas data privacy abuse and misuse might result in financial loss.</p>	<p>To strengthen the security of operations and digital platforms, SCB has increased the share of investment in infrastructure, tools, and cybersecurity technology based upon the 'Three-Line of Defense Framework.' The procedure is overseen by the IT and cybersecurity governance structure—comprising from Technology Committee to operating officers. In addition, SCB has an internal Cyber Intelligence Unit to examine and monitor cyber threats—from type to feature, trend, and case study—to develop and maintain up-to-date and efficient response procedures. The Cyber Intelligence Unit works closely with the Security Operations Center, which is tasked with responsibility for scrutinizing access to SCB's network and IT system as well as preparing to counter cyberattacks in a timely manner.</p>

Emerging Risk	Importance	Impact to the Bank	Management approach
	<p>a cybersecurity mesh architecture, which emphasizes building cybersecurity and expanding coverage beyond SCB premises to anywhere; that is, extending cybersecurity controls anywhere needed.</p>	<p>Meanwhile, cyber risks, would threaten business partner's confidence in the Bank's security system, internal management, and business operation, thus negatively affecting decision-making on current and future partnerships.</p>	<p>As the Bank becomes more exposed to cyber risks due to the Work from Anywhere arrangement, SCB adopts a cyber security mesh architecture to create a collaborative ecosystem of security tools. The model ensures end-to-end security points for both onsite and remote work; the tasks are connected and monitored through a centralized aggregation point.</p> <p>In addition, all business partners and suppliers are required to undertake a cybersecurity risk assessment before commencing work with SCB, in order to determine their readiness and necessary risk management approaches. By doing so, the Bank can ensure that every access and transfer of data proceeds in compliance with prudent standards and management approaches while recognizing and managing cybersecurity risks. (For more details on SCB's cybersecurity risk management, please visit "strengthening cybersecurity and system stability" chapter)</p>
Epidemics and dangerous contagious diseases	<p>In today's era where the world—people, technology, news and data—intertwines through a seamless connection, novel disease outbreaks have inevitable impacts on economic, social and political stability. Throughout the past two years, the COVID-19 pandemic has led to wide-ranging effects such as:</p> <ul style="list-style-type: none"> • The global economy entering a recession • Exacerbating social inequality in terms of income distribution, access to healthcare, and adaptability 	<p>The COVID-19 pandemic has affected the Bank's operations in various aspects such as:</p> <p>Business Operations: The Bank might fail to meet its target performance if the economy falls into a recession. Meanwhile, virus control measures have prompted the Bank to reshape our business strategy. Furthermore, our current business model may be unable to fulfill customer demand or expectation in the new normal era where coronavirus outbreaks forever change consumer behavior and way of life. Therefore, SCB must</p>	<p>As the post COVID-19 pandemic remains highly uncertain, it is of paramount importance for the Bank to formulate policy responses against emerging challenges and remain innovative to uplift business resilience in the new normal era after the outbreaks subside. To do so, the Bank has in place key risk management policies which consist of the following:</p> <p>Business Operations: SCB actively prepares and rehearses a Business Continuity Plan to ensure readiness and service continuity in case of emergency</p>

Emerging Risk	Importance	Impact to the Bank	Management approach
	<ul style="list-style-type: none"> • Rising unemployment and uncertainties • Financial fragility of small entrepreneurs and swelling household debt • New threats such as fraud, cybersecurity, and data privacy <p>Furthermore, the pandemic has brought about a new normal where all stakeholders—from personal to organizational, societal, and national levels—must seek approaches and collaborative efforts to embrace the new global paradigm.</p>	<p>develop a new business game plan to pursue sustainable growth ahead.</p> <p>Customer Service: The COVID-19 pandemic has also accelerated digital transformation, as evident in a rapid increase in the number of consumers adopting online financial transactions during the outbreaks. In response, the Bank must continue to enhance service capacity to facilitate a seamless transaction while ensuring data security and privacy to deliver a distinct customer experience with the highest satisfaction.</p> <p>Credit Quality: Loans—the largest contribution in SCB assets—are facing higher risks of debt service default as corporate clients in some industries and regions are confronted with income and profit shortfalls, whereas some have been operating at a deficit. Also, there could be more potential debt defaults among retail borrowers as the unemployment crisis continues.</p> <p>Employee Care: SCB has introduced Work from Anywhere arrangements to increase workforce flexibility during the pandemic. Therefore, the Bank needs to enhance IT system capacity to ensure that SCB employees at head offices and the branch network can still work efficiently while maintaining access to skill development and learning programs.</p>	<p>and, at the same time, reshapes our business model and strategy in efforts to stay buoyant in the new business paradigm. In 2021, the Bank announced the establishment of SCB^X, which reflects our aspiration to march beyond traditional banking services and ride on financial strength to fully transform into fintech business and platforms of the future (For more details on SCB's response during the COVID-19 with a pandemic, please visit "Special Report")</p> <p>Customer Service: SCB Digital Bank (DBank) was established as an internal unit that focuses on digital business growth strategy to strengthen access and meaningful relationship with our customers. DBank leverages AI technology and an expansive database to present tailor-made financial solutions that cater to each client's demand and condition. The Bank also strives to protect customer data privacy at the highest standards, thus adopting a cybersecurity mesh architecture—which aims to build and extend cybersecurity controls anywhere needed and beyond the Bank's premises. (For more details on SCB's cybersecurity risk management, please visit "strengthening Cybersecurity" and system stability" chapter).</p> <p>Credit Quality: SCB places emphasis on assessing impacts upon credit portfolios in a timely manner. The Bank must be able to identify affected debtors from each situation that might deteriorate overall credit quality and find approaches to control, monitor and report risks to executives. In addition, SCB maintains sufficient monetary reserves</p>

Emerging Risk	Importance	Impact to the Bank	Management approach
		and regularly conduct scenario analysis to ensure that current assessment models are practical in each circumstance.	<p>Employee Care: SCB prioritizes taking care of employees and ensuring safety in all aspects, which include enforcing the Work from Anywhere policy as a permanent arrangement; providing essential work devices and tools; uplifting cybersecurity measures to global standards; providing alternative vaccines to employees at all levels; organizing activities to uplift physical and mental health; and offering financial assistance to employees affected by the COVID-19 outbreaks.</p>
Geopolitical risk	<p>Geopolitical risk is a risk arising from tension between nations due to political situation, conflicts, scrambles for natural resources, terrorism, and threats from weapons of mass destruction, which could be escalated to regional or global levels. Geopolitical risk can transmit to economic sectors via investors' confidence and sentiment, and economic activity. In a time of geopolitical stress, the tension affects overall confidence and results in investment volatility, slowdown or stagnant economic activity, or acceleration toward economic recession.</p>	<p>The Bank is aware of geopolitical risk and potential impact associated with credit risk. Thailand heavily relies on import of raw material and intermediate goods and exports products to foreign countries. A significant number of customers in the Bank's portfolio operate in import/export sectors, manufacturing, transportation, and supply chains. Political tension in one country or between nations could negatively impact cashflow and performance of businesses, and their ability to meet financial obligation while demands for financial products for import/export business would decline. If the situation becomes more severe or prolonged, it could accelerate the economic crisis and unemployment. These conditions would affect the creditworthiness of business and retail customers of the Bank.</p>	<p>Aware of potential impacts resulting from geopolitical risk, the Bank establishes effective and proactive risk management processes to ensure that the risk is appropriately assessed and monitored by embedding geopolitical risks in the credit decision process and credit review to ensure that the credit decision is forward-looking. In addition, the Bank controls country risk by setting limits on lending, investment and contingent liabilities for each country. SCB's Country Risk Management Policy requires both direct and indirect country-specific exposure to be included when calculating the country-risk limits. When a situation arises or becomes intensified, the Bank promptly assesses the impact on the portfolio and conducts stress tests to ensure that the Bank has sufficient provisions and capital to mitigate potential losses.</p>

Capital Adequacy

Since January 1, 2013, Siam Commercial Bank PCL (SCB) and its Financial Group have adopted the Standardized Approach (SA) under the Basel III framework of the Bank of Thailand (BOT) to assess regulatory capital adequacy for credit risk, market

risk and operational risk. Furthermore, in September 2017, the BOT designated SCB as one of the Domestic Systemically Important Banks (D-SIBs), resulting in a requirement to maintain the minimum regulatory capital shown in the table below.

Minimum regulatory capital requirements	
Common Equity Tier 1 (CET1 ratio)	4.50%
Tier 1 Capital	6.00%
Total Capital	8.50%
Capital buffer	
Capital Conservation Buffer	2.50%
D-SIB Buffer	1.00%
Total minimum regulatory capital requirements	
Common Equity Tier 1 (CET1 ratio)	8.00%
Tier 1 Capital	9.50%
Total Capital	12.00%

Maintaining adequate capital is crucial for financial stability of the Bank and its Financial Group as it provides cushion against risk arising from business operations. SCB and its Financial Group manage risk through the internal capital adequacy assessment process (ICAAP), which includes developing estimates for future capital requirements and stress testing, as well as developing our own recovery plan to ensure that the Bank and its Financial Group are well-prepared to respond effectively to risk events and shocks that may jeopardize each bank's financial soundness, as well as the financial sector as a whole. Furthermore, in order to encourage market discipline, the BOT requires commercial banks to disclose key information on capital structure and adequacy, risk exposure, as well as risk assessment and management, on a semi-annual basis. This information appears on SCB's website under the heading "Pillar III Disclosure."

As of December 31, 2021, under the Basel III framework, the Bank had total capital of Baht 422 billion (18.8% of risk-weighted assets), of which Baht 397 billion was classified as CET1/Tier 1 capital (17.7% of risk-weighted assets) and Baht 25 billion (1.1% of risk-weighted assets) was classified as Tier 2 capital. For the SCB Financial Group, the total capital stood at Baht 424 billion (18.7% of risk-weighted assets), of which Baht 400 billion was classified as CET1/Tier 1 capital (17.6% of risk-weighted assets), and Baht 25 billion (1.1% of risk-weighted assets) was classified as Tier 2 capital.

According to the Extraordinary General Meeting of Shareholders of The Siam Commercial Bank Public Company Limited No. 1/2021, the SCB Financial Group Restructuring Plan was approved, in which the Bank arranged for the establishment of SCB X Public Company Limited ("SCBX") to be the parent

company of the companies in the financial group in order to broaden its vision and aspire to become "the most admired financial technology group in ASEAN" amid rapidly changing consumer behaviors and a business landscape being reshaped by technological development and intense competition from both existing and new players.

However, SCB and SCB^X Financial Group are still subject to BOT regulations under the consolidated supervision guidelines and are required to maintain the minimum capital requirements including additional buffers as prescribed by the BOT. The policy of maintaining capital levels well above the minimum regulatory requirements, as well as adequate loan loss provisions, remains in place to allow the Financial Group to absorb unexpected events and new types of risks that may arise from new businesses under SCB^X Financial Group in the future.

SCB has a plan to pay dividends to SCB^X as its source of funds, although as an intra-group transaction, this dividend payment will only affect the Bank's capital position and will have no effect on SCB^X Financial Group. SCB believes that its strong capital position, which is currently well above the minimum regulatory requirement, combined with high loan loss provisions will enable the Bank and SCB^X Financial Group to withstand the impact of adverse shocks and pursue any new investments that will generate growth for the financial group under BOT supervision.

Risks to Shareholders

Shareholders are subject to the risk that expected returns from their investments, whether in the form of dividend income or capital gains, might not materialize. Dividend income is directly linked to the Bank's profits. Shareholders should expect to receive dividend income at a rate of not less than 30% of the Bank's consolidated annual net profit. This is a new dividend policy per the resolution of the Board of Directors' meeting on January 17, 2020. Nevertheless, the Bank needs to abide by the rules and regulations of related authorities. On November 11, 2021, the Bank of Thailand (BOT) issued a circular letter on the 2021 dividend payment policy that

financial institutions were allowed to pay dividends for the operational results of the year 2021 not exceeding 50 percent of 2021 net profit. However, financial institutions should maintain a cautious approach in accordance with their performance and by considering any possible risks lying ahead. Capital gains are determined solely by SCB's share price, which is influenced by a variety of factors, such as the Bank's performance, domestic and global economic trends, domestic political stability, and foreign fund inflows and outflows as well as natural disasters and epidemics, most of which are beyond the Bank's control.

The Bank's performance is the only factor under the Bank's control. At the beginning of each year, the Bank provides broad guidance on its financial targets, and shareholders face the risk that these financial targets might not be met in a particular year. Another potential risk is new or revised regulation from the Bank's regulator, which would affect both dividends and share price. SCB mitigates these risks by having a clear business policy with appropriate short-term and medium-term strategies, along with clear annual financial targets. In addition, the Bank has consistently delivered a level of net profit that ranks among the highest of all Thai financial institutions in an environment of intense competition. Although past performance does not guarantee future results, it demonstrates the Bank's competitiveness, its strategic effectiveness in terms of both direction and implementation, and the quality of its management team, which help put the Bank in a better position than industry peers to face any adverse shocks.

In addition, since the proportion of shares held by the Bank's two largest shareholders is quite large, shareholders face the risk that major shareholders might materially reduce their position, which could significantly depress the share price. In such an event, SCB would nevertheless expect the effect to be short-term, given the Bank's high market capitalization and inclusion in the SET50 index, making the stock highly liquid, with a high trading volume.

Report of the Risk Oversight Committee

1. Introduction

The Risk Oversight Committee (ROC) is a board sub-committee appointed by the Board of Directors to oversee risk management. The ROC is made up of five members, comprising Mr. Krirk Vanikkul and Dr. Pasu Decharin representing independent directors; Ms. Chunhachit Sungmai and Mrs. Pantip Sripimol representing non-executive directors; and Mr. Arthid Nanthawithaya, CEO and Chairman of the Executive Committee, as an executive member. The ROC is chaired by Mr. Krirk Vanikkul, an independent director.

2. Duties

The ROC has the following duties:

- 2.1 Overseeing the risk management system through the Risk Management Committee which is responsible for screening, controlling and monitoring risk in accordance with the specified risk framework before proposing to the Board of Directors.
- 2.2 Ensuring that the Bank has an appropriate conceptual framework for risk identification, measurement, control, mitigation and monitoring to manage different types of risk. The framework shall be concise, easy to understand, and have clear accountability.
- 2.3 Promoting a risk culture throughout the organization to an adequate level, without sacrificing operational efficiency.

3. Performance

(January 1, 2021–December 31, 2021)

The ROC held a total of 13 meetings with a focus on follow-ups on assistance measures to assess credit quality and guidelines for setting aside reserves to deal with uncertainties. In 2021, financial institutions continued to experience impacts from COVID-19 because the pandemic affected debt repayment ability in both the

business and retail sectors, despite some improvement seen in the year's fourth quarter, when both businesses and households had increased economic activities. In addition, the ROC reviewed important matters proposed by the Risk Management Committee as follows:

3.1 Relief measures for customers affected by the COVID-19 pandemic

The widespread outbreak of COVID-19 affected five of the Bank's risk categories. The ROC requested that management assess and report the pandemic's impact on each risk type, relief measures offered to debtors in accordance with the Bank of Thailand's guidelines, and liquidity assistance offered to debtors. The ROC provided recommendations to management regarding risk measurement and monitoring, which might differ from normal circumstances, and reviewed the Bank's business plan. Management regularly updated the ROC on the relief program, whereby debtors are triaged into borrowers whose ability to pay remains intact, borrowers whose ability to pay is temporarily affected thereby requiring continuous assistance to recover, and borrowers whose ability to pay has significantly deteriorated. Such information is useful for undertaking qualitative assessment and estimating additional provisions to mitigate potential future losses. The ROC regularly monitors the status of each risk type via a risk dashboard on a monthly basis.

In 2021, the ROC continued to focus on monitoring and providing assistance to debtors, especially small and medium-size enterprises (SMEs) and retail customers, to ensure that they could get through the troubled times. During the past year, the Bank focused on supporting debtors by means of sustainable long-term debt

restructuring and monitored their risk level after they received assistance. Meanwhile, the provision for bad debt and doubtful accounts remained high, to accommodate the potential uncertainty of the Bank's credit portfolio, while market risk remained at the same level as last year and was not of additional concern. As for liquidity risk, when the economy slowed down, demand for goods and services decreased, prompting a decline in investments. The Bank's excess liquidity remained high. Lastly, regarding operational risk, past experience has taught the Bank to be more prudent. However, because the Bank has increasingly embraced technology as a means to do business, technology risk, as part of operational risk, has become more and more important and the Bank cannot afford to overlook such risk. This issue will be reported separately in a later section.

3.2. Provision

During any period in which economic conditions create negative external risk factors that affect customers' repayment ability, the ROC has a key duty to ensure the Bank's financial strength and soundness while striking a balance and sustaining shareholders' returns. The ROC reviewed the framework for setting provisions to absorb potential future credit portfolio losses from the deterioration of the economy based on the principle of

forward-looking assessment of expected credit cost under TFRS 9, which became effective on January 1, 2020. In 2021, the ROC carried on monitoring and reviewing the provision framework and provided guidance to management to perform stress testing under various COVID-19 scenarios. The stress test results were used for determining the provision level, which was appropriate to the assessed risk level. In 2021, the Bank allocated operating profit as provision for bad debts and doubtful accounts, with a total provision of Baht 42 billion.

3.3 Technology Risk Report

Apart from credit risk, the ROC also reviewed risks related to technology, which is one of the engines driving the digital banking strategy. As the most knowledgeable expert in this area, the Technology Committee has the responsibility for directly supervising technology risk under the oversight of the ROC. Accordingly, the ROC and the Technology Committee held joint meetings to discuss issues and build a dashboard to monitor risks in order to strengthen the three lines of defense and enhance efficiency.

3.4 Risk Culture

Building a robust risk culture in the organization is a high priority for the ROC. The ROC has started revamping credit

processes to strengthen the risk culture foundation at the individual level. The Committee also assigned risk management units to consistently raise risk awareness by collecting data on seven types of operational risk, based on incidents reported by employees, while promoting the "Tone from the Top" practice by the Board of Directors and Bank's executives. In 2021, the task of building a risk culture centered on increasing recognition of the Bank's awareness and focusing on developing a risk culture for employees across the organization, including creating excellence, leadership and the use of innovation to help manage risks. Furthermore, the Bank developed knowledge and understanding about personal data protection in accordance with the Personal Data Protection Act B.E. 2562 (2019) in order to prepare executives and employees at all levels for the law's implementation in June 2022.

4. Roadmap for 2022

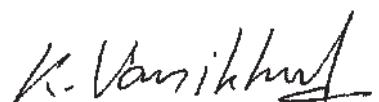
The ROC will continue to embrace a conceptual framework for the five areas of risk, in line with that of the Bank of Thailand, by focusing on the following areas:

1. Relief measures, which have continued since 2020 as a means to assist debtors affected by the pandemic, focusing on regular monitoring to assess the level of risk of assisted debtors according to industry,

severity level, recovery period, adaptation of debtors, and collateral. Such tasks will be carried out using various data and machine learning to create early warning signals in order to clearly classify debtors based on the appropriate risk level. This information will assist the Bank in setting loan staging, provisioning and management overlays to cover potential losses.

2. Support the Technology Committee in the management and monitoring of technology and cyber risks, which are currently among the most important risks, by improving the indicators to accurately reflect risk levels and early warning signals to strengthen the potential for monitoring and managing this risk.

As an implementation framework, the ROC will focus on strengthening the risk management processes of the Bank and its subsidiaries to create long-term benefits for shareholders, customers, and depositors.



Mr. Krirk Vanikkul

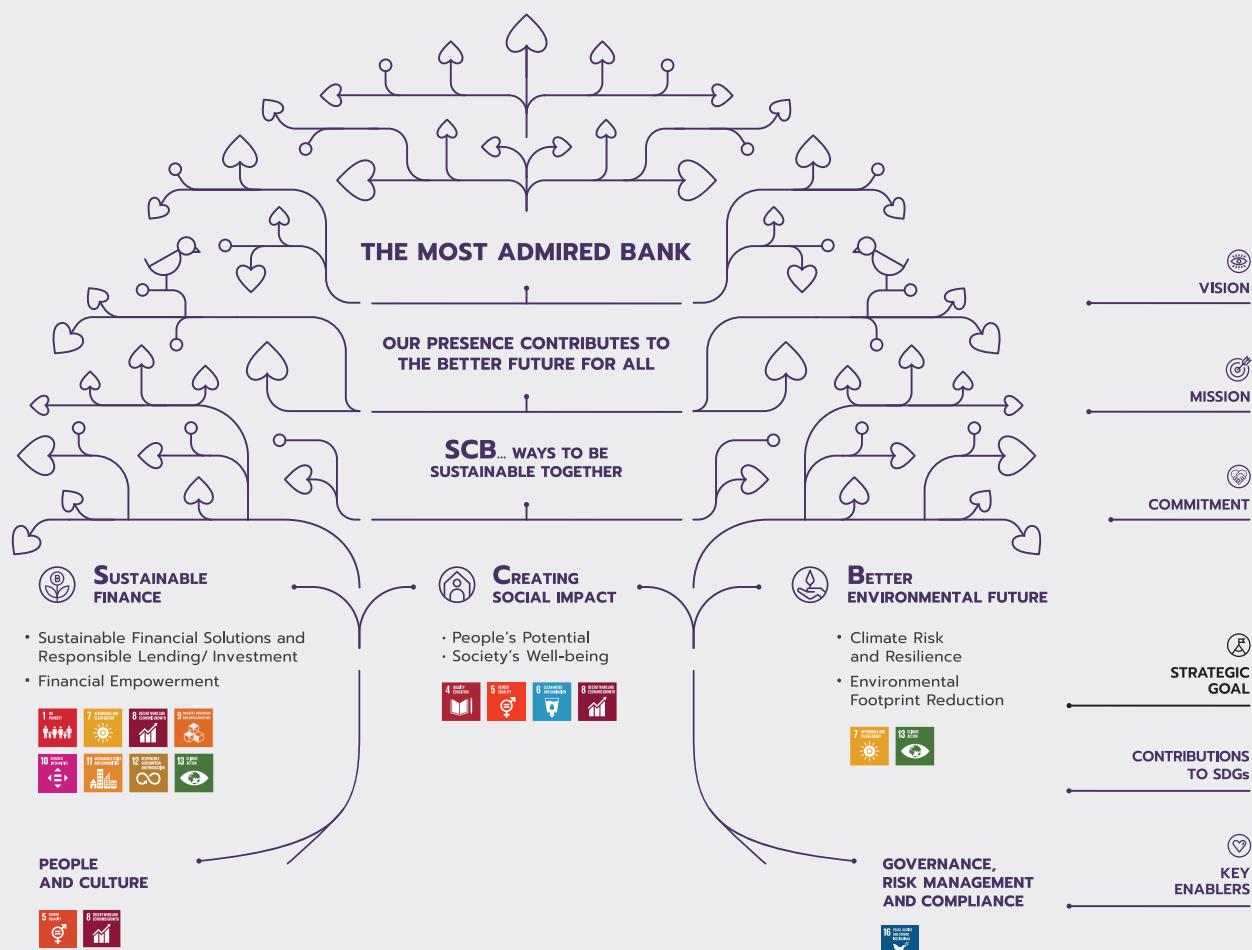
Chairman of the Risk Oversight Committee

Sustainability at SCB

Driven by commitment to strengthen the financial ecosystem underpinning the nation's economy, to uplift well-being throughout society and to ensure efficient stewardship of natural resources, SCB integrates sustainability considerations into its business strategy by formulating policies, targets and indicators to continuously and systematically operationalize, improve, and monitor its sustainability efforts and performance.

SCB Sustainability Policy and Framework

SCB implements its sustainability policy and framework under the concept "Our Presence Contributes to the Better Future for All," which is founded on three key pillars: Sustainable Finance, Creating Social Impact, and Better Environmental Future. This strategy aims to help support the United Nations Sustainable Development Goals (SDGs).



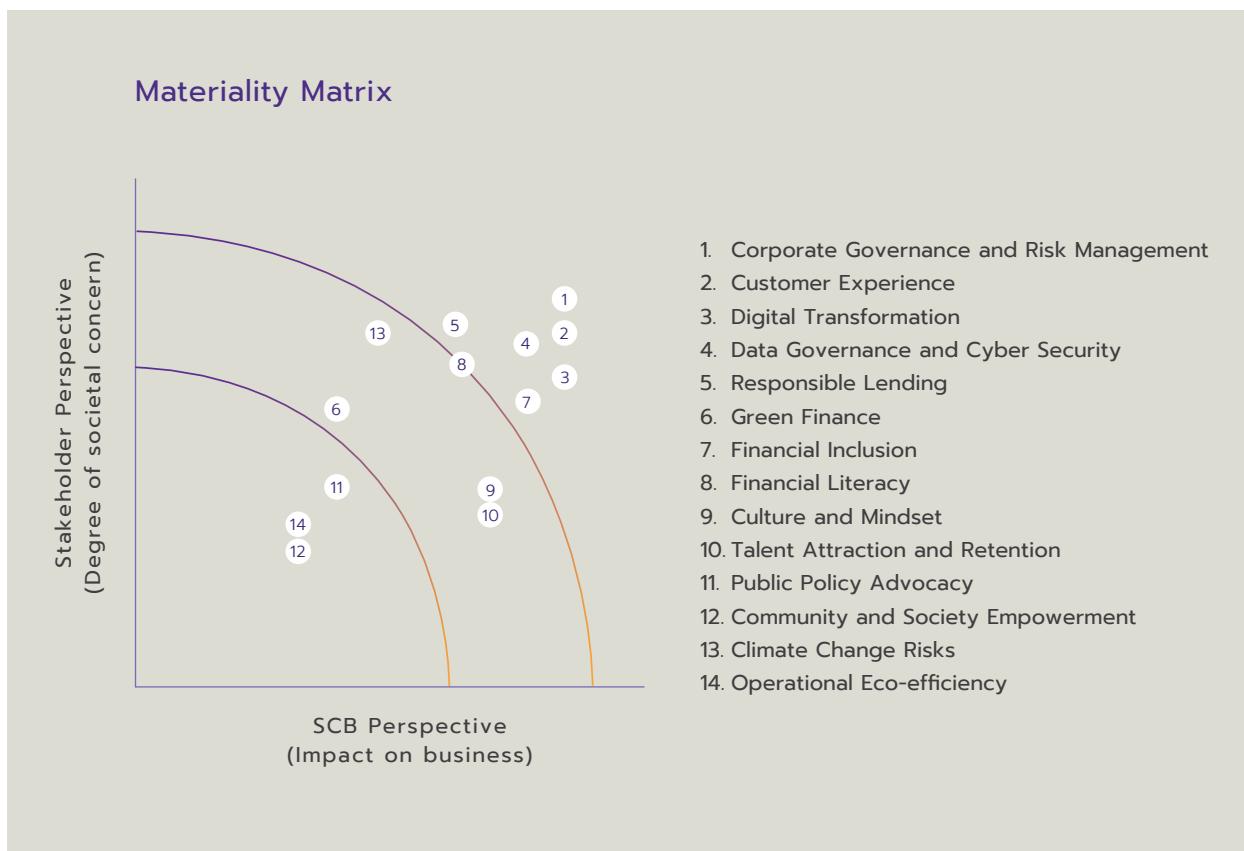
Sustainability Targets and Indicators

3 Pillars	6 Goals	2023 Targets	2021 Performance
 Sustainable Finance	Sustainable Financial Solutions and Responsible Lending/Investment	<ul style="list-style-type: none"> Directly fund or facilitate Baht 53 billion in sustainable finance to support SDGs 	<ul style="list-style-type: none"> Funded over Baht 40.15 billion in financing to help mitigate climate change impact, reduce inequality and promote well-being
		<ul style="list-style-type: none"> Develop and offer at least 100 ESG financial products 	<ul style="list-style-type: none"> Offered 79 ESG funds as alternative investment choice
		<ul style="list-style-type: none"> Integrate ESG criteria as part of credit and advisory policies, with processes based on relevant principles and standards 	<ul style="list-style-type: none"> Assessed and considered ESG-related risks in 100% of project finance applications
	Financial Empowerment	<ul style="list-style-type: none"> Support 200,000 SSMEs to access innovative and digital financial services 	<ul style="list-style-type: none"> Facilitated access to digital lending for more than 35,300 SSMEs customers and society through mobile banking with over 13 million users, 700 branches, and over 8,880 ATMs.
		<ul style="list-style-type: none"> Promote financial literacy among 67,000 customers and the general public 	<ul style="list-style-type: none"> Helped over 25,000 customers, employees and other Thais to develop financial knowledge
	 Creating Social Impact	<ul style="list-style-type: none"> Increase the share of SCB employees with STEM capability 	<ul style="list-style-type: none"> 11% of SCB's workforce has STEM capabilities
		<ul style="list-style-type: none"> Provide training to 1 million people digital and skills of the future by 2025. 	<ul style="list-style-type: none"> Helped more than 300,000 Thais digital and skills of the future.
	 Better Environmental Future	<ul style="list-style-type: none"> Provide social benefits to 1 million people through corporate social responsibility programs 	<ul style="list-style-type: none"> Benefitted over 678,000 small entrepreneurs, youths and community members via the Bank's corporate social responsibility efforts
	Climate Risk and Resilience	<ul style="list-style-type: none"> Integrate climate change considerations into the Bank's risk management system, including climate scenario analysis in line with TCFD's recommendations as one of the inputs for stress testing to set industry limits and inform business strategy 	<ul style="list-style-type: none"> Required large-scale and high-risk projects to conduct climate risk assessment as part of underwriting process
		<ul style="list-style-type: none"> Reduce 10% of GHG emissions (Scope 2) resulting from electricity consumption at SCB headquarters (against 2019 baseline) 	<ul style="list-style-type: none"> Achieved 37% reduction of GHG emissions (Scope 2) resulting from electricity consumption at SCB headquarters (against 2019 baseline).



Management of Impacts upon Stakeholders throughout Value Chain

For effective and efficient sustainability management, the Bank encourages every unit to build continuous engagement with stakeholders, which includes customers, employees, shareholders, communities and regulators throughout the value chain. Stakeholders' opinions and feedback are analyzed and considered during an annual review of material sustainability topics, leading to continuous improvements in management approach to stakeholders and the Bank's operations. The Bank reviews material sustainability topics covering both opportunities and risks in economic, social and environmental dimensions based on four key principals of the Global Reporting Initiative (GRI) Standards: Stakeholder inclusiveness, Sustainability context, Materiality and Completeness.



Sustainability Management in Economic, Social and Environmental Dimensions

SCB's approach to sustainability is guided by three key pillars: Sustainable Finance, Creating Social Impact and Better Environmental Future. These pillars support consideration of key sustainability issues that emerge throughout the value chain. In 2021, management's approach and performance can be summarized as follows:

Sustainable Finance



SCB fulfills its role to promote sustainable finance by incorporating environmental, social and governance (ESG) criteria into its lending and investment advisory decisions. Moreover, SCB uses digital technologies and data analytics to develop and deliver financial products and services that are friendly to society and the environment. SCB continually promotes financial inclusion and literacy among customers and people throughout society.

In 2021, SCB continued to leverage and improve its sustainable finance efforts through new initiatives and key projects including:

Uplifting responsible lending practices to a global standard

- Upholding the "Equator Principles":** SCB is the first Thai bank to become an Equator Principles Financial Institution (EPFI), a globally accepted set of standards on environmental and social management for project finance. These 10 principles guide the approach to systematically identify, assess and manage environmental and social risk associated with all project finance supported by SCB. The Equator Principles are aligned with the approach and practices specified by the International Finance Corporation (IFC) and the World Bank as well as voluntarily adopted by leading financial institutions.
- Statement of commitment for "Sustainable Thailand 2021":** SCB signed a statement of commitment to the UNEP Finance Initiative's Principles for Responsible Banking (PRB) and Principles for Responsible Investment (PRI) as

part of the Bank's management, to support the SDGs and the Paris Agreement. SCB along with government agencies, institutional investors and 43 banks acknowledged this statement of commitment in the Sustainable Thailand 2021 event organized by the Government Pension Fund, Ministry of Finance, United Nations, the Bank of Thailand and other government agencies and private-sector entities.

Supporting sustainable investment

- "SCB Global Clean Energy" fund:** SCB launched an equity feeder fund linked to the BNP Paribas Energy Transition Fund, which invests in companies helping the world adopt green energy generation. In addition, SCB offers 79 ESG funds as alternative investment choices.

Offering ESG and green products

- ESG-linked interest rate swap:** SCB and Minor International PCL strengthened their mutual commitments to sustainable business development by establishing a deal for an ESG-linked interest rate swap. This advance followed upon the success of Thai overnight repurchase rate-based derivatives introduced last year, and it will help boost market liquidity to fully support the adoption of THOR-based products.
- Provided a variety of sustainable financial solutions for all customer segments on a consistent and holistic basis.** SCB offers products like green bonds, sustainability-linked bonds for corporate customers, green credit for SME customers (SME Go Green), and clean vehicle loans and green home loans for retail customers.

Promoting financial accessibility and literacy

- FINNIX App: A nano-finance service** to increase liquidity for freelancers, low-income customers and small entrepreneurs, helping solve the nation's chronic problems related to high household indebtedness and borrowing from loan sharks.
- ATMs features for the visually impaired:** New functions that enable customers to complete transactions by themselves using voice instructions at each step.

- **SCB SME Academy:** Since its establishment in 2019, SCB SME Academy has served as a community for developing and sharing business know-how, aiming to holistically help uplift the capabilities of SMEs to cope with the COVID-19 pandemic and to thrive in the digital era.
- **Promotion of financial knowledge and discipline:** SCB offered various financial literacy initiatives and projects for employees, youths, students, teachers, workers and farmers. These programs covered such topics as personal savings, expense management and investing.

Creating Social Impact



Believing in the potential of individuals to empower themselves and work together to improve our society, SCB is committed to helping people develop the skills needed for the future, from basic skills essential for daily life, to resilience in coping with challenges and change. As an advocate for the well-being of society, SCB works to become a learning organization, to help build a digital society and to help communities achieve self-reliance.

Throughout 2021, SCB created opportunities for career advancement while enhancing the value-added of business and society through ongoing programs and new initiatives.

Skills of the future

- **Essential digital skills for employees (Reskill, Upskill and New Skill):** SCB helped employees develop digital and other skills, including digital and data analytics, leadership, design thinking, and lean and agile work methodologies. Similarly, SCB supported self-directed learning through a blended learning approach that focuses on building engagement and providing a tailored learning experience. SCB customized these skills development programs to meet the needs of each business unit, and offered learning via digital platforms.
- **Digital learning platform for Thais and customers:** SCB collaborated with partners from various sectors to create career opportunities and advancement through two

online platforms open to the public: Phonlamuangdee and PMDkaorag. They feature a website, an online forum and a mobile application that enable Thais to develop skills for the new work era and explore new career opportunities, anywhere, anytime.

Supporting SMEs and small entrepreneurs

- **Robinhood – a food delivery platform and more:** SCB created the popular Robinhood food delivery mobile application under a social enterprise model by eliminating the gross profit fee imposed by other platforms. This helps small restaurants expand their online sales opportunities, creates jobs and wage gains for riders, and provides greater satisfaction to customers. To help job seekers who do not own a vehicle, we expanded the project by launching Robinhood Rider App, which lets riders rent electric motorcycles for a daily fee of only Baht 120. In partnership with two Thai electronic motorbike manufacturers, ETRAN and H-SEM, this effort empowers small players and helps protect the environment.

Youth development and education

- **Learning for youths of all ages:** Believing that young people form an important foundation for the nation's development, SCB creates opportunities for education and 21st-century skills development by supporting schools and helping teachers who act as role models and transmitters of knowledge to children. In 2021, SCB initiated a new vocational education development program while continuing to offer the SCB Challenge, CONNEXT ED project and various scholarships.

Helping communities improve their quality of life

SCB helped provide community access to water safe for consumption and agriculture by supporting water quality projects in collaboration with the Utokapat Foundation under Royal Patronage of H.M. the King and the Hydro-Informatics Institute. SCB also supported a solar-powered water filtration project of the Royal Thai Air Force Disaster Mitigation Center.

- SCB's contribution to natural disaster assistance and relief:** SCB collaborated with provincial agencies, local organizations and network of partners to provide immediate aid and long-term assistance to people impacted by natural disasters. SCB contributed emergency supply bags, blankets and rice seeds to help alleviate hardship and let people get their lives back on track.
- SCB Blood Drive:** As a key supporter of the Thai Red Cross, SCB has organized a nationwide blood donation campaign for 25 consecutive years. In 2021, the Bank organized 26 blood drives that collected and delivered 25 million cc of blood from 62,720 donors.
- "SCB Stands By You" campaign helped resist COVID-19:** SCB established a COVID-19 vaccination center at Head Office, providing access to vaccines for over 200,000 people. In addition, SCB set up two field hospitals and provided financial support to purchase essential medical equipment.

Better Environmental Future



SCB leverages the capabilities in its management and its value chain by reviewing policies and work processes to help mitigate environmental impacts.

Managing climate risk and resilience

SCB now requires a climate risk assessment as part of the underwriting process for large-scale projects and those identified as high risk. SCB also conducts climate risk assessments on its corporate loan portfolio. SCB incorporates climate change risk management in its stress testing, which is in line with recommendations by the Task Force on Climate-Related Financial Disclosures (TCFD). Moreover, SCB continues to develop and offer financial products and services that contribute to climate change mitigation and adaptation.

Mitigating environmental impacts

- Operational eco-efficiency:** To optimize its energy consumption, natural resource usage and waste management, SCB adheres to the 3R principle – Reduce, Reuse and Recycle.

Using SCB's performance in 2019 as a baseline, the reductions in 2021 can be summarized as follows:

Reduced energy consumption by

35%



Reduced direct greenhouse gas emission (Scope 1) by

69%



Reduced indirect greenhouse gas emission (Scope 2) by

37%



Reduced water withdrawal by

54%



- SCB is the first Thai commercial bank to have been certified with the ISO 14001 standard for its environmental management system,** in recognition of performance of the system at SCB Head Office.
- Engagement in supply chain:** SCB implements a green procurement policy, assesses new suppliers on environmental criteria and requires all suppliers to acknowledge the SCB Supplier Code of Conduct.

Remark: A complete report and disclosure on SCB's sustainability management is published in 2021 Sustainability Report, which can be accessed at www.scb.co.th/th/about-us/sustainability.html

Report of the Corporate Social Responsibility Committee

Introduction

The Chairman of the Board of Directors appoints members of the Corporate Social Responsibility (CSR) Committee, which comprises no fewer than three members, whose terms are equal to their tenure on the Board. As of December 31, 2021, the CSR Committee comprised five members, of whom four members were non-executive directors, and one member an executive officer, namely Mr. Vichit Suraphongchai (Chairman of the CSR Committee), Air Chief Marshal Satitpong Sukvimol (Director), Police Colonel Thumnithi Wanichthanom (Director), Miss Jareeporn Jarukornsakul (Director) and Mrs. Apiphan Charoenanusorn (President). In 2021, the CSR Committee held nine meetings, and its main accomplishments are described below.

Mission

To instill social responsibility as part of its daily business operations, SCB focuses on carrying out activities that reflect its convictions regarding corporate social responsibility. The CSR Committee is responsible for laying out relevant policy frameworks, determining direction, and supporting and overseeing corporate social responsibility activities to be driven alongside business operations, seeking the nation's sustainable growth in youth development, the economy, society and the environment. SCB has three major corporate social responsibility goals:

- | | |
|---|---|
| 1
Youth development and learning enhancement |  |
| 2
Disaster relief and quality of life Improvement |  |
| 3
Promoting volunteerism among staff members |  |

Achievements in 2021

Youth Development and Learning Enhancement

SCB's education and youth development projects continue to create educational opportunities and develop essential skills for youths at all levels of education. This support will instill knowledge and integrity to ensure that young people are well prepared for change in the digital era. Projects also develop the potential of educators and educational institutions whose roles are critical to imparting useful knowledge to young learners. In 2021, SCB offered scholarships to young people showing potential in science and technology as well as those in need of education. In addition, SCB helped enhance the competence and digital skills of students and educators in vocational education, while developing, broadening and deepening the success of the CONNECT ED project designed to build the future of education by creating online learning materials that can be widely adopted and applied whenever required. SCB believes that concrete and targeted support will help develop the potential of Thai youth to ready them for success in playing a part in the nation's future development. SCB is ready to stand beside every success and encourages young people to receive the education they desire. Important projects include the following:

1. Scholarships for Organizations, Institutions and Young People

SCB provides over 700 scholarships for youngsters each year, focusing on two main groups: young people demonstrating potential in science and technology in order to create a workforce supporting the development of the country, and youths seeking educational opportunities to improve their quality of life. Scholarships were provided to individuals, organizations and educational institutions.

- **Scholarships for youths demonstrating potential in science and technology**

Scholarships and youth development camps were organized for youths showing strong potential in science and technology at the high school level and above, allowing them to gain experience from experts and go on to become valuable members of the country's workforce as scientists and researchers. SCB provided scholarships through various projects and foundations, such as the Junior Science Talent Program and the Young Scientist Competition of the National Science and Technology Development Agency (NSTDA), which encourages young people to demonstrate their potential on the global stage. Donations were presented to the Vidyasirimedhi Institute of Science and Technology (VISTEC) and the Ananda Mahidol Foundation to send scholarship students abroad so that they can bring back their expertise to help develop the country, and to the Prince Mahidol Foundation to support royal scholarships for students in the fields of medicine, dentistry and pharmacy.

- **Scholarships for underprivileged youths**

In order to provide educational opportunities for youths excelling in learning but lacking funds, SCB supported scholarships for students at the high school level and above through various projects and organizations, comprising the Sufficiency Economy Scholarship Program, the Crown Property Bureau Foundation Scholarship Program, the Border Patrol Police School Alumni Scholarship Program, scholarship programs for youths in remote areas of the Princess Maha Chakri Sirindhorn Foundation which, upon graduation, students must return to help develop their own communities or other rural communities in line with the Sufficiency Economy Initiative of His Majesty the Late King Bhumibol Adulyadej, and scholarships awarded through various educational institutions across the country.

SCB provides over

700

Scholarships for
youngsters each year

Scholarships for youths
demonstrating potential
in science and technology



Scholarships for
underprivileged youths



2. Vocational Education Development

Vocational education is one of the important factors contributing to the development of the Thai workforce to support the nation's advancement. SCB and the Siam Commercial Foundation have therefore cooperated with Ban Khai Technical College and Chonburi Technical College with the aim of enhancing the digital literacy and digital skills of students, educators and school management to meet the needs of industry. This development will allow vocational students to be qualified under the international computer driving license with basic knowledge of computer literacy, internet communication and other computer skills essential for students, workers and the general public in today's digital era. Computer equipment and infrastructure modifications were provided to support teaching and learning, as well as the development of digital teaching skills to improve the teaching and learning experience for students.

Competency Development for Teachers to Enhance 21st Century Learning Skills through Art

From more than
400
 Teachers

From more than
200
 Schools

CONNEXT ED Project



Financial Literacy Project

Spread relevant knowledge to
4,287
 Students

3. 16th SCB Challenge Project

Due to the ongoing effects of the COVID-19 pandemic in 2021, SCB adjusted the format of SCB Challenge competitions for students in the primary and secondary levels to an online workshop titled "Competency Development for Teachers to Enhance 21st Century Learning Skills through Art." The goal of the event was to provide a venue for teachers to learn how to use art as a teaching tool while also incorporating essential 4C skills, which are creativity, critical thinking, collaboration and communication. The workshop was designed in collaboration with Chulalongkorn University's Faculty of Education, and it drew 400 teachers from more than 200 schools.

4. CONNEXT ED Project

SCB has embraced effective teaching and learning innovations proven to be successful from the CONNEXT ED project (Phases 1 and 2) into an e-learning platform on www.khrudeegital.com. The platform enables teachers across the country to enjoy access to online learning communities, providing opportunities for them to upskill or reskill on a regular basis. The approach creates a new teaching method whereby teachers arrange a favorable student-centered environment where learners are encouraged to engage in an active learning process, pushing students to search for information, think critically and solve problems by themselves. Launched in the middle of 2021, this ongoing online platform will provide useful teaching resources and other relevant knowledge and skills, such as financial literacy and financial planning and management.

5. Financial Literacy Project

SCB recognizes the importance of financial literacy to promote savings and solve household debt problems. To achieve that goal, SCB organizes campaigns to raise awareness of money management for children, helping them build a foundation for savings behaviors and financial planning. These campaigns will offer practical life-long skills for young people. SCB began developing a plan

applying the Sufficiency Economy philosophy to promote financial discipline for kids in late 2020, with the learning process rolling out in 2021. Amid the ongoing COVID-19 situation, SCB switched related coaching activities to an online format, working with 181 teachers from 61 schools in order to spread relevant knowledge to 4,287 students. The course was divided into two modules, whereby the first part is called "SCB's Savings Mission" and uses the Sufficiency Economy concept to inspire self-sufficiency. Teachers participate in games to reflect on lessons learned and then apply them in practice. The other module is called "Effective Planning to Avoid Debts," designed to allow teachers to apply the Sufficiency Economy concept to solve debt problems. The module provides practical money management techniques and living skills. Teachers can adapt and design their own lessons to suit learners in both activities.

Disaster Relief and Quality of Life Improvement

Hardship caused by natural disasters and the pandemic throughout 2021 has affected the lives and well-being of so many people. SCB is committed to helping take care of society and alleviating difficulties experienced by disaster victims to restore their happiness, morale and smiles, allowing them to resume their normal lives as soon as possible. SCB also supports initiatives and organizational collaborations that advocate for bettering people's living conditions as part of mission to improve quality of life.

1. SCB Fights COVID-19

The COVID-19 pandemic has been ongoing since March 2020, wreaking havoc on the economy, society and our way of life. Amid such upheaval, many compassionate people have banded together to help alleviate suffering. SCB has worked with the public and private sectors to help ease the crisis so that the economy and people's lives can return to normal as quickly as possible. Among other efforts, SCB collaborated with partners to build a non-hospital vaccination center at its headquarters serving over 200,000 individuals. In addition,

SCB provided medical equipment to hospitals and charity foundations for the establishment of field hospitals and cohort wards.

- **Establishment of a collaborative COVID-19 non-hospital vaccination center at SCB headquarters**

Thailand has put the rollout of vaccinations at the top of the national agenda in a campaign to stop the spread and severity of the contagion. Recognizing the urgent need to speed up the process, SCB joined with the Bangkok Metropolitan Administration, the Thai Chamber of Commerce and Bangkok Dusit Medical Services Group's Phyathai-Paolo Hospital in a project called "Thai Ruamjai Safe Bangkok." SCB was one of 25 private companies taking part in this endeavor to provide Thai people access to COVID-19 vaccines as quickly as feasible. It was a source of pride for all SCB employees who had the opportunity to assist Thai people in achieving this national goal. The achievement was made possible by the dedication of some 240 medical professionals from Phyathai-Paolo hospitals under the Bangkok Dusit Medical Services Group together with 368 SCB volunteers and 50 SCB housekeeping and security staff who worked in shifts for a 84-day period from May to November 2021, vaccinating a total of 201,300 people.

- **Financial aid and equipment for pandemic relief projects**

SCB donated:

- Baht 13 million to Chulalongkorn Hospital to support the construction of two field cohort wards inside the hospital premises to provide temporary accommodations for COVID-19 infected patients waiting for hospital beds.
- Baht 1 million to the "Chaipattana COVID-19 Aid Fund (and Other Pandemics)" under the royal initiative of Her Royal Highness Princess Maha Chakri Sirindhorn for the procurement of five high-flow oxygen ventilators for hospitals in provinces and



SCB Fights COVID-19

Establishment of
a collaborative COVID-19
non-hospital vaccination center



Vaccinating
a total of

201,300

People

Financial aid and equipment
for pandemic relief projects



Provision of venues
for field hospitals



SCB Blood Donation Project

Help save
the lives of

188,160

Patients

Baht 3.2 million to three major hospitals, namely Siriraj Hospital, Ramathibodi Hospital and Chulalongkorn Hospital, as well as to the Police Hospital Foundation under Royal Patronage.

- Support to the Southern Border Provinces Administrative Center (SBPAC) for the procurement of necessary equipment and bedding supplies for nine field hospitals of the Songkhla Provincial Public Health Office, totaling 1,070 beds.
- Bedding sets for two patient waiting centers in Bangkok's Chatuchak District accommodating 300 beds for asymptomatic patients awaiting hospital referrals.
- COVID-19 antigen self-test kits worth Baht 3 million for the Thairath Foundation that can be used as both nasopharyngeal and nasal swabs, with results obtained within 15 minutes. These test kits were used by people in various communities.
- 800 "SCB Cares for You" bags containing necessities to help those who might be at risk of exposure to COVID-19 due to living in crowded communities and labor camps and who need to quarantine, or those working in markets or living as residents in Bangkok's Chatuchak District and Din Daeng District.

• Provision of venues for field hospitals in Samut Songkhram and Buriram

SCB provided venues to convert into two field hospitals free of charge, for the Amphawa Ruamjai Field Hospital in Samut Songkhram Province, accommodating 1,000 beds, and Buriram Province Field Hospital, accommodating 2,500 beds.

2. SCB Blood Donation Project

SCB recognizes the importance of the Thai Red Cross Society's National Blood Center's mission to acquiring sufficient blood supply to treat patients across the country in order to improve health and quality of life. For over 25 years, SCB has worked with the National Blood Center on blood donation campaigns, sending out mobile blood donation units and undertaking other related activities to raise awareness and expand the donor

network among SCB employees and the general public. Together with the National Blood Center, SCB organized 26 blood donation events and delivered 25 million cc of blood from 62,720 blood donors in 2021, accounting for 10% of the National Blood Center's total 240 million cc of blood donations received. These blood supplies have the potential to help save the lives of 188,160 patients. SCB is proud to be the financial institution facilitating the donation of the highest quantity of blood.

3. SCB Disaster Relief Project

SCB has collaborated with provincial agencies, organizations, and collaborative partners to provide urgent and recovery assistance to disaster victims to alleviate hardship and bring encouragement to those suffering from natural disasters, allowing them to return to normal life quickly.

- Urgent assistance: SCB delivered 10,000 survival bags to flood victims in many provinces, namely Narathiwat, Pattani, Yala, Songkhla, Satun, Nakhon Ratchasima, Sukhothai, Phra Nakhon Si Ayutthaya, Khon Kaen, Sing Buri, Surat Thani and Chaiyaphum, through networks of collaborative partners. In addition, SCB provided 4,000 blankets to the Royal Thai Air Force to be distributed to communities experiencing harsh weather conditions in Thailand's Northern and Northeastern regions. This mission has continued for nine years in a row.
- Rehabilitation assistance: To restore happiness among local farmers hit by disaster, SCB distributed 20,000 kg of rice seeds to 215 households in Ban Non Tae community, Khon Sawan District, Chaiyaphum Province, where more than 3,500 rai (560 hectares) of farmland were damaged by tropical cyclone Dianmu in mid-2021. Farmers will be able to harvest 20,000 bags of rice as a result of the donation. Ban Non Tae is a community supported by SCB in a water management project under a royal initiative, which is being carried out in partnership with the Utokapat Foundation and the Hydro Informatics Institute (Public Organization).

Water resources management and development project

Benefiting

4,155
Households

Clean Water for a Better Quality of Life Project

Providing clean water for consumption

1,145
Households

4. Water Resources Management and Development Project

SCB has continuously supported the Utokapat Foundation under Royal Patronage and the Hydro Informatics Institute (Public Organization) in community water management under royal initiatives for more than ten years. In 2021, SCB expanded its support to include water resources restoration and increase water storage in 14 communities to help alleviate flooding and drought problems. These communities have applied science and technology in their planning, allowing them to map and connect water resources. The plan also involves restoration of water resources to increase water storage areas for use in agriculture and the development of water systems for consumption, benefiting 4,155 households. In the coming year, the development will help promote Ban Non Tae community in Chaiyaphum's Khon Sawan District in becoming a model community that integrates New Theory agriculture and principles of the Sufficiency Economy as guidance, whereby its success will be extended to other communities.

5. Clean Water for a Better Quality of Life Project

Clean water is essential to good health and quality of life. In 2021, SCB collaborated with the Royal Thai Air Force's Disaster Relief Center in carrying out a "Clean Water Project for a Better Quality of Life" project for the eighth consecutive year. The project helps alleviate the hardships of schools and



local communities in provinces where Royal Thai Air Force Wings are located across the country. These communities have experienced shortages of clean water for daily consumption. The project helps provide water filtration systems, consisting of two 2,000-liter water tanks, and supports the construction and use of solar cells to pump water to filtration systems before releasing to community water supply systems. Since 2017, SCB has received generous support from one of its customers, Talesun Technologies (Thailand) Co., Ltd, a company of China's Zhongli Science and Technology Group, which is one of the world's largest manufacturers of solar panels, to provide solar panels for generating clean electricity for pumping water. In 2021, the project delivered clean water systems to five provinces, namely Nakhon Ratchasima, Nakhon Sawan, Sa Kaeo, Prachuap Khiri Khan and Surat Thani, supporting 1,145 households. To sustain this project, SCB and the Royal Thai Air Force require participation from communities in setting up committees to take charge of projects from

their inception. After delivery, these committees will continue to maintain the systems. From the start, the project helps teachers, students and communities of more than 50,000 members by providing clean water for consumption. It also helps save money by reducing the cost of purchasing drinking water and expense of electricity needed to supply water by at least Baht 2,000–3,000 per month per community. To date, assistance has been provided to 48 communities.

6. Balance Bike Park for Kids Project

The Balance Bike Park at the Happy and Healthy Bike Lane has gained popularity as a place for families in Bangkok to enjoy outdoor activities with their children, helping promote their health and physical development. To accommodate more children using the facility, SCB supported the Balance Bike Park Phase 3 Extension Project, occupying an area of more than 3 rai (0.48 hectare). The new facility can accommodate more than 400 children at the same time. Moreover, SCB has extended its support for the construction of another balance bike park at Wachira Benjathat Park called the "Happy Balance Bike Park." The new facility will be the first balance bike park located in a Bangkok public park, occupying an area of 1.5 rai (0.24 hectare). Under the consultation of Cycling Track Management Social Enterprise Co., Ltd., well-known for its expertise and experience in designing and constructing the balance bike park at the Happy and Healthy Bike Lane, both balance bike facilities should be launched in early 2022.

7. Say No to Plastic Project

SCB has continued to work on environmental protection. To play a part in helping mitigate impacts affecting humans and the planet, SCB has initiated a "Say No to Plastic" project to increase awareness among employees of the importance of changing their behavior and helping take care of the planet. The effort can begin by reducing or avoiding the use of materials that could damage the environment. The project originally targeted the Bank's employees to reduce disposable plastic waste in the workplace. The impacts of the COVID-19 pandemic in 2021 made it harder to



continue the positive outcomes of the project, as most employees worked from home, so SCB is now carrying out online campaigns to raise employees' awareness wherever they work. In addition, the project has expanded its targets to young children at 11 network schools in the Bang Kachao area under SCB's supervision. Relevant learning materials are provided to schools to introduce and instill knowledge about environmental protection and waste reduction to students at the primary school level under the concept of "Everyone can be a hero, starting with ourselves."

Promoting Volunteerism among Staff Members

Volunteering is a powerful way to help benefit the public. SCB encourages its employees to devote their time to public service in order to cultivate environmental awareness, caring, social unity, positive attitudes and social responsibility among its employees through various projects. A number of projects have been carried out in collaboration with government agencies and private organizations, such as the Royal Volunteer Project and the Bank's own "SCB, Let's Do Good" volunteer activities, focusing on SCB's core social activities, such as youth development and learning enhancement,

and disaster relief activities. Employees may initiate their own projects or participate in activities organized by the Bank, such as beach cleaning projects, financial literacy projects, producing teaching materials, volunteer activities with various foundations, and more.

In 2021, volunteer activities carried out by the Bank's employees constituted the equivalent of

5,400

days

Dr. Vichit Suraphongchai

Chairman of the Corporate Social Responsibility Committee

Management Discussion and Analysis

3 Year Financial Statements and Ratio

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED (CONSOLIDATED)
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31,

(in thousand Baht)

Assets	2021		2020		2019	
Cash	50,420,794	1.52%	51,631,543	1.57%	47,615,159	1.61%
Interbank and money market items, net	618,268,620	18.65%	547,504,036	16.70%	433,510,185	14.63%
Financial assets measured at fair value through profit or loss	68,707,387	2.07%	28,032,542	0.86%	-	0.00%
Derivative assets	57,579,088	1.74%	86,829,862	2.65%	63,132,091	2.13%
Investments, net	222,634,338	6.72%	311,795,715	9.51%	312,065,032	10.53%
Investments in subsidiaries and associate, net	781,207	0.02%	-	0.00%	78,148	0.00%
Loans to customers and accrued interest receivables, net	2,165,455,869	65.33%	2,130,308,123	64.98%	2,002,460,863	67.56%
Properties for sale, net	18,200,943	0.55%	16,136,334	0.49%	16,641,789	0.56%
Investment properties, net	511,094.00	0.02%	-	0.00%	-	0.00%
Premises and equipment, net	45,196,041	1.36%	40,308,637	1.23%	40,776,524	1.37%
Goodwill and other intangible assets, net	18,384,743	0.56%	18,566,173	0.57%	19,186,569	0.65%
Deferred tax assets	3,681,058	0.11%	4,505,357	0.14%	2,004,629	0.07%
Other assets, net	44,743,711	1.35%	42,765,197	1.30%	26,275,330	0.89%
Total assets	3,314,564,893	100.00%	3,278,383,519	100.00%	2,963,746,319	100.00%

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED (CONSOLIDATED)
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, (continued)

(in thousand Baht)

Liabilities and shareholders' equity	2021		2020		2019	
Liabilities						
Deposits	2,467,495,380	74.44%	2,420,455,426	73.83%	2,159,425,196	72.86%
Interbank and money market items	180,961,455	5.46%	198,491,004	6.06%	145,844,197	4.92%
Liabilities payable on demand	10,539,176	0.32%	10,266,910	0.31%	11,796,217	0.40%
Financial liabilities measured at fair value through profit or loss	5,750	0.00%	3,771	0.00%	-	0.00%
Liabilities to deliver security	-	0.00%	-	0.00%	18,335	0.00%
Derivative liabilities	49,200,116	1.49%	79,271,805	2.42%	61,937,343	2.09%
Debt issued and borrowings	74,921,623	2.26%	67,234,660	2.05%	77,952,008	2.63%
Provisions	20,342,267	0.61%	17,896,778	0.55%	11,409,640	0.39%
Deferred tax liabilities	887,849	0.03%	132,018	0.00%	138,921	0.01%
Other liabilities	67,596,366	2.04%	72,802,099	2.22%	94,377,991	3.18%
Total liabilities	2,871,949,982	86.65%	2,866,554,471	87.44%	2,562,899,848	86.48%
Shareholders' equity						
Share capital						
Authorised share capital						
3,582,667,230 preferred shares of Baht 10 each	35,826,672	1.08%	35,827,259	1.09%	35,827,351	1.21%
3,417,332,770 common shares of Baht 10 each	34,173,328	1.03%	34,172,741	1.04%	34,172,649	1.15%
Issued and paid-up share capital						
3,542,873 preferred shares of Baht 10 each	35,429	0.00%	36,015	0.00%	36,107	0.00%
3,395,649,325 common shares of Baht 10 each	33,956,493	1.02%	33,955,907	1.04%	33,955,815	1.15%
Premium on share capital						
Premium on preferred shares	13,855	0.00%	14,085	0.00%	14,121	0.00%
Premium on common shares	11,110,336	0.34%	11,110,106	0.34%	11,110,070	0.37%
Other reserves	22,837,505	0.69%	16,906,997	0.52%	16,169,935	0.55%
Retained earnings						
Appropriated						
Legal reserve	7,000,000	0.21%	7,000,000	0.21%	7,000,000	0.236%
Unappropriated	366,052,563	11.04%	342,406,796	10.44%	332,071,783	11.20%
Total owners of the company	441,006,181	13.31%	411,429,906	12.55%	400,357,831	13.51%
Non-controlling interests	1,608,730	0.05%	399,142	0.01%	488,640	0.01%
Total shareholders' equity	442,614,911	13.35%	411,829,048	12.56%	400,846,471	13.52%
Total liabilities and shareholders' equity	3,314,564,893	100.00%	3,278,383,519	100.00%	2,963,746,319	100.00%

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED (CONSOLIDATED)
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEARS ENDED DECEMBER 31,

(in thousand Baht)

	2021		2020		2019	
Interest income	112,176,572	74.61%	118,370,775	81.77%	135,025,196	81.29%
Interest expenses	17,005,762	11.31%	21,471,857	14.83%	35,623,651	21.45%
Net interest income	95,170,810	63.30%	96,898,918	66.94%	99,401,545	59.85%
Fee and service income	50,355,543	33.49%	45,621,229	31.51%	39,103,281	23.54%
Fee and service expenses	10,157,495	6.76%	9,034,920	6.24%	9,433,183	5.68%
Net fee and service income	40,198,048	26.74%	36,586,309	25.27%	29,670,098	17.86%
Net gain on financial instruments measured at fair value through profit or loss	11,090,364	7.38%	7,664,129	5.29%	-	0.00%
Net gain on trading and foreign exchange transactions	-	0.00%	-	0.00%	6,816,701	4.10%
Net gain on investments	145,987	0.10%	1,700,659	1.17%	5,382,879	3.24%
Net gain on sale of investment in subsidiary	-	0.00%	-	0.00%	24,023,848	14.46%
Share of profit (loss) from investments in associates and joint venture	556,560	0.37%	(78,147)	-0.05%	30,756	0.02%
Dividend income	166,035	0.11%	155,445	0.11%	627,337	0.38%
Net earned insurance premiums	-	0.00%	-	0.00%	34,950,839	21.04%
Other operating income	3,014,245	2.00%	1,840,401	1.27%	540,736	0.33%
Total operating income	150,342,049	100.00%	144,767,714	100.00%	201,444,739	121.28%
Net insurance claims	-	0.00%	-	0.00%	35,346,903	21.28%
Net operating income	150,342,049	100.00%	144,767,714	100.00%	166,097,836	100.00%
Other operating expenses						
Employee expenses	30,006,793	19.96%	31,452,934	21.73%	33,280,574	20.04%
Directors' remuneration	111,658	0.07%	116,654	0.08%	105,370	0.06%
Premises and equipment expenses	10,848,501	7.22%	12,625,740	8.72%	13,894,163	8.36%
Taxes and duties	3,611,082	2.40%	3,846,614	2.66%	4,626,728	2.79%
Other expenses	18,968,893	12.62%	16,288,283	11.25%	18,630,978	11.22%
Total other operating expenses	63,546,927	42.27%	64,330,225	44.44%	70,537,813	42.47%
Expected credit loss	42,024,476	27.95%	46,649,468	32.22%	-	0.00%
Impairment loss of loans and debt securities	-	0.00%	-	0.00%	36,210,938	21.80%
Profit from operations before income tax expenses	44,770,646	29.78%	33,788,021	23.34%	59,349,085	35.73%
Income tax expenses	9,375,857	6.24%	6,794,329	4.69%	19,098,182	11.50%
Net profit	35,394,789	23.54%	26,993,692	18.65%	40,250,903	24.23%

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED (CONSOLIDATED)
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEARS ENDED DECEMBER 31, (continued)

(in thousand Baht)

	2021		2020		2019	
Other comprehensive income (loss)						
<i>Items that will be reclassified subsequently to profit or loss</i>						
Loss on investments in debt instruments at fair value through other comprehensive income	(912,382)	-0.61%	(423,251)	-0.29%	-	0.00%
Gain (loss) on remeasuring available-for-sale investments	-	0.00%	-	0.00%	21,921,022	13.20%
Gain (loss) arising from translating the financial statements of foreign operations	113,218	0.08%	2,993	0.00%	(187,958)	-0.11%
Change in hedge reserve	-	0.00%	-	0.00%	3,287,789	1.98%
Income tax relating to components of other comprehensive income (loss) will be reclassified subsequently to profit or loss	182,476	0.12%	84,650	0.06%	(5,041,433)	-3.04%
	(616,688)	-0.41%	(335,608)	-0.23%	19,979,420	12.03%
<i>Items that will not be reclassified subsequently to profit or loss</i>						
(Loss) gain on investments designated at fair value through other comprehensive income	(391,865)	-0.26%	178,859	0.12%	-	0.00%
Changes in revaluation surplus	8,960,197	5.96%	(29,895)	-0.02%	-	0.00%
Actuarial gain (loss) on defined benefit plans	493,992	0.33%	(1,779,674)	-1.23%	59,643	0.04%
Income tax relating to components of other comprehensive income (loss) will not be reclassified subsequently to profit or loss	(1,786,714)	-1.19%	326,142	0.23%	(11,929)	-0.01%
	7,275,610	4.84%	(1,304,568)	-0.90%	47,714	0.03%
Total other comprehensive income (loss), net of income tax	6,658,922	4.43%	(1,640,176)	-1.13%	20,027,134	12.06%
Total comprehensive income	42,053,711	27.97%	25,353,516	17.51%	60,278,037	36.29%
Net profit (loss) attributable to:						
Owners of the company	35,598,816	23.68%	27,217,602	18.80%	40,436,350	24.34%
Non-controlling interests	(204,027)	-0.14%	(223,910)	-0.15%	(185,447)	-0.11%
Total comprehensive income (loss) attributable to:						
Owners of the company	42,254,764	28.11%	25,574,896	17.67%	60,299,779	36.30%
Non-controlling interests	(201,053)	-0.13%	(221,380)	-0.15%	(21,742)	-0.01%

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED (CONSOLIDATED)
STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31,

(in thousand Baht)

	2021	2020	2019
Cash flows from operating activities			
Profit from operating before income tax expense	44,770,646	33,788,021	59,349,085
<i>Adjustments to reconcile profit from operating before income tax expense to cash receipts (payments) from operating activities</i>			
Depreciation and amortisation	9,489,865	10,171,344	6,063,727
Expected credit loss	45,115,421	49,907,274	-
Impairment loss on loans and debt securities	-	-	39,465,944
(Reversal) of impairment loss on premises and equipment	(225,123)	241,220	-
Impairment loss on properties for sale	648,522	1,566,315	209,811
Provisions expense	2,457,296	4,035,725	1,582,425
Loss (gain) on sale of premises and equipment	4,812	(6,547)	(11,892)
Loss from write-off of premises and equipment	139,752	218,038	83,989
(Gain) loss from sale of properties for sale	(1,167,399)	(1,013,599)	797,192
Loss from write-off of intangible assets	14,559	619	-
Loss (gain) on revaluation of investment properties	34,413	-	-
Net gain on financial instruments	(31,458,881)	(11,410,464)	-
Net loss (gain) on trading and foreign exchange transaction	-	-	19,810,689
Net gain on investments	(145,987)	(1,700,659)	(5,382,879)
Net gain on sale of investment in subsidiary	-	-	(24,023,848)
<i>Share of (profit) loss from investments in associates and joint venture</i>			
	(556,560)	78,147	(30,756)
	69,121,336	85,875,434	97,913,487
Net interest income	(95,170,810)	(96,898,918)	(99,401,545)
Dividend income	(166,035)	(155,445)	(627,337)
Proceeds from interest	111,765,649	107,140,204	137,119,241
Interest paid	(17,936,395)	(26,768,443)	(34,056,597)
Proceeds from dividend	237,681	155,693	646,024
Income tax paid	(11,103,076)	(20,660,020)	(11,224,200)
Profit from operating before changes in operating assets and liabilities	56,748,350	48,688,505	90,369,073
<i>(Increase) decrease in operating assets</i>			
Interbank and money market items	(70,766,620)	(114,012,703)	(69,058,619)
Derivative assets	33,887,176	(18,397,660)	(47,502,011)
Investment in short-term securities	(8,827,364)	18,116,200	(14,132,432)
Loans to customers	(87,728,120)	(167,327,124)	(26,944,943)
Properties for sale	7,322,125	7,226,425	10,009,782
Other assets	(441,178)	(16,958,366)	(5,967,349)

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED (CONSOLIDATED)
STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, (continued)

(in thousand Baht)

	2021	2020	2019
<i>Increase (decrease) in operating liabilities</i>			
Deposits	47,039,954	261,030,230	(205,355)
Interbank and money market items	(17,529,549)	52,646,807	3,315,580
Liability payable on demand	272,266	(1,529,307)	(2,147,926)
Financial liabilities measured at fair value through profit or loss	1,979	(14,564)	-
Liabilities to deliver security	-	-	17,191
Derivative liabilities	(30,071,689)	17,178,497	25,967,327
Short-term debt issued and borrowings	4,187,823	(12,653,133)	(34,490,687)
Liabilities under insurance contracts	-	-	8,367,474
Other liabilities	(2,590,473)	(13,041,593)	36,208,076
Net cash (used in) from operating activities	(68,495,320)	60,952,214	(26,194,819)
<i>Cash flows from investing activities</i>			
Acquisition of instruments measured at fair value through other comprehensive income	(267,494,078)	(424,564,645)	-
Acquisition of available-for-sale securities	-	-	(289,452,773)
Proceeds from sale of instruments measured at fair value through other comprehensive income	355,401,640	393,056,095	-
Proceeds from sale of available-for-sale securities	-	-	250,943,397
Acquisition of instruments at amortised cost	(1,254,306)	(554,756)	-
Acquisition of held-to-maturity securities	-	-	(593,002)
Proceeds from redemption of instruments at amortised cost	959,156	1,053,903	-
Proceeds from redemption of held-to-maturity securities	-	-	10,973,407
Acquisition of general securities	-	-	(2,323,366)
Proceeds from sale of general investments	-	-	54,939
Payment for investments in subsidiaries, associates and joint venture	(164,888)	-	-
Proceeds from disposal of subsidiaries	-	-	74,440,000
Proceeds from liquidation of subsidiaries	-	28,612	77,319
Acquisition of premises and equipment	(712,727)	(902,014)	(1,426,230)
Proceeds from sale of premises and equipment	22,603	59,824	169,842
Acquisition of intangible assets	(5,380,768)	(3,121,083)	(6,018,224)
Proceeds from sale of intangible assets	-	-	56,899
Net cash from (used in) investing activities	81,376,632	(34,944,064)	36,902,208

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED (CONSOLIDATED)
STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, (continued)

(in thousand Baht)

	2021	2020	2019
Cash flows from financing activities			
Proceeds from long-term debt issued	-	192,025	32,459,840
Repayment of long-term debt issued	(1,031,865)	(3,051,982)	(23,872,875)
Proceeds from long-term borrowings	3,533	7,270	116,203
Repayment of long-term borrowings	(99,048)	(89,864)	(80,755)
Repayment of long-term debenture	-	-	(20,000)
Payment of lease liabilities	(1,704,553)	(3,038,045)	-
Dividend paid to equity holders of the Bank	(12,678,987)	(16,146,163)	(18,695,557)
Capital contribution from a non-controlling interest of the subsidiaries	1,305,641	132,000	72,000
Net cash used in financing activities	(14,205,279)	(21,994,759)	(10,021,144)
Loss (gain) arising from translating the financial statements of foreign operations	113,218	2,993	(187,958)
Net (decrease) increase in cash	(1,210,749)	4,016,384	498,287
Cash at 1 January	51,631,543	47,615,159	47,116,872
Cash at 31 December	50,420,794	51,631,543	47,615,159

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED (BANK ONLY)
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31,

(in thousand Baht)

Assets	2021		2020		2019	
Cash	50,218,021	1.52%	51,528,618	1.57%	47,450,329	1.61%
Interbank and money market items, net	606,102,663	18.37%	539,107,537	16.43%	427,250,921	14.47%
Financial assets measured at fair value through profit or loss	49,153,992	1.49%	23,106,838	0.70%	-	0.00%
Derivative assets	57,617,292	1.75%	87,095,023	2.66%	63,283,308	2.14%
Investments, net	222,587,104	6.74%	312,059,270	9.51%	310,504,994	10.52%
Investments in subsidiaries, associates and joint venture, net	30,184,820	0.91%	24,659,612	0.75%	6,727,117	0.23%
Loans to customers and accrued interest receivables, net	2,160,069,924	65.46%	2,125,942,032	64.81%	1,998,168,736	67.68%
Properties for sale, net	17,983,943	0.54%	15,917,594	0.49%	16,393,154	0.56%
Investment properties, net	923,795	0.03%	287,464	0.01%	-	0.00%
Premises and equipment, net	43,179,980	1.31%	38,642,255	1.18%	39,910,623	1.35%
Goodwill and other intangible assets, net	17,346,287	0.53%	17,678,858	0.54%	18,450,769	0.62%
Deferred tax assets	3,339,512	0.10%	4,239,543	0.13%	1,809,077	0.06%
Other assets, net	41,306,633	1.25%	40,177,545	1.22%	22,498,024	0.76%
Total assets	3,300,013,966	100.00%	3,280,442,189	100.00%	2,952,447,052	100.00%

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED (BANK ONLY)
STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, (continued)

(in thousand Baht)

Liabilities and shareholders' equity	2021		2020		2019	
Liabilities						
Deposits	2,469,200,797	74.82%	2,429,779,524	74.07%	2,156,488,855	73.04%
Interbank and money market items	182,306,436	5.53%	198,359,503	6.05%	145,870,962	4.94%
Liabilities payable on demand	10,538,939	0.32%	10,266,680	0.31%	11,794,548	0.40%
Derivative liabilities	49,645,817	1.50%	79,775,566	2.43%	61,987,555	2.10%
Debt issued and borrowings	69,105,130	2.09%	66,800,699	2.04%	76,355,562	2.59%
Provisions	19,715,987	0.60%	17,330,929	0.53%	10,997,107	0.37%
Other liabilities	62,530,400	1.90%	68,385,233	2.08%	91,008,290	3.08%
Total liabilities	2,863,043,506	86.76%	2,870,698,134	87.51%	2,554,502,879	86.52%
Shareholders' equity						
Share capital						
Authorised share capital						
3,582,667,230 preferred shares of Baht 10 each	35,826,672	1.09%	35,827,259	1.09%	35,827,351	1.21%
3,417,332,770 common shares of Baht 10 each	34,173,328	1.04%	34,172,741	1.04%	34,172,649	1.16%
Issued and paid-up share capital						
3,542,873 preferred shares of Baht 10 each	35,429	0.00%	36,015	0.00%	36,107	0.00%
3,395,649,325 common shares of Baht 10 each	33,956,493	1.03%	33,955,907	1.04%	33,955,815	1.15%
Premium on share capital						
Premium on preferred shares	13,855	0.00%	14,085	0.00%	14,121	0.00%
Premium on common shares	11,110,336	0.34%	11,110,106	0.34%	11,110,070	0.38%
Other reserves	21,633,291	0.66%	16,919,044	0.52%	16,135,730	0.55%
Retained earnings						
Appropriated						
Legal reserve	7,000,000	0.21%	7,000,000	0.21%	7,000,000	0.24%
Unappropriated	363,221,056	11.01%	340,708,898	10.39%	329,692,330	11.17%
Total owners of the company	436,970,460	13.24%	409,744,055	12.49%	397,944,173	13.48%
Total shareholders' equity	436,970,460	13.24%	409,744,055	12.49%	397,944,173	13.48%
Total liabilities and shareholders' equity	3,300,013,966	100.00%	3,280,442,189	100.00%	2,952,447,052	100.00%

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED (BANK ONLY)
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEARS ENDED DECEMBER 31,

(in thousand Baht)

	2021		2020		2019	
Interest income	111,063,711	77.72%	117,954,045	82.61%	126,170,944	63.95%
Interest expenses	16,845,518	11.79%	21,364,318	14.96%	35,537,905	18.01%
Net interest income	94,218,193	65.93%	96,589,727	67.64%	90,633,039	45.94%
Fee and service income	43,549,253	30.47%	41,021,214	28.73%	39,174,566	19.86%
Fee and service expenses	8,302,695	5.81%	7,991,446	5.60%	8,327,557	4.22%
Net fee and service income	35,246,558	24.66%	33,029,768	23.13%	30,847,009	15.64%
Net gain on financial instruments measured at fair value through profit or loss	6,566,242	4.60%	7,391,564	5.18%	-	0.00%
Net gain on trading and foreign exchange transactions	-	0.00%	-	0.00%	6,579,982	3.34%
Net gain on investments	146,486	0.10%	1,702,320	1.19%	4,741,734	2.40%
Net gain on sale of investment in subsidiary	-	0.00%	-	0.00%	61,899,788	31.37%
Dividend income	3,770,546	2.64%	2,352,087	1.65%	2,217,863	1.12%
Other operating income	2,964,412	2.07%	1,725,760	1.21%	373,031	0.19%
Total operating income	142,912,437	100.00%	142,791,226	100.00%	197,292,446	100.00%
Other operating expenses						
Employee expenses	25,768,575	18.03%	28,331,801	19.84%	29,803,086	15.11%
Directors' remuneration	84,346	0.06%	100,240	0.07%	89,680	0.04%
Premises and equipment expenses	10,156,782	7.11%	12,105,230	8.48%	12,902,297	6.54%
Taxes and duties	3,566,094	2.49%	3,833,395	2.68%	4,362,186	2.21%
Other expenses	19,539,643	13.67%	18,189,820	12.74%	20,656,435	10.47%
Total other operating expenses	59,115,440	41.36%	62,560,486	43.81%	67,813,684	34.37%
Expected credit loss	41,665,279	29.15%	46,299,044	32.42%	-	0.00%
Impairment loss on loans and debt securities	-	0.00%	-	0.00%	36,236,999	18.37%
Profit from operations before income tax expenses	42,131,718	29.48%	33,931,696	23.76%	93,241,763	47.26%
Income tax expenses	7,652,557	5.35%	6,156,341	4.31%	17,792,258	9.02%
Net profit	34,479,161	24.13%	27,775,355	19.45%	75,449,505	38.24%

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED (BANK ONLY)
 STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
 FOR THE YEARS ENDED DECEMBER 31, (continued)

(in thousand Baht)

Liabilities and shareholders' equity	2021	2020		2019	
Other comprehensive income (loss)					
<i>Items that will be reclassified subsequently to profit or loss</i>					
Loss on investments in debt instruments at fair value through other comprehensive income	(912,382) -0.64%	(423,251) -0.30%	- 0.00%		
Gain (loss) on remeasuring available-for-sale investments	- 0.00%	- 0.00%	5,432 0.00%		
(Loss) gain arising from translating the financial statements of foreign operations	(667,504) -0.47%	17,937 0.01%	- 0.00%		
Income tax relating to components of other comprehensive income (loss) will be reclassified subsequently to profit or loss	182,476 0.13%	84,650 0.06%	(1,087) 0.00%		
	(1,397,410) -0.98%	(320,664) -0.22%	4,345 0.00%		
<i>Items that will not be reclassified subsequently to profit or loss</i>					
(Loss) gain on investments designated at fair value through other comprehensive income	(395,935) -0.28%	178,859 0.13%	- 0.00%		
Changes in revaluation surplus	8,444,909 5.91%	- 0.00%	- 0.00%		
Actuarial gain (loss) on defined benefit plans	480,577 0.34%	(1,731,587) -1.21%	- 0.00%		
Income tax relating to components of other comprehensive income (loss) will not be reclassified subsequently to profit or loss	(1,705,910) -1.19%	310,546 0.22%	- 0.00%		
	6,823,641 4.77%	(1,242,182) -0.87%	- 0.00%		
Total other comprehensive income (loss), net of income tax	5,426,231 3.80%	(1,562,846) -1.09%	4,345 0.00%		
Total comprehensive income	39,905,392 27.92%	26,212,509 18.36%	75,453,850 38.24%		

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED (BANK ONLY)
STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31,

(in thousand Baht)

	2021	2020	2019
Cash flows from operating activities			
Profit from operating before income tax expense	42,131,718	33,931,696	93,241,763
<i>Adjustments to reconcile profit from operating before income tax expense to cash receipts (payments) from operating activities</i>			
Depreciation and amortisation	9,032,226	9,707,606	5,756,554
Expected credit loss	44,751,388	49,555,821	-
Impairment loss on loans and debt securities		-	39,492,005
(Reversal) of impairment loss on premises and equipment	(225,767)	241,220	-
Impairment loss on properties for sale	649,426	1,566,315	146,326
Provisions expense	2,361,496	3,536,049	1,775,749
Gain on sale of premises and equipment	(2,334)	(6,547)	(11,735)
Loss from write-off of premises and equipment	129,695	215,789	79,334
(Gain) loss from sale of properties for sale	(1,166,451)	(1,013,599)	797,232
Loss from write-off of intangible assets	4,501	52	-
Loss (gain) on revaluation of investment properties	(94,341)	-	-
Net gain on financial instruments	(27,835,547)	(11,140,091)	-
Net loss (gain) on trading and foreign exchange transaction	-	-	20,283,328
Net gain on investments	(146,486)	(1,702,320)	(4,741,734)
Net gain on sale of investment in subsidiary	-	-	(61,899,788)
	69,589,524	84,891,991	94,919,034
Net interest income	(94,218,193)	(96,589,727)	(90,633,039)
Dividend income	(3,770,546)	(2,352,087)	(2,217,863)
Proceeds from interest	110,706,693	106,763,134	125,714,196
Interest paid	(17,787,350)	(26,660,329)	(34,054,968)
Proceeds from dividend	3,770,621	2,352,012	2,474,282
Income tax paid	(10,219,690)	(20,015,139)	(8,500,374)
Profit from operating before changes in operating assets and liabilities	58,071,059	48,389,855	87,701,268

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED (BANK ONLY)
 STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, (continued)

(in thousand Baht)

	2021	2020	2019
<i>(Increase) decrease in operating assets</i>			
Interbank and money market items	(66,982,224)	(111,827,788)	(65,105,374)
Derivative assets	34,121,703	(18,531,538)	(46,213,750)
Investment in short-term securities	2,176,993	20,934,013	(14,022,028)
Loans to customers	(86,491,972)	(166,892,133)	(26,570,890)
Properties for sale	7,317,095	7,226,425	10,159,119
Other assets	417,291	(18,175,139)	(2,386,526)
<i>Increase (decrease) in operating liabilities</i>			
Deposits	39,421,273	273,290,669	(447,210)
Interbank and money market items	(16,053,067)	52,488,541	271,798
Liability payable on demand	272,259	(1,527,868)	(2,148,335)
Derivative liabilities	(30,129,749)	17,632,046	25,586,308
Short-term debt issued and borrowings	(1,194,710)	(11,490,646)	(34,564,020)
Other liabilities	(3,196,229)	(13,087,494)	29,926,870
Net cash (used in) from operating activities	(62,250,278)	78,428,943	(37,812,770)

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED (BANK ONLY)
 STATEMENT OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, (continued)

(in thousand Baht)

	2021	2020	2019
Cash flows from investing activities			
Acquisition of instruments measured at fair value through other comprehensive income	(267,494,027)	(424,560,152)	-
Acquisition of available-for-sale securities	-	-	(289,452,773)
Proceeds from sale of instruments measured at fair value through other comprehensive income	355,401,640	393,056,095	-
Proceeds from sale of available-for-sale securities	-	-	270,714,376
Acquisition of instruments at amortised cost	(520,530)	(545,178)	-
Acquisition of held-to-maturity securities	-	-	(593,002)
Proceeds from redemption of instruments at amortised cost	528,042	1,053,903	-
Proceeds from redemption of held-to-maturity securities	-	-	3,112,997
Acquisition of general securities	-	-	(2,318,648)
Proceeds from sale of general investments	-	-	54,939
Payment for investments in subsidiaries, associates and joint venture	(5,393,888)	(18,292,500)	(348,000)
Proceeds from disposal of subsidiaries	-	351,665	74,440,000
Proceeds from liquidation of subsidiaries	-	28,612	77,319
Acquisition of premises and equipment	(558,246)	(756,952)	(1,330,329)
Proceeds from sale of premises and equipment	21,720	39,105	10,070
Acquisition of intangible assets	(4,976,261)	(2,793,444)	(5,510,971)
Proceeds from sale of intangible assets	-	-	56,899
Net cash from (used in) investing activities	77,008,450	(52,418,846)	48,912,877
Cash flows from financing activities			
Proceeds from long-term debt issued	-	192,025	32,459,840
Repayment of long-term debt issued	(1,031,865)	(3,051,982)	(23,872,875)
Proceeds from long-term borrowings	3,533	7,270	116,203
Repayment of long-term borrowings	(99,048)	(89,864)	(80,755)
Repayment of long-term debenture	-	-	(20,000)
Payment of lease liabilities	(1,594,898)	(2,861,031)	-
Dividend paid to equity holders of the Bank	(12,678,987)	(16,146,163)	(18,695,557)
Net cash used in financing activities	(15,401,265)	(21,949,745)	(10,093,144)
Loss (gain) arising from translating the financial statements of foreign operations	(667,504)	17,937	-
Net increase in cash	(1,310,597)	4,078,289	1,006,963
Cash at 1 January	51,528,618	47,450,329	46,443,366
Cash at 31 December	50,218,021	51,528,618	47,450,329

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED (CONSOLIDATED)
FINANCIAL RATIOS

	2021	2020	2019
LIQUIDITY RATIO			
Liquidity ratio ⁽¹⁾ (Bank-only)	32.99%	32.64%	31.00%
PROFITABILITY RATIO			
Operating profit margin ⁽²⁾	81.07%	79.05%	59.33%
Net profit margin	23.68%	18.80%	24.34%
Return on equity	8.35%	6.71%	10.36%
Yield on earning assets ⁽³⁾	3.92%	4.43%	5.33%
Cost of funds ⁽⁴⁾	0.63%	0.84%	1.48%
Spread ⁽⁵⁾	3.29%	3.58%	3.85%
Return on investment	0.84%	1.66%	9.59%
EFFICIENCY RATIO			
Cost income ratio	42.27%	44.44%	42.47%
Net interest income to assets	2.89%	3.10%	3.23%
Return on assets	1.08%	0.87%	1.31%
Asset turnover ratio (times)	0.05	0.05	0.05
FINANCIAL RATIO			
Liability to total equity (Times)	6.72	7.05	6.56
Loan to borrowing ratio	90.16%	90.28%	93.98%
Loan to deposit ratio	93.29%	93.17%	97.89%
Deposit to liability ratio	85.92%	84.44%	84.26%
Dividend payout ⁽⁶⁾	38.77%	28.72%	52.54%
Total capital funds	18.73%	18.24%	18.08%
ASSET QUALITY RATIO			
Coverage ratio ⁽⁷⁾	139.41%	140.75%	134.10%
Allowance for expected credit loss/doubtful accounts on loans to loan and accrued interest receivables	6.29%	6.05%	5.25%
Credit cost ⁽⁸⁾	1.84%	2.14%	1.70%
% Non-Performing loan to total loans ⁽⁹⁾	3.79%	3.68%	3.41%
Accrued interest receivables to loan and accrued interest receivables	0.65%	0.64%	0.14%

Remark:

(1) Liquidity ratio (Bank-only) = Liquid assets / total deposits

(2) Operating profit margin = (Net interest income + net fee income + net insurance premium - tax and duties) / (Total interest income + gross fee income + gross insurance premium)

(3) Yield on earning assets = Total interest income / (avg. loans + avg. interbank and money market assets)

(4) Cost of funds = Total interest expense / (avg. deposits + avg. borrowings + avg. liability payable on demand + avg. interbank and money market liabilities)

(5) Spread = Yield on earning assets - Cost of funds

(6) Dividend payment in 2021 was Baht 4.06 per share (ordinary and preferred shares) as proposed to the Annual General Meeting of Shareholders in April 2022. (Interim dividend Baht 1.43 per share)

(7) Coverage ratio = Allowance for doubtful account/allowance for expected credit loss / NPLs

(8) Credit cost = Provision / avg. loans

(9) % Non-Performing loan to total loans used the guidelines specified in the BoT's notification.

Management Discussion and Analysis

For the year ended December 31, 2021

2021 was the second year that Thailand had to manage the COVID-19 pandemic. Nevertheless, the Bank's performance remained resilient, with net profit showing significant growth in 2021 backed by adequate coverage ratio and strong capital base. The Bank's strong income growth was driven by wealth and bancassurance businesses as well as gains from investments. Higher income coupled with cost control initiatives helped shore up operating profit growth.

Throughout this pandemic, helping customers in need has been one of SCB's priorities. In particular, the Bank has been proactively working with customers on long-term debt solutions to ensure their business survival and/or to restore personal financial health. As a result, more than half of the customers in the relief program were successfully migrated to comprehensive debt restructuring at the end of 2021.

While managing this crisis, the Bank has not lost sight of its objective to generate sustainable returns for shareholders. The Bank is embarking on a new growth path and will reorganize itself under a new mothership called SCBX to unlock value.

Operating performance

The Bank reported an operating profit for full-year 2021 of Baht 86.8 billion, up 7.9% yoy, driven by higher non-NII and lower operating expenses. Higher operating profit combined with lower provisions led to a 30.8% increase in net profit to Baht 35.6 billion.

Despite prolonged nationwide lockdowns during the second and third COVID-19 outbreaks, the Bank delivered robust non-NII growth driven by recurring income from wealth and bancassurance businesses and transactional banking activities as well as non-recurring items from gain on fair value adjustment from investments and gains on sales of written-off unsecured loans and other

non-performing assets. With operating expenses well controlled, the Bank's cost-to-income ratio further declined to 42.3%.

The Bank's loan growth in 2021 was 2.1%. This conservative loan growth was driven partly by the Bank's choice to focus on quality growth, but also by fierce market competition and high liquidity in the financial sector. The above factors, and to a limited extent the impact from comprehensive debt restructuring, resulted in a decline in NIM for full-year 2021 to 3.00%.

Asset quality and COVID-19 impacts

Unlike 2020 when Thailand was able to keep COVID-19 under control, the Delta variant wreaked havoc to the country in 2021 with the number of cases rising sharply during the third quarter, reaching 23,000 cases per day at its peak. Case numbers eventually came down to 2,000-3,000 per day at the end of the year but then rose again to 7,000-8,000 per day at the start of 2022 due to the Omicron variant. Though far more contagious than the earlier variants, Omicron has so far been found to cause milder symptoms partly due to higher vaccination rates in many parts of the world. Therefore, the SCB EIC maintains the same forecast for 2022 GDP growth at 3.2%, with the number of tourists estimated at 5.9 million.

During 2021, a slew of public health measures, in the form of movement restrictions, lockdowns, curfews, and isolation of identified clusters, were imposed in an attempt to contain the Delta variant that fueled a prolonged third wave. Gradual easing began in September when some businesses, such as shopping malls and fresh markets, were allowed to reopen and airlines to resume domestic flights in and out of cities in severely affected areas. The government further lifted restrictions in October by shortening curfew hours in these affected areas, allowing schools that met safety protocols to resume in-person learning as well as restaurants

to offer dine-in service before 9 pm. Border restrictions were relaxed in November when Thailand started to open the country to tourists from over sixty countries, resulting in a total of 0.3 million visitors in 2021.

In parallel with the government's efforts to soften the impact of the pandemic, the Bank of Thailand (BOT) issued various COVID-19 relief measures in 3Q21 which included a two-month debt moratorium for SMEs and retail customers in dark-red zones starting in July. Additional measures were announced on August 20, 2021 to preserve and increase liquidity for SMEs and retail customers. Reduction of FIDF fees from 46 bps to 23 bps per year was also extended for another year to the end of 2022. The BOT also urged banks to work with customers on long-term debt restructuring solutions and offered support by relaxing loan classification and provision requirements based on the extent of restructuring activity as announced on September 3 (see summary of the BOT measures in the Appendix).

Throughout this crisis, helping customers has always been the Bank's key priority. The Bank provided Baht 839 billion in relief loans (39% of total loans) at the start of the pandemic in 2Q20, which shrank to Baht 402 billion (18% of total loans) by the end of 2020 as the situation improved in the second half of 2020. Following the BOT's two-month debt moratorium measure in July, relief loans climbed to Baht 464 billion (20% of total loans) at the end of September, but then declined to Baht 397 billion (17% of total loans) at the end of 2021.

Since 2Q21, the Bank has been proactively working with customers in the relief program to develop comprehensive debt restructuring solutions. The key objective is to migrate these customers from the relief program toward long-term solutions in order to increase their chances of business and/or personal financial survival. The Bank's approach is in line with the BOT measures announced on September 3, which explicitly urged banks to help customers develop long-term debt restructuring plans tailored to each individual customer's repayment ability and recovery pattern. The BOT classifies these customers into two groups based on the complexity of their restructuring

arrangements: those requiring only term extensions (so-called "Orange Scheme") and those needing more extensive restructuring conditions to reduce debt repayment burdens (so-called "Blue Scheme").

The Bank's goal is to restructure Baht 380 billion worth of loans, of which around 80% is expected to go through the Blue Scheme, down from the initial assessment of about Baht 450-500 billion. At the end of 2021, loans in the amount of Baht 278 billion had been successfully restructured under this long-term debt restructuring program. The impact on bank-wide NIM will be fully realized in 2022 and is expected to be not more than 10 bps. The program prevents the Bank from facing the so-called staging cliff effect as the relief program draws to an end.

The Bank's NPL ratio at the end of 2021 declined slightly qoq to 3.79%, though up yoy from 3.68% at the end of 2020. In 4Q21, the Bank had prudently set aside a qoq higher level of provision of Baht 12 billion as a preemptive measure against the impact of COVID-19 on the loan portfolio. Full-year provision was reported at Baht 42 billion or a credit cost of 184 bps and coverage ratio remained high at 139.4%.

New strategic direction

Amid today's rapidly changing consumer behavior and business landscape, organizational success requires agility and flexibility in growing new businesses. The Bank therefore has broadened its vision and aspires to become "**the Most Admired Financial Technology Group in ASEAN.**"

To achieve this vision, the Bank has established a new entity SCB^X as a mothership to lead strategic initiatives and deploy capital to unlock value. The new group structure is designed to grant full autonomy to each subsidiary, allowing them to drive their own business model, optimize their unique risk-return profile, attract niche talent, and ultimately achieve superior shareholder returns. At the Extraordinary General Meeting of Shareholders on November 15, 2021, shareholders unanimously approved the proposed restructuring plan, transfer of credit card and unsecured businesses and some subsidiaries to SCB^X, and a special dividend payment of Baht 70 billion to SCB^X.

SCB^X made a tender offer to the Bank's shareholders for a 1-for-1 share swap for a period between March 2, 2022 to April 18, 2022. This tender offer and the reorganization plan will be cancelled if the share conversion rate turns out to be below 90%. After the completion of share swap, SCB^X will be officially listed on the SET and a transfer of Baht 70 billion as a one-off dividend payment to SCB^X will occur. Some of this payment will be used to fund related business transfers as part of the reorganization. Specifically, unsecured lending business and some selected companies under SCB Bank will be transferred to SCB^X. The remaining amount will be kept at SCB^X to pay for business operations, including new investments and future dividends.

Full details of the business restructuring and the schedule of tender offer are in the SET filing dated September 22, 2021 and March 1, 2022, respectively.

Digital Initiatives

The Bank uses a multi-platform approach to provide digital lending services by offering access on both its own mobile banking platform (SCB EASY) and the platforms of subsidiary companies. At the end of 2021, the number of digital users rose significantly to 20 million from 14 million users at the end of 2020, with digital loans accounting for approximately 26% of total unsecured loans. With digital loans growing at a solid rate of 79% yoy, digital revenue surged 51% yoy and accounted for 4.4% of total income in 2021.

SCB Digital Bank (SCB DBank) (set up as an internal business unit within the Bank dedicated to grow the digital banking business) continued to expand its reach and deepen engagement with customers. In 2022, SCB DBank plans to launch several new products which will be personalized for every need and moment such as:

- AI-based lending with instant approval and gamification features.
- Ever-present payments with instant connection to multiple sources of funds, e.g., savings, credit cards, loyalty points, credit line.
- Digital wealth revamp with digital relationship managers (RMs) providing personalized

offerings that match the risk and spending behavior, expanding into upper mass and mass segments.

- Digital and affordable insurance that links to customer lifestyle and spending.

Other recent digital initiatives and updates are as follows:

- SCBS announced, in November 2021, the acquisition of Bitkub Online, subject to conclusion of due diligence
- Token X obtained ICO portal license from SEC in November 2021
- SCB Tech X entered joint venture with Publicis Sapient in December 2021
- Monix's new lending through a digital lending app called FINNIX reached Baht 6 billion with more than 5 million downloads in 2021
- SCB Abacus offered credit for "cash on delivery" business in collaboration with Thai Post. At the end of December 2021, MoneyThunder, a digital unsecured lending app, has seen over 6.2 million app downloads
- Robinhood's users rose to 2.4 million at the end of 2021 with a plan to launch an online travel agent (OTA) in 1Q22
- SCB DBank, in collaboration with 7-11 Counter Service, launched a personal loan "Shopjai via 7-Eleven app" to enhance customer purchasing power and support the lending needs. SCB DBank also cooperated with Thai Post to launch "Manee Tan Jai Loan for Business" to enhance liquidity of online stores in January 2022. Merchants can apply for loans through the Wallet@POST app.

2021 Performance

Siam Commercial Bank reported (audited) consolidated **net profit** of Baht 35,599 million for 2021, a 30.8% yoy increase from Baht 27,218 million in 2020. The increase was mainly from higher net fee income, higher net gain on financial instruments measured at FVTPL, and lower expected credit losses.

Table 1. Net Profit and Total Comprehensive Income

Unit: Baht million

Consolidated	2021	2020	% yoy
Net interest income	95,171	96,899	-1.8%
Non-interest income	55,171	47,869	15.3%
Total operating income	150,342	144,768	3.9%
Operating expenses	63,547	64,330	-1.2%
Pre-provision operating profit	86,795	80,437	7.9%
Expected credit loss	42,024	46,649	-9.9%
Income tax	9,376	6,794	38.0%
Non-controlling interests	(204)	(224)	NM
Net profit (attributable to shareholders of the Bank)	35,599	27,218	30.8%
Other comprehensive income (loss)	6,656	(1,643)	NM
Total comprehensive income	42,255	25,575	65.2%
ROAE	8.4%	6.7%	
ROAA	1.1%	0.9%	

NM denotes "not meaningful"

Table 2. Share Information

Unit: Baht

Consolidated	2021	2020	% yoy
EPS	10.47	8.01	30.8%
BVPS	129.74	121.04	7.2%
Closing price	127.00	87.50	45.1%
Shares outstanding* (Million shares)	3,399	3,399	0.0%
Market capitalization (Baht billion)	431.7	297.4	45.2%

* Includes both common and preferred shares

Income statement for the year ended December 31, 2021 (Consolidated basis)

Table 3. Net interest income

Unit: Baht million

Consolidated	2021	2020	% yoy
Interest income	112,177	118,371	-5.2%
Loans	94,976	98,208	-3.3%
Interbank and money market	2,611	3,336	-21.7%
Hire purchase	12,050	13,022	-7.5%
Investments	2,495	3,724	-33.0%
Others	45	81	-44.5%
Interest expenses	17,006	21,472	-20.8%
Deposits	9,556	13,708	-30.3%
Interbank and money market	816	926	-11.8%
Borrowings	890	1,342	-33.7%
Contribution to the Deposit Protection Agency & FIDF	5,734	5,470	4.8%
Others	10	26	-63.1%
Net interest income	95,171	96,899	-1.8%

• **Net interest income** in 2021 fell 1.8% yoy to Baht 95,171 million despite a loan growth of 2.1% yoy due to a 23 bps net interest margin (NIM) compression

yoy from multiple interest rate cuts last year, a higher proportion of lower yield soft loans, and the Bank's shift towards high quality loans.

Table 4. Yield and cost of funding

Unit: Percentage

Consolidated	2021	2020
Net interest margin	3.00%	3.23%
Yield on earning assets	3.53%	3.94%
Yield on loans	4.70%	5.09%
Yield on interbank and money market	0.45%	0.68%
Yield on investment	0.79%	1.14%
Cost of funds ¹	0.63%	0.85%
Cost of deposits ²	0.62%	0.84%

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

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

²/ Cost of deposits includes contributions to the DPA and FIDF fees.

In 2021, NIM declined 23 bps to 3.00% mainly from full year impact of interest rate cuts in the previous

year. Table 19 provides a detailed breakdown of loan yields by segment/product.

Table 5. Interest rate

SCB Interest Rates	Jan 4, 19	Aug 15, 19	Nov 8, 19	Feb 7, 20	Mar 24, 20	Apr 10, 20	May 25, 20	Feb 9, 21	Mar 12, 21
Lending rate (%)									
MLR	6.025	6.025	6.025	5.775	5.775	5.375	5.25	5.25	5.25
MOR	6.87	6.745	6.745	6.745	6.495	6.095	5.845	5.845	5.845
MRR	7.37	7.12	6.87	6.87	6.745	6.345	5.995	5.995	5.995
Deposit rate* (%)									
Savings rate	0.50	0.50	0.50	0.50	0.50	0.50	0.25	0.25	0.25
3-month deposits	0.90-1.15	0.90-1.15	0.65-0.90	0.60	0.50	0.50	0.375	0.37	0.32
6-month deposits	1.15-1.40	1.15-1.40	0.90-1.15	0.80	0.60	0.60	0.50	0.45	0.40
12-month deposits	1.40-1.65	1.40-1.65	1.15-1.40	0.90	0.65	0.65	0.50	0.45	0.40

* 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

Table 6. Non-interest income

Unit: Baht million

Consolidated	2021	2020	% yoy
Net fee and service income	40,198	36,586	9.9%
Fee and service income	50,356	45,621	10.4%
Fee and service expenses	10,157	9,035	12.4%
Net gain on financial instruments measured at FVTPL	11,090	7,664	44.7%
Share of profit (loss) from investment in associate and joint ventures	557	(78)	NM
Dividend income	166	155	6.8%
Other income	3,014	1,840	63.8%
Non-interest income excluding net gain on investments	55,025	46,168	19.2%
Net gain on investments	146	1,701	-91.4%
Total non-interest income	55,171	47,869	15.3%

NM denotes "not meaningful"

Table 7. Non-interest income breakdown

Unit: Baht million

Consolidated	2021	2020	% yoy
Transactional banking *	11,964	11,695	2.3%
Lending related **	5,261	5,481	-4.0%
Wealth management ***	10,891	8,190	33.0%
Bancassurance	15,154	13,877	9.2%
Recurring income	43,270	39,243	10.3%
Non-recurring and others	11,901	8,626	38.0%
Total non-interest income	55,171	47,869	15.3%

* Including transactional fees, trades, FX income and others

** Including loan related fees and credit cards

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

Non-interest income increased 15.3% yoy to Baht 55,171 million in 2021. This increase was largely due to strong recurring income from wealth management products and bancassurance. Non-recurring income also increased yoy largely from higher net gain

on financial instruments measured at FVTPL in the investment portfolio of the Bank and its subsidiary, higher gains on the sale of written-off unsecured loans and higher gains from the sale of NPAs, although net gain on investments were lower yoy.

Table 8. Operating expenses

Consolidated	2021	2020	Unit: Baht million % yoy
Employee expenses	30,007	31,453	-4.6%
Premises and equipment expenses	10,849	12,626	-14.1%
Taxes and duties	3,611	3,847	-6.1%
Directors' remuneration	112	117	-4.3%
Other expenses	18,969	16,288	16.5%
Total operating expenses	63,547	64,330	-1.2%
Cost to income ratio	42.3%	44.4%	

Operating expenses decreased 1.2% yoy to Baht 63,547 million in 2021 due to the Bank's continued cost control measures as well as realized cost reduction benefits from accelerated digital migration.

The Bank's cost-to-income ratio was 42.3% for 2021, which was within the low-to-mid 40s target owing to the Bank's strict cost discipline. The Bank will continue to exercise strict control over discretionary expenses and the cost-to-income ratio target for 2022 is kept at low-to-mid 40s% range which will be a challenging target for the Bank under the demanding future circumstances.

Table 9. Expected credit loss (ECL)

Unit: Baht million

Consolidated	2021	2020	% yoy
Expected credit loss	42,024	46,649	-9.9%
Credit cost (bps)	184	214	

In 2021, the Bank set aside **expected credit losses** in the amount of Baht 42,024 million, or 184 bps of total loans. This amount not only took into account the pro-cyclicality of forward-looking expected

credit loss (ECL) models as required by the TFRS 9 framework, but also included management overlay given the current uncertain economic environment.

Balance sheet as of December 31, 2021 (Consolidated basis)

As of December 31, 2021, the Bank's total assets increased 1.1% yoy to Baht 3,315 billion largely due to loan growth of 2.1% yoy, an increase of financial assets measured at FVTPL and higher interbank and

money market items despite a decline in investments. Details on the consolidated balance sheet are provided in the following sections:

Table 10. Net loans and accrued interest receivables

Unit: Baht million

Consolidated	2021	2020
Total loans	2,301,834	2,255,242
Add Accrued interest receivables and undue interest receivables	15,031	14,508
Total loans and accrued interest receivables and undue interest receivables	2,316,865	2,269,750
Less Unamortised modification losses	(5,756)	(2,124)
Less Allowance for expected credit loss	(145,653)	(137,318)
Total loans and accrued interest receivables, net	2,165,456	2,130,308

Table 11. Loans by segment

Unit: Baht million

Consolidated	2021	2020	% yoy
Corporate	832,720	844,089	-1.3%
SME	403,165	368,622	9.4%
Retail	1,065,949	1,042,531	2.2%
Housing loans*	696,046	671,401	3.7%
Auto loans	219,261	229,448	-4.4%
Unsecured loans	139,734	138,541	0.9%
Other loans	10,909	3,141	247.3%
Total loans	2,301,834	2,255,242	2.1%

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

Total loans increased by 2.1% yoy at the end of December 2021. Changes in loan volume by customer segment are as follows:

- **Corporate** loans fell 1.3% yoy mainly due to loan repayment and the Bank's focus on higher quality corporate loans.
- **SME** loans grew 9.4% yoy. The yoy growth arose from targeted lending to high-quality existing small SMEs as well as soft loans to qualified customers. The Bank's primary focus for this segment has been to support existing quality customers as well as to ensure adequate relief efforts for qualified customers who have experienced cashflow difficulties during the pandemic. Given this objective, the Bank has proactively provided financial assistance in the form of relief programs, comprehensive debt restructuring and soft loans.

- **Retail loans** increased 2.2% yoy. Below are details of changes in retail loan volume by sub-segment.

- **Housing loans** increased 3.7% yoy largely due to demand in high-end housing developments coupled with the effect of payment holidays for customers under the Bank's relief programs.
- **Auto loans** fell 4.4% yoy largely due to loan repayments and weak demand across all types of products amid an economic slowdown while the supply of new cars was impacted by global supply chain issues.
- **Unsecured loans** (personal loans and credit card receivables) increased 0.9% yoy.

Table 12. Deposits breakdown

Unit: Baht million

Consolidated	2021	2020	% yoy
Demand	118,954	93,336	27.4%
Savings	1,840,043	1,758,903	4.6%
Fixed	508,498	568,216	-10.5%
Less than 6 months	108,205	114,006	-5.1%
6 months and up to 1 year	157,551	169,547	-7.1%
Over 1 year	242,742	284,663	-14.7%
Total deposits	2,467,495	2,420,455	1.9%
CASA - Current & Savings Accounts (%)	79.4%	76.5%	
Gross loans to deposits ratio	93.3%	93.2%	
Liquidity ratio (Bank-only)	33.0%	32.6%	

As of December 31, 2021, total deposits increased 1.9% yoy. The yoy increase came mainly from higher demand and saving deposits, resulting in the CASA mix rising up to 79.4% at the end of December 2021 from 76.5% at the end of last year. The gross loans

to deposits ratio was relatively flat yoy at 93.3%.

The Bank's daily liquidity ratio of 33.0%, as measured by total liquid assets to total deposits (at a bank-only level), was well above the 20% minimum threshold.

Table 13. Investment classification

Unit: Baht million

Investments	2021	2020	% yoy
Financial assets measured at FVTPL	68,707	28,033	145.1%
Investments in debt securities measured at amortised cost	7,548	7,259	4.0%
Investments in debt securities measured at FVOCI	213,450	302,378	-29.4%
Investments in equity securities measured at FVOCI	1,636	2,159	-24.2%
Net investment *	222,634	311,796	-28.6%
Investment in associates	781	-	100.0%
Total	292,123	339,828	-14.0%

* Net investments comprise investments measured at amortised cost and measured at FVOCI.

Investments at the end of December 2021 decreased 14.0% yoy mainly from lower investment in debt securities measured at FVOCI from active management given evolving market situations.

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 was gradually phased in at the rate of 0.625% p.a. and reached the 2.5% target in January 2019.

Furthermore, in 2017 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.

Table 14. Minimum regulatory capital requirement

	2022	2021	2020	2019	2018	2017	2016
Common Equity Tier 1	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Tier 1 capital	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Total capital	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
<u>Additional buffers</u>							
Capital Conservation Buffer	2.50%	2.50%	2.50%	2.50%	1.875%	1.25%	0.625%
D-SIB Buffer	1.00%	1.00%	1.00%	0.50%	-	-	-
Common Equity Tier 1	8.00%	8.00%	8.00%	7.50%	6.375%	5.75%	5.125%
Tier 1 capital	9.50%	9.50%	9.50%	9.00%	7.875%	7.25%	6.625%
Total capital	12.00%	12.00%	12.00%	11.50%	10.375%	9.75%	9.125%

The Bank incorporates both current and anticipated regulatory changes into its long-term capital management plan well in advance. A 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 2021.

Table 15. Total capital

Unit: Baht million, %

	Consolidated		Bank-only	
	Dec 31, 21	Dec 31, 20	Dec 31, 21	Dec 31, 20
Statutory Capital				
Common Equity Tier 1/Tier 1	399,566	377,036	397,032	375,490
Tier 2 capital	24,669	23,875	24,612	24,015
Total capital	424,235	400,911	421,644	399,505
Risk-weighted assets	2,265,443	2,197,668	2,238,352	2,201,154
Capital Adequacy Ratio	18.7%	18.2%	18.8%	18.1%
Common Equity Tier 1/Tier 1	17.6%	17.1%	17.7%	17.0%
Tier 2 capital	1.1%	1.1%	1.1%	1.1%

At the end of December 2021, the Bank's consolidated common equity Tier 1/Tier 1 capital increased yoy, mainly as a result of appropriation of net profit which was partly offset by a dividend payment of Baht 7.8 billion (Baht 2.30 per share) and interim dividend of Baht 4.9 billion (Baht 1.43 per share). This strong capital position will not only help the Bank weather the current economic downturn but also make it possible to continue providing assistance to deserving customers during this pandemic.

Asset quality

At the end of December 2021, **gross NPLs** (on a consolidated basis) increased 7.5% yoy to Baht 109.1 billion. The **gross NPL ratio** increased yoy to 3.79% from 3.68% at the end of December 2020. The increase in NPLs was mainly from qualitative classification of corporate and SME customers and partly from the normal flow of

retail loans. The Bank also continuously managed its NPL portfolio using debt restructuring, NPL sales and write-offs. Prudence aside, the Bank's approach is also justifiable on the basis that the reported NPL numbers (e.g., gross NPLs, gross NPL ratio and new NPLs) may not fully reflect current economic conditions as the true severity could be masked by the Bank's and BOT's relief measures.

In addition to the provisioning required by the ECL models to match weakening macro-economic factors as discussed in the "Expected credit loss (ECL)" section, additional provisions may also be needed to cover a potential rise in NPLs at the end of the relief program for loans that cannot be commercially restructured. At the end of December 2021, the Bank's coverage ratio was 139.4%, down 1.3% points from the end of 2020. In addition, the Bank's total loan loss reserve as a percentage of total loans (LLR %) was 6.6%, up 0.4% yoy.

Table 16. Asset quality

Unit: Baht million, %

Consolidated	2021	2020
Non-Performing Loans (Gross NPLs)	109,114	101,462
Gross NPL ratio	3.79%	3.68%
<u>Gross NPL ratio by segment/product</u>		
Corporate	4.40%	3.99%
SME	11.59%	11.47%
Retail	2.41%	2.45%
Housing loans	2.94%	3.22%
Auto loans	1.55%	1.49%
Total allowance*	152,111	142,813
Total allowance to NPLs (Coverage ratio)	139.4%	140.8%
Credit cost (bps)	184	214
Bank-only		
Non-Performing Loans (Gross NPLs)	108,051	100,333
Gross NPL ratio	3.77%	3.64%

* Total allowance includes 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 2021 and December 2020 were classified as follows:

Table 17. Loans and allowances for expected credit losses by stages

Unit: Baht million

Consolidated	Dec 31, 21		Dec 31, 20	
	Loans and interbank	ECL*	Loans and interbank	ECL*
Stage 1 (Performing)	2,576,432	46,600	2,460,277	50,733
Stage 2 (Underperforming)	189,930	42,920	195,736	33,481
Stage 3 (Non-performing)	109,114	62,592	101,462	58,598
Total	2,875,476	152,111	2,757,476	142,813

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

Table 18. New NPLs by segment/product (%)

	2021				2020				2021	2020
	4Q21	3Q21	2Q21	1Q21	4Q20	3Q20	2Q20	1Q20		
Total loans	0.59%	0.55%	0.44%	0.53%	0.75%	0.73%	0.45%	0.58%	2.05%	2.45%
Corporate	0.07%	0.58%	0.01%	0.08%	0.51%	0.51%	0.14%	0.11%	0.73%	1.20%
SME	1.31%	0.42%	1.14%	1.21%	2.90%	2.46%	0.85%	1.12%	4.00%	7.28%
Housing loans	0.48%	0.38%	0.43%	0.80%	0.54%	0.75%	0.55%	0.78%	2.06%	2.57%
Auto loans	1.46%	1.11%	0.49%	0.52%	0.45%	0.10%	0.25%	1.20%	3.66%	1.90%
New NPLs (Baht billion)	16.9	15.2	12.1	14.6	20.7	19.8	11.9	15.2	58.8	67.5

New NPL formation in 2021 improved from the previous year across the board except auto loans. The lower new NPL formation could be explained by the relief programs and comprehensive debt restructuring solutions that the Bank has deployed in line with the BOT's regulations.

Sources and uses of funds

As of December 31, 2021, deposits accounted for 74.4% of SCB's funding base. Other major sources of funds were: 13.4% from shareholders' equity, 5.5% from interbank borrowings and 2.3% from debt issuance. Uses of funds for this same period were: 69.4% for loans, 18.7% for interbank and money market lending, 8.8% for investments in securities and 1.5% held in cash.

Table 19. Additional financial information

Unit: Baht million, %

Consolidated	Dec 31, 21	Dec 31, 20	% yoy
Loans by Sector	2,301,834	2,255,242	2.1%
Agricultural and mining	13,598	17,309	-21.4%
Manufacturing and commercial	631,750	619,585	2.0%
Real estate and construction	178,177	191,123	-6.8%
Utilities and services	408,177	386,737	5.5%
Housing loans ^{1/}	576,413	557,242	3.4%
Other loans	493,719	483,246	2.2%
Debt issued and borrowings	74,922	67,235	11.4%
Debentures	63,442	61,546	3.1%
Structured notes	8,213	434	1792.4%
Others	117	213	-45.1%
Hedge accounting adjustment	3,150	5,042	-37.5%
	2021	2020	
Yield on loans by segment			
Yield on loans	4.70%	5.09%	
Corporate	3.00%	3.49%	
SME	5.68%	5.94%	
Retail	5.90%	6.20%	
Housing loans	4.63%	4.95%	
Auto loans	5.34%	5.81%	
Credit card ^{2/}	13.45%	15.45%	
Speedy	17.51%	18.72%	
Auto loans portfolio			
New car	58.2%	57.0%	
Used car	23.3%	24.9%	
My Car, My Cash	18.5%	18.1%	
NPL reduction methodology			
Repayments, auctions, foreclosures and accounts closed	37.9%	45.0%	
Debt restructuring	10.0%	7.5%	
NPL sales ^{3/}	13.5%	25.0%	
Write off	38.6%	22.5%	

^{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, 2021 and December 31, 2020 was Baht 696 billion and Baht 671 billion, respectively.

^{2/} Revolving only

^{3/} The Bank sold NPLs totaling Baht 6.9 billion in 2021 and Baht 13.4 billion in 2020.

APPENDIX

Relief measures by the Bank of Thailand (BOT)

BOT measures for non-retail customers

Key measures	Effective date
SME measures under the Royal Decree's relief program <ul style="list-style-type: none"> • 6-month loan payment holiday for all companies with Baht 100 million or lower credit lines. • Soft loans to provide liquidity for customers with Baht 500 million or lower credit lines at a concessional interest rate of 2% per annum. 	May to Oct 2020 (extended to Dec 2021)
DR BIZ program <ul style="list-style-type: none"> • Coordinate assistance and debt relief for customers with multiple creditors. • Standardized debt solution that creditors have agreed upon to facilitate quick and comprehensive debt restructuring decisions. 	September 1, 2020
Financial rehabilitation measures to support business recovery <ul style="list-style-type: none"> • Business recovery loans in an amount of Baht 250 billion. • Debt settlement through asset transfers with buy-back options worth Baht 100 billion (Asset warehousing). 	April 10, 2021 (2-year measure)
Debt moratorium for 2 months <ul style="list-style-type: none"> • 2-month payment holiday for SME customers affected by the government's COVID-19 measures. 	July 1 – August 31, 2021
Measures to maintain and provide new liquidity to SMEs <ul style="list-style-type: none"> • Revised regulations regarding special loans for SMEs <ul style="list-style-type: none"> - Increase credit limits - Increase individual credit guarantee rate and lower guarantee fees Measures to support existing debt restructuring facilities of financial institutions that assist debtors by offering targeted long-term debt restructuring tailored to specific debtors. Relaxed asset classification rules and provisioning criteria based on the degree of support provided to debtors.	September 3, 2021

BOT measures for retail customers

Key measures	Effective date
BOT Relief Measures Phase 1 <ul style="list-style-type: none"> Grant principal and/or interest payment holiday of 3-6 months for all term loans. 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. 	April 1, 2020
BOT Relief Measures Phase 2 <ul style="list-style-type: none"> Reduce interest rate ceiling by 2-4% per annum. Increased credit card, revolving loan and installment loan limits (during Aug. 1–Dec. 21, 2021). 	August 1, 2020 – October 31, 2020 (extended to Jun. 30, 2021)
Debt consolidation <ul style="list-style-type: none"> Allow customers with mortgages to consolidate unsecured personal loans under the same collateral. Available to customers who have mortgage loans (non-NPLs) and unsecured loans (both non-NPLs and NPLs) with the same bank. Interest charged on unsecured loans capped at the Minimum Retail Rate (MRR). 	September 1 – December 31, 2020
BOT Relief Measures Phase 3 <ul style="list-style-type: none"> <i>Revolving and installment loans:</i> Relieve debt burden by extending repayment period and lowering interest rate. <i>Car title loans:</i> Include a payment holiday option and, for severely affected borrowers, a repurchase option. <i>Auto and motorcycle leases:</i> Ensure that the effective interest rate (EIR) over the lease period does not exceed initial interest rate with interest adjustment during the payment holiday. Severely affected borrowers are to be offered a repurchase option. <i>Mortgages and home equity loans:</i> Offer principal payment holiday, partial interest payment option and step-up repayment schedule based on borrowers' ability to pay and debt consolidation. 	May 17 – December 31, 2021

BOT measures for retail customers

Key measures	Effective date
<p>Debt moratorium for 2 months</p> <ul style="list-style-type: none"> 2-month payment holiday for retail customers affected by the government's COVID-19 measures. 	July 1 – August 31, 2021
<p>Measures to maintain and provide new liquidity to retail debtors</p> <ul style="list-style-type: none"> Temporarily relax regulations on credit card loans, supervised personal loans and digital personal loans. Increase credit limits on credit card and personal loans to two times monthly income for those with monthly incomes below Baht 30,000. Extend the period for reduced minimum percentage credit card payment, which was lowered to 5% during the previous relief phase, until the end of 2022. Increase credit limits on digital personal loans from the Baht 20,000 limit to Baht 40,000 and extend maximum maturity from 6 months to 12 months. <p>Measures to support existing debt restructuring facilities of financial institutions that assist debtors by offering targeted long-term debt restructuring tailored to specific debtors.</p> <p>Relaxed asset classification rules and provisioning criteria based on the degree of support provided to debtors.</p>	September 3, 2021
<p>Debt consolidation</p> <ul style="list-style-type: none"> Support individuals in consolidating their mortgage and unsecured personal loans held at different lenders into a single institution via refinancing. Interest rate ceiling for unsecured personal loans at no more than the mortgage rate used after the teaser rate expires, plus no higher than 2% per year. 	November 22, 2021
<p>Refinance</p> <ul style="list-style-type: none"> The prepayment fee is temporarily prohibited for personal loans and microfinance loans under supervision, which will be effective until December 31, 2023. 	November 22, 2021

More details can be found on the BOT website at www.bot.or.th.

Credit ratings

Credit Ratings of Siam Commercial Bank PCL		December 31, 2021
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		
<u>Foreign Currency</u>		
Long Term Issuer Default Rating		BBB
Short Term Issuer Default Rating		F2
Outlook		Stable
Senior Unsecured		BBB
Viability Rating		bbb
<u>National</u>		
Long Term Rating		AA+ (tha)
Short Term Rating		F1+ (tha)
Outlook		Stable

General Information and Other Important Information

Reference Information

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED

Type of business	Banking
Company registration number	0107536000102
Head office	
Address:	9 Ratchadapisek Road, Jatujak, Bangkok 10900
Website:	www.scb.co.th
Tel:	+66-2544-1000
SCB Customer Center	+66-2777-7777
SCB Business Call Center	+66-2722-2222

Registrar

Ordinary and Preferred Shares	The Thailand Securities Depository Company Limited 93 Ratchadapisek Road, Dindaeng Dindaeng, Bangkok 10400 Tel: +66-2009-9000 Fax: +66-2009-9991
Senior Unsecured Notes USD 400 million 3.20% due July 2022	Deutsche Bank Luxembourg S.A. 2 Boulevard Konrad Adenauer L-1115 Luxembourg Luxembourg
Senior Unsecured Notes USD 500 million 2.75% due May 2023	Deutsche Bank Luxembourg S.A. 2 Boulevard Konrad Adenauer L-1115 Luxembourg Luxembourg
Senior Unsecured Notes USD 500 million 3.90% due February 2024	Deutsche Bank Luxembourg S.A. 2 Boulevard Konrad Adenauer L-1115 Luxembourg Luxembourg
Senior Unsecured Notes USD 500 million 4.40% due February 2029	Deutsche Bank Luxembourg S.A. 2 Boulevard Konrad Adenauer L-1115 Luxembourg Luxembourg

Fiscal Agent

Senior Unsecured Notes
USD 400 million 3.20% due July 2022

Deutsche Bank AG, Hong Kong Branch
Level 52, International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

Senior Unsecured Notes
USD 500 million 2.75% due May 2023

Deutsche Bank AG, Hong Kong Branch
Level 52, International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

Senior Unsecured Notes
USD 500 million 3.90% due February 2024

Deutsche Bank AG, Hong Kong Branch
Level 52, International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

Senior Unsecured Notes
USD 500 million 4.40% due February 2029

Deutsche Bank AG, Hong Kong Branch
Level 52, International Commerce Centre
1 Austin Road West, Kowloon
Hong Kong

Auditor

Ms. Orawan Chunhakitpaisan

Certified Public Accountant (Thailand)
Registration No. 6105

or Ms. Pantip Gulsantithamrong

Certified Public Accountant (Thailand)
Registration No. 4208

or Ms. Thitima Pongchaiyong

Certified Public Accountant (Thailand)
Registration No. 10728

KPMG Phoomchai Audit Ltd.

Empire Tower, 50th Floor,
1 South Sathorn Road
Yannawa, Sathorn
Bangkok 10120, Thailand
Tel: +66-2677-2000

Legal Disputes

SCB did not have any unsettled legal dispute with the potential to negatively impact its assets, with no claimed amount worth over 5% of net equity according to financial statements for the accounting year ending December 31, 2021.

In 2021, the Bank was fined twice, for a total amount of Baht 1,614,666.68, by the Anti-Money Laundering Office (AMLO) under Section 21/1 of the Anti-Money Laundering Act B.E. 2542, for non-compliance and violation of the law on reporting suspicious transactions under Section 14 of the same act.

Report of Holdings of SCB Ordinary Shares by SCB Directors and Members of Senior Management

Name	as at December 31, 2021			as at December 31, 2020			Change: increase / (decrease)
	Number of shares held by a director or a senior management member	Number of shares held by (a) related person(s) <small>**</small>	Total	Number of shares held by a director or a senior management member	Number of shares held by (a) related person(s) <small>**</small>	Total	
1. Dr. Vichit Suraphongchai Chairman of the Board and Chairman of the Corporate Social Responsibility Committee	-	-	-	-	-	-	-
2. Mr. Prasan Chuaphanich Independent Director and Chairman of the Audit Committee	-	1,000	1,000	-	1,000	1,000	-
3. Mr. Kan Trakulhoon Independent Director, Chairman of the Nomination, Compensation and Corporate Governance Committee, and Member of the Executive Committee	-	-	-	-	-	-	-
4. Mr. Krirk Vanikkul Independent Director and Chairman of the Risk Oversight Committee	-	50,480	50,480	-	50,480	50,480	-
5. Dr. Thaweesak Koanantakool Independent Director, Chairman of the Technology Committee, and Member of the Nomination, Compensation and Corporate Governance Committee	-	-	-	-	-	-	-
6. ACM. Satitpong Sukvimol Director and Member of the Corporate Social Responsibility Committee	-	-	-	-	-	-	-
7. Pol. Col. Thumnithi Wanichthanom Director and Member of the Corporate Social Responsibility Committee	-	-	-	-	-	-	-
8. Dr. Pasu Decharin Independent Director, Member of the Audit Committee, and Member of the Risk Oversight Committee	-	-	-	-	-	-	-
9. Mr. Weerawong Chittmittrapap Independent Director and Member of the Nomination, Compensation and Corporate Governance Committee	-	-	-	-	-	-	-

Name	as at December 31, 2021			as at December 31, 2020			Change: increase / (decrease)
	Number of shares held by a director or a senior management member	Number of shares held by (a) related person(s) **	Total	Number of shares held by a director or a senior management member	Number of shares held by (a) related person(s) **	Total	
10. Mr. Chaovalit Ekabut Independent Director and Member of the Audit Committee	-	-	-	-	-	-	-
11. Dr. Lackana Leelayouthayotin Independent Director and Member of the Executive Committee	-	-	-	-	-	-	-
12. Dr. Pailin Chuchottaworn Independent Director, Member of the Executive Committee, and Member of the Technology Committee	-	-	-	-	-	-	-
13. Miss Jareeporn Jarukornsakul Director, Member of the Technology Committee, and Member of the Corporate Social Responsibility Committee	-	-	-	-	-	-	-
14. Mr. Chakkrit Parapuntakul Director, Member of the Executive Committee, and Member of the Nomination, Compensation and Corporate Governance Committee	-	-	-	-	-	-	-
15. Miss Chunhachit Sungmai Director and Member of the Risk Oversight Committee	-	-	-	-	-	-	-
16. Mrs. Pantip Sripimol Director and Member of the Risk Oversight Committee	-	-	-	-	-	-	-
17. Mr. Arthid Nanthawithaya Director, Chief Executive Officer, Chairman of the Executive Committee, Member of the Risk Oversight Committee, and Member of the Technology Committee	-	-	-	-	-	-	-
18. Mr. Sarut Ruttanaporn President	-	-	-	-	-	-	-
19. Dr. Arak Sutivong President	-	-	-	-	-	-	-

Name	as at December 31, 2021			as at December 31, 2020			Change: increase / (decrease)
	Number of shares held by a director or a senior management member	Number of shares held by (a) related person(s) **	Total	Number of shares held by a director or a senior management member	Number of shares held by (a) related person(s) **	Total	
20. Mrs. Apiphan Charoenanusorn President	-	-	-	-	-	-	-
21. Mr. Narong Srichukrin Senior Executive Vice President, Chief Wealth Banking Officer	-	-	-	-	-	-	-
22. Dr. Yunyong Thaicharoen Senior Executive Vice President, Chief Wholesale Banking Officer	-	-	-	-	-	-	-
23. Miss Poramasiri Manolamai Senior Executive Vice President, Chief Insurance Business Officer	-	-	-	-	-	-	-
24. Miss Auraratana Jutimitta Senior Executive Vice President, Chief Retail and Business Banking Officer	-	-	-	-	-	-	-
25. Mr. Vitoon Pornsakulvanich Senior Executive Vice President, Chief Integrated Channels Officer	-	-	-	-	-	-	-
26. Mrs. Pikun Srimahunt Senior Executive Vice President, Chief SME Banking Officer	-	-	-	-	-	-	-
27. Mrs. Wallaya Kaewrungruang Senior Executive Vice President, Chief Legal and Control Officer	-	-	-	-	-	-	-
28. Mr. Manop Sangiambut Senior Executive Vice President, Chief Financial Officer	-	-	-	-	-	-	-

Name	as at December 31, 2021			as at December 31, 2020			Change: increase / (decrease)
	Number of shares held by a director or a senior management member	Number of shares held by (a) related person(s) **	Total	Number of shares held by a director or a senior management member	Number of shares held by (a) related person(s) **	Total	
29. Mr. Sathian Leowarin Senior Executive Vice President, Chief Strategy Officer	-	-	-	-	-	-	-
30. Mr. Krieng Wongnongtaey Senior Executive Vice President, Chief Risk Officer	-	-	-	-	-	-	-
31. Mrs. Voranuch Dejakaisaya Senior Executive Vice President, Chief Information and Operations Officer	-	-	-	-	-	-	-
32. Mr. Chalee Asavathiratham Senior Executive Vice President, Chief Digital Banking Officer	-	-	-	-	-	-	-
33. Mrs. Patraporn Sirodom Senior Executive Vice President, Chief People Officer	-	-	-	-	-	-	-
34. M.L. Chiradej Chakrabandhu Senior Executive Vice President, Chief Credit Officer	-	-	-	-	-	-	-

Remarks

** Related person(s) of directors or senior management members include(s):

- (1) Spouse or a minor child of a director or senior management member.
- (2) A juristic person in which aggregate shareholding by a director or senior management member and (1) exceeds 30 percent of the total number of voting rights of such juristic person.
- (3) A juristic person in which aggregate shareholding by a director or senior management member and (1) and (2) exceeds 30 percent of the total number of voting rights of such juristic person.
- (4) A juristic person in which a person described under (3) holds its shares and its shareholders in all levels of downward shareholding, beginning from the shareholder in the juristic person under (3), providing that shareholding in each level exceeds 30 percent of the total number of voting rights of the juristic person in the immediate lower level.

Information on Executives' Directorships held in Other Companies

as of December 31, 2021

	Name	Position	Company
1	Mrs. Apiphan Charoenanusorn President	Director	Purple Ventures Co., Ltd.
2	Mr. Sarut Ruttanaporn President	Director Chairman of the Board Director	Amata Spring Development Co., Ltd. SCB Protect Co., Ltd. SCB-Julius Baer Co., Ltd.
3	Dr. Arak Sutivong President	Director / Chief Executive Officer Chairman of the Board Chairman of the Board Chairman of the Board Director Director / Chief Executive Officer Chairman of the Board	SCB 10X Co., Ltd. Monix Co., Ltd. SCB Abacus Co., Ltd. Digital Ventures Co., Ltd. Purple Ventures Co., Ltd. SCB Securities Co., Ltd. TokenX Co., Ltd.
4	Mr. Narong Srichukrin SEVP, Chief Wealth Banking Officer	Director Director	SCB-Julius Baer Co., Ltd. SCB Asset Management Co., Ltd.
5	Miss Auraratana Jutimitta SEVP, Chief Retail and Business Banking Officer	Director	National Digital ID Co., Ltd.
6	Miss Poramasiri Manolamai SEVP, Chief Insurance Business Officer	Director and Chief Executive Officer	SCB Protect Co., Ltd.
7	Mrs. Pikun Srimahunt SEVP, Chief SME Banking Officer	Director	Baan Nokkraten Co., Ltd.
8	Mrs. Patraporn Sirodom SEVP, Chief People Officer	Director	SCB Protect Co., Ltd.
9	M.L. Chiradej Chakrabandhu SEVP, Chief Credit Officer	Director and Chairman of the Risk Management Committee Director and Chairman of the Risk Management Committee	Cambodian Commercial Bank Siam Commercial Bank Myanmar Limited
10	Mr. Manop Sangiambut SEVP, Chief Financial Officer	Director	SCB-Julius Baer Securities Co., Ltd.
11	Dr. Yunyong Thaicharoen SEVP, Chief Wholesale Banking Officer	Director and Director of Risk Management Committee Director	SCB Asset Management Co., Ltd. BanRuamtangfun Co., Ltd.

	Name	Position	Company
12	Mrs. Voranuch Dejakaisaya SEVP, Chief Information and Operations Officer	Director	National ITMX Co., Ltd.
13	Mr. Kiradit Arromdee FEVP, Credit Product Function	Director	Saimake Co., Ltd.
14	Miss Soramon Inkatanuvatana FEVP, Corporate Banking 1 Function	Director	SUPERNAP (Thailand) Co., Ltd.
15	Miss Araya Phuphanich FEVP, Internal Communication Function, FEVP, CSR Function	Director Director	Navuti Co., Ltd. Rattanarajsuda Informatics Award Foundation
16	Mr. Dharittee Kritsernvong Head of IT	Director	BCI (Thailand) Co., Ltd.
17	Miss Wannarat Phanjan FEVP, Head of Operations	Chairman of the Board Chairman of the Board Chairman of the Board	Mahisorn Co., Ltd. SCB Training Centre Co., Ltd. SCB Plus Co., Ltd.
18	Miss Pitiporn Phanaphat FEVP, Digital Platforms and Products Function	Director Director	Monix Co., Ltd. SCB-Julius Baer (Singapore) Pte. Ltd.
19	Mr. Ekkapol Apinun EVP, Legal Function	Director Director Director	SCB Plus Co., Ltd. Mahisorn Co., Ltd. SCB Training Centre Co., Ltd.
20	Mr. Thanawatn Kittisuwan EVP, GTS and Ecosystems Function	Director	S.C.B. Staff Savings Co-operative Ltd.
21	Mr. Artapong Porndhiti Division Head-EVP, Investment Banking 1	Director	Premium Management and Consultant Co., Ltd.
22	Mr. Tanik Tarawisid Head of Capital Markets Function	Director Director	Token X Co.,Ltd Thai Bond Market Association
23	Mr. Rungsi Vongkitbuncha EVP, Client Coverage 2.4 Division	Director	UD Drugstore (2001) Co., Ltd.
24	Mr. Somsakul Vinichbutr EVP, Client Coverage 1.7 Division	Subcommittee	Expressway Authority of Thailand

	Name	Position	Company
25	Mrs. Virasana Boonyasai EVP, Head of Special Business	Chairman and Managing Director	Rutchayothin Assets Management Co., Ltd.
26	Miss Veena Lertrnimitr EVP, Investment Banking Function	Director	Sathianwong Co., Ltd.
27	Mrs. Siribunchong Uthayophas EVP, Company Secretary	Director Director	Kler Kaew Korkij Co., Ltd. Krabingern Food Co., Ltd.
28	Miss Vipasiri Chantanumat EVP, Client Coverage 3.2 Division	Director	VP Professional Co., Ltd.
29	Mrs. Natthakan Kanpachai EVP, Digital and Business Law Division	Director	Monix Co., Ltd.
30	Mr. Sakda Dumnakkaew EVP, Group Treasury Function	Director Director of Risk Management Committee	Cambodian Commercial Bank SCB Asset Management Co., Ltd.
31	Miss Soontharee Rajitprueksa EVP, FP&A Retail & Wealth Business Division	Director Director	SCB Protect Co., Ltd. SCB Plus Co., Ltd.
32	Mr. Chalitti Nuangchamnong EVP, Securities and Corporate Law Division	Director Director Director	Baan Bueng Holdings Co., Ltd. SCB Asset Management Co., Ltd. SCB Securities Co., Ltd.
33	Mr. Srihanath Lamsam Managing Director, Purple Ventures Co., Ltd.	Managing Director	Purple Ventures Co., Ltd.
34	Miss Pimjai Tongmee Managing Director, SCB Plus Co., Ltd.	Managing Director	SCB Plus Co., Ltd.
35	Mrs. Apiradee Synsukpermpoon EVP, International Banking Function	Director	Cambodian Commercial Bank
36	Mr. Parnu Chotiprasidhi EVP, Corporate Banking 2 Function	Director Director	Nuntawan Co., Ltd. Nuntawan Management Co., Ltd.
37	Miss Teerin Ratanapinyowong EVP, Strategic Management Function	Director	Siam Commercial Bank Myanmar Limited

	Name	Position	Company
38	Mr. Nipat Wattanatitan EVP, Equity Investment Function	Director	Siam Commercial Bank Myanmar Limited
39	Mr. Sakkawat Itthisawad EVP, Business Banking Relationship Management Function	Director Chairman of the Loan Committee Director, Land Development Sub-Committee	S.C.B. Staff Savings Co-operative Ltd.
40	Mr. Patiphan Lerdprasertsiri EVP, Finance Function	Director Director and Audit Committee Director	Cambodian Commercial Bank SCB Asset Management Co., Ltd. Rutchayothin Assets Management Co., Ltd.
41	Mr. Sornchai Suneta EVP, Investment Office and Product Function and EVP, CIO Office	Director	CFA Thailand Association
42	Mr. Anthony Martin Bargar EVP, Operational & Technology Risk Management	Managing Member Managing Director	Cyber Solace Consulting, LLC (U.S. Company) Cyber Security Consulting Group, Pte. Ltd (Singapore Company).
43	Mrs. Sakara Asvaraksh EVP, Banking Law Division	Director	SCB-Julius Baer (Singapore) Pte. Ltd.
44	Miss Nipaporn Kullertprasert Head of Audit	Director	Honda Tha Phra Co.,Ltd

Note: The above executives do not hold any current position as chairman, executive director, authorized director, or all of the aforementioned positions in other companies exceeding 3 business groups.

Banking Network

as at December 31, 2021

Area Office	37	Offices
Branch, nationwide	718	Branches
Express	74	Service points
Investment Center	5	Branches
Business Center	1	Branch
Express	55	Centers
Overseas Branch	6	Branches
Affiliated Bank (Cambodian Commercial Bank)	4	Branches
Affiliated Bank (Siam Commercial Myanmar Limited)	1	Branch
Representative Office	1	Office
SME Center	27	Centers
Bangkok and its vicinity	11	Centers
Upcountry	16	Centers
International Trade Service Center	44	Centers
Foreign Exchange Service Center	42	Centers
Bangkok	20	Centers
Tourist locations, Upcountry	22	Centers
ATM	8,896	Machines
Bangkok	2,306	Machines
Upcountry	6,590	Machines

Overseas Branches

Shanghai Branch

General Manager: Ms. June Qiong Fu
 Address: Room 74 T15, 74th Floor,
 Shanghai World Financial Center
 No. 100 Century Avenue,
 Shanghai, P.R. China 200120
 Telephone: +86-21-60587777
 Swift: SICOCNSH
 E-Mail: june.fu@scb.co.th

Hong Kong Branch

General Manager: Mr. Weijian Wan
 Address: Suite 3209, 32/F, Jardine House,
 1 Connaught Place, Central,
 Hong Kong
 Telephone: +852-2524-4085
 Fax: +852-2845-0293
 Swift: SICOHKHH
 E-Mail: weijian.wan@scb.co.th

Singapore Branch

General Manager: Ms. Vitita Theeraporn
 Address: 61 Robinson Road #10-03,
 Robinson Centre,
 Singapore 068893
 Telephone: +65-6536-4338
 Fax: +65-6536-4728
 Swift: SICOSGSG
 E-Mail: vitita.theeraporn@scb.co.th

Vientiane Branch

General Manager: Mr. Kanok Sakunkhoo
 Address:
 Telephone: +856-21-213-501
 Fax: +856-21-213-502
 Swift: SICOLALA
 E-Mail: kanok@scb.co.th

Cayman Islands Branch

General Manager: Ms. Chau Man Lai
 Address: P.O. Box 705 George Town,
 Grand Cayman, Cayman Islands
 Telephone: +852-2524-4085
 Fax: +852-2845-0293
 Swift: SICOKYKY
 E-Mail: wendy.chau@scb.co.th

Ho Chi Minh Branch

General Director: Mrs. Trieu Thi Minh Ngoc
 Address: Room 605-609, Floor 6,
 Kumho Asiana Plaza,
 Saigon, 39 Le Duan Street,
 District 1, Ho Chi Minh City,
 Vietnam
 Telephone: +848-6285-6608
 Fax: +848-3822-6556
 Swift: SICOVNVX
 E-Mail: ngoc.trieu@scb.co.th

Affiliated Banks

Cambodian Commercial Bank - Head Office -

Phnom Penh

Director and
General Manager: Ms. Pakaravee Anantathananid
Address: 26 Monivong Road,
Sangkat Phsar Thmei 2,
Khan Daun Penh, Phnom Penh,
Cambodia
Telephone: +855-23-213-601,+855-23-213-602
+855-23-426-145
Fax: +855-23-426-116
Swift: SICOKHPP
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Siam Commercial Bank Myanmar Limited -

Head Office - Yangon

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Corporate Governance

The Board of Directors of the Siam Commercial Bank PCL ("the Bank" or "SCB") recognizes the importance of corporate governance (CG) and is determined to ensure that SCB's business governance is efficient, transparent and fair to all stakeholders in order to bolster the trust of all stakeholders, namely shareholders, customers, employees, business partners, debtors, society and regulators, and strengthen the Bank's competitiveness with ethics and social responsibility to achieve sustainable growth both for the Bank and society at large. Highlights of the prestigious awards that the Bank received in 2021 for its corporate governance and sustainability excellence are as follows:

In 2021, the Bank was listed on
the World Index and the Emerging
Markets Index of the Dow Jones
Sustainability Indices (DJSI)



Ranked

4th

consecutive
year

3rd

in the world's top sustainability
leaders in the banking sector

The Bank achieved the top level



Excellent

17th

rating in the 2021 CG
assessment of Thai Listed
Companies by the Thai Institute
of Directors Association (IOD)

consecutive
year for this
recognition
since 2005

**In 2021, The Bank achieved
a perfect score of**



100

continuing its achievement
record of "Outstanding"
(score range of 98-100)
every year since 2009

- In 2021, the Bank was listed on the World Index and the Emerging Markets Index of the Dow Jones Sustainability Indices (DJSI) for the fourth consecutive year and was ranked among the world's top three sustainability leaders in the banking sector.
- SCB achieved the top level "Excellent" rating in the 2021 CG assessment of Thai Listed Companies by the Thai Institute of Directors Association (IOD), marking the Bank's 17th consecutive year for this recognition since 2005.
- The Bank achieved a perfect score of 100 in the Thai Investors Association's assessment of shareholder meetings in 2021, continuing its achievement record of "Outstanding" (score range of 98-100) every year since 2009.

Additionally, the Board decided that the corporate governance principles applicable to financial institutions as stipulated by the Bank of Thailand and the 2017 Corporate Governance Code for Listed Companies, or the CG Code, which was developed by the Securities and Exchange Commission, should be adopted as appropriate to the Bank's business context and that the Bank's Corporate Governance Policy should be reviewed at least annually to ensure alignment with the CG Code.

1. Corporate Governance Policy

1.1 Overview of Corporate Governance Policy and Guidelines

The Board has assigned the Nomination, Compensation and Corporate Governance (NCCG) Committee to formulate the Corporate Governance Policy and monitor compliance therewith. The NCCG Committee also reviews and revises the policy to ensure that it is appropriate and in line with regulatory guidelines pertaining to the organization as a commercial bank and a listed company with an aspiration to achieve world-class corporate governance standards.

The Bank's Corporate Governance Policy and guidelines are based on the following core elements and address various dimensions relating to the Board of Directors, shareholders and stakeholders:

- **Vision and Core Values**

- Vision: To be "The Most Admired Bank." In other words, the Bank aspires to be recognized by each of its constituents as follows:
 - Customers: The Most PREFERRED Partner
 - Employees: The Most CARING Employer
 - Shareholders: The Most SUSTAINABLE RETURN Company
 - Society and Environment: The Most RESPONSIBLE Corporate Citizen
 - Regulators: The Most PRUDENT Bank
- Core values: The Bank's core values are known as CRIS, which stands for Customer centricity, Risk culture, Innovation and Speed.

- **Corporate Governance Structure of the Bank:**

The policy clearly enumerates the authority, roles, duties and responsibilities of the Board; meetings of the Board; composition of the Board; tenure of directors; nomination and election of directors; onboarding programs for new directors; development programs for directors; holding of positions in other companies/entities by the directors and senior executives; composition, roles and duties of Board Committees; separation of positions between the Chairman of the Board and the Chief Executive Officer; compensation of directors and persons with management authority; performance assessment of the Board, Board committees and persons with management authority; succession planning for key positions; and roles and functions of the Company Secretary.

- **Rights and Treatment of Stakeholders**

- Treatment of Stakeholders: The Bank recognizes the rights of all stakeholders, such as shareholders, customers, employees, business partners, competitors, creditors, suppliers, society, communities and the

environment. This awareness underpins the Bank's vision and codes of conduct, emphasizing the Bank is committed to ensuring that the rights of each group of stakeholders are fully enjoyed and exercised based on the principle of fairness for sustainable growth among all. Stakeholders can directly contact the relevant units of the Bank and raise suggestions, comments or make complaints to the Board and the management of the Bank via multiple channels provided.

- Equitable Treatment of Shareholders: The Bank treats all shareholders equitably in terms of, for example, their basic rights, rights related to shareholder meetings, and dividend entitlements.
- Disclosure and Transparency: The Bank sets forth a disclosure policy to ensure that its disclosures to shareholders and all groups of stakeholders are complete, appropriate, fair, and timely; and to control disclosures of confidential information and information that could affect the Bank's share price.
- **Internal Controls:** The Bank implements internal controls in relation to, for example, prevention against the use of inside information by directors and employees, connected transactions and conflicts of interest, reporting of conflicts of interest of directors and persons with management authority, and the Anti-Corruption and Bribery Policy.

1.2 Code of Business Conduct

The Board has approved the Codes of Conduct of SCB and the SCB Financial Group, which encompass the Code of Business Conduct and the Code of Conduct for Directors, Executives and Employees that must be complied with by all directors, executives and employees.

Under its Code of Business Conduct, the Bank prioritizes and monitors the following aspects: 1) Compliance with business ethics; 2) Strengthening trust of customers and stakeholders through service standards; 3) Providing resources

to all employees in support of their performance efficiency; 4) Customer centricity and responsible treatment of customers demonstrated through, among others, the Bank's business operations which are intended to offer quality and fair financial services in accordance with the Bank of Thailand's Market Conduct, sustainable customer relationship, and offering of products and services that are suitable for customers in light of their needs and capabilities; 5) Implementing measures to manage conflicts of interest in the course of business operations; 6) Prioritizing the confidentiality and management of information of the Bank and its customers, employees and business partners through the adoption of rigorous information management practices; 7) Operating businesses in strict compliance with relevant laws, regulations, the Bank's policies and rules, and corporate governance principles; 8) Operating businesses efficiently and sustainably; and 9) Operating businesses with social and environmental responsibility.

Further, the Bank's Code of Conduct for Directors, Executives and Employees provides ethical standards governing: 1) corporate governance, 2) protecting SCB's interest, image, honor, reputation and virtue, 3) conflicts of interest, 4) information integrity, 5) information confidentiality, 6) insider trading, 7) anti-money laundering and combating the financing of terrorism and proliferation of weapons of mass destruction, 8) anti-corruption, 9) gambling, alcohol and drugs, 10) giving and receiving gifts and entertainment, 11) corporate assets, 12) outside employment or other commercial activities, 13) harassment, and 14) whistleblower.

The Code of Business Conduct of SCB and the Code of Conduct for Directors, Executives and Employees are regularly reviewed by the Board and are available on the Bank's website under the section "Code of Conduct," "Codes of Conduct of SCB and the SCB Financial Group."

1.3 Major Changes and Developments in Corporate Governance Policy, Practices and Systems in 2021

Major improvements made by the Bank in 2021 to its corporate governance policy

and practices are summarized below.

In a reorganization of the SCB Financial Group, the Bank incorporated SCB X Public Company Limited and is seeking an approval from relevant regulators for SCB X Public Company Limited to act as the parent company directing an integrated business strategy of the entire business group to strengthen the group's growth potential and agility, identifying investment opportunities, and investing in promising businesses that will generate satisfactory returns and continuous growth for the group for the ultimate goal of achieving solid and sustainable returns for stakeholders. In addition, the new structure will contribute to a clearer business direction, distinct separation between oversight and risk management, and new business advantages to be gained by the business group. During the course of this endeavour, the Board gave priority to and undertook close collaboration with the management to ensure that the business strategy and goal-setting processes are highly effective and in line with the corporate governance framework and the business group restructuring roadmap.

The Bank aims to adhere to both national and international corporate governance standards. However, certain practices of the Bank as specified below diverge from the 2017 Corporate Governance Code for Listed Company (CG Code) announced by the Securities and Exchange Commission and the corporate governance principles stipulated by the Thai Institute of Directors Association, due to reasons set out below:

- 1) The Board should have an appropriate number of members ranging from five to 12. As of December 31, 2021, the Board consisted of 17 members. The Bank views the number as appropriate, considering the growing size and complexity of the Bank's business. Given rapid technological change, it is necessary for the Bank to have directors with diverse experience, knowledge and expertise so that the Board can effectively perform its duties.

2) Disclosed information on shareholding structure should clearly specify actual owners of SCB shares. The Bank's shareholders include nominee companies serving as custodians of foreign investors. Such appointment of nominee companies as custodians is considered a normal practice and is beyond the Bank's control.

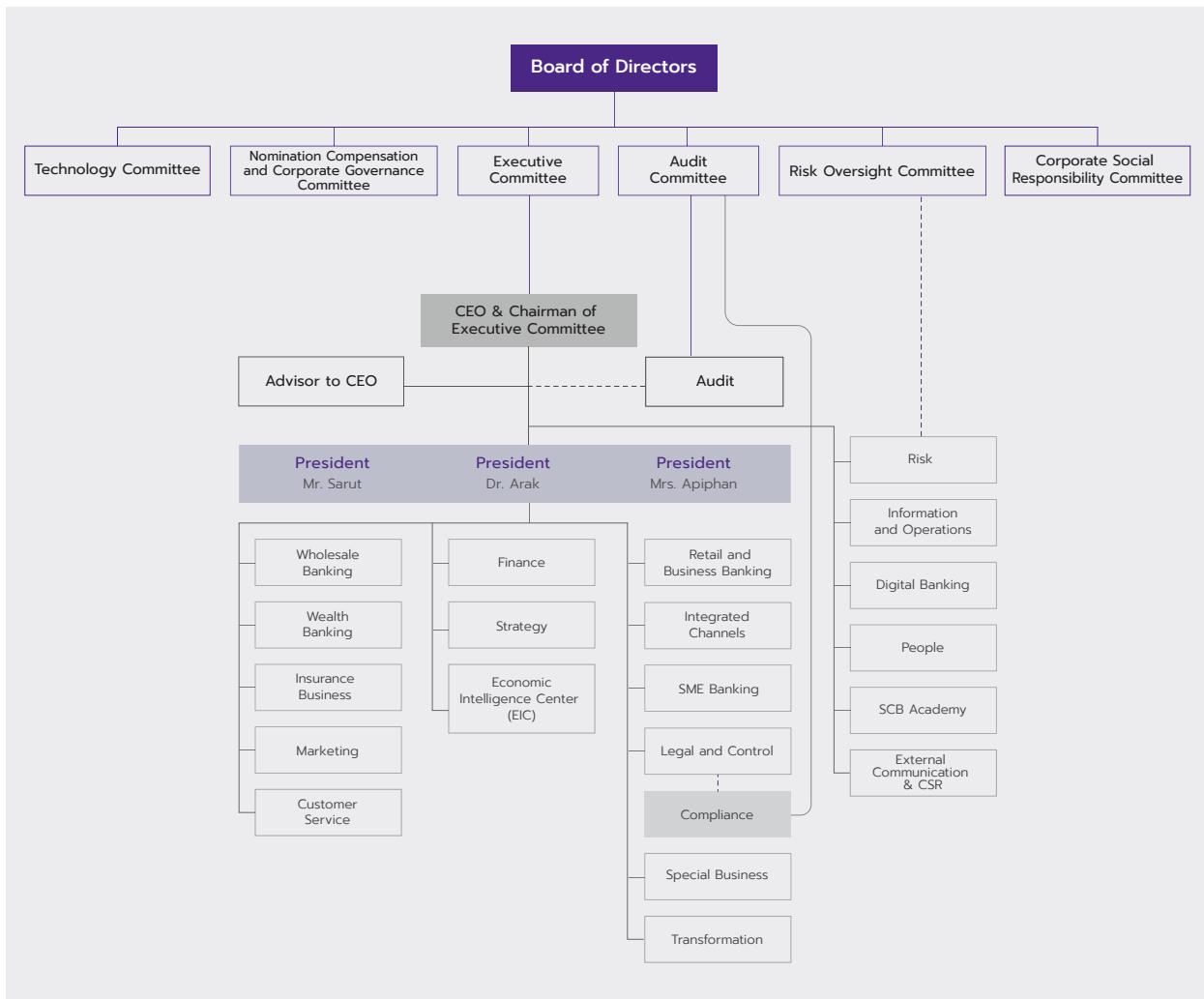
3) The Bank should include in its policy a requirement that directors and senior executives must notify the Board or designated persons of their intention to trade SCB shares

at least one day in advance of the transaction date.

At present, there is no such requirement in the Bank's policy, but the Bank already has in place clear regulations against insider trading. These regulations include Directors Code of Conduct; Employee Code of Conduct; rules governing securities trading by directors, executives and employees; insider trading rules; guidelines on declaration of securities holding by directors, executives and employees; and non-trading period rules applicable to directors, executives and employees.

2. Corporate Governance, Important Information about the Board, the Board Committees, Executives and Employees, and Other Information

2.1 Corporate Governance Structure of the Bank



2.2 Board of Directors

• Board Composition

At the end of 2021, the Bank had 17 directors. The Bank selects its Board members based on the criteria set forth by relevant regulators and with the aim of fostering diversity in terms of gender, nationality, race, age, education, professional experience, skills, knowledge and other key attributes to maintain a diversity in its composition and hence a wide variety of perspectives and insights which will ultimately benefit all stakeholders and the Bank's sustainable growth.

Of the total 17 directors, there were four women and 13 men with diverse professional backgrounds in banking, accounting and finance, business administration, strategic planning, risk management, social development, corporate governance, law, science and technology, and other experience that is considered beneficial and relevant to the Bank's business. Composition of the Board is as follows:

- Nine independent directors¹ (representing 53 percent of the total directors): Mr. Prasan Chuaphanich, Mr. Kan Trakulhoon, Mr. Krirk Vanikkul, Dr. Thaweesak Koanantakool, Mr. Weerawong Chittmittrapap, Dr. Pasu Decharin, Dr. Pailin Chuchottaworn, Dr. Lackana Leelayouthayotin and Mr. Chaovalit Ekabut.
- Seven non-executive directors (representing 41 percent of the total directors): Dr. Vichit Suraphongchai, ACM Satitpong Sukvimol, Pol.Col.Thumnithi Wanichthanom, Miss Jareeporn Jarukornsakul, Mr. Chakkrit Parapuntakul, Miss Chunhachit Sungmai and Mrs. Pantip Sripimol.
- An executive director (representing 6 percent of the total directors): Mr. Arthid Nanthawithaya.

¹ The term "independent director" has the meaning as specified in the Bank of Thailand's Notification No. SorNorSor. 10/2561 Re: Corporate Governance of Financial Institutions, and the Capital Market Supervisory Board's Notification No. TorJor. 39/2559, Re: Application and Approval for Offering Newly Issued Shares, and/or their amendments (if any). Moreover, the number of shares held by an independent director and his/her related parties combined shall not exceed 0.5 percent of the total voting shares of the Bank, or the Bank's parent company, subsidiaries, or associate companies, or major shareholders, or the persons having the authority to control the Bank. This shareholding restriction of no more than 0.5 percent is the Bank's standard and is stricter than the standard set by the Capital Market Supervisory Board which prohibits an independent director from holding more than one percent of the total voting shares of the company of which he/she is a director.

The names of the Bank's directors and their respective number of years as director are provided in Table 1. **Table 1 Board of Directors** (As of December 31, 2021)

Name	Position	Date of appointment	Number of years in directorship
1. Dr. Vichit Suraphongchai	Chairman of the Board and Chairman of the Corporate Social Responsibility Committee	December 10, 1999	22 years 1 month
2. Mr. Prasan Chuaphanich	Independent Director and Chairman of the Audit Committee	April 4, 2013	8 years 9 months
3. Mr. Kan Trakulhoon	Independent Director, Chairman of the Nomination, Compensation and Corporate Governance Committee and Member of the Executive Committee	April 5, 2016	5 years 9 months
4. Mr. Krirk Vanikkul	Independent Director and Chairman of the Risk Oversight Committee	November 1, 2015	6 years 2 months
5. Dr. Thaweesak Koanantakool	Independent Director, Chairman of the Technology Committee and Member of the Nomination, Compensation and Corporate Governance Committee	April 5, 2016	5 years 9 months
6. ACM. Satitpong Sukvimal	Director and Member of the Corporate Social Responsibility Committee	June 13, 2018	3 years 7 months
7. Pol. Col. Thumnithi Wanichthanom	Director and Member of the Corporate Social Responsibility Committee	June 13, 2018	3 years 7 months
8. Dr. Pasu Decharin	Independent Director, Member of the Audit Committee and Member of the Risk Oversight Committee	October 19, 2018	3 years 2 months
9. Mr. Weerawong Chittmittrapap	Independent Director and Member of the Nomination, Compensation and Corporate Governance Committee	September 22, 2014	7 years 3 months
10. Mr. Chaovalit Ekabut	Independent Director and Member of the Executive Committee	April 5, 2019	2 years 9 months
11. Dr. Lackana Leelayouthayotin	Independent Director and Member of the Executive Committee	April 5, 2019	2 years 9 months
12. Dr. Pailin Chuchottaworn	Independent Director, Member of the Executive Committee and Member of the Technology Committee	September 19, 2019	2 years 3 months
13. Miss Jareeporn Jarukornsakul	Director, Member of the Technology Committee and Member of the Corporate Social Responsibility Committee	November 21, 2019	2 years 1 month

Name	Position	Date of appointment	Number of years in directorship
14. Mr. Chakkrit Parapuntakul	Director, Member of the Executive Committee and Member of the Nomination, Compensation and Corporate Governance Committee	November 25, 2015	1 st Round: 4 years 10 months (2015–2020)
		January 18, 2021	2 nd Round: 11 months
15. Miss Chunhachit Sungmai	Director and Member of Risk Oversight Committee	February 16, 2021	10 months
16. Mrs. Pantip Sripimol	Director and Member of Risk Oversight Committee	April 8, 2021	9 months
17. Mr. Arthid Nanthawithaya	Director, Chief Executive Officer, Chairman of the Executive Committee, Member of the Risk Oversight Committee and Member of the Technology Committee	April 2, 2015	6 years 9 months

The positions of the Chairman of the Board and the top-ranking executive are assumed by different individuals. The positions and authority of the Chairman of the Board, the Chief Executive Officer and the presidents are clearly segregated, and the positions of the Chairman of the Board, the Chief Executive Officer and the presidents to enhance performance effectiveness, governance and transparency are as detailed below.

Chairman of the Board — Pursuant to the Bank's Corporate Governance Policy, the Chairman of the Board must be an independent director or a non-executive director. The Chairman of the Board is not involved in the Bank's routine management. This conforms to the principle of segregation of policy-making and oversight duties from those in operations management. The key roles and responsibilities of the Chairman of the Board are: to oversee the Board's adherence to the corporate governance principles and established policies; to ensure that Board meetings are conducted effectively and matters that are essential to the Bank's operations and/or performance are placed on the meeting agenda, particularly matters related to corporate strategy; to allocate sufficient time for the management to present clear and timely information; to allow attending Board members to voice their opinions and ask questions; and to

ensure that Board resolutions are clear and the meeting minutes are complete and correct. The Chairman of the Board also presides over the shareholder meetings. Another key responsibility of the Chairman is to ensure that the Bank's governance practices comply with the adopted policies.

Chief Executive Officer — The Chief Executive Officer is the Bank's top-ranking executive who is chiefly responsible for directing and driving the Bank's business and operations toward the policies, strategies and goals as set forth by the Board; recommending alternatives and strategies that are fit for the evolving business environment to achieve sustainable growth; considering and approving matters according to the Bank's regulations and as assigned by the Board and/or the Board Committees. The Chief Executive Officer also assumes the key responsibility in building corporate culture.

Presidents — Presidents are senior executives who directly report to the Chief Executive Officer. At present, the Bank has three Presidents and they are collectively responsible and accountable for managing and stewarding the Bank in alignment with the established policies and strategies. The roles and responsibilities of the Presidents also include formulating policies and strategies and making

decisions on key matters that are interconnected and require the orchestration of interdepartmental efforts.

- **Duties and Roles of the Board**

The Board is committed to pursuing the highest standards of ethics. The Board's roles and responsibilities are in accordance with those specified by law, the Bank's objectives and Articles of Association, and the resolutions of the Board and shareholder meetings. It is also responsible for ensuring that the Bank has in place effective control, supervision and audit mechanisms and for ongoing monitoring of the Bank's business operations within the frameworks of ethics, transparency and social responsibility underpinned by the corporate governance principles. The Board is in charge of setting the Bank's vision, mission, policies and business targets which must be reviewed annually and exercising oversight to direct the management's efforts in alignment with the established policies, strategies and financial goals to maximize long-term shareholder value with due consideration of the best interests of all stakeholders. In addition, the Board is responsible for reviewing the succession plans for the Chief Executive Officer, the presidents and persons with management authority; establishing structures and processes for sound risk management, audit, compliance and internal control systems; and reviewing such structures and processes regularly.

Details about the duties, responsibilities and approval authority of the Board are available on www.scb.co.th under the section "Charter of the Board of Directors."

2.3 Board Sub-Committees

The Bank has appointed six Board sub-committees, namely the Executive Committee, the Audit Committee, the Nomination, Compensation and Corporate Governance Committee, the Risk Oversight Committee, the Technology Committee, and the Corporate Social Responsibility Committee, to assist the Board in screening and overseeing specific matters.

Meetings of each Board sub-committee are held in accordance with the criteria specified in the charter of each Board Committee and the Corporate Governance Policy, and are scheduled in advance for the entire year. The duties and responsibilities of each Board Sub-Committee are clearly specified in its charter, which is available on www.scb.co.th under the section "Charter." Details are summarized below.

- **Executive Committee**

The major duties and roles of the Executive Committee are to oversee and ensure that the Bank's business and operations are in line with its strategies, policies and regulations and to perform tasks as assigned by the Board. The key responsibilities include to screen all matters that are proposed to the Board for consideration, excluding those matters under responsibility and/or authority of other specific committees, and to approve credit requests, investments and matters that are within the scope of authority delegated by the Board and stipulated in the charter of the Executive Committee.

As of December 31, 2021, the Executive Committee consisted of five directors of the Bank, namely Mr. Arthid Nanthawithaya (Chairman of the Executive Committee), Mr. Kan Trakulhoon (Independent Director), Dr. Pailin Chuchottaworn (Independent Director), Mr. Chakkrit Parapuntakul (Non-Executive Director), and Dr. Lackana Leelayouthayotin (Independent Director). Their tenure on the Executive Committee is concurrent with their directorships. Performance of the Executive Committee in 2021 is described in the Report of the Executive Committee in this Annual Report.

- **Audit Committee**

The Audit Committee's scope of duties and responsibilities encompasses financial reporting, internal control, internal audit and oversight of compliance with regulations, codes of ethics, codes of conduct, and risk management principles. These duties and responsibilities include, among others, to review the accuracy and adequacy of the Bank's financial statements;

to ensure that the management of the Bank has established appropriate and effective internal control and internal audit systems; to review the effectiveness of the Bank's regulatory and legal compliance monitoring system; to review the efficiency of the risk management system of the Bank and the SCB Financial Group; and to perform other duties as stipulated in the charter of the Audit Committee. Another major duty of the Audit Committee is to propose the appointment and discharge of external auditors, including the corresponding audit fees, to the Board for consideration prior to obtaining approval at the meeting of shareholders on an annual basis. Furthermore, the Audit Committee is responsible for evaluating the performance of external auditors. The Audit Committee of the Bank also serves as the Audit Committee of the SCB Financial Group.

As of December 31, 2021, the Audit Committee consisted of three independent directors of the Bank, namely Mr. Prasan Chuaphanich (Chairman of the Audit Committee and Independent Director), Dr. Pasu Decharin (Independent Director) and Mr. Chaovalit Ekabut (Independent Director). Their tenure on the Audit Committee is concurrent with their directorships. Every member of the Audit Committee has adequate knowledge and experience to fulfil their duties on the Audit Committee, particularly with at least one of them possessing adequate knowledge and experience to review the reliability of financial statements. Performance of the Audit Committee in 2021 is shown in the Report of the Audit Committee in this Annual Report.

- **Nomination, Compensation and Corporate Governance Committee**

The four main duties and responsibilities of the Nomination, Compensation and Corporate Governance Committee cover: 1) Nomination – To nominate qualified persons as directors, Board Committee members, senior executives, persons with management authority, and advisors of the Bank, and directors and executives of companies in the financial group, 2) Remuneration – To propose for the Board's endorsement

the appropriate remuneration for members of the Board and Board committees prior to obtaining approval for such remuneration at the shareholder meetings and ensure that the remuneration of senior executives is commensurate with their duties and responsibilities; 3) Human resource policies and corporate culture – To consider and provide opinions on HR policies to create alignment with the corporate strategies, formulate succession planning policies, direct the development of succession plans for the Chief Executive Officer, the presidents and persons with management authority, and consider and provide opinions on corporate culture cultivation and development plans; and 4) Corporate governance – To formulate the Bank's corporate governance policy and oversee the Bank's compliance with corporate governance principles set forth by regulators, and arrange for the annual performance assessment of the Chairman of the Board, individual directors, the Board of Directors, and the Board sub-committees.

As of December 31, 2021, the Nomination, Compensation and Corporate Governance Committee consisted of four directors of the Bank, namely Mr. Kan Trakulhoon (Chairman of the Nomination, Compensation and Corporate Governance Committee and Independent Director), Mr. Weerawong Chittmittrapap (Independent Director), Mr. Chakkrit Parapuntakul (Non-Executive Director) and Dr. Thaweesak Koantakool (Independent Director). Their tenure on the Nomination, Compensation and Corporate Governance Committee is concurrent with their directorships. Performance of the Nomination, Compensation and Corporate Governance Committee in 2021 is shown in the Report of the Nomination, Compensation and Corporate Governance Committee in this Annual Report.

- **Risk Oversight Committee**

The Risk Oversight Committee's duties and responsibilities are to provide advice to the Board regarding the risk oversight framework of the Bank and companies in the

SCB Financial Group and to review the overall risk management policies and strategies, and risk tolerance for all risks including emerging risks, to ensure that the said policies and strategies are effectively and efficiently implemented. The Risk Oversight Committee is also responsible for reporting to the Board the Bank's risk positions, risk management effectiveness, status of the risk culture adoption, significant risk factors and issues, and risk management policy/strategy gaps. The Risk Oversight Committee is also responsible for providing advice to the Board with regard to the organization-wide risk culture cultivation; supervising the culture adoption and the management and risk function heads' compliance with the risk management policies/strategies and risk appetite framework; and rendering opinions on, or assessing the performance of, the Chief Risk Officer.

To promote independence of the Risk Oversight Committee, the Bank prescribed that at least half of the total members of the Risk Oversight Committee must be independent directors and non-executive directors. As of December 31, 2021, the Risk Oversight Committee consisted of five members, i.e., two independent directors, two executive directors, and an executive, namely Mr. Krik Vanikkul (Chairman of the Risk Oversight Committee and Independent Director), Mr. Pasu Decharin (Independent Director), Miss Chunhachit Sungmai (Non-Executive Director), Mrs. Pantip Sripimol (Non-Executive Director) and Mr. Arthid Nanthawithaya (Director, Chief Executive Officer and Chairman of the Executive Committee). Their tenure on the Risk Oversight Committee is concurrent with their directorships and/or incumbency as executives of the Bank. Performance of the Risk Oversight Committee in 2021 is shown in the Report of the Risk Oversight Committee in this Annual Report.

• Technology Committee

The Technology Committee's duties and responsibilities are to steward the Bank's technology-related direction and strategy for their alignment with the Bank's strategy with an aim to enhance the Bank's technology,

data and technology risk management capabilities. When necessary, other committees, such as the Risk Oversight Committee and the Audit Committee, are involved by the Technology Committee in discussion of the technology risk management process.

The Bank has prescribed that the Technology Committee must consist of directors of the Bank whereby executives of the Bank may also serve on the Technology Committee. However, most members of the Technology Committee must possess specialized knowledge, expertise and insight in the field of technology, and they should have business and risk acumen. As of December 31, 2021, the Technology Committee consisted of eight members, i.e., two independent directors, a non-executive director, an executive director, and four executives, namely Dr. Thaweesak Koanantakool (Chairman of the Technology Committee and Independent Director), Dr. Pailin Chuchottaworn (Independent Director), Miss Jareeporn Jarukornsakul (Non-Executive Director), Mr. Arthid Nanthawithaya (Director, Chief Executive Officer and Chairman of the Executive Committee), Dr. Arak Sutivong (President), Mr. Trirat Suwanprateeb (Chief Executive Officer of a subsidiary), Mr. Chalee Asavathiratham (Senior Executive Vice President, Chief Digital Banking Officer) and Mrs. Voranuch Dejakaisaya (Senior Executive Vice President, Chief Information and Operations Officer and Secretary to the Technology Committee). Their tenure on the Technology Committee is concurrent with their directorships and/or incumbency as executives of the Bank. Performance of the Technology Committee in 2021 is shown in the Report of the Technology Committee in this Annual Report.

• Corporate Social Responsibility Committee

The duties and responsibilities of the Corporate Social Responsibility Committee are to direct, supervise and develop the Bank's CSR framework with the goal of contributing to Thailand's economy, society and the environment. The Corporate Social Responsibility Committee focuses on building a strong foundation,

nurturing new initiatives, developing networks and sustaining success in the following three core areas: 1) youth development and learning enhancement, 2) development of quality of life and the environment, and 3) preservation of cultural heritage and the environment. The Bank fosters a culture and spirit of volunteerism, civic awareness and sense of social responsibility among employees by actively involving them in the Bank's CSR activities.

The Bank has prescribed that the Corporate Social Responsibility Committee must consist of at least three directors of the Bank. Their tenure on the Corporate Social Responsibility Committee is concurrent with their directorships. As of December 31, 2021, the Corporate Social Responsibility Committee consisted of five members, i.e., four directors and an executive,

namely Dr. Vichit Suraphongchai (Chairman of the Board and Chairman of the Corporate Social Responsibility Committee), Pol. Col. Thumnithi Wanichthanom (Non-Executive Director), ACM. Satitpong Sukvimol (Non-Executive Director), Miss Jareeporn Jarukornsakul (Non-Executive Director) and Mrs. Apiphan Charoenanusorn (President). Performance of the Corporate Social Responsibility Committee in 2021 is shown in the Report of the Corporate Social Responsibility Committee in this Annual Report.

2.4 Executives of the Bank

- **List of Executives**

As of December 31, 2021, the Bank had a total of 18 executives at the level of Senior Executive Vice President and higher.

Table 2 Executives of the Bank at Senior Executive Vice President Level and Higher (As of December 31, 2021)

Name	Position
Mr. Arthid Nanthawithaya	Chief Executive Officer and Chairman of the Executive Committee
Mrs. Apiphan Charoenanusorn	President
Mr. Sarut Ruttanaporn	President
Mr. Arak Sutivong	President
Mr. Narong Srichukrin	Senior Executive Vice President, Chief Wealth Banking Officer
Mr. Yunyong Thaicharoen	Senior Executive Vice President, Chief Wholesale Banking Officer
Miss Poramasiri Manolamai	Senior Executive Vice President, Chief Insurance Business Officer
Miss Auraratana Jutimitta	Senior Executive Vice President, Chief Retail and Business Banking Officer
Mr. Vitoon Pornsakulvanich	Senior Executive Vice President, Chief Integrated Channels Officer
Mrs. Pikun Srimahunt	Senior Executive Vice President, Chief SME Banking Officer
Mrs. Wallaya Kaewrungruang	Senior Executive Vice President, Chief Legal and Control Officer
Mr. Manop Sangiambut	Senior Executive Vice President, Chief Financial Officer
Mr. Sathian Leowarin	Senior Executive Vice President, Chief Strategy Officer
Mr. Krieng Wongnongtaey	Senior Executive Vice President, Chief Risk Officer
Mrs. Voranuch Dejakaisaya	Senior Executive Vice President, Chief Information and Operations Officer
Mr. Chalee Asavathiratham	Senior Executive Vice President, Chief Digital Banking Officer
Mrs. Patraporn Sirodom	Senior Executive Vice President, Chief People Officer
M.L. Chiradej Chakrabandhu	Senior Executive Vice President, Chief Credit Officer

- Executive Remuneration**

The Nomination, Compensation and Corporate Governance Committee is responsible for proposing remuneration for executives, including the Chief Executive Officer, the Presidents and senior executives at Executive Vice President level and higher, to the Board for approval. The remuneration is deemed, after due consideration by the NCCG Committee, appropriate and in line with the Bank's policies as well as reflects short-term and long-term corporate performance and individual performance that is assessed and benchmarked against KPIs, which include financial indicators, customer-related indicators as well as indicators relating to work process improvement and people development to build a solid foundation for sustainable success of the Bank. Remuneration is determined based on transparent criteria, scope of responsibilities, and the Bank's competitiveness as compared to its peer banks and other leading companies in Thailand.

In 2021, the total number of the Bank's executives based on the Securities and Exchange Commission's definition (which means the manager or the next four executives succeeding the manager, the persons holding equivalent position to the fourth executive, inclusive of the persons holding the position of manager or equivalent and higher in the accounting or finance departments) was 20 (inclusive of three executives who resigned during the year). Collectively they received remuneration in the form of salaries, bonuses and allowances of Baht 419.97 million and severance pay of Baht 13.78 million. On the other hand, the term "executives" according to the definition of

the Bank of Thailand refers to executives at Executive Vice President level and higher. In 2021, the total number of the Bank's executives based on the Bank of Thailand's definition was 89 (inclusive of nine executives who resigned during the year), and collectively they received remuneration in the form of monthly salaries, bonuses and allowances of Baht 1,241.80 million and severance pay of Baht 24.40 million.

The Bank's executives are entitled to welfare and other benefits similar to those offered to other employees and in accordance with the Bank's regulations, such as medical benefits, annual medical check-up, life and accident insurance, welfare loans and provident fund contribution. In 2021, the Bank's provident fund contribution for 20 executives (inclusive of three executives who resigned during the year), as defined by the Securities and Exchange Commission was Baht 11.92 million in total, while the provident fund contribution for 89 executives (inclusive of nine executives who resigned during the year) as defined by the Bank of Thailand, i.e., Executive Vice President level and higher, was Baht 43.73 million in total.

2.5 Employees and Employee Remuneration

At the end of 2021, the total number of the Bank's employees was 22,130 and the employee and benefit expenses totaled Baht 25,769 million. These expenses included, among others, salaries, overtime pay, cost-of-living allowances, car allowances, bonuses and contributions to the social security fund and provident fund. The total number of employees of the Bank and its subsidiaries was 26,929.

The number of the Bank's employees classified by function and level is as follows:

Employees	Wholesale banking	SME banking	Retail banking	Wealth banking	Support functions
EVP and higher	19	6	1	6	51
AVP-FSVP	539	192	83	213	1,818
Staff-Officer	557	590	236	892	16,848

The number of SCB employees has continuously declined throughout the past three years as a result of unreplaceable vacancies due to resignation of branch employees following the closure of many branches in response to the increasing adoption

of digital banking among customers. The decrease was also attributable to the voluntary early retirement programs implemented by the Bank in 2020 and 2021.

The number of SCB employees in the past three years is as follows:

	2019	2020	2021
Number of employees	26,032	23,977	22,130

In addition, employees of SCB and its major subsidiaries were encouraged to join the provident fund program. The number and proportion of

employees that are provident fund members are as follows:

	Number of employees that are provident fund members (persons)	Proportion of employees that are provident fund members
The Siam Commercial Bank Public Company Limited	22,732	94%
SCB Plus Company Limited	1,306	97%
SCB Asset Management Company Limited	242	98%
SCB Securities Company Limited	380	93%
SCB-Julius Baer Securities Company Limited	81	92%
SCB Protect Company Limited	105	73%
SCB Abacus Company Limited	37	93%
SCB 10X Company Limited	46	69%

2.6 Board Support Units

The Bank recognizes the importance of, and provides support to, the following units and their personnel who are responsible for ensuring the Bank's proper compliance with laws and regulations as well as the Board's adherence to statutory and good corporate governance practices:

(1) Audit Function

The Audit Function is an independent and business-neutral unit that has been established to improve and enhance

internal control, including policies, practices and procedures of companies in the SCB Financial Group with an aim of ensuring compliance of the Bank and companies in the SCB Financial Group with applicable regulations. Also, the Audit Function conducts regular audits, identifies matters requiring attention, provides advice, and makes improvement-related recommendations on internal control, risk management systems and corporate governance practices. The Audit Function

is led by Miss Nipaporn Kullertprasert who was appointed as Executive Vice President, Chief Audit Officer, on January 14, 2022. The Chief Audit Officer is responsible for ensuring that the responsibilities of the Audit Function are effectively carried out in accordance with the aforesaid purposes and reports directly to the Audit Committee in an independent manner. The Audit Committee has the authority to consider and approve the appointment, removal, transfer or dismissal of the Chief Audit Officer, as well as the performance of the Chief Audit Officer.

(2) Compliance Function

The Compliance Function serves as the Bank's regulatory center, providing consultation and advice pertaining to regulatory requirements and the Bank's policies, practices, procedures and internal controls as well as coordinating with the regulators on behalf of the Bank. The Compliance Function is also in charge of formulating internal policies, rules and regulations that govern the regulatory and legal compliance for all employees and executives of the Bank. It is also responsible for conducting due diligence on persons nominated as directors or executives of the Bank and its subsidiaries to ensure that the nominees possess appropriate qualifications that meet legal and regulatory requirements. The Compliance Function is led by Mr. Chirawat Chamrasroman who was appointed as Executive Vice President, Head of Compliance, on January 14, 2022. The Head of Compliance functionally reports to the Senior Executive Vice President, Chief Legal and Control Officer, and independently reports to the presidents and the Audit Committee in relation to key regulatory compliance matters.

(3) Company Secretary

The Board of Directors has appointed a Company Secretary to act under the provisions of law and as further instructed by the Board of Directors. Currently, Mrs.

Siribunchong Uthayophas, Executive Vice President, Corporate Office and Company Secretary Function, is the Company Secretary. The key roles of the Company Secretary are to support the Board in all relevant aspects including matters relating to good corporate governance. Functions of the Company Secretary are shown on www.scb.co.th under the "Functions of Company Secretary" section.

Educational background, work experience and training records of the persons mentioned above are provided in this Annual Report under "Information of the Directors and Executives of the Bank."

3. Report on Corporate Governance Code Compliance

(A) Corporate Governance Code Compliance

Highlights of the Bank's compliance with the Corporate Governance Code for Listed Companies in 2021 were as follows:

1. Rights of Shareholders

The Bank has complied with its Corporate Governance Policy to ascertain that shareholders may appropriately enjoy and equitably exercise their rights, such as buying or selling shares, receiving dividends, and receiving adequate, timely and complete information about the Bank through easily accessible channels (the websites of SCB, the Stock Exchange of Thailand and Thailand Securities Depository Company Limited). In addition, shareholders are entitled to take part in material business decisions at shareholder meetings, e.g., payment of dividends, appointment or removal of directors, determination of directors' remuneration, appointment of auditors, determination of audit fees, amendment to the Memorandum and Articles of Association, and approval of special transactions (e.g., capital increase or reduction, acquisition or disposal of significant assets, or connected transactions). The shareholders may cast their votes on the aforesaid matters according to details provided in the notices of the meetings of

shareholders. The Bank encourages all shareholders to exercise their rights to the fullest extent permissible by law and shall not violate or derogate the rights of shareholders by any means. The principles adopted by the Bank in respect of the rights of shareholders are shown in detail on the Bank's website (www.scb.co.th) under the sequence of menu headings "About SCB," "Corporate Governance," "Corporate Governance Policy," and then "Rights and Treatment of Stakeholders."

1.1 Shareholders Meeting

In 2021, the Bank arranged the Annual General Meeting of Shareholders No. 198 ("AGM") on April 8, 2021 by adopting the COVID-19 preventive measures and practices set out by relevant authorities and governmental agencies. Later, the Bank's Board of Directors resolved to convene the Extraordinary General Meeting of Shareholders ("EGM") on November 15, 2021 via electronic means, with an aim to prevent the spread of the virus and reduce mass gatherings. The two shareholder meetings were held with the commitment to ensuring shareholders' ability to exercise their rights related to shareholder meetings in accordance with laws and good corporate governance practices as follows:

- 1) To ensure that shareholders receive clear and adequate information, have sufficient time to consider agenda items of the AGM, and are able to easily access the notices of shareholder meetings and their accompanying documents, the Bank posted the notices of the shareholder meetings, accompanying documents, and proxy forms in both Thai and English on its website on March 8, 2021 (31 days prior to the meeting date) for the AGM and on October 8, 2021 (38 days prior to the meeting date) for the EGM. The Bank assigned Thailand Securities Depository Company Limited (TSD), which is its securities registrar, to send documents related to the shareholder meetings.

For the AGM, the related documents included the Notice of the AGM and accompanying documents, in both Thai and English, and the 2020 Annual Report and the 2020 Sustainability Report (in QR code format). These documents were sent via post to shareholders on March 18, 2021 (21 days prior to the meeting date). For the EGM, the related documents comprising the Notice of the EGM and accompanying documents, in both Thai and English, were sent via post to shareholders on October 25, 2021 (21 days prior to the meeting date). The notice of each shareholder meeting contained information such as date, time and venue of the meeting (with a map and directions in case of physical meeting); details of each agenda item including factual background, purposes, rationale, and opinions or recommendations of the Board; accompanying documents; and details of meeting procedures, voting and proxy appointments. The Bank also advertised the AGM notice in Thai daily newspapers for three consecutive days in accordance with law and took other relevant actions as required by law. Shareholders were entitled to receive, upon request, printed copies of the 2021 Annual Report before the date of the meeting from the Company Secretary.

As the pandemic persisted at the time of the AGM in 2021, the Bank implemented measures to prevent the spread of COVID-19 pursuant to the governmental stipulations, which included, among others, limiting the number of meeting participants, arranging seats to allow at least 1.5 meters of physical distance between individuals, requiring every participant to wear a face mask at all times, and scanning a QR code (on the Thai Chana mobile app platform) for pre-meeting check-in. To safeguard all participants and the Bank's officers, additional precautionary measures were established by the Bank

to prevent the spread of COVID-19 as follows:

- Requesting cooperation from shareholders to appoint the Bank's independent directors as their proxies instead of attending the meeting in person.
- Implementing screening and registration processes for shareholders/proxies attending the meeting in person.
- Fixing a specific seat number for each meeting participant to facilitate disease-control tracking in the event that any meeting participants are found to be infected with COVID-19.
- Prohibiting the consumption of food and beverages within the meeting premises and the use of microphones in the meeting room.
- Spraying disinfectants to sanitize the meeting venue one day in advance of the meeting date.
- Putting up posters containing practical guidelines for disease infection control.

2) For the 2021 AGM, the Bank recognized shareholders' rights to know and gain full access to information and allowed shareholders to submit questions in advance of the annual meeting of shareholders through various channels, including via post to the Company Secretary or e-mail to company.secretary@scb.co.th, in accordance with the guidelines on the Bank's website. Questions were considered and proposed to the Board by the Nomination, Compensation and Corporate Governance Committee.

3) To encourage and facilitate the participation of all shareholders (individuals, juristic persons and institutional investors) in the shareholder meeting and so as for them to exercise their rights in an equitable manner, the Bank delivered the Proxy Form B to shareholders for the appointment of proxies to attend the meeting on their behalf in the event that they were unable

to attend the shareholder meeting in person. Furthermore, institutional investors such as fund managers and custodians were invited to nominate their representatives to attend the shareholder meeting and, for their convenience, the Bank assigned officers to check the required documents in advance of the meeting.

4) To facilitate attendance by all shareholders and proxy holders in an equitable manner, each of the shareholder meetings was held during business hours and on a working day. The AGM was arranged at the Bank's head office to facilitate convenient transportation for shareholders. On the meeting day, the registration counters were open two hours prior to the meeting time to facilitate procedural document checks and registration. For efficiency and convenience, the Bank made available revenue stamps to be affixed to the proxy forms presented by proxies attending the meeting, and different registration counters were specifically set up for different types of shareholders, i.e., shareholders attending the meeting in person, individual shareholders, juristic persons and fund managers or custodians. For greater convenience and speed, the meeting registration service made use of a bar code system, and each shareholder or proxy holder was given the ballot bearing the same bar code as his/her registration bar code for voting on each agenda item. Meeting registration remained open to shareholders during the meeting, allowing shareholders to register and attend the meeting at any time and vote on any remaining agenda item.

As the EGM occurred during the aggravated situation of the COVID-19 pandemic, the Bank opted to choose an electronic meeting ("e-meeting") format and provided full support to accommodate meeting

attendees throughout the entire process. To file an application to attend the meeting via an e-request system, the meeting attendees were able to access the system via web browser or a QR code provided on the EGM notice, then input the requested personal information and upload relevant identification documents to the system as required. These steps were convenient for the meeting attendees. The Bank also provided a call center team to assist any meeting attendees who might experience problems while using the e-request system or downloading and installing the e-meeting system. On the meeting day, the e-meeting system was opened for registration three hours prior to the meeting time because the Bank viewed that meeting attendees were new to the e-meeting system and thus would need more time to become familiar with the system.

5) Prior to proceeding in accordance with the meeting agenda, the Company Secretary, assigned by the chairman of the meeting, announced the voting procedure and vote counting practices for each agenda item. Holders of the Bank's ordinary and preferred shares, including proxy holders who attended the meeting, were entitled to cast their votes on a one-share-one-vote basis. In order to increase the efficiency and speed of the vote tabulation process, only the ballots for disapproval and the abstention votes were collected in the AGM. Voting and vote tabulation were conducted openly, and the bar code system was employed in tabulating and reporting votes. For voting in the EGM, which was conducted via electronic means, shareholders were able to vote from their personal electronic devices, namely computers, mobile phones, etc. The new form of meeting provided great convenience for voting, while the voting calculation could be swiftly processed after the voting was closed.

Representatives from Baker & McKenzie, an independent law firm, were engaged to inspect the validity of the proxy appointments, adequacy of quorum, and tabulation and reporting of votes. Therefore, the voting results for each agenda item were reported to the meeting in a timely, accurate and transparent manner. In addition, all ballots (for the AGM) and electronic traffic information (for the EGM) were kept as evidence for post-meeting examination, in case of dispute.

6) The Chairman of the Board presided as the chairman of the shareholder meetings. All 16 directors (out of a total of 16 directors) of the Bank attended the 2021 AGM, and there were 16 directors (out of a total of 17 directors) attending the EGM. The Chairman of the Board, chairmen of all Board sub-committees and the Bank's senior executives attended these two shareholder meetings held in 2021 in order to clarify and respond to any questions or issues raised by shareholders. In addition, the auditors of the Bank attended the 2021 AGM to provide information related to the Bank's financial statements.

7) Multimedia presentations were used at the shareholder meeting. The chairman of the meeting allowed shareholders to ask questions, express opinions and make recommendations as appropriate on an equitable basis and provided responses to all questions or issues raised. The directors and the management jointly responded to shareholders' questions and clarified issues. The Company Secretary recorded the meeting minutes and the votes cast under each agenda item. Additionally, the meetings proceeded in accordance with the announced agenda, and the Bank did not reorder, add or revise any agenda items, and did not modify

previously issued information at the shareholder meetings nor propose any other agenda that had not been specified in the notice of each shareholder meeting.

8) Following the adjournment of each meeting, the resolutions adopted and the voting results for each agenda item (in both Thai and English) were publicly disclosed via the SET Link platform of the Stock Exchange of Thailand and on the Bank's website on the meeting date. In addition, the meeting minutes of the AGM and the EGM in Thai and English were submitted to the Stock Exchange of Thailand and made available on the Bank's website on April 22, 2021 and November 29, 2021 respectively (within 14 days from the meeting date) for quick and inclusive access to shareholders. The minutes were also submitted to the Ministry of Commerce within the timeframe specified by law. The minutes contained the list of directors and executives who attended the meetings, the voting procedures, abstracts of the questions and issues raised and the answers or clarifications provided by the Board and executives, and the resolutions reached, together with the number of approval, disapproval, abstention and ineligible votes on each agenda item that required voting.

1.2 Dividend Payment

The Bank has a policy to pay dividends at the rate of, at a minimum, 30 percent of its consolidated annual net profit with consideration to long-term return for all shareholders. Dividends will be considered when the Bank records a net profit after deduction of all statutory and other reserves, provided that there is no accumulated loss and the Bank is able to maintain adequate capital funds to comply with the regulatory requirements and to adequately preserve capital for its future business needs. The interim dividends and annual dividends

will be paid within 30 days after approval by the Board or the shareholder meeting (as applicable). In proposing a dividend payment for approval, the Bank discloses its Dividend Policy, dividend rate and amount, including rationale and other relevant information, to support the shareholders' decision-making.

At the 2021 AGM, the meeting resolved to approve a dividend payment from the Bank's 2020 operating results to holders of the Bank's preferred and ordinary shares at the rate of Baht 2.30 per share, equivalent to a total of Baht 7,818 million or approximately 28.1 percent of the Bank's 2020 net profit, which was in compliance with the Bank of Thailand's requirements. The dividend was paid to holders of the Bank's preferred and ordinary shares on May 7, 2021 (29 days from the date of approval of the dividend payment by the shareholder meeting).

1.3 Election of Director on an Individual Basis

As part of the director election process, profiles of nominated directors are disclosed in the notice of the shareholder meeting to support the shareholders' consideration. Each profile included useful information such as the nominee's age, education, work experience, positions in other listed and non-listed companies, date of appointment as director, Board/Board sub-committee meeting attendance in the previous year, and type of directorship to support shareholders' decisions on the election of qualified candidates as directors of the Bank. In the case of independent directors, the Bank additionally provides its definition of independent directors and other information such as their relationship or conflicts of interest with the Bank, its parent companies, its subsidiary companies, its associate companies and any other parties having the authority to control the Bank or juristic persons with potential conflicts of interest with the Bank either at present or during the two years

preceding their appointment as independent director of the Bank.

Pursuant to the Bank's Articles of Association, one-third of the directors shall retire by rotation at every AGM. At the 2021 AGM, six directors retired by rotation. The Bank arranged for shareholders to elect directors to replace the outgoing directors by independently directing their votes toward each individual nominee as opposed to a slate director election. Similar to the voting on other agenda items, only disapproval and abstention ballots were collected and tabulated and the voting results for each director nominated for the election were clearly specified in the meeting minutes.

1.4 Communication Among the Bank's Shareholders

The Bank does not interfere with communication among its shareholders in any way. Shareholders have complete liberty to share information among each other and may request a copy of the list of the Bank's shareholders from the Department of Business Development, Ministry of Commerce.

2. Equitable Treatment of Shareholders

As stipulated in the Bank's Corporate Governance Policy, all shareholders, i.e., major, minor, institutional and foreign shareholders, are entitled to the same shareholder rights and are treated on an equitable and fair basis in accordance with the scope permissible by law. The principles of equitable treatment of shareholders adopted by the Bank are provided on www.scb.co.th under the sequence of menu headings "About SCB," "Corporate Governance," "Corporate Governance Policy," and then "Rights and Treatment of Stakeholders."

2.1 Invitation to Shareholders to Propose Agenda Items, Candidates for Directorship, and Questions Prior to the Shareholder Meeting

All shareholders of the Bank are invited to propose matters to be included in the

AGM agenda and to nominate qualified candidates for the director election by an AGM according to the explicit criteria published on the Bank's website. Shareholders may submit their proposals on agenda items and candidates for directorship as well as their questions to the Company Secretary in advance of the meeting via post to the Company Secretary or via e-mail to company_secretary@scb.co.th. The Nomination, Compensation and Corporate Governance Committee will consider the shareholders' proposals prior to submitting them to the Board for further consideration. The decisions on these proposals will be notified to the shareholders concerned for acknowledgment. Any proposals that are accepted will be included in the AGM agenda.

The Bank invited shareholders to propose agenda items, candidates for directorship, and questions for the 2021 AGM three months prior to the end of the Bank's accounting period, i.e., from September 1 to November 30, 2020. Nonetheless, the Bank did not receive any proposals from the shareholders.

2.2 Proxy Appointments for Shareholder Meeting

For every shareholder meeting, the Bank has made available three types of proxy forms (Form A, Form B and Form C) as determined by the Department of Business Development of the Ministry of Commerce. Conditions and documents required for the appointment of proxies are clearly described and do not cause any difficulties to the proxy appointment.

For the 2021 AGM, the Proxy Form B indicating specific details of a proxy appointment was delivered to each shareholder together with the AGM notice. Shareholders had an option to appoint as their proxies one of two independent directors of the Bank who did not have any conflict of interest in the

relevant agenda items of the meetings. Shareholders were given all important information about these independent directors and had the liberty to appoint either one of the two independent directors or any other person of their choice as proxy. In addition, Proxy Form A or Proxy Form C could be downloaded from the Bank's website for shareholders' use as and when applicable.

2.3 Ballots for Shareholder Meeting

At the 2021 AGM, ballots were used for voting on every agenda item, but only the ballots indicating disapproval and abstention votes were collected and retained for future examination.

To ensure that the voting process was efficient, accurate, speedy and verifiable, a bar code system and mobile phones were employed in tabulating votes. At the AGM, before proceeding with the meeting agenda, the Company Secretary informed the meeting of the voting and vote tabulation procedures. In addition, the Bank requested shareholders to return all unused ballots to the Bank's officers and kept these ballots as evidence. However, ballots were not required in the EGM, which was conducted via electronic means, since the voting and calculation of votes could be processed through the e-meeting system. The Company Secretary informed the meeting of the procedural guidelines applied as the rules for vote casting before commencement of the e-meeting.

3. Roles of Stakeholders

3.1 Treatment of Stakeholders

Recognizing that listening and responding to expectations of stakeholders are essential foundations in the path toward inclusive growth and sustainable development, the Bank has consistently attached importance to the engagement of stakeholders through different communication channels and in various forms.

The Bank continued its communication, relationship building and stakeholders' expectation survey programs throughout 2021 and strived to equally fulfill the expectations of each stakeholder group amid the challenges from economic, social and environmental change and the COVID-19 disruptions. Highlights of the Bank's endeavors in this connection are as follows:

- Incorporated SCB X Public Company Limited (SCBX) as the parent company of SCB Group to sharpen the group's competitive edge in its journey toward becoming a regional financial technology company that offers innovative products and services to its customers, sustainable return to its shareholders and shared value to society.
- Integrated technological and in-depth data analysis capabilities into human resource management and automated work processes in pursuit of a digital HR strategy in order to effectively and comprehensively fulfill the needs of employees in the digital era.
- Offered financial solutions developed under the "deep-long-alive" concept to identify short-term and long-term relief and rehabilitation plans that are suitable for each customer group through in-depth impact analysis while building customers' potentials and experiences to help them survive through tough times and adapt to the digital economy.
- Uplifted social and environmental management throughout the value chain. SCB became the first Thai commercial bank to gain the ISO14001:2015 environmental management system standard certification, and the Bank joined the Equator Principles (EPs) Association to integrate international standards governing environmental and

social risk management into its project financing criteria.

- Launched the Robinhood Rider application and introduced a "Robinhood EV Bike" model that is the first among food delivery platforms in Thailand to improve riders' quality

of life and promote environmental preservation. The Bank also ran a "Free Delivery During Lockdown" campaign to help ease the burdens on consumers.

- Established a vaccination center to help boost mass inoculation against COVID-19 among Thais.

The overview of our performance in 2021 is as follows:

Customers



Communication approach and channel	Key expectation/concern	SCB's response
<ul style="list-style-type: none"> • Face-to-face meetings with customers • Special activities • Websites and social media • Satisfaction survey • Customer complaint and feedback channels: customer service centers, branches and SCB Easy application 	<ul style="list-style-type: none"> • Organizational agility amid digital disruption and technology • Product and service quality and variety for the needs of all customer groups • Market conduct • Data privacy • Assistance and relief programs for customers during COVID-19 crisis 	<ul style="list-style-type: none"> • Continually invested in and developed technology-related projects and incorporated "SCBX" as parent company • Offered products and services that match the needs of specific customer groups via digital channels, branches, banking agents, SME business centers, investment centers, etc. • Adhered strictly to market conduct requirements and principles • Formulated data privacy policy and developed data privacy management and cyber security systems in accordance with international standards • Provided short-term and long-term assistance and relief programs for customers affected by COVID-19 crisis

Employees



Communication approach and channel	Key expectation/concern	SCB's response
<ul style="list-style-type: none"> • Meetings and seminars • Intranet, electronic media and social media • Engagement survey • Training • Performance assessment • Employee hotline 	<ul style="list-style-type: none"> • Skill and competency development • Career growth and job security • Compensation and performance assessment • Work-life balance • Flexible and safe work arrangements during COVID-19 pandemic 	<ul style="list-style-type: none"> • Developed and arranged training in critical professional skills for digital era • Provided compensation management and performance assessment systems that are fair and equitable • Ensured that welfare and work environment are conducive to good quality of life • Adopted a "Work from Anywhere" program and strict safety precautions • Integrated technological and in-depth data analysis capabilities into human resource management in pursuit of a digital HR strategy

Shareholders



Communication approach and channel	Key expectation/concern	SCB's response
<ul style="list-style-type: none"> Meetings of shareholders Disclosures of operating results through annual reports, SCB website, Stock Exchange of Thailand and press releases Meetings and calls with investors and analysts 	<ul style="list-style-type: none"> Continuous growth and long-term value creation Corporate governance Economic, social and environmental risk management 	<ul style="list-style-type: none"> Incorporated "SCBX" to sharpen competitive edge in journey toward becoming a regional financial technology company Provided transparent and auditable disclosures in accordance with recognized standards and equitable treatment of shareholders Developed strategy and operations to achieve solid and sustainable return and effective risk management amid change

Community and Environment



Communication approach and channel	Key expectation/concern	SCB's response
<ul style="list-style-type: none"> Meetings and visits CSR activities/projects Needs assessment survey Websites and social media 	<ul style="list-style-type: none"> Contribution to improvement of quality of life Crisis relief assistance Promotion of financial inclusion and financial literacy Sustainable finance Environmental footprint reduction and climate risk mitigation 	<ul style="list-style-type: none"> Provided holistic social development programs for revenue and business growth of small business owners, youth development and community well-being Provided in-cash and in-kind support for disaster-stricken citizens Launched Robinhood Food Delivery and Robinhood Rider applications that are free of platform service fee (GP fee) Established vaccination center to boost mass inoculation against COVID-19 among Thais Offered products that contribute to greater financial inclusion as well as products and services based on ESG criteria Became member in Equator Principles Association to embrace consideration of social and environmental risk management in project financing Based organizational management on eco-efficiency principles and ISO 14001: 2015 standard

Regulators



Communication approach and channel	Key expectation/concern	SCB's response
<ul style="list-style-type: none"> Meetings Hearings about regulatory guidelines and compliance practices Examination by regulators Statement of opinions at forums 	<ul style="list-style-type: none"> Corporate governance Market conduct Promotion of financial inclusion and financial literacy Data privacy and cyber security Sustainable banking Climate risk and resilience 	<ul style="list-style-type: none"> Adopted corporate governance principles in parallel with proactive risk management and strict compliance with laws Complied strictly with market conduct guidelines and requirements Formulated data privacy policy and developed data privacy management and cyber security systems in accordance with international standards Followed systematic and consistent strategies, targets and long-term plans for sustainable finance and climate change

Business Partners



Communication approach and channel	Key expectation/concern	SCB's response
<ul style="list-style-type: none"> Business partner meetings and visits Annual "Vendor Communication Day" event to communicate procurement policy and practices Electronic media and delivery by post Annual assessment of business partners Opinion survey 	<ul style="list-style-type: none"> Transparent and fair procurement Support and development for mutual growth Punctual payments for products and services delivered and appropriate credit terms 	<ul style="list-style-type: none"> Conformed to procurement regulations and vendor/supplier selection processes with fair and equitable competition Implemented SCB Supplier Code of Conduct and promoted responsible business operations among business partners Implemented green procurement practices Revised credit terms from 45-60 days to 15 days for increased liquidity of business partners until the COVID-19 situation improves

Competitors



Communication approach and channel	Key expectation/concern	SCB's response
<ul style="list-style-type: none"> Meetings and consultation Thai Bankers' Association 	<ul style="list-style-type: none"> Fair competition Industry-level development 	<ul style="list-style-type: none"> Treated competitors with ethics and transparency Ensured honest and responsible fulfillment of obligations to competitors Respected the interests of competitors and avoided actions that could impede fair competition Respected the intellectual property rights of counterparts and competitors

Creditors



Communication approach and channel	Key expectation/concern	SCB's response
<ul style="list-style-type: none"> • Creditor meetings and visits • Via post and electronic media • SCB website • Annual report 	<ul style="list-style-type: none"> • Corporate governance • Satisfactory financial results • Adaptability and resilience amid change • Punctual repayment and payment 	<ul style="list-style-type: none"> • Adoption of corporate governance principles in parallel with proactive risk management and strict compliance with laws • Development of strategy and operations to create long-term shared value amid change • Strict compliance with obligations and agreements made with creditors, including guarantee conditions and with obligations regarding effective capital and liquidity

3.2 Anti-Corruption

SCB was first certified as a member of Thailand's Private Sector Collective Action Coalition Against Corruption (CAC) in 2014. This underlines its determination and commitment to fight corruption in all forms as well as its aspiration to promote a culture of zero tolerance of corruption and bribery. The CAC membership must be re-certified every three years and, as part of the recertification process, each CAC member is required to complete an anti-corruption self-assessment, which is based on a highly rigorous standard.

In 2021, the Bank attended a virtual certificate ceremony for companies that successfully completed the CAC certification process in 2020. Photos of executives of CAC-certified companies holding CAC certificates were featured at the ceremony.

Anti-corruption practices:

- 1) The Bank has enforced its Anti-Corruption and Bribery Policy, which serves as anti-corruption guidelines, upon all companies in the SCB Financial Group. This policy has been communicated to directors, executives and employees at all levels to

ensure that they recognize and understand their obligations and responsibilities in this respect and apply the policy in the workplace to the best of their abilities.

- 2) All employees are required to enroll in relevant training courses, such as e-learning courses on anti-money laundering/combating the financing of terrorism (AML/CFT), and anti-corruption and bribery. They must pass relevant tests to complete these mandatory courses and must periodically enroll in refresher courses within a specified time frame.
- 3) In 2021, the Bank continued to strictly uphold the No-Gift Policy to promote a culture of transparency and integrity and prevent corruption.
- 4) To extend anti-corruption and bribery initiatives to a wider context, the Bank has encouraged its suppliers, as key stakeholders of the Bank, to adopt the same principles and concepts and has developed the "SCB Supplier Code of Conduct" as a guiding framework for its suppliers.

- 5) The Bank has set up complaint channels, such as the Whistleblower Program, for complaints about wrongdoing or suspected fraud or corruption. To actively monitor and evaluate compliance with the Anti-Corruption Policy, the Bank regularly assesses its corruption and bribery exposure, with the Audit Committee being responsible for overseeing the Bank's internal controls to ensure that they are adequate and effective in protecting the Bank from the risk of corruption and bribery as well as reporting the results to the Board of Directors.

3.3 Contact Channels for Stakeholders

The Bank provides multiple channels for various groups of stakeholders to directly contact the relevant units as follows:

- Customers or third parties can communicate with the Bank through branch staff or relationship managers/officers or through the Call Center at 0-2777-7777, or by writing to senior executives of the Bank. All communications are recorded, monitored and responded to within a specified period. The Bank also has established a complaint management team with a major role in identifying corrective measures and ensuring that relevant units resolve customer complaints within applicable service level agreements, which are published on the Bank's website for customers' reference.
- Employees are provided with multiple channels to submit their complaints and reports of misconduct to the Bank. Employees can voice their opinions and report on any unfair treatment, fraudulent activity or suspicion of misconduct, either directly to their supervisors or through the following channels:
 - SCB's Whistleblower Policy provides a channel through which employees can report complaints, fraud or non-compliance with the Bank's

regulations, rules and Code of Conduct as well as acts that may cause damage to customers and the SCB Financial Group, including any unfair treatment they might have suffered. The aim is to ensure the Bank's adherence to its principles of transparency and corporate governance. There are multiple reporting channels available to employees, e.g., via e-mail (whistleblower@scb.co.th) or via post to P.O. Box 177, Chatuchak Delivery Post Office 10900, or via telephone (at 0-2544-2000). A brief report on action taken in this regard is presented to the Audit Committee every quarter.

It is the Bank's policy to maintain strict confidentiality to protect whistleblowing employees from retaliation or adverse consequences. An independent investigation team will be set up to investigate any reported issue or suspicious behavior. If there are proven grounds for a complaint, the matter will be escalated in accordance with the following procedure:

- Employees submit opinions, reports, grievances or complaints relating to fraud via a range of channels, where they can choose to remain anonymous, and each case will be treated as confidential.
- The working team conducts a preliminary investigation. The progress will be reported to the informants if they have chosen to be identified.
- The working team forwards proven cases of misconduct to relevant units in order to appoint an investigation committee according to the Bank's regulations or to the Financial Crime & Security Services Division of SCB for further action.

In 2021, there were a total of 48 reported cases, divided into 24 cases of non-compliance, 10 cases of discrimination and harassment, five cases of workplace misbehavior, five cases of dishonest behavior, two cases of malpractice and two cases of seeking undue benefits. Of these, 42 have been investigated and resolved, and six are still being processed. The Bank has set out suitable punishments for these offences, e.g., written warning, wage deduction or employment termination. Following the investigation and escalation process, there was one case where the Bank imposed punishment in the form of a written warning to the offender. Employees at all levels are encouraged to report incidents or cases that may have adverse impact on the Bank via channels provided so that the Bank can initiate relevant processes and actions.

- o HR Call Center, which is a channel for employees to make inquiries relating to employment and/or benefits or to share opinions, can be reached at 0-2544-4444.

Further, all stakeholders can raise complaints, or make suggestions or comments to the Board and the management of the Bank by contacting:

Company Secretary



The Siam Commercial Bank PCL
9 Ratchadapisek Road,
Chatuchak, Bangkok 10900

Telephone : 0-2544-4210



Fax : 0-2937-7931

E-mail : company_secretary@scb.co.th

Also, the Bank has established a clear policy and procedure for handling complaints from customers, employees and other stakeholders. All complaints received are kept confidential, investigated and resolved as well as reported to the Audit Committee and the Board subsequently.

4. Disclosure and Transparency

4.1 Disclosure Policy and Practices

The Bank's disclosure policy and practices are stated in the Corporate Governance Policy. Disclosure of the Bank's information shall be in accordance with the following key principles:

- 1) Information to be disclosed must be accurate, adequate and clear as well as disclosed on a timely basis.
- 2) Disclosure must properly and completely comply with all applicable rules and regulations.
- 3) Stakeholders, including shareholders, investors, analysts and interested persons, must have equal right of access to information disclosed by the Bank.
- 4) Information that may affect the Bank's share price, influence investors' decisions, or affect the rights of shareholders must be immediately disclosed to the public through the Stock Exchange of Thailand.

The Bank has designated responsible persons for the disclosure of the Bank's information to regulators, shareholders and the general public within a specified time frame. For example, an audited annual financial statement is released within 60 days from the end of each fiscal year and an audited quarterly financial statement is disclosed within 45 days from the end of each quarter together with the Management Discussion and Analysis (MD&A) to give investors a clear picture of the Bank's operating results.

In addition to financial information disclosure to regulators, shareholders and the public as mentioned above, the Bank regularly holds press conferences and media events

and issues press releases to publicize and promote its activities.

The Bank's Corporate Governance Policy also requires directors and management to disclose their holdings of the Bank's shares. Changes in holdings of the Bank's shares by directors and executives in 2021 are shown in the "Report of Holdings of SCB Ordinary Shares by SCB Directors and Members of Senior Management" section of this Annual Report.

4.2 Investor Relations

SCB's Investor Relations Function is responsible for providing accurate, adequate and clear disclosure of the Bank's information to investors on a timely basis in accordance with the Bank's disclosure principles and applicable laws. In addition to its planned activities, such as meetings with investors and analysts, investor conferences and roadshows, Investor Relations serves as the primary point of contact for all shareholders, analysts, fund managers, bondholders and rating agencies. The Chief Executive Officer, the presidents, the Chief Financial Officer and other senior executives of the Bank regularly participate in investor relations activities. At present, Miss Wannaporn Bulsuk, Senior Vice President, Investor Relations, is in charge of the Investor Relations Function.

Disclosure activities undertaken by Investor Relations in 2021 are summarized below:

Form of activity	Frequency (times)
One-on-one meetings and/or conference calls with investors and analysts	68
Meetings with securities analysts	5
Investor conferences	21

The Investor Relations Code of Conduct is published on www.scb.co.th under the sequence of menu headings "About SCB," "Investor Relations," and then "Code of Conduct for Investor Relations." Contact information for Investor Relations is as follows:

Investor Relations



The Siam Commercial Bank PCL
19th Floor, Zone B, 9 Ratchadapisek Road, Chatuchak, Bangkok 10900

Telephone : 0-2544-4269



E-mail : investor.relations@scb.co.th

Website : www.scb.co.th

4.3 Auditors

Auditors' qualifications are vetted by the Audit Committee in terms of their independence, suitability, accountability and absence of any conflict of interest with respect to the Bank and its subsidiaries, management, major shareholders or related parties. The qualifications are also reviewed by the Bank of Thailand and the Securities and Exchange Commission (SEC). The Audit Committee reviews annual audit fees based on the scope of the audit and proposes qualified auditors and appropriate audit fees to the Board for consideration prior to proposing to the AGM for approval.

In 2021, the total audit fees of the Bank and its subsidiaries were Baht 39.3 million. In addition, the Bank and its subsidiaries paid fees for services other than statutory audits as follows:

- Audits and examination as required by regulators, i.e., special audits and examination of banking returns
- Transfer pricing services

- Penetration testing
- Credit review
- Tax services
- Agreed upon procedure (AUP) – Assets Revaluation

Non-audit fees were Baht 24.6 million, of which Baht 5.0 million was paid in the fiscal year of 2021, while the remaining outstanding amount of Baht 19.6 million will be paid in 2022.

5. Responsibilities of the Board

• Nomination of Directors and Senior Executives

The Nomination, Compensation and Corporate Governance Committee is responsible for nominating to the Board qualified candidates whose qualifications match the Bank's strategic requirements to serve as directors and members of Board committees. Nominations are based on each candidate's knowledge, abilities, expertise and past experience in relation to each vacancy's requirements, a board skill matrix that is employed as a screening tool, and, in the case of independent directors, the independence of the candidate. The Bank proceeds with its due diligence process to ensure that qualifications of nominated individuals are not contrary to relevant laws and conform to the Bank's policies governing directors' holding of position in other companies. The Nomination, Compensation and Corporate Governance Committee selects candidates for directorship from the director pool of the Thai Institute of Directors Association (IOD), the nominations proposed by each director, the directors accepting re-appointment offers, and the nominations by shareholders of the Bank. After thoroughly vetting each candidate's qualifications to ensure compliance with laws and regulations (where applicable), the Nomination, Compensation and Corporate Governance Committee will propose the nominations to the Board for consideration. Following the Board's approval, the Bank will consult with and seek endorsement from the Bank of Thailand prior to proposing the nominations to the shareholders, if applicable, for approval of the appointment.

To ensure that the director nomination and selection are in line with the Bank's strategic and business directions, the Nomination, Compensation and Corporate Governance Committee has defined the qualification screening criteria, which set out three aspects of attributes and expertise that constitute desired qualifications of directors: 1) knowledge, expertise, or experience in macro-level management, 2) knowledge, expertise, or experience specific to the management of financial institutions, and 3) knowledge, expertise, or experience in other fields deemed useful to the Board. For the effectiveness of the director screening and nomination, the Nomination, Compensation and Corporate Governance Committee regularly reviews and updates the board skill matrix.

In addition to the nomination of the Bank's directors, the Nomination, Compensation and Corporate Governance Committee is responsible for reviewing and screening qualifications of candidates for positions at the level of Executive Vice President and higher, prior to proposing the nominations to the Board for approval and subsequently to the Bank of Thailand for endorsement of the senior executive appointment. The Nomination, Compensation and Corporate Governance Committee also oversees the formulation of policies, criteria and procedures for the nomination and remuneration of directors and persons with management authority of companies in the SCB Financial Group.

The process for nomination, selection and appointment of directors and senior executives, and the oversight of the formulation of policies, criteria and procedures for the nomination and remuneration of directors and persons with management authority of companies in the SCB Financial Group as mentioned above, are conducted by the Board, the Nomination, Compensation and Corporate Governance Committee and relevant executives of the Bank without any discrimination on race, religion, gender, marital status or physical disability.

- **Directors' Term of Office**

One-third of the total number of directors must retire by rotation at every annual general meeting of shareholders, whereby directors who have held office for the longest time shall retire. In the case that the total number of directors is not divisible by three, the number of directors to retire shall be the number closest to one-third of all directors. Directors retiring by rotation may be re-elected to continue their office.

To promote transparency and compliance with corporate governance principles and stipulations governing corporate governance of financial institutions, the Bank has limited the office term of independent directors to nine consecutive years and may allow for, provided that there are reasonable grounds, the continuation of their tenure for one additional term at a maximum. At the 2021 AGM, Mr. Weerawong Chittmittrapap, who had served as Independent Director for six years and seven months, was reappointed by the shareholders to continue his directorship for another term, upon the end of which his tenure as independent director will be nine years and seven months in total.

Regarding the tenure of directors on the six Board committees, namely the Executive Committee, the Audit Committee, the Nomination, Compensation and Corporate Governance Committee, the Risk Oversight Committee, the Technology Committee, and the Corporate Social Responsibility Committee, their tenure shall be concurrent with their directorships.

- **Directorships of Other Companies**

The Bank has established a clear policy on holding of positions by the Bank's directors and senior executives in other companies. The Bank's directors are not allowed to hold directorship in more than five listed companies in Thailand and other countries (namely SCB and four other listed companies). This is in line with the Bank of Thailand's Notification Re: Corporate Governance of Financial

Institutions, the 2017 CG Code, and the corporate governance principles stipulated by the Thai Institute of Directors Association. Furthermore, to comply with the Bank of Thailand's Notification Re: Corporate Governance of Financial Institutions, holding of positions by directors, managers, persons with management authority, and advisors of the Bank as a chairman and/or an executive director and/or an authorized director of other companies shall be limited to three business groups only.

In addition to the policies stated above, the Bank has an internal guideline pertaining to holding of positions in other companies, which requires the Bank's directors to notify the Nomination, Compensation and Corporate Governance Committee of their positions in other companies or organizations so that the Committee can review whether such appointment is appropriate and in compliance with relevant laws and regulations. The Company Secretary will report changes in such positions held by each director to the Board. Information on positions held by the Bank's directors in other companies, which is disclosed to shareholders in this Annual Report and/or executive director and/or authorized director of other companies in more than three business groups.

- **Director Orientation**

Upon the appointment of a new director, the Bank arranges orientation meetings in which the Chairman of the Board will share and discuss the directions of the Board and the Chief Executive Officer and/or senior executives will brief the new director on the Bank's vision, strategies, key business targets, performance highlights and relevant regulatory rules. Also, important documents are provided to each new director, i.e., the Director's Manual, the Memorandum and Articles of Association of the Bank, the Bank's Annual Report, SCB Code of Conduct, and Code of Conduct for Directors, Executives and Employees. These documents contain information that is important and vital for their performance as directors, such as

roles and responsibilities of directors, the Corporate Governance Policy, approval authority, prohibitions under applicable laws, roles and duties of Board committees, and the Anti-Corruption and Bribery Policy.

- **Director, Executive and Employee Development**

- **Director Development**

The Bank consistently attaches importance to director development and encourages directors to regularly participate in courses or activities to enhance their knowledge relevant to their roles and duties as members of the Board and Board Committees. This includes courses and activities arranged by the Stock Exchange of Thailand, the Securities and Exchange Commission, the Thai Institute

of Directors Association and other institutions. Directors are also encouraged to attend overseas seminars and activities related to corporate governance practices and are regularly informed of useful training courses.

Furthermore, the Board has directed the Bank to arrange appropriate development programs for directors on an ongoing basis to ensure that directors remain current with skills and knowledge relevant to their performance as members of the Board and Board committees. Additionally, the Bank arranges workshops or seminars at least once per year as a knowledge exchange forum for directors. Details of each director's participation in development programs and training courses in 2021 are shown in Table 3.

Table 3 Participation of Directors in Training Courses and Development Programs in 2021

Name	Course/Subject	Organizer
1. Mr. Prasan Chuaphanich	Board Nomination and Compensation Program	Thai Institute of Directors Association
	Director Leadership Certification Program	Thai Institute of Directors Association
	National Director Conference 2021	Thai Institute of Directors Association
	Cyber Armor: Capital Market Board Awareness about Capital Market Threat Landscape	Securities and Exchange Commission
2. Mr. Kan Trakulhoon	Cyber Resilience Leadership: Herd Immunity	Bank of Thailand in collaboration with Securities and Exchange Commission and Office of Insurance Commission
	National Director Conference 2021: Leadership Behind Closed Doors	Thai Institute of Directors Association
	Cyber Armor: Capital Market Board Awareness about Capital Market Threat Landscape	Securities and Exchange Commission

Table 3 Participation of Directors in Training Courses and Development Programs in 2021

Name	Course/Subject	Organizer
3. Dr. Thaweesak Koanantakool	eFactoring Workshop	Bank of Thailand
	Advanced Management Program (AMP-172)	Harvard Business School
	Cyber Armor: Capital Market Board Awareness about Cybersecurity and Intelligence Threats Assessment	Securities and Exchange Commission
4. Dr. Pasu Decharin	Ethical Leadership Program (ELP), Class 23/2021	Thai Institute of Directors Association
	National Director Conference 2021: Leadership Behind Closed Doors	Thai Institute of Directors Association
	Cyber Armor: Capital Market Board Awareness about Capital Market Threat Landscape	Securities and Exchange Commission
	Cyber Armor: Capital Market Board Awareness about Cybersecurity and Intelligence Threats Assessment	Securities and Exchange Commission
5. Mr. Chaovalit Ekabut	Cyber Resilience Leadership: Herd Immunity	Bank of Thailand in collaboration with Securities and Exchange Commission and Office of Insurance Commission
	National Director Conference 2021: Leadership Behind Closed Doors	Thai Institute of Directors Association
	Cyber Armor: Capital Market Board Awareness about Cybersecurity and Intelligence Threats Assessment	Securities and Exchange Commission
6. Dr. Lackana Leelayouthayotin	Cyber Resilience Leadership: Herd Immunity	Bank of Thailand in collaboration with Securities and Exchange Commission and Office of Insurance Commission
7. Dr. Pailin Chuchottaworn	Cyber Resilience Leadership: Herd Immunity	Bank of Thailand in collaboration with Securities and Exchange Commission and Office of Insurance Commission
8. Miss Jareeporn Jarukornsakul	Cyber Armor: Capital Market Board Awareness about Cybersecurity and Intelligence Threats Assessment	Securities and Exchange Commission

Name	Course/Subject	Organizer
9. Miss Chunhachit Sungmai	Advanced Leadership Program	Capital Market Academy
	Director Certification Program	Thai Institute of Directors Association
	Advanced Audit Committee Program	Thai Institute of Directors Association
10. Mrs. Pantip Sripimol	Cyber Armor: Capital Market Board Awareness about Cybersecurity and Intelligence Threats Assessment	Securities and Exchange Commission

o Executive and Employee Development

Despite internal and external changes brought about by technological development, the COVID-19 pandemic, unfavorable economic conditions and “work from anywhere” practices, continuous development of executives and employees remained one of the Bank’s top priorities, with a strong focus on leadership skills and 21st century skills (human intelligence for future workforce) to build future leaders who can lead highly effective teams, drive the organization toward its goals and adapt to changes with ambidexterity.

Leadership development programs for managers and executives of the Bank are based on the five dimensions of ambidextrous leadership: 1) Leading strategy – Ability to devise a long-term strategy and work around the existing strategy to take advantage of short-term opportunities; 2) Leading execution – Ability to drive execution, manage operations effectively and consistently deliver results; 3) Leading teams – Ability to build a positive team environment that is supportive of members’ pursuit and achievement of established goals; 4) Leading people – Ability to help employees realize their growth potential and achieve excellence; and 5) Leading self – Ability to engender self-awareness and growth ambition which are qualities of an inspiring leader. These leadership development programs were delivered through blended learning solutions, such as online learning platforms,

virtual live classrooms, coaching, learner discussions and hands-on learning, which proved to be highly effective and efficient and appropriate for the situation and employees’ learning behaviors.

Recognizing that rapid changes in technologies, innovation and ways of work brought about new challenges and complexities, the Bank also offered 21st century skill development programs, in addition to leadership skill development, that would equip executives and employees at all levels to cope with change and adopt new ways of thinking and working befitting the future workplace. These 21st century skills can be divided into three main categories as follows:

- 1) Critical thinking: Ability to think creatively and critically, find solutions to complex problems, and make decisions.
- 2) Interacting with others: Ability to work with, communicate with, motivate and convince others.
- 3) Staying relevant: Ability to direct and develop one’s capacity to learn, understand and gain digital skills and knowledge.

Self-directed learning is still encouraged among employees at all levels as it supports the Bank’s effort in becoming a learning organization. SCB Academy SharePoint has been developed and made available on the Bank’s Microsoft SharePoint as a library of useful

knowledge with various learning and self-development tools. It also serves as an internal forum for employees to communicate, share and learn various skills and knowledge. Course contents have been designed with customer centricity in mind to best match the needs of employees and real-life practices in the future digital workplace. In 2021, there were more than 300,000 self-learning visits to the SCB Academy SharePoint by more than 8,500 employees.

The Bank also furthered its learning projects on new digital platforms to accelerate the development of digital skills and learning skills (Learning How to Learn) among employees through self-learning channels such as the LHL Brainery page on Facebook that is open to employees, external learners and organizations and which features world-class and easy-to-practice contents and knowledge related to learning skills. As for the online learning website Phonlamuangdigital Academy (<http://pmd.academy>), the number of digital skill modules (micro modules of digital skill and learning skill courses) completed by learners was more than one million. Regarding the development of intermediate digital skills dealing with data analytics, design thinking, lean foundation and agility, learning programs were further refined to be more comprehensive and inclusive of case studies specific to the Bank and were delivered through various learning formats such as online lessons, workshops, coaching by experts, and experimentation via real-life projects that can be practically applied to work after the course completion.

- **Board and Senior Executive Assessment**

- **Board and Board Committee Assessment**

The Board assessment is conducted annually and is divided into four parts: 1) Board assessment, 2) Board sub-committee assessment, 3) individual director assessment, and 4) Board Chairman assessment. An assessment form is sent to each director at the end of each year by the Company

Secretary, who is also in charge of compiling and presenting the assessment results to the Nomination, Compensation and Corporate Governance Committee. The assessment results and recommendations gathered are subsequently presented to the Board for acknowledgment and discussion regarding further improvement of the Board's performance. Aiming to enhance the Board assessment in accordance with the Stock Exchange of Thailand's Corporate Governance Code for Listed Companies, the Bank has since 2012 engaged an external consulting firm that has experience and expertise in corporate governance to conduct the Board assessment process every three years or when appropriate.

In 2021, the Bank undertook the process of restructuring the SCB Financial Group by establishing SCB X Public Company Limited as the parent company of the financial group (subject to approval from relevant regulators) and renewed the group's vision. Given many implications and changes associated with this transformation, the Board deemed it appropriate to skip the engagement of an external consulting firm in the 2021 Board performance assessment and adopt only the self-evaluation and cross-evaluation. Details are as follows:

- 1) **Board Assessment:** Assessment topics were: Board composition, information management, Board processes, representation of shareholders and environmental, social and corporate governance (ESG), managing the Bank's performance, Board strategy and priorities, management performance and succession planning, director development and management, and risk management.
- 2) **Board Sub-Committee Assessment:** Key assessment topics were: performance of duties as specified in the charters of the Board sub-committees; compliance with applicable supervisory rules;

regulations and principles; promotion of open communications, participation and rigorous decision-making at Board sub-committee meetings; frequency of Board sub-committee meetings and time for discussion at such meetings; access to information relevant to issues discussed at the meetings; and calendar of pre-scheduled meetings for regular agenda items. All directors are engaged in the assessment of every Board sub-committee to better reflect each Board sub-committee's performance.

- 3) Board Chairman Assessment: This section evaluated the performance of the Chairman of the Board in relation to: 1) Effective management and facilitation of Board meetings and shareholder meetings such as setting meeting agendas, encouraging contributions and different perspectives from all directors, effectively summarizing the outcomes from the meetings, ensuring that meeting minutes are adequately recorded and disseminated in a timely manner, and demonstrating leadership, and 2) Working with directors such as facilitating clear communication between the executive and non-executive directors, following up on the assessment of each director to elicit performance improvements, and leading the Board to perform effectively.
- 4) Individual Director Assessment: Key assessment topics were: contribution, knowledge and abilities, collaboration, integrity, and support for the Board.

There were also open-ended questions designed to solicit opinions and suggestions from directors to further improve the Board's performance, especially in the midst of the SCB Financial group restructuring and the highly challenging environment.

The average rating of the four sections under the 2021 Board assessment was "Very Good (Exceeding Expectation)." The Board

worked closely with the management and was involved in the deliberation and implementation of the SCB X Financial Group restructuring roadmap that responds to digital transformation in the financial service industry.

In fulfilling its monitoring roles, the Board monitored and assisted the management in extending assistance to customers affected by COVID-19. In addition, directors offered recommendations on areas for development to further enhance the Board's performance and effectiveness in various dimensions, and the Board is committed to applying the findings from the assessment to its performance development.

o Senior Executive Assessment

The performance assessment of the Chief Executive Officer is conducted by the Nomination, Compensation and Corporate Governance Committee and is referred to the Board for approval. For the presidents and senior executives at and above the level of Executive Vice President, their performance is assessed by the Chief Executive Officer against the predetermined criteria, and the assessment results are proposed to the Nomination, Compensation and Corporate Governance Committee and subsequently to the Board for approval. These performance assessments are conducted annually.

• Succession Planning

The Board has assigned the Nomination, Compensation and Corporate Governance Committee the responsibility of succession planning to ensure that the Bank has in place a succession plan that incorporates nomination, selection and training for key positions, particularly the positions of Chief Executive Officer, presidents and executives at the level of Executive Vice President or higher. This is to ensure the continuity of the Bank's management and business operations when executive positions become vacant due to new appointment, job transfer, retirement, resignation or any other reason.

The Bank's succession planning classifies key positions into two categories, i.e., 1) critical positions and 2) strategic positions. Succession plans for all of these positions are systematically developed in accordance with the Bank's well-defined processes.

• **Board Meetings**

Meetings of the Board of Directors are held in accordance with the rules and procedures specified in the charter of the Board and the Corporate Governance Policy. The Board meeting is scheduled to be held once every month (except December), and the meeting schedule is planned in advance for the entire year. The Chairman of the Board determines the agenda of each Board meeting, whereby directors and the Chief Executive Officer may propose agenda items through the Company Secretary. In addition, the Board has a policy to call a meeting of independent directors and non-executive directors on a semi-annual basis. There are also joint meetings of the chairmen of all Board committees that were first initiated by the Board in 2013.

A Board meeting invitation, meeting agenda and supporting documents are sent to all directors at least five business days prior to the meeting date, except in the case of an urgent meeting that is required to protect the Bank's rights or benefits, so that directors may have sufficient time to study such information, unless an urgent necessity requires otherwise. Directors can request additional information through the Company Secretary.

At each Board meeting, all presidents attend the meeting and make a presentation on agenda items concerning their areas of responsibility in order to provide relevant details to the directors. In addition, the Board has specified in its charter that at least two-thirds of all directors should be present during the voting procedure.

In 2021, there were a total of 13 physical and virtual Board meetings, all of which were held according to the pre-scheduled annual Board meeting calendar. The meeting attendance of the Board was 99.1 percent, and the meeting attendance of every director was above 75 percent, which is in compliance with the charter of the Board prescribing that directors shall attend at least 75 percent of the total Board meetings unless there is an overriding and reasonable necessity. Details of individual directors' attendance in the meetings of the Board and Board Committees in 2021 are as shown in Table 4.

In addition, the Bank arranged three joint meetings of the chairmen of all Board committees in 2021 to facilitate close collaboration among all Board committees and their joint deliberation and guidance on the management's business operations amid the group's business restructuring efforts.

Table 4 Individual Directors' Meeting Attendance in 2021

Unit: Meeting

Name	Position	Meeting							AGM	EGM No. 1/2021
		Board of Directors	Executive Committee	Audit Committee	Nomination, Compensation and Corporate Governance Committee	Risk Oversight Committee	Technology Committee	Corporate Social Responsibility Committee		
1. Dr. Vichit Suraphongchai	Chairman of the Board and Chairman of the Corporate Social Responsibility Committee	13/13						9/9	1/1	1/1
2. Mr. Prasan Chuaphanich	Independent Director and Chairman of the Audit Committee	13/13		14/14					1/1	1/1
3. Mr. Kan Trakulhoon	Independent Director, Chairman of the Nomination, Compensation and Corporate Governance Committee and Member of the Executive Committee	13/13	27/28		24/24				1/1	1/1
4. Mr. Krirk Vanikkul	Independent Director and Chairman of the Risk Oversight Committee	13/13			13/13				1/1	1/1
5. Dr. Thaweesak Koanantakool	Independent Director, Chairman of the Technology Committee and Member of the Nomination, Compensation and Corporate Governance Committee	13/13			24/24		12/12		1/1	1/1
6. ACM Satitpong Sukvimon	Director and Member of the Corporate Social Responsibility Committee	13/13						9/9	1/1	1/1
7. Pol. Col. Thumnithi Wanichthanom	Director and Member of the Corporate Social Responsibility Committee	13/13						9/9	1/1	1/1
8. Dr. Pasu Decharin	Independent Director, Member of the Audit Committee and Member of the Risk Oversight Committee	13/13		14/14		13/13			1/1	1/1
9. Mr. Weerawong Chittmittrapap	Independent Director and Member of the Nomination, Compensation and Corporate Governance Committee	13/13			24/24				1/1	1/1
10. Mr. Chaovalit Ekabut	Independent Director and Member of the Audit Committee	13/13		14/14					1/1	1/1
11. Dr. Lackana Leelayouthayotin	Independent Director and Member of the Executive Committee	13/13	27/28						1/1	1/1
12. Dr. Pailin Chuchottaworn	Independent Director, Member of the Executive Committee and Member of the Technology Committee	11/13	27/28				12/12		1/1	0/1
13. Miss Jareeporn Jarukornsakul	Director, Member of the Technology Committee and Member of the Corporate Social Responsibility Committee	13/13					12/12	9/9	1/1	1/1

Unit: Meeting

Name	Position	Meeting								EGM No. 1/2021
		Board of Directors	Executive Committee	Audit Committee	Nomination, Compensation and Corporate Governance Committee	Risk Oversight Committee	Technology Committee	Corporate Social Responsibility Committee	AGM	
14. Mr. Chakkrit Parapuntakul	Director, Member of the Executive Committee and Member of the Nomination, Compensation and Corporate Governance Committee	13/13	27/27		20/22				1/1	1/1
15. Miss Chunhachit Sungmai	Director and Member of the Risk Oversight Committee	12/12			11/12				1/1	1/1
16. Mrs. Pantip Sripimol	Director and Member of the Risk Oversight Committee	10/10			8/10				n/a	1/1
17. Mr. Arthid Nanthawithaya	Director, Chief Executive Officer, Chairman of the Executive Committee, Member of the Risk Oversight Committee and Member of the Technology Committee	13/13	28/28		12/13	12/12			1/1	1/1
18. Mr. Prapas Kong-ied ^{1/}	Director and Member of the Risk Oversight Committee	1/1							n/a	n/a

Remark: ^{1/} Changes in the Board and Board committees are detailed in an annex to this Corporate Governance Report.

• Director Remuneration

The Board has a policy that director remuneration shall be commensurate with the functional duties of directors, who must fulfill the expectations of various groups of stakeholders and comply with applicable laws and regulations. It is thus required that the Bank's directors possess appropriate experience and qualifications and each director's remuneration reflect his/her contributions, responsibilities and risks associated. The Nomination, Compensation and Corporate Governance Committee is responsible for proposing remuneration of members of the Board and Board committees to the Board for consideration and, subsequently, to shareholders for approval each year.

At the 2021 AGM, the shareholders resolved to approve the Chairman of the Board's remuneration of Baht 1.8 million per year, and each member of the Board's remuneration of Baht 1.2 million per year. These rates have been unchanged since 2000. The annual remuneration paid to 17 directors in 2021 totaled Baht 45.77 million.

At the same AGM, shareholders approved a bonus payment to directors as a group at a rate of no more than 0.5 percent of dividend and authorized the Board to determine the appropriate bonus amount and allocation within the said rate. Since shareholders approved the 2020 dividends at Baht 2.30 per share or Baht 7,818 million in total, the directors' bonus for 2020 was set at Baht 39.09 million in total or 0.5 percent of the dividends.

Remuneration of the Board committees in 2021 as approved by the 2021 AGM is shown below.

Committee	Monthly remuneration (Baht)	Attendance fee (Baht/meeting)
Executive Committee		
• Chairman	-	-
• Member	300,000	-
Audit Committee		
• Chairman	75,000	15,000
• Member	50,000	10,000
Nomination, Compensation and Corporate Governance Committee		
• Chairman	45,000	15,000
• Member	30,000	10,000
Risk Oversight Committee		
• Chairman	45,000	15,000
• Member	30,000	10,000
Technology Committee		
• Chairman	45,000	15,000
• Member	30,000	10,000
Corporate Social Responsibility Committee		
• Chairman	45,000	15,000
• Member	30,000	10,000

Remark: Executive directors and senior executives of the Bank do not receive remuneration for serving on Board committees

Details of the monetary remuneration for individual directors are shown in Table 5.

Table 5 Details of Monetary Remuneration for Individual Directors in 2021

Name	Board of Directors	Executive Committee	Audit Committee	Nomination, Compensation and Corporate Governance Committee	Risk Oversight Committee	Technology Committee	Corporate Social Responsibility Committee	Directors' bonus for 2020 performance	Unit: Baht Million
1. Dr. Vichit Suraphongchai	1.80						0.68	3.42	
2. Mr. Prasan Chuaphanich	1.20		1.11					2.28	
3. Mr. Kan Trakulhoon	1.20	3.60		0.90				2.28	
4. Mr. Krirk Vanikkul	1.20				0.74			2.28	
5. Mr. Thaweesak Koanantakool	1.20			0.60		0.72		2.28	
6. ACM Satitpong Sukvimol	1.20						0.45	2.28	
7. Pol. Col. Thumnithi Wanichthanom	1.20						0.45	2.28	
8. Dr. Pasu Decharin	1.20		0.73		0.49			2.28	
9. Mr. Weerawong Chittmittrapap	1.20			0.60				2.28	
10. Mr. Chaovalit Ekabut	1.20		0.74					2.28	
11. Dr. Lackana Leelayouthayotin	1.20	3.60						2.28	
12. Dr. Pailin Chuchottaworn	1.20	3.60				0.48		2.28	
13. Miss Jareeporn Jarukornsakul	1.20					0.48	0.45	2.28	
14. Mr. Chakkrit Parapuntakul	1.15	3.44		0.54				1.70	
15. Miss Chunhachit Sungmai	1.04				0.42			0.00	
16. Mrs. Pantip Sripimol	0.88				0.34			0.00	
17. Mr. Arthid Nanthawithaya	1.20							2.28	
18. Mr. Prapas Kong-ied ^{/1}	0.10				0.04			2.28	
19. Mr. Ekamol Kiriwat ^{/2}								2.05	
Total	20.57	14.24	2.58	2.64	2.03	1.68	2.03	39.09	

Remark:

- Changes in the Board and Board committees are detailed in an annex to this Corporate Governance Report.
- Mr. Ekamol Kiriwat vacated his positions as Director and Member of the Audit Committee on November 26, 2021.
- For each joint meeting of the Board committees, entitlement to the attendance fee of each director is limited to only one Board committee (in case the director serves on several Board committees).
- Directors receiving remuneration for their directorships in subsidiaries of the Bank in 2021 are Mr. Kan Trakulhoon (Baht 2.40 million), Dr. Pailin Chuchottaworn (Baht 2.40 million), Miss Jareeporn Jarukornsakul (Baht 2.50 million), Dr. Thaweesak Koanantakool (Baht 0.76 million) and Dr. Pasu Decharin (Baht 0.76 million).

Directors are entitled to other benefits and welfare in accordance with the Bank's regulations. Their medical benefits, including an annual medical check-up, are equivalent to those offered to the Bank's executives at Executive Vice President level or higher, and the Chairman of the Board is additionally entitled to a company car benefit. In 2021, non-executive directors of the Bank received welfare benefits (medical benefits, annual medical check-up and life insurance) of Baht 0.54 million in total.

- **Internal Control and Risk Management**

The Bank regularly monitors its internal control system and risk management system and annually evaluates the adequacy of these systems, including the governance of related-party transactions and the prevention of conflicts of interest. The monitoring and evaluation framework is based on the internal control framework developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) which encompasses five key components: 1) control environment, 2) risk assessment, 3) control activities, 4) information and communications, and 5) monitoring activities.

- **Oversight of Companies in the SCB Financial Group**

The Bank, as the parent company, attaches importance to aligning the business direction of each company in the SCB Financial Group to the Bank's policies and processes, to achieve synergy and operational effectiveness.

The Board of Directors has delegated the Nomination, Compensation and Corporate Governance Committee to oversee the formulation of policies governing the nomination and remuneration of directors and persons with management authority of companies in the SCB Financial Group with the aim of recruiting fit and proper candidates for these positions as well as to make recommendations to the Board on the appointment of representative directors and top executives of companies in the SCB Financial Group. This is to enable the alignment between the

policies and management guidelines of companies in the SCB Financial Group and the Bank's key policies and to protect the rights and interest of the Bank and its shareholders. In this connection, the Bank has developed a representative director handbook which defines the roles and responsibilities of representative directors.

The Board has delegated the Audit Committee to oversee and monitor compliance of companies in the SCB Financial Group with the Bank's policies and review their financial statements to ensure accuracy. Also, to promote transparency and prevent conflicts of interest, the Bank, as the parent company, has established policies and regulations governing transactions among companies in the SCB Financial Group based on applicable regulatory and legal requirements to provide them with standard operational guidelines.

Regarding the risk oversight framework, the Bank has delegated the Risk Oversight Committee to control, monitor and oversee risk management practices of all companies in the SCB Financial Group to ensure their compliance with the SCB Financial Group Risk Management Policy, the Intra-SCB Financial Group Transaction Policy and the regulations stipulated by the Bank and relevant regulators. The Risk Management Committee, which is a management-level committee, is in charge of reviewing such policies and proposing them to the Risk Oversight Committee for endorsement and subsequently to the Board for approval. These policies must be reviewed at least annually or upon significant changes to effectively address associated risks.

- **Prevention of Conflicts of Interest**

To manage conflicts of interest arising from its business operations, the Bank implements the following measures, which are based on ethical principles:

- o Adopt controlling, monitoring and preventive measures for transactions involving potential conflict of interest or inappropriate connected or related party transactions by

establishing policies, procedures and processes for considering and approving such transactions. Also, disclosure and approval of connected transactions are made in compliance with applicable regulatory requirements and regulations.

- o Compile reports on conflicts of interest of directors and persons with management authority. The Bank requires its directors and persons with management authority (as defined in the Financial Institutions Business Act B.E. 2551(A.D. 2008)) to report any conflict of interest concerning themselves and their related parties to the Bank through the Company Secretary on an annual basis as well as to notify the Bank of any changes related to their holding of positions in other entities and any material changes to their holding of SCB securities (ordinary shares, debentures, certificates representing the rights to purchase shares and certificates representing the rights to purchase debentures). The Company Secretary is responsible for collecting such reports and submitting the copies of the conflict-of-interest reports to the Chairman of the Board and the Chairman of the Audit Committee in compliance with the Securities and Exchange Act B.E. 2535 (A.D. 1992). This information is also used by the Bank to monitor transactions between the Bank and directors, persons with management authority, and/or their related parties in accordance with applicable legal requirements.

- o Prevention of Misuse of Inside Information
 - Implement controlling measures applicable to securities trading and require directors, executives and employees potentially having access to inside information, and their related parties, to declare their securities trading accounts with the aim of preventing the misuse of inside information acquired in connection with their positions, duties or operations to seek undue benefits for themselves or others.

- Require separate locations for the workplaces of units having operations that might involve conflicts of interest, to prevent information leakage.

- o Related Party and Connected Transactions

- Establish regulations governing connected transactions and a prudent consideration process to protect the best interests of the Bank and its shareholders.
- Require that related party transactions between the Bank and its executives, major shareholders and related parties shall in no way constitute the transfer of the Bank's benefits to related parties.
- Prohibit employees of the Bank who have a stake in or are related to any transactions from participating in the consideration process of such transactions to ensure that the decisions on such transactions are fully for the benefit of the Bank.

- o Giving and Receiving Gifts, Entertainments, and Other Benefits

- Giving and receiving gifts, entertainment and other benefits intended as business courtesies must be discreet, prudent, reasonable and appropriate in terms of value, occasion and customary practice.
- Do not offer, respond to, or solicit bribes or any other inappropriate benefits directly or indirectly to/from customers, government agencies, private entities, or third parties, for the purpose of influencing their objectivity and discretionary decisions or performance of duty, or to gain undue benefits.

- **Misuse of Inside Information for Undue Gains**

The Bank establishes ethical standards within the framework of prevention against conflicts of interest and misuse of inside information. In doing so, the Bank lays emphasis on the confidentiality and management of information of the Bank and its customers and adopts rigorous information management practices as follows:

1. Information Management

- Protect, retain, and treat non-disclosable information of customers and the Bank in accordance with laws. Collection, handling, protection and use of customers' personal information must be appropriately conducted.
- Do not disclose information of customers and the Bank, unless consent is granted by customers or the Bank, as applicable, or otherwise required by relevant laws.

2. Communications

- The Bank aims to disclose its information to shareholders, investors, and the public in an accurate, complete, comprehensive, and timely manner, and in compliance with related laws and regulations.
- Any communication, statement or release of information about the Bank and its businesses and customers must be accurate and appropriate. Such communication, statement or release of information to any press or media member or organization must be conducted only by persons designated to release information on behalf of the Bank.

(B) Measures for Compliance with the Corporate Governance Policy and Practices

To ensure compliance with the established Corporate Governance Policy and practices, the Bank initially builds awareness in this respect among employees and executives at all levels through the dissemination via its website of important policies and regulations that are related to corporate governance. The Bank also offers training courses specifically related to, for example, Codes of Conduct, risk management, and anti-corruption. These courses are mandatory for new joiners, and all employees are required to take relevant refresher courses every year. For matters related to directors and executives, the Bank assigns executives of relevant functions, such as executives of Audit Function, Legal Function, Compliance Function and Human Resources Function, Company Secretary, and secretaries of Board sub-committees, to provide support to the Board

in order that the Board can operate in compliance with applicable legal and regulatory requirements. To that end, relevant policies must be cascaded across relevant departments and discussions with such departments about suitable practices must be regularly held. At each Board meeting, the Board monitors corporate governance matters through the reports from the Board committees.

(C) Reports of Board Committees

- Report of the Executive Committee is shown on page 195
- Audit Committee Report is shown on Attachment 5
- Report of the Nomination, Compensation and Corporate Governance Committee is shown on page 197
- Report of the Risk Oversight Committee is shown on page 87
- Report of the Technology Committee is shown on page 199
- Report of the Corporate Responsibility Committee is shown on page 96

Annex to the Corporate Governance Report

Changes in the Board and Board Committees in 2021

1. Mr. Chakkrit Parapuntakul was appointed as Director, Member of the Executive Committee and Member of the Nomination, Compensation and Corporate Governance Committee on January 18, 2021.
2. Mr. Prapas Kong-ied resigned as Director and Member of the Risk Oversight Committee on February 1, 2021.
3. Miss Chunhachit Sungmai was appointed as Director on February 16, 2021 and as Member of the Risk Oversight Committee on February 18, 2021.
4. Mrs. Pantip Sripimol was appoint as Director and Member of the Risk Oversight Committee on April 8, 2021.

Report of Board Committee

Report of the Executive Committee

The Executive Committee's key duties and responsibilities are to ensure that the operations of the Bank are in accordance with its policies, strategies, business targets and regulations. As set forth in the Charter of the Executive Committee, the Executive Committee is empowered to administer and manage the Bank's businesses and perform tasks assigned by the Board of Directors to achieve the Bank's vision and align with the Bank's mission, as well as to promote the Bank's core values. In addition, the Executive Committee is vested with the power to grant approval on credit requests, investments and business operations according to its scope of authority.

The Executive Committee consists of five directors, namely an executive director who serves as the Chairman of the Executive Committee, three independent directors and a non-executive director.

The banking industry has experienced major challenges in the past several years. Besides the profound and persistent impact of the COVID-19 pandemic on the Thai economy and the banking industry since 2020, the banking business model and structure has been radically reshaped by the unprecedented pace of change in technological developments. New technology has transformed consumer behavior, rendering conventional financial products and services obsolete and unsatisfying amid a shift in needs and expectations of customers and intense rivalry from diverse competitors. To sustain long-term growth and stability of the Bank in this challenging and changing business landscape, the Executive Committee addressed the following priorities in 2021.

1. **Restructuring of SCB Group:** The Executive Committee undertook careful deliberation before proposing to the Board of Directors the new business model and oversight structure of SCB Group in pursuit of greater agility and long-term value. Under the Reimagined SCB strategy, the Bank established SCB X Public Company Limited as the parent company of SCB X Financial Group with a vision to be "The Most Admired Financial Technology Group in ASEAN" and spinning off high-growth and high-potential businesses and products into new companies that will operate independently under a proper risk-return balance and supervision framework while simultaneously growing the financial technology and digital platform businesses. The restructuring proposal is subject to approval from relevant regulators.
2. **Establishment of subsidiaries and joint venture partnerships following the setup of the new business group under the new business model** according to the business restructuring roadmap: The Executive Committee reviewed and proposed to the Board of Directors the incorporation of subsidiaries and joint ventures in partnership with domestic and overseas alliances to operate businesses that support the new vision. These include Card X Company Limited, which operates credit card and personal loan business; Auto X Company Limited, which operates title loan business; AISCB Company Limited, which operates digital lending business; SCB Tech X, which provides information technology services; and Alpha X Company Limited, which offers hire-purchase

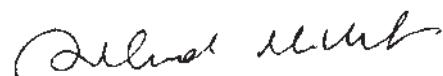
and leasing for cars, motorcycles and watercraft. The Executive Committee also rendered opinions and recommendations in relation to SCB Securities Company Limited's plan to acquire equity in Bitkub Online Company Limited, a digital asset exchange business, from Bitkub Capital Group Holdings Company Limited.

- 3. Support programs for SCB customers affected by COVID-19 pandemic:** The Executive Committee reviewed and proposed to the Board of Directors the comprehensive debt restructuring program under the Bank of Thailand's relief framework governing debt classification and provisioning to help customers survive this economic crisis through comprehensive and sustainable debt solutions.
- 4. Review of SCB business strategy:** The Executive Committee reviewed and proposed to the Board of Directors the SCB business strategy, following the SCB^X restructuring plan. To sustain profitability, the Bank set a new direction "To Be A Better Bank" under the new operating model. The business strategy is focused on digital technology and digital banking services, transforming SCB from a universal bank to a provider of selected services, prioritizing loan portfolio optimization over loan growth, and revamping its service model from branch banking to digital banking.
- 5. Sustainability:** The Executive Committee reviewed and proposed to the Board of Directors an initiative to embrace the Equator Principles (EP), which provide a benchmark

for financing large-scale projects based on the consideration of environmental and social impact mitigation. The EPs are incorporated into the Bank's project financing criteria and operating standards to prevent and reduce project-related environmental impact in alignment with the Bank's sustainability framework.

- 6. Credit approvals:** The Executive Committee considered and approved under its scope of authority and, where applicable, screened credit requests for the Board of Directors' consideration. The Executive Committee also considered and laid out guidelines to resolve major problem loans as well as monitored the status of major loans on a regular basis, including reports of business impacts of situations to ensure appropriate management.
- 7. Financials and investments:** The Executive Committee considered and approved under its scope of authority and, where applicable, screened for the Board of Directors' consideration, the Bank's financials and investments, including financial results, financial disclosures, financial targets, business plans, annual budget, investments and investment guidelines, and other material matters related to business of the Bank and companies in SCB Financial Group.

In 2021, the Executive Committee held 28 meetings.



Mr. Arthid Nanthawithaya

Chief Executive Officer and
Chairman of the Executive Committee

Report of the Nomination, Compensation and Corporate Governance Committee

The Nomination, Compensation and Corporate Governance (NCCG) Committee consists of four directors, who are an independent director serving as chairman, two other independent directors and a non-executive director. The key responsibilities of the NCCG Committee are as set forth in the NCCG Committee Charter and the Corporate Governance Policy.

In 2021, the Bank restructured its business group structure by establishing SCB X Public Company Limited, undergoing organizational transformation in alignment with the corporate strategy and vision. In this connection, the Bank resolutely focused on human resource policies and corporate culture with a view to ensuring that personnel management of the Bank and new entities incorporated under this major restructuring will be able to run smoothly and seamlessly in sync with ongoing business operations. In 2021, the NCCG Committee held 24 meetings, of which 12 were held specifically for deliberations on human resource policies. In its major undertaking related to the Board of Directors, corporate governance and human resources, the NCCG Committee:

1. Reviewed and proposed for the Board's approval the SCB Corporate Governance Policy and the Charter of the NCCG Committee to ensure alignment with the corporate governance principles applicable to financial institutions as stipulated by the Bank of Thailand, the Corporate Governance Code for Listed Companies and international corporate governance standards, such as the Dow Jones Sustainability Indices, Corporate Governance Report of Thai Listed Companies and ASEAN CG Scorecard. The Committee also exercised oversight to ensure compliance with the SCB Corporate Governance Policy.
2. Reviewed the Code of Conduct for Directors, Executives and Employees under the section of confidentiality, and the Code of Business Conduct under the section of data management to ensure compliance with the Personal Data Protection Act.
3. Selected and nominated candidates for directorship from the director pools as well as the lists of candidates proposed by the Bank's directors and shareholders (if any) by applying a board skill matrix to a fit and proper assessment based on the Bank's direction and strategy. In nominating directors, the NCCG Committee also considered and emphasized the diversity of individuals in terms of gender, nationality, race, age, background, education, professional experience, skills, knowledge, etc. The NCCG Committee placed importance on the due diligence process to check each candidate's qualifications prior to obtaining approvals from the Bank of Thailand and subsequently from the Board and/or the shareholders.
4. Considered and proposed for the Board's approval the nominations for the positions on Board sub-committees.
5. Determined appropriate compensation for the Chairman and members of the Board and Board sub-committees by taking into account their assigned scope of duties and responsibilities, the Bank's performance, general economic conditions and relevant industry benchmarks prior to obtaining approvals from the Board and the shareholders.
6. Arranged for the performance assessment of the Board, including the Chairman of the Board, individual directors and Board sub-committees. To optimize assessment efficiency, the assessment questions were updated to solicit additional opinions from directors.

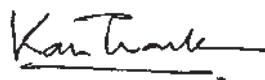
7. Considered and proposed for the Board's approval the 2021 AGM arrangement guidelines in light of the coronavirus (COVID-19) pandemic. The AGM was arranged as a physical meeting, and the Bank adopted the COVID-19 precautionary measures and practices set out by relevant authorities and governmental agencies while ensuring that the shareholders could properly exercise their rights related to shareholder meetings in accordance with laws and good corporate governance practices.

With regards to the EGM No.1/2021, the NCCG Committee considered and proposed for the Board's consideration a set of e-meeting guidelines to be adopted for the meeting as the COVID-19 situation was worsening at that time. The Bank complied with laws and procedures applicable to e-meeting and ensured the convenience of meeting participation in order that shareholders could properly and equally exercise their rights.

8. Considered the appointment of directors and senior executives as directors of companies in the SCB Financial Group and the holding of positions as directors or consultants of other companies by senior executives in their individual capacities.
9. Considered the compensation of directors of companies in SCB Financial Group who are not SCB executives.
10. Considered and proposed for the Board's approval the appointment of senior executives of functions to ensure appropriateness, transparency, checks and balances, and management efficiency.
11. Considered and proposed for the Board's approval the rotation among senior executives as part of the Bank's professional development

program designed for executives at all levels. In addition to training, job rotation is another important skill development approach that helps executives gain new experience and insights conducive to continuous development.

12. Arranged for the performance assessment of the Chief Executive Officer, the presidents and senior executives of the Bank against established targets and performance criteria. The NCCG Committee also reviewed management's proposal on the compensation policy and appropriate compensation and benefits for the aforesaid senior executives based on their assigned scope of duties and responsibilities, performance, general economic conditions and relevant industry benchmarks, prior to obtaining approval from the Board.
13. Exercised oversight and provided recommendations on the review of succession plans for critical positions and strategic positions to facilitate a smooth transition in these key positions.
14. Formulated nomination and compensation policies, criteria and procedures applicable to directors and persons with management authority of companies in the SCB Financial Group to ensure that these positions are assumed by individuals who are considered fit and proper in light of the responsibilities and nature of work of these positions, and that the compensation is clearly specified, transparent and commensurate with associated risks, duties, responsibilities and nature of work.



Mr. Kan Trakulhoon

Chairman of the Nomination, Compensation and Corporate Governance Committee

Report of the Technology Committee

The Technology Committee oversees the overall direction of services that incorporate a strong technology architecture and the usage of Bank information in alignment with future business goals, while embracing sound governance, stability, and adaptability for appropriate services from the adoption of innovative and new technologies. These factors will become critical drivers in assisting the Board of Directors in developing the Bank's long-term technology strategy, particularly in the digital age.

The Technology Committee is made up of the following eight members, who are experts in technology and business:

1. Dr. Thaweesak Koanantakool
Chairman
2. Dr. Pailin Chuchottaworn
Member
3. Miss Jareeporn Jarukornsakul
Member
4. Mr. Arthid Nanthawithaya
Member
5. Dr. Arak Sutivong
Member
6. Mr. Trirat Suwanprateeb
Member
7. Dr. Chalee Asavathiratham
Member
8. Mrs. Voranuch Dejakaisaya
Member and Secretary

Mrs. Voranuch Dejakaisaya, Senior Executive Vice President and Chief of the Information and Operations Group, serves as a member and the secretary of the Technology Committee.

In 2021, the Technology Committee held a total of 12 meetings, more than required by the Technology Committee Charter (10 times) due to the Bank's special "Connecting the Dots" agenda laying out technology linkage among SCB Group companies, and one meeting with the Audit Committee and the Risk Oversight Committee to consider the overall technological risk in the Three Lines of Defense model. Performance of the Technology Committee was presented to the Board of Directors for acknowledgment and to seek guidance on some issues as outlined here.

Performance of the Technology Committee in 2021

The pandemic crisis has accelerated the adoption of technology and financial innovations, resulting in even more competition. Therefore, the Technology Committee places a high priority on technology security and the adoption of technology to completely transform the customer experience, allowing the Bank to maintain its leadership amid changing competition. To remain relevant, SCB has made structural changes in its business groups to keep abreast of new business contexts with the expansion of enterprises that fully harness technology and the development of interoperable business platforms capable of connecting financial transactions with other services needed by the public, with data as

a priority. By doing so, the Bank continues to adhere to regulatory requirements and international standards in order to deliver the best solutions to customers.

In 2021, the Technology Committee provided guidance and recommendations on policies, oversight, governance and technology operations in line with the SCB Transformation strategy, which seeks to turn the Bank into a technology-driven financial enterprise. The Committee placed more emphasis on providing digital banking services that include technology architecture and business platforms designed to support scalability, data integrity and a new operating model of working from anywhere. The Committee also ensured the continuity of a four-step quality management cycle (Plan–Do–Check–Act, or PDCA) to foster the scalability and stability of the Bank's digital platforms and technology connections among group companies, while accommodating future unlimited expansion. The Committee also oversaw technology and cybersecurity risk control with technology-related policies considered and reviewed to be comprehensive and up to date on current events before being presented to the Board of Directors. To support compliance with the Personal Data Protection Act and the Cyber Security Act, the Committee considered technology standards and processes, including risk supervision and technological readiness.

Furthermore, the Technology Committee focused on creating governance and implementing overall technological risk management of the Three Lines of Defense framework by convening a meeting with the Audit Committee and the Risk Oversight

Committee to exchange views on technology security governance and technology risk mitigation based on the CIA Triad of Confidentiality, Integrity and Availability, which covers human resources, processes and technology. The Committee also ensured that implementation frameworks meet international standards and the Bank of Thailand's requirements, which correspond to the Three Lines of Defense framework. The joint meeting provided perspectives on risk, business and governance aspects of the Bank's technology operations in order to enhance the performance of the Three Lines of Defense framework and the PDCA quality management cycle framework.

With the change in the operating model to accommodate working from anywhere and extensive adoption of technology, the Technology Committee attaches great importance to controlling technology risks and cybersecurity. Over the past year, the Technology Committee provided relevant knowledge and readiness on how the Bank can prevent cyber threats. Experts from consulting firms were invited to work with the Technology Security Division to take lessons from major cyber-threat incidents, such as supply chain ransomware attacks and the Colonial Pipeline ransomware attack in order to improve appropriate security practices, such as using the zero-trust principle and multi-factor authentication as main practices, and more.



Dr. Thaweesak Koanantakool

Chairman of the Technology Committee

Internal Control and Related Party Transactions

Internal Control and Risk Management

Amid an ever-changing business environment, SCB needs to adjust its business models to prepare for challenges, uncertainty and any risks that may arise. SCB has restructured its business from traditional banking to become a technology company called SCB X Public Company Limited ("SCBX") in order to accelerate proactive expansion into financial business to the fullest extent possible, allowing it to capture growth opportunities in such areas as digital asset businesses and new financial services. Under its new structure, SCB continues to emphasize the importance of governance, internal control and risk management, and has used these principles to develop a policy framework and guidelines that will ensure the SCB Group's stability and sustainable growth.

The Board of Directors, the Audit Committee and Management set the Bank's internal controls based on the Internal Control Practice Guidelines 2013 of the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Internal Audit Function assesses the adequacy of the Bank's internal control system, following the Securities and Exchange Commission's assessment form. The assessment of the internal control system is presented for the Audit Committee's consideration and endorsement before approval by the Board of Directors.

According to COSO's internal control practice guidelines, there are five necessary components for internal control, namely: 1) control environment, 2) risk assessment, 3) control activities, 4) information and communications and 5) monitoring activities. The Bank's activities involving each of these components are outlined below:

1. Control environment

The Bank is determined that all business and functional units, including those under the umbrella of SCB and the SCB Financial Group, maintain a culture and environment providing for a sound

and effective internal control system, together with a commitment by employees at every level to adhere to the principles of integrity and transparency. The Bank understands that a sound internal control system is a critical foundation in meeting its business objectives in a sustainable manner, as well as to ensure effective and efficient operations, trustworthy financial reporting and regulatory compliance. Furthermore, the Bank recognizes the importance of embedding environmental, social, and governance criteria, or ESG, in its business processes. In 2021, the Board of Directors approved the Bank's participation as a signatory to the Equator Principles (EPs) and now applies these principles as a guideline in loan decisions. This demonstrates the Bank's commitment to conducting business in accordance with its sustainability strategy.

With formal policies and procedures in place, the Bank requires management and staff at every level in the organization to have roles, duties and responsibilities in maintaining sound internal control. The Bank has established a sound internal control structure, with an organizational structure clearly defining supervisory lines, scopes of authority and responsibilities for management and staff, all of which are under the oversight of the Board of Directors. The Board of Directors is independent from management, and it oversees the development and effectiveness of the internal control environment.

Management, as the overseer after the Board of Directors, has promoted the development of tools to create a preventive system for business operations to cope with changing risks, as follows:

1.1) Promoting a risk awareness culture

- Developed annual mandatory e-learning courses to educate and promote awareness among staff at all levels, so that they understand their roles and responsibilities as well as SCB's products and processes, to prevent damage to the Bank, customers and concerned

parties. The Bank also disseminated video communications by top management to further cultivate a risk awareness culture.

- Developed a formal policy to promote and drive the Three Lines Model, which is internationally recognized and emphasized by regulators. The Bank encourages staff and supervisors across the operations of operating units (First Line), supporting units (Second Line) and audit units (Third Line) to continuously apply the model in performing their duties, from risk assessment to control, monitoring and evaluation. Those at the first line are deemed to have the most important role in leading a successful and effective model. The Bank promotes awareness through many activities, including communication with staff and workshops for further execution.
- Promoted concrete operations in line with regulatory guidelines on the market conduct of financial institutions. The Bank has set a fair customer service policy and strict operational measures covering pre-sale, during-sale and after-sale processes. The Board of Directors and senior executives have designated personnel in charge of overseeing operations and have established punishment provisions for inappropriate staff performance. In addition, the Bank reviewed its KPI & Incentives Policy to ensure that it encourages staff at every level to treat customers fairly. The policy covers how to incentivize staff; establishes key performance indicators and performance measurements; and details the staff remuneration process. Policy appropriateness is regularly reviewed, to serve as integrity and accountability guidelines for every action in line with the Bank's policy.
- SCB and the SCB Financial Group continue their No Gift Policy as a guideline for staff and executives at all levels, covering what is appropriate when giving or receiving gifts and other benefits as well as when attending receptions, meetings, seminars and company visits. Strict compliance with the policy is required.

SCB communicates an emphasis on the Bank's core values of Customer Centricity, Risk Culture, Innovation and Speed (CRIS) as guidelines for its staff's corporate value creation to offer a great customer experience backed by technological strength and an enhanced infrastructure following our SCB Transformation strategies to ready the Bank for future businesses.

1.2 Whistleblowing

The Bank has whistle-blower channels to receive complaints and notifications from staff and external stakeholders that may indicate non-compliance with corporate governance; the code of conduct; regulations; anti-corruption law and policies; potential fraud; or corrupt practices. The whistle-blower channels include a Whistle-Blower Hotline, an e-mail inbox (whistleblower@scb.co.th), and letter sent directly to the CEO & Chairman of Executive Committee, the Chief Audit Officer or the Chief People Officer. The Bank has set a clear procedure for complaint management covering confidential fact finding, appointment of a fact-finding committee, consideration and approval of punishment, and reporting complaint management results. The results and actions taken are reported to the Audit Committee on a quarterly basis. Such whistleblowing has promoted business integrity, so that management and staff effectively perform their duties with transparency, integrity, fairness and accountability, and their performance is routinely reviewed to gain the trust of all stakeholders.

As for complaints from external parties, the Bank has also gathered customer and third-party complaints from all channels and conducted deep complaint analysis of root causes to find corrective actions.

2. Risk assessment

SCB and the SCB Financial Group have a strong risk management culture with a mechanism to encourage executives and staff at every level to be aware of the importance of risk management amid changes in both internal and external factors affecting businesses. The Bank considers risk management an essential component in every process of SCB

and the SCB Financial Group's business operations, which must be connected and aligned across all levels. The executives and staff must be aware of the effects of non-compliance with state regulations; the Bank's policies and regulations; codes of conduct; and ethical requirements for business. The Board of Directors has therefore established a risk management policy for SCB and the SCB Financial Group that requires compliance by all staff. Risk assessment is in place at every level. For overall risks, there is systematic management through the Bank's sub-board committees, while operational risks are under the responsibility of executives in charge of each operation. The key sub-board committees having primary roles and responsibilities related to risk management are the Executive Committee, the Risk Oversight Committee, the Technology Committee and the Audit Committee.

In addition to the above-mentioned sub-board committees, the following management committees have also been set up to oversee the Bank's risk management matters: the Risk Management Committee, the Assets and Liabilities Management Committee and the Equity Investment Management Committee, as well as others.

In risk management, the Bank considers the chance of fraud or operational risk, as well as any direct, indirect or potential impacts on its business. Risk management is an essential component in every process of its business operations, which must be connected and aligned across all levels and reported to management and concerned committees. The Risk Management Committee reports resolutions from its meetings to the Executive Committee, the Risk Oversight Committee, the Audit Committee and the Board of Directors on a monthly basis. This is to ensure the Bank's compliance with related regulatory requirements and to maintain its capability for coping with unforeseen risks at acceptable levels.

The risk management policy of SCB and the SCB Financial Group requires that executives manage and monitor key risks to ensure that they are at acceptable levels and report significant risks to concerned senior executives and committees.

The Bank applies the management control model according to the Three Lines Model to increase effectiveness and check the accuracy of each process. Hence, there are collaborations among internal functions, from the Board of Directors to employees. Internal risk control self-assessment (RCSA) is a tool for preliminary risk management by each unit. The importance of risk assessment is regularly communicated, and risk control tools are periodically tested to ensure their effectiveness to best mitigate risks.

The Bank considers external factors led by changes in the business environment that may affect its business in order to help define its overall strategy. The Risk Management Function formulates plans to support the Bank's key goals, mainly based on risk management. The Bank has developed a risk materiality assessment process covering all material risks, namely strategic risk, credit risk, concentration risk, market risk, interest rate risk in the banking book (IRRBB), liquidity risk, operational risk, reputational risk, people risk, model risk and technology risk. The process is reviewed annually to ensure that it is continuously and regularly exercised, with appropriate risk management, controls and monitoring.

Due to the COVID-19 pandemic since early 2020, the Bank has strived to keep its business continuity plan flexible and maintain productivity through different risk management measures, including work from home (which has evolved to become "work from anywhere"); the strictest safety and security measures; reviewing measures to temporarily close branches as necessary; and protective and risk mitigation measures for staff working at branches, etc. As a result of the infrastructure revamp for digital transformation, the capability of SCB digital platforms was improved to better serve customers as well as staff welfare, such as the SCB Telecare Program, etc.

SCB and the SCB Financial Group prepared for the full enforcement of the Personal Data Protection Act B.E.2562 (2019) (PDPA) taking effect in 2022. A mandatory e-learning course on PDPA was provided to all staff to educate them about the matter and strengthen their awareness.

3 Control activities

The Bank has established formal operational control policies, regulations, operational procedures, and manuals, all which are reviewed and updated on a regular basis or whenever there is a significant change in events. These include general controls for information systems, which cover data center operations; data networks; systems development and testing; systems maintenance; IT procurement; physical access; and IT security.

Further, the Bank specified scopes of duty and approval authority for executives at each level in the Bank's operational regulations, such as those for credit approval, procurement, administrative expenses, capital budget and investment approval. They clearly emphasize the segregation of duties as a key control in maintaining adequate and appropriate controls over operations at every level within the organization and to maintain a system of checks and balances, particularly for activities prone to risk or involving potential conflict of interest.

The Bank has put high importance on information security system development and customer data privacy, with an information security policy in place for acknowledgment and compliance by all staff of SCB and the SCB Financial Group, including interns and those under temporary contracts, business partners and consultants. Based on the confidentiality-integrity-availability (CIA) principle, the information security policy clearly defines duties and responsibilities for the development, usage and monitoring of policy compliance. The Technology Committee has a duty to screen and support operations to ensure policy compliance, and to review and assess appropriate levels of data security systems to suit the Bank's strategy. The Internal Audit Function has a duty to audit and provide recommendations on improving the effectiveness of this information security policy.

The Bank has placed high importance on customer data protection to ensure top security in terms of customer data maintenance and management, with operational guidelines in compliance with the Bank of Thailand's regulations, the Anti-Money Laundering Act and other related laws. As for guidelines on fair customer service,

the Bank has prepared and reviewed its Market Conduct Policy, the SCB Data Governance Framework, the Data Privacy and Protection Policy for SCB and the SCB Financial Group, and regulations on confidential customer information protection and customer information disclosure. These regulations cover customer data protection; levels of the Bank's information confidentiality; duties and responsibilities of units concerned with customer data maintenance and management; related approval authority for using customer data; and technology adoption for customer data protection to ensure that these operations are careful and effective. As for data management, the Bank has requirements on data confidentiality classification, data storage and destruction, data access control, and the administration of authorized data access by staff in place, and it regularly updates these requirements.

As for people development, the Bank has encouraged staff at all levels to get ready for digital transformation and a new technology-driven working environment as well as job rotation due to internal changes within the Bank in becoming a data-driven organization as soon as possible. Bank-wide people upskilling is an urgent need. Data analytics for upskilling has been introduced to boost productivity and improve the effectiveness of people development and learning under a comprehensive development plan. The plan encourages job rotation within the organization for opportunities to learn new skills. The Bank promotes cooperation with universities for recruitment opportunities and encourages staff to apply their knowledge and skills to benefit society through the Bank's corporate social responsibility (CSR) activities.

The Bank's business operations, which include general procurement, IT procurement and building management, involve cooperation with many business partners and vendors. To facilitate proper and fair business operations, the Bank places importance on business practice guidelines by introducing an SCB Supplier Code of Conduct as a guideline and encourages business partners' ethical business practices with respect to labor and human rights, as well as a focus on occupational health, safety and the environment.

4 Information and communications

The Bank has focused on enhancing SCB and the SCB Financial Group's business competitiveness in terms of effective IT and communication to keep up with new global challenges led by continual change in financial technology, the business environment and consumer behaviors rapidly responding to digital trends. As data is the key to increasing business competitiveness, the Bank has continuously improved the effectiveness of policy and strategic decision-making with in-depth data analytics. The SCB Data Governance Framework was developed as a guideline for effective and efficient data management. The Bank established a Data Governance Office to study and understand data governance requirements and best practices to apply them to the Bank's operations and to improve careful processes, usage and management regarding customer personal data and bank data privacy and protection.

4.1) IT systems

The Bank has continuously upgraded its development of data governance and protection and cyber security covering its digital applications and platforms, to ensure that they are thorough and adequate to cope with new threats. To safeguard customers' personal data, the Bank has multi-layered security controls and protective measures in place, including surveillance technology and an in-depth screening process to restrict access to databases. The Bank continually upskills and reskills our IT people while developing an IT structure to support the growth of our digital platforms.

The Bank has also set forth an IT Outsourcing Policy, which covers practice guidelines on cloud computing services, system and data security, integrity and consumer protection.

4.2) Communications

The Bank provides internal communication channels for SCB and the SCB Financial Group to circulate policies, regulations, procedures, manuals and other essential information. These communications are designed to keep all executives and staff knowledgeable and informed, and to facilitate

proper compliance with policies, procedures and regulations in a timely manner. In addition, the Bank provides a separate special communication channel to enable safe communication for both internal and external parties.

5 Monitoring activities

The Bank has internal control monitoring and assessment in place to ensure that the internal control system remains effective and efficient, with complete and appropriate monitoring and assessment to tackle changing risks.

5.1) The Compliance Function is responsible for reviewing and monitoring all units' operations within SCB and the SCB Financial Group to ensure their compliance with important regulations, laws, rules and regulatory requirements.

5.2) The Credit Review Function, which is independent from the credit approval process, is responsible for reviewing credit-related operational processes; following up actions taken with troubled debtors; the accuracy of debt classification and provision; and non-compliance issues.

5.3) The Audit Function performs independent assurance and consulting, so that the organization's internal processes are regulated with sound governance, risk management and internal control. The Audit Function also considers the root cause of findings as well as risks found during audits.

The three functions report directly to the Audit Committee on a monthly basis and follow up on corrective actions to ensure that issues are solved.

The Audit Committee and the Board of Directors have considered the results of internal control adequacy assessment and discussed with the Bank's management the actions to be taken in line with recommendations for internal control development. The Audit Committee's and the Board of Directors' opinion is that the Bank's internal control and risk management systems are appropriate and adequate for its business operations. This conclusion was in line with the opinion of the external auditor.

Related Party Transactions

The Bank places great emphasis on safeguarding against misuse of internal information for personal gain by directors and staff. Accordingly, the Bank has set policies, rules and approval procedures for related party transactions, as well as guidelines on related party transaction execution and disclosure to prevent and manage any potential conflict of interest in a transparent and fair manner.

The Bank's rules and approval procedures for related party transactions and conflict of interest transactions are as follows:

- The Bank strictly complies with regulations of the Stock Exchange of Thailand and the Securities and Exchange Commission, as well as notifications of the Capital Market Supervisory Board, regarding related party transactions and conflict of interest transactions. If any director or executive has a conflict of interest related to a transaction, the Bank would exclude him or her from the deliberations and decision-making on such transaction. Furthermore, SCB's Company Secretary would note in meeting minutes a formal record of directors or executives related to the issue under consideration, if applicable.
- The Bank observes a policy to apply pricing, terms and conditions for transactions between the Bank and related entities on an "arm's length" basis and, broadly, on the same terms as those applied to transactions with unrelated third parties.
- The Board of Directors (excluding any director who has a conflict of interest) has approval authority for loans, investments, obligations or lending-like transactions with the Bank's major shareholders or related businesses (as defined by the Financial Institution Business Act B.E. 2551 (2008)).

- The Bank has established an Intra-Group Transactions Policy to ensure compliance with applicable regulations and to prevent conflicts of interest and has developed the Joint Policy Statement as a business practice guideline of the group to prevent any conflict between the interests of group companies that might arise from companies that operate an asset management business (asset management company). SCB also complies with the Joint Policy Statement between the Bank of Thailand and the Securities and Exchange Commission Thailand on Consolidated Supervision of Financial Groups that Operate Fund Management Businesses. This is to ensure that the Bank is committed to providing the utmost benefits to customers and investors.

Intra-Group Transactions Policy and SCB Group Risk Management Policy

Governance on Intra-Group Transactions

To enhance transparency regarding intra-group transactions within the SCB Group and to avoid any conflict of interest between SCB and other shareholders in businesses that are not wholly owned by SCB, the Bank has established the Intra-Group Transaction Policy, which has been approved by the Board of Directors and is reviewed annually by the Board. This policy entails risk management for intra-group transactions and controls for material transactions, which are classified into two types of significant transaction, namely, credit transactions (loans, investments and obligations or lending-like transactions) and non-credit transactions (those other than loans, investments or obligations). The policy ensures that such transactions comply with regulations and requirements of the Bank of Thailand, the Stock Exchange of Thailand and the Securities and Exchange Commission as well as local laws and regulations in the countries where SCB's subsidiaries operate.

A key part of this Policy requires that intra-group transactions be executed without special terms and conditions that are materially different from other risk-equivalent transactions. In the absence of equivalent transactions, intra-group transactions must follow standard market practices with enforceable contracts, proper documentation and record keeping as well as approval authority based on risk and materiality.

Related Party Transaction Trends and Policy Outlook

SCB's emphasis on good governance principles has led to a clear policy on related party transactions to comply with laws, regulations and notifications of the Stock Exchange of Thailand and the Securities and Exchange Commission, which include the acquisition and disposal of assets of listed companies, as well as compliance with the Bank of Thailand's notifications.

SCB's related party transactions may arise as part of its normal business operations, for which the Bank has clear and appropriate internal approval measures and procedures.

Information Disclosure

The Bank's policy on disclosure of market-sensitive information focuses on timely, transparent and adequate disclosure of all material information and prohibits misuse of internal information, either directly or indirectly.

The Bank discloses related party transactions and connected transactions as defined by the Stock Exchange of Thailand in the notes to the financial statements in the Annual Report in accordance with information disclosure requirements and guidelines. Related party transactions are reported to the Audit Committee on a quarterly basis.

In 2021, the Bank did not have any related party transaction with sufficient materiality to require disclosure per the Stock Exchange of Thailand's criteria. Information pertaining to other related party transactions is disclosed in the notes to the financial statements.



Attachments

Attachment 1

Information of Directors, Executives, Chief Financial Officer
and Company Secretary

Attachment 2

Information on Directors of Subsidiaries

Attachment 3

Information of Head of Audit and Head of Compliance

Attachment 4

Corporate Governance Policies, Guidelines
and SCB Code of Conduct

Attachment 5

Audit Committee Report



Please find more details of the Company's information from
the attachments which are on website
<https://www.scb.co.th/en/investor-relations/financial-information.html#fs2021>

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Financial Report 2021

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Financial Report

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Report of the Board of Directors' Responsibility for the Financial Statements

The Board of Directors of the Siam Commercial Bank Public Company Limited places utmost importance on fulfilling its duties and responsibilities in supervising the business undertakings of the Bank in compliance with the Statement of Corporate Governance Principles. The Board of Directors is responsible for the Bank's financial statements and the consolidated financial statements of the Bank and its subsidiaries that are provided in this Annual Report. The financial statements are prepared in accordance with Thai Financial Reporting Standards, using appropriate accounting policies that are applied on a consistent basis. The financial statements are also prepared after careful consideration and, when applicable, use of appropriate estimates and judgments. All significant information related to the accounting policies and the financial statements, including the conventions and practices used for the preparation of these financial statements, are adequately disclosed in the notes to the financial statements in order to facilitate understanding and use as well as for the benefit of the shareholders and general investors. The financial statements have been audited by independent certified public accountants whose unqualified opinions are stated in the audit report.

The Board of Directors has required the management of the Bank to adopt and maintain effective internal control and risk management systems to provide reasonable assurance on the accuracy, reliability and adequacy of the Bank's accounts; the safeguarding of its assets; and the prevention against fraud and irregularities which have material effects on the accuracy and reliability of the Bank's financial reports.

The Audit Committee, entirely comprising independent directors, has been assigned by the Board of Directors the responsibility for overseeing the quality of the Bank's financial reports and internal control system. In this respect, the Audit Committee's opinion regarding such matters is stated in this Annual Report under the Audit Committee's Report.

In the context of the nature and scale of the Bank's business, the Board of Directors is of the view that the Bank's overall internal control system is adequate and appropriate and can provide reasonable assurance that the financial statements of the Bank, including the consolidated financial statements of the Bank and its subsidiaries for the year ended December 31, 2021, present fairly and in all material respects are in accordance with Thai Financial Reporting Standards (TFRSs), the regulations of the Bank of Thailand and related regulations.



Dr. Vichit Suraphongchai
Chairman of the Board of Directors and
Chairman of the Corporate Social
Responsibility Committee



Mr. Arthid Nanthawithaya
Chief Executive Officer and
Chairman of Executive Committee

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

Financial statements for the year ended
31 December 2021
and
Independent Auditor's Report

Independent Auditor's Report

To the Shareholders of The Siam Commercial Bank Public Company Limited

Opinion

I have audited the consolidated and the Bank's financial statements of The Siam Commercial Bank Public Company Limited and its subsidiaries (the "Group") and of The Siam Commercial Bank Public Company Limited (the "Bank"), respectively, which comprise the consolidated and the Bank's statements of financial position as at 31 December 2021, the consolidated and the Bank's statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

In my opinion, the accompanying consolidated and the Bank's financial statements present fairly, in all material respects, the financial position of the Group and the Bank, respectively, as at 31 December 2021 and their financial performance and cash flows for the year then ended in accordance with Thai Financial Reporting Standards (TFRSs) and the regulations of the Bank of Thailand.

Basis for Opinion

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

Key Audit Matters

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

Allowance for expected credit loss on loans to customers and accrued interest receivables	
Refer to notes 3.3.5, 4.1, 12 and 13.	
The key audit matter	How the matter was addressed in the audit
<p>As at 31 December 2021, loans to customers and accrued interest receivables, recorded in the consolidated and the Bank's financial statements amounted to Baht 2,317 billion and Baht 2,310 billion, respectively (approximately 69.90% and 70.01% of total assets, respectively), against which allowance for expected credit loss on loans to customers and accrued interest receivables in the consolidated and the Bank's financial statements amounted to Baht 146 billion and Baht 144 billion, respectively, were provided.</p> <p>TFRS 9 and the related Bank of Thailand ("BoT") notifications requires the Group to recognise expected credit losses ("ECL") on certain types of financial instruments including loans to customers and accrued interest receivables. The Group has developed methods and models in determining the allowance for ECL which involves significant judgment and estimation on relevant assumptions.</p> <p>The areas where management applied significant judgment and estimation include, but not limited to, the following:</p> <ul style="list-style-type: none"> • Selection of criteria to assess whether the financial instruments have a significant increase in credit risk ("SICR"); • Development techniques to develop ECL model parameters, including the probability of default ("PD"), loss given default ("LGD") and exposure at default ("EAD"); • Determination of forward looking macroeconomic variables and probability-weighted scenarios; and • Qualitative assessments and adjustments including management overlay made to incorporate identified credit risks not captured in the ECL models such as the change in trends and risks in underlying portfolios as well as the impact of the COVID-19 pandemic amongst other factors. <p>The impact of the COVID-19 pandemic, the related economic downturn and financial relief measures provided by the Group, have created higher estimation uncertainties in determining ECL.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> • Performing a risk assessment by considering internal and external factors which could affect the performance of individual customers, industry sectors, customer segments, or which could influence the judgments and estimates. • Testing the design and/or operating effectiveness of relevant controls surrounding the credit and impairment process. The selected controls include but are not limited to the key controls over selection of criteria to assess SICR, ECL model risk management, determination of macroeconomics variables and the probability-weighted scenario and qualitative adjustments including the management overlay. • Testing the controls operating effectiveness over the criteria to assess whether the financial instruments have a SICR as well as improvement for credit risk consideration for those debtors under financial relief measures. • Testing a sample of credit reviews prepared by management for individual large exposures and loans to customers subject to restructuring and reschedule. I formed my own independent assessment based on the detailed review of the credit profile and other relevant information, which include but not limited to the reasonableness of the assumptions over ability to repay and collateral valuation, the appropriateness and accuracy of internal credit ratings and ECL parameters assigned for those customers. • Assessing and testing the reasonableness of the SICR and staging criteria applied by the Group for different types of loans to customers in order to evaluate whether the criteria applied are consistent with the Group credit risk management practices, requirements under TFRS 9 and related BoT notifications. • Involving my own credit specialists to assess key data, assumptions, method, models including mathematically theory to derive ECL model parameters on significant loans to customers portfolios. They also perform the test for reasonableness of macroeconomic factors used and probability-weighted multiple scenarios including the back-testing and assess methodology and data used by the management in the identification and estimation of qualitative adjustments including the management overlay.

Allowance for expected credit loss on loans to customers and accrued interest receivables	
Refer to notes 3.3.5, 4.1, 12 and 13.	
The key audit matter	How the matter was addressed in the audit
The carrying amount of allowance for expected credit loss on loans to customers and accrued interest receivables is considered a key audit matter due to the significance of aforementioned judgments and estimates made.	<ul style="list-style-type: none"> • Involving my own IT specialists to test reconciliations of data including ECL parameters among the underlying systems. • Testing the mathematical accuracy of the ECL calculation including qualitative adjustment on a sample basis. • Considering the adequacy of disclosures in accordance with Thai Financial Reporting Standards and BoT notifications and guidelines.

Valuation of financial instruments in the statement of financial position	
Refer to notes 3.3.1, 3.3.2, 3.13, 8, 9, 10, 28.	
The key audit matter	How the matter was addressed in the audit
<p>As at 31 December 2021, financial assets measured at fair value in the consolidated and the Bank's financial statements amounted to Baht 341 billion and Baht 322 billion, respectively. Financial liabilities measured at fair value in the consolidated and the Bank's financial statements amounted to Baht 49 billion and Baht 50 billion, respectively. As at 31 December 2021, financial assets measured at fair value classified as level 2 and 3 in the consolidated and the Bank's financial statements amounted to Baht 335 billion and Baht 321 billion, respectively. Financial liabilities measured at fair value classified as level 2 and 3 in the consolidated and the Bank's financial statements amounted to Baht 49 billion and Baht 50 billion, respectively.</p> <p>There is a risk that financial instruments classified as level 2 and level 3 in the fair value hierarchy may be mispriced in the statement of financial position because they are not based on objective external prices or, where these are not easily observable, the best estimate of what they may be.</p> <p>The valuation of financial instruments is considered a key audit matter due to the degree of complexity involved in valuing certain level 2 and 3 instruments and the significance of judgments and estimates involved.</p>	<p>My audit procedures included:</p> <ul style="list-style-type: none"> • Performing a risk assessment by considering the factors which could affect the fair value of financial instruments, both in terms of the inputs used for valuation and the appropriateness of valuation techniques applied. • Testing a sample of financial instruments that pricing inputs used were externally sourced and correctly input into pricing models for financial instruments, including the liquidity of prices, where applicable. Furthermore, I checked that the criteria used for determining the fair value measurement approach for financial instruments with significant unobservable inputs were appropriate. I used my own valuation specialists to assess that the models were appropriate and tested the fair value of a sample of the Group's financial instruments independently and compared their valuation to the Group's valuation. • Considering the adequacy of disclosures in accordance with Thai Financial Reporting Standards and BoT notifications and guidelines.

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated and the Bank's financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the consolidated and Bank's financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

In connection with my audit of the consolidated and Bank's financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated and Bank's financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the correction be made.

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

Management is responsible for the preparation and fair presentation of the consolidated and the Bank's financial statements in accordance with TFRSs and the regulations of the Bank of Thailand, and for such internal control as management determines is necessary to enable the preparation of consolidated and the Bank's financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated and the Bank's financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Bank's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Bank's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated and the Bank's financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Group and the Bank to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and the Bank's financial statements, including the disclosures, and whether the consolidated and the Bank's financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my audit opinion.

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

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

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



(Orawan Chunhakitpaisan)
Certified Public Accountant
Registration No. 6105

KPMG Phoomchai Audit Ltd.

Bangkok

17 February 2022

The Siam Commercial Bank Public Company Limited and its Subsidiaries**Statement of financial position**

Assets	<i>Note</i>	Consolidated		The Bank	
		31 December		31 December	
		2021	2020	2021	2020
<i>(in thousand Baht)</i>					
Cash		50,420,794	51,631,543	50,218,021	51,528,618
Interbank and money market items, net	7	618,268,620	547,504,036	606,102,663	539,107,537
Financial assets measured at fair value through profit or loss	8	68,707,387	28,032,542	49,153,992	23,106,838
Derivative assets	9	57,579,088	86,829,862	57,617,292	87,095,023
Investments, net	10	222,634,338	311,795,715	222,587,104	312,059,270
Investments in subsidiaries, associates and joint venture, net	11	781,207	-	30,184,820	24,659,612
Loans to customers and accrued interest receivables, net	12, 13	2,165,455,869	2,130,308,123	2,160,069,924	2,125,942,032
Properties for sale, net	16	18,200,943	16,136,334	17,983,943	15,917,594
Investment properties, net		511,094	-	923,795	287,464
Premises and equipment, net	17	45,196,041	40,308,637	43,179,980	38,642,255
Goodwill and other intangible assets, net	18	18,384,743	18,566,173	17,346,287	17,678,858
Deferred tax assets	19	3,681,058	4,505,357	3,339,512	4,239,543
Other assets, net	20	44,743,711	42,765,197	41,306,633	40,177,545
Total assets		3,314,564,893	3,278,383,519	3,300,013,966	3,280,442,189

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statement of financial position

Liabilities and shareholders' equity	Note	Consolidated		The Bank	
		31 December		31 December	
		2021	2020	2021	2020
(in thousand Baht)					
Liabilities					
Deposits	21	2,467,495,380	2,420,455,426	2,469,200,797	2,429,779,524
Interbank and money market items	22	180,961,455	198,491,004	182,306,436	198,359,503
Liabilities payable on demand		10,539,176	10,266,910	10,538,939	10,266,680
Financial liabilities measured at fair value through profit or loss		5,750	3,771	-	-
Derivative liabilities	9	49,200,116	79,271,805	49,645,817	79,775,566
Debt issued and borrowings	23	74,921,623	67,234,660	69,105,130	66,800,699
Provisions	24	20,342,267	17,896,778	19,715,987	17,330,929
Deferred tax liabilities	19	887,849	132,018	-	-
Other liabilities	25	67,596,366	72,802,099	62,530,400	68,385,233
Total liabilities		2,871,949,982	2,866,554,471	2,863,043,506	2,870,698,134
Shareholders' equity					
Share capital	29				
Authorised share capital					
3,582,667,230 preferred shares of Baht 10 each		35,826,672	35,827,259	35,826,672	35,827,259
3,417,332,770 common shares of Baht 10 each		34,173,328	34,172,741	34,173,328	34,172,741
Issued and paid-up share capital					
3,542,873 preferred shares of Baht 10 each		35,429	36,015	35,429	36,015
3,395,649,325 common shares of Baht 10 each		33,956,493	33,955,907	33,956,493	33,955,907
Premium on share capital					
Premium on preferred shares		13,855	14,085	13,855	14,085
Premium on common shares		11,110,336	11,110,106	11,110,336	11,110,106
Other reserves	30	22,837,505	16,906,997	21,633,291	16,919,044
Retained earnings					
Appropriated					
Legal reserve	30	7,000,000	7,000,000	7,000,000	7,000,000
Unappropriated		366,052,563	342,406,796	363,221,056	340,708,898
Total owners of the company		441,006,181	411,429,906	436,970,460	409,744,055
Non-controlling interests		1,608,730	399,142	-	-
Total shareholders' equity		442,614,911	411,829,048	436,970,460	409,744,055
 Total liabilities and shareholders' equity		 3,314,564,893	 3,278,383,519	 3,300,013,966	 3,280,442,189

(Mr. Arthid Nanthawithaya)

CEO & Chairman of Executive Committee

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

	Note	Consolidated		The Bank	
		For the year ended 31 December		For the year ended 31 December	
		2021	2020	2021	2020
(in thousand Baht)					
Interest income	38	112,176,572	118,370,775	111,063,711	117,954,045
Interest expenses	39	17,005,762	21,471,857	16,845,518	21,364,318
Net interest income		95,170,810	96,898,918	94,218,193	96,589,727
Fee and service income	40	50,355,543	45,621,229	43,549,253	41,021,214
Fee and service expenses	40	10,157,495	9,034,920	8,302,695	7,991,446
Net fee and service income	40	40,198,048	36,586,309	35,246,558	33,029,768
Net gain on financial instruments measured at fair value through profit or loss	41	11,090,364	7,664,129	6,566,242	7,391,564
Net gain on investments	42	145,987	1,700,659	146,486	1,702,320
Share of profit (loss) from investments in associates and joint venture		556,560	(78,147)	-	-
Dividend income		166,035	155,445	3,770,546	2,352,087
Other operating income		3,014,245	1,840,401	2,964,412	1,725,760
Total operating income		150,342,049	144,767,714	142,912,437	142,791,226
Other operating expenses					
Employee expenses		30,006,793	31,452,934	25,768,575	28,331,801
Directors' remuneration		111,658	116,654	84,346	100,240
Premises and equipment expenses		10,848,501	12,625,740	10,156,782	12,105,230
Taxes and duties		3,611,082	3,846,614	3,566,094	3,833,395
Other expenses	43	18,968,893	16,288,283	19,539,643	18,189,820
Total other operating expenses		63,546,927	64,330,225	59,115,440	62,560,486
Expected credit loss	44	42,024,476	46,649,468	41,665,279	46,299,044
Profit from operations before income tax expenses		44,770,646	33,788,021	42,131,718	33,931,696
Income tax expenses	19	9,375,857	6,794,329	7,652,557	6,156,341
Net profit		35,394,789	26,993,692	34,479,161	27,775,355

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

Note	Consolidated		The Bank	
	For the year ended 31 December		For the year ended 31 December	
	2021	2020	2021	2020
(in thousand Baht)				
Other comprehensive income (loss)				
<i>Items that will be reclassified subsequently to profit or loss</i>				
Loss on investments in debt instruments at fair value				
through other comprehensive income				
	(912,382)	(423,251)	(912,382)	(423,251)
Gain (loss) arising from translating the financial statements				
of foreign operations				
	113,218	2,993	(667,504)	17,937
Income tax relating to components of other comprehensive income (loss)				
will be reclassified subsequently to profit or loss				
	19 182,476	84,650	182,476	84,650
	<u>(616,688)</u>	<u>(335,608)</u>	<u>(1,397,410)</u>	<u>(320,664)</u>
<i>Items that will not be reclassified subsequently to profit or loss</i>				
(Loss) gain on investments designated at fair value through				
other comprehensive income				
	(391,865)	178,859	(395,935)	178,859
Changes in revaluation surplus				
	8,960,197	(29,895)	8,444,909	-
Actuarial gain (loss) on defined benefit plans				
	24 493,992	(1,779,674)	480,577	(1,731,587)
Income tax relating to components of other comprehensive income (loss)				
will not be reclassified subsequently to profit or loss				
	19 <u>(1,786,714)</u>	<u>326,142</u>	<u>(1,705,910)</u>	<u>310,546</u>
	<u>7,275,610</u>	<u>(1,304,568)</u>	<u>6,823,641</u>	<u>(1,242,182)</u>
	<u>6,658,922</u>	<u>(1,640,176)</u>	<u>5,426,231</u>	<u>(1,562,846)</u>
Total other comprehensive income (loss), net of income tax	<u>42,053,711</u>	<u>25,353,516</u>	<u>39,905,392</u>	<u>26,212,509</u>
Total comprehensive income	<u>42,053,711</u>	<u>25,353,516</u>	<u>39,905,392</u>	<u>26,212,509</u>
 Net profit (loss) attributable to:				
Owners of the company				
	35,598,816	27,217,602	34,479,161	27,775,355
Non-controlling interests				
	(204,027)	(223,910)	-	-
 Total comprehensive income (loss) attributable to:				
Owners of the company				
	42,254,764	25,574,896	39,905,392	26,212,509
Non-controlling interests				
	(201,053)	(221,380)	-	-
 Earnings per share of the parent company				
Basic earnings per share (<i>in Baht</i>)				
	45 <u>10.47</u>	<u>8.01</u>	<u>10.14</u>	<u>8.17</u>



(Mr. Arthid Nanthawithaya)

CEO & Chairman of Executive Committee

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

Consolidated

	Other reserves						
	Issued and paid-up share capital	Premium on share capital	Common shares	Comprehensive income	Changes in fair value through other comprehensive income	Total other reserves	Retained earnings
	Preferred shares	Preferred shares	Common shares	Foreign operations	Surplus	Other	Legal reserve
Year ended 31 December 2021	36,015	33,955,907	14,095	11,110,106	833,790	(528,799)	1,329,935
Balance at 1 January 2021	36,015	33,955,907	14,095	11,110,106	833,790	(528,799)	1,329,935
Transactions with owners, recorded directly in equity							
Dividend paid	37	-	-	-	-	-	(12,678,987)
Conversion of preferred shares to common shares		(586)	586	(230)	230	-	-
Capital contribution from a non-controlling interest of subsidiaries	-	-	-	-	-	-	1,410,641
Acquisition of non-controlling interests without a change in control	-	-	-	-	-	498	-498
Total transactions with owners, recorded directly in equity		(586)	586	(230)	230	-	(12,678,987)
Comprehensive income (loss) for the year							
Net profit (loss)		-	-	-	-	-	35,598,816
Other comprehensive income (loss)		-	-	(729,906)	110,432	(313,491)	(204,027)
Total comprehensive income (loss) for the year		-	-	(729,906)	110,432	(313,491)	35,598,816
Transfer to retained earnings	-	-	-	-	-	(330,933)	-330,933
Balance at 31 December 2021	35,429	33,956,493	13,855	11,110,336	103,884	(418,367)	1,016,444
Balance at 1 January 2022	35,429	33,956,493	13,855	11,110,336	103,884	(418,367)	1,016,444

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

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

Consolidated										
Other reserves										
						Gain/(loss) on investments in debt instruments designated at fair value through other comprehensive statement of foreign operations income (in thousand Baht)			Gain/(loss) on investments arising from translating the financial statements of foreign operations income	
Issued and paid-up share capital	Premium on share capital	Common	Preferred	Common	shares	re-measuring available-for-sale investments	income	other reserves	Legal reserve	Retained earnings of the company
Preferred shares	Common shares	Preferred shares	Common shares	Common shares		(530,055)	-	7,000,000	400,357,831	400,846,471
Year ended 31 December 2020						1,059,304	-	15,640,686	16,169,935	488,640
Balance at 31 December 2019 - as reported	36,107	33,955,815	14,121	11,110,070		1,172,391	(1,059,304)	1,24,267	274,161	1,630,515
Impact of changes in accounting policies						1,172,391	(530,055)	1,24,267	15,640,686	401,988,346
Balance at 1 January 2020 restated	36,107	33,955,815	14,121	11,110,070				17,526,289	7,000,000	402,476,986
Transactions with owners, recorded directly in equity										
Dividend paid	31	-	-	-	-	-	-	-	(16,146,163)	(16,146,163)
Conversion of preferred shares to common shares		(92)	92	(36)	36	-	-	-	-	(16,146,163)
Liquidation of subsidiary		-	-	-	-	-	-	12,827	12,827	(118)
Capital contribution from a non-controlling interest of a newly incorporated subsidiary		-	-	-	-	-	-	-	-	132,000
Total transactions with owners, recorded directly in equity	(92)	92	(36)	36						131,882
Comprehensive income (loss) for the year										(16,001,454)
Net profit (loss)		-	-	-	-	-	-	-	27,217,602	(223,910)
Other comprehensive income (loss)		-	-	-	-	(338,601)	1,256	(23,916)	(1,424,533)	(1,642,706)
Total comprehensive income (loss) for the year		-	-	-	-	(338,601)	1,256	(23,916)	25,793,069	(21,380)
Transfer to retained earnings		-	-	-	-	(56,420)	(344,699)	(401,119)	-	401,119
Balance at 31 December 2020	36,015	33,955,907	14,085	11,110,066		83,379	(528,799)	1,329,935	15,272,071	16,906,997

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statement of changes in equity

Statement of changes in equity

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

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

The Bank

Transactions with owners, recorded directly in equity

Dividend yield

DAVID BRIAN BAKER

Conversion of preferred shares to common shares

Total transactions with outcome recorded directly in equity

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Comprehensive income (loss) for the year

Net profit	-	27,775,355
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Other comprehensive income (loss) (\$1,385,270) (1,562,846)

Total comprehensive income (loss) for the year
262,2509

Transfer to retained earnings

Balance at 31 December 2020					
36,015	35,925,201	14,083	11,110,100	-	833,891
					1,335/
					1,330,004
					14,131,314
					16,919,044
					10,001,000
					341,106,898
					409,444,055

Julian street

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

The Siam Commercial Bank Public Company Limited and its Subsidiaries

Statement of cash flows

	Consolidated		The Bank	
	For the year ended 31 December		For the year ended 31 December	
	2021	2020	2021	2020
(in thousand Baht)				
Cash flows from operating activities				
Profit from operating before income tax expense	44,770,646	33,788,021	42,131,718	33,931,696
<i>Adjustments to reconcile profit from operating before income tax expense to cash receipts (payments) from operating activities</i>				
Depreciation and amortisation	9,489,865	10,171,344	9,032,226	9,707,606
Expected credit loss	45,115,421	49,907,274	44,751,388	49,555,821
(Reversal) of impairment loss on premises and equipment	(225,123)	241,220	(225,767)	241,220
Impairment loss on properties for sale	648,522	1,566,315	649,426	1,566,315
Provisions expense	2,457,296	4,035,725	2,361,496	3,536,049
Loss (gain) on sale of premises and equipment	4,812	(6,547)	(2,334)	(6,547)
Loss from write-off of premises and equipment	139,752	218,038	129,695	215,789
Gain from sale of properties for sale	(1,167,399)	(1,013,599)	(1,166,451)	(1,013,599)
Loss from write-off of intangible assets	14,559	619	4,501	52
Loss (gain) on revaluation of investment properties	34,413	-	(94,341)	-
Net gain on financial instruments	(31,458,881)	(11,410,464)	(27,835,547)	(11,140,091)
Net gain on investments	(145,987)	(1,700,659)	(146,486)	(1,702,320)
Share of (profit) loss from investments in associates and joint venture	(556,560)	78,147	-	-
Net interest income	69,121,336	85,875,434	69,589,524	84,891,991
Dividend income	(95,170,810)	(96,898,918)	(94,218,193)	(96,589,727)
Proceeds from interest	(166,035)	(155,445)	(3,770,546)	(2,352,087)
Interest paid	111,765,649	107,140,204	110,706,693	106,763,134
Proceeds from dividend	(17,936,395)	(26,768,443)	(17,787,350)	(26,660,329)
Income tax paid	237,681	155,693	3,770,621	2,352,012
Profit from operating before changes in operating assets and liabilities	(11,103,076)	(20,660,020)	(10,219,690)	(20,015,139)
(Increase) decrease in operating assets	56,748,350	48,688,505	58,071,059	48,389,855
Interbank and money market items	(70,766,620)	(114,012,703)	(66,982,224)	(111,827,788)
Derivative assets	33,887,176	(18,397,660)	34,121,703	(18,531,538)
Investment in short-term securities	(8,827,364)	18,116,200	2,176,993	20,934,013
Loans to customers	(87,728,120)	(167,327,124)	(86,491,972)	(166,892,133)
Properties for sale	7,322,125	7,226,425	7,317,095	7,226,425
Other assets	(441,178)	(16,958,366)	417,291	(18,175,139)
Increase (decrease) in operating liabilities				
Deposits	47,039,954	261,030,230	39,421,273	273,290,669
Interbank and money market items	(17,529,549)	52,646,807	(16,053,067)	52,488,541
Liability payable on demand	272,266	(1,529,307)	272,259	(1,527,868)
Financial liabilities measured at fair value through profit or loss	1,979	(14,564)	-	-
Derivative liabilities	(30,071,689)	17,178,497	(30,129,749)	17,632,046
Short-term debt issued and borrowings	4,187,823	(12,653,133)	(1,194,710)	(11,490,646)
Other liabilities	(2,590,473)	(13,041,593)	(3,196,229)	(13,087,494)
Net cash (used in) from operating activities	(68,495,320)	60,952,214	(62,250,278)	78,428,943

The Siam Commercial Bank Public Company Limited and its Subsidiaries**Statement of cash flows**

Note	Consolidated		The Bank	
	For the year ended 31 December		For the year ended 31 December	
	2021	2020	2021	2020
(in thousand Baht)				
Cash flows from investing activities				
Acquisition of instruments measured at fair value through other comprehensive income	(267,494,078)	(424,564,645)	(267,494,027)	(424,560,152)
Proceeds from sale of instruments measured at fair value through other comprehensive income	355,401,640	393,056,095	355,401,640	393,056,095
Acquisition of instruments at amortised cost	(1,254,306)	(554,756)	(520,530)	(545,178)
Proceeds from redemption of instruments at amortised cost	959,156	1,053,903	528,042	1,053,903
Payment for investments in subsidiaries, associates and joint venture	(164,888)	-	(5,393,888)	(18,292,500)
Proceeds from disposal of subsidiaries	-	-	-	351,665
Proceeds from liquidation of subsidiaries	-	28,612	-	28,612
Acquisition of premises and equipment	(712,727)	(902,014)	(558,246)	(756,952)
Proceeds from sale of premises and equipment	22,603	59,824	21,720	39,105
Acquisition of intangible assets	(5,380,768)	(3,121,083)	(4,976,261)	(2,793,444)
Net cash from (used in) investing activities	81,376,632	(34,944,064)	77,008,450	(52,418,846)
Cash flows from financing activities				
Proceeds from long-term debt issued	-	192,025	-	192,025
Repayment of long-term debt issued	(1,031,865)	(3,051,982)	(1,031,865)	(3,051,982)
Proceeds from long-term borrowings	3,533	7,270	3,533	7,270
Repayment of long-term borrowings	(99,048)	(89,864)	(99,048)	(89,864)
Payment of lease liabilities	(1,704,553)	(3,038,045)	(1,594,898)	(2,861,031)
Dividend paid to equity holders of the Bank	31	(12,678,987)	(16,146,163)	(12,678,987)
Capital contribution from a non-controlling interest of the subsidiaries		1,305,641	132,000	-
Net cash used in financing activities	(14,205,279)	(21,994,759)	(15,401,265)	(21,949,745)
Loss (gain) arising from translating the financial statements of foreign operations	113,218	2,993	(667,504)	17,937
Net (decrease) increase in cash	(1,210,749)	4,016,384	(1,310,597)	4,078,289
Cash at 1 January	51,631,543	47,615,159	51,528,618	47,450,329
Cash at 31 December	50,420,794	51,631,543	50,218,021	51,528,618

(Mr. Arthid Nanthawithaya)

CEO & Chairman of Executive Committee

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2021

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The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2021

These notes form an integral part of the financial statements.

The financial statements issued for Thai statutory and regulatory reporting purposes are prepared in the Thai language. These English language financial statements have been prepared from the Thai language statutory financial statements, and were approved and authorised for issue by the Board of Directors on 17 February 2022.

1 General information

The Siam Commercial Bank Public Company Limited, the “Bank”, is incorporated in Thailand and the Bank’s registered office at 9 Ratchadapisek Road, Jatujak, Bangkok.

The Bank was established by Royal Charter on 30 January 1906 and was listed on the Stock Exchange of Thailand on 6 February 1976.

The principal activities of the Bank are the provision of financial products and services through its Head Office and branch network in Thailand, its branches in Singapore, Hong Kong, Laos, Vietnam, China and Cayman Islands and its subsidiaries in Thailand, Singapore, Cambodia and Myanmar. Details of the Bank’s subsidiaries as at 31 December 2021 and 31 December 2020 are given in note 11.

2 Basis of preparation of the financial statements

2.1 Statement of compliance

The financial statements are prepared in accordance with Thai Financial Reporting Standards (“TFRS”), guidelines promulgated by the Federation of Accounting Professions and applicable rules and regulations of the Thai Securities and Exchange Commission (SEC); and presented in accordance with the BoT notification number Sor Nor Sor 21/2561 dated 31 October 2018, regarding to *Preparation and Announcement of Financial Statements of a Commercial Bank and a Holding Company that is the Parent Company of a Financial Group*.

The Bank and its subsidiaries have applied revised TFRS that are effective for annual periods beginning on or after 1 January 2021 and has not early adopted TFRS which are not yet effective. The application has no material impact on the financial statements.

Amended TFRS, which are relevant to the Bank and its subsidiaries operations, expected to have material impact on the consolidated and the Bank’s financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning after 1 January 2022 and earlier application is permitted; however, the Bank and its subsidiaries has not early adopted the amended standards in preparing these consolidated and the Bank’s financial statements. The Bank and its subsidiaries plan to apply the amendments from 1 January 2022. Application will not impact amounts reported for 2021 or prior periods. (see note 48 for practical relief from certain requirements in TFRS4, TFRS7, TFRS9 and TFRS16)

The COVID-19 pandemic is still on going. Due to uncertainty of the situation during 2020, the BoT has provided measures, which are intended to support the financial institutions and to help the borrowers and industries that are affected by COVID-19 and by Thai economic situations. Additional measures continue to be provided in The Bank and its subsidiaries applied accounting relief provided by the BoT in response to impact from the situation of COVID-19 which includes the application of the following:

- (1) The application of BoT’s notification number Sor Nor Sor 6/2563 dated 24 March 2020, regarding to *Holding or having investment units of fixed income funds to enhance the liquidity of the money market*; and

The Siam Commercial Bank Public Company Limited and its Subsidiaries
Notes to the financial statements
For the year ended 31 December 2021

- (2) The application of BoT circular letter number Tor Por Tor For Nor Sor (23) Wor 276/2563 dated 28 February 2020, regarding to *The relief programs for customers affected by Thai economic situations* and BoT circular letter number Tor Por Tor Kor Por Nor Wor 480/2564 dated 14 May 2021, regarding to *The assistance measures for retail customers during COVID-19 pandemic situations Phase 3*.

Under the COVID-19 related circular, the BoT announced to support financial institution to proactively reschedule and restructure with the affected borrowers (both pre-emptive and trouble debt restructuring). Furthermore, BoT announced relief measures for financial institutions to classify loan's staging and provisioning between 1 January 2020 to 31 December 2021 as follows:

- Non-NPL customer as of 1 January 2020 can be classified as performing or stage 1 immediately if the Bank believes that such customer can perform according to the restructuring plans.
- NPL customers as of 1 January 2019 can be classified as performing, or stage 1, immediately if they can adhere to repayment schedule specified in the restructuring plans for 3 consecutive months or 3 consecutive periods, whichever is longer.

In case where the debt restructuring causes original effective interest rate (EIR) to no longer reflect the projected cashflows from the loans, the Bank uses new effective interest rate to recalculate the gross carrying amount of restructured loans under the relief measures.

During the year 2020 and continuing in 2021, Government of Thailand and the BoT have provided relief measures which are intended to help borrowers and industries that are affected by COVID-19 and Thai economic situations. Other significant relief measures include but not limited to the following:

- Granting principal and/or interest payment holiday
- Reduction of minimum credit card payment
- Providing soft loans programs through BoT and Government Savings Bank (GSB)

As at 31 December 2021, approximately 17% of the Bank and its subsidiaries' loans to customers were under the aforementioned financial relief program including various segments and industries. The Bank has additional internal processes and controls when applying the relief measures regarding loan's staging classification. (*2020: 18% of the Bank and its subsidiaries' loans to customers*)

The Bank has additional credit risk management and related internal controls regarding the accounting relief options of staging classification and provisioning based on the borrower's ability to repay and their credit quality. To use a new effective interest rate (EIR), in accordance with the accounting relief, the Bank further considered the debt restructuring methods and scheme as aforementioned.

The Bank has closely monitored the ability to repay of the loans under the financial relief measures and proactively undertaken further debt restructuring according to the BoT's measures in order to be in line with the ability to repay of each affected borrower and the business recovery plan. The Bank has also considered the credit risk and expected credit losses in addition to the uncertainties that may arise from the COVID-19 pandemic by providing additional provision through management overlay to cover uncertainties that may negatively affect credit quality.

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2.2 Functional and presentation currency

The financial statements are presented in Thai Baht, which is the Bank's functional currency.

2.3 Use of judgments and estimates

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of the Bank and its subsidiaries' accounting policies. Actual results may differ from these estimates. Estimates and underlying assumptions that described in each note are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

2.3.1 Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

- | | |
|------------------------|---|
| Note 2.1 | The application of BoT's COVID-19 related circular on loan staging relief measures. Non-NPL customer as of 1 January 2020 can be classified as performing or stage 1 immediately if the Bank believes that such customer can perform according to the restructuring plans. |
| Note 3.3.5, 4.1 and 13 | Determining the criteria for assessing if there has been a significant increase in credit risk and expected credit loss models, including the choice of inputs relating to macroeconomic variables. This also involves expert credit judgment used by management in conjunction with internal and external information; and |
| Note 8, 9, 10 and 28 | Determining the criteria for selecting the most appropriate fair value measurement approach and technique for financial instruments with significant unobservable inputs. |

2.3.2 Assumptions and estimation uncertainties

Information about assumption and estimation uncertainties at 31 December 2021 that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- | | |
|------------------------|--|
| Note 3.3.5, 4.1 and 13 | Impairment of financial instruments: determination of inputs into the ECL measurement models and management overlay, including key assumptions used in estimating recoverable cash flows and incorporation of forward-looking information; and |
| Note 8, 9, 10 and 28 | Measurement of the fair value of financial instruments with significant unobservable inputs. |

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3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements including those stated in note 2.1.

3.1 Basis of consolidation

The consolidated financial statements relate to the Bank and its subsidiaries (together referred to as the “Bank and its subsidiaries”) and the Bank and its subsidiaries’ interest in associates.

Business combinations

The Bank and its subsidiaries apply the acquisition method and the acquisition date is the date on which control is transferred to the Bank and its subsidiaries, other than those with entities under common control. Expenses in connection with a business combination are recognised as incurred.

Goodwill is measured as the fair value of the consideration transferred including the recognised amount of any non-controlling interests in the acquiree, less fair value of the identifiable assets acquired and liabilities assumed, all measured as of the acquisition date. Any gain on bargain purchase is recognised in profit or loss immediately.

Consideration transferred includes the assets transferred, liabilities incurred by the Bank and its subsidiaries to the previous owners of the acquiree, any contingent consideration, and equity interests issued by the Bank and its subsidiaries.

Any contingent consideration is measured at fair value at the date of acquisition and remeasured at fair value at each reporting date. Subsequent changes in the fair value are recognised in profit or loss.

A contingent liability of the acquiree is assumed in a business combination only if such a liability represents a present obligation and arises from a past event, and its fair value can be measured reliably.

Transaction costs that the Bank and its subsidiaries incur in connection with a business combination, such as legal fees, and other professional and consulting fees are expensed as incurred.

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

Step acquisition

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

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Acquisitions from entities under common control

Business combination under common control are accounted for using a method similar to the pooling of interest method, by recognising assets and liabilities of the acquired businesses at their carrying amounts in the consolidated financial statements of the ultimate parent company at the moment of the transaction. The difference between the carrying amount of the acquired net assets and the consideration transferred is recognised as surplus or deficit from business combinations under common control in shareholder's equity. The surplus or discount will be transferred to retained earnings upon divestment of the businesses acquired.

The results from operations of the acquired businesses will be included in the consolidated financial statements of the acquirer from the beginning of the comparative year or the moment the businesses came under common control, whichever date is later, until control ceases.

Subsidiaries

Subsidiaries are entities controlled by the Bank and its subsidiaries. The Bank and its subsidiaries control an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Non-controlling interests

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

When there is a change in the Bank and its subsidiaries' interest in a subsidiary that do not result in a loss of control, any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received from the acquisition or disposal of the non-controlling interests with no change in control are accounted for as other surpluses or deficits in shareholders' equity.

Loss of control

When the Bank and its subsidiaries lose control over a subsidiary, they derecognise the assets and liabilities, and any related non-controlling interests and other components of equity of the subsidiary. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Interests in equity-accounted investees

The Bank and its subsidiaries' interests in equity-accounted investees comprise interests in associates and joint venture.

Associates are those entities in which the Bank and its subsidiaries have significant influence, but not control or joint control, over the financial and operating policies. A joint venture is an arrangement in which the Bank and its subsidiaries have joint control, whereby the Bank and its subsidiaries have rights to the net assets of the arrangement.

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The Bank and its subsidiaries recognised investments in associates and joint venture using the equity method in the consolidated financial statements except for those interests held by, or indirectly held through an entity that is a venture capital organisation in which the Bank and its subsidiaries elect to measure investments at fair value through profit or loss. Under the equity method, they are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Bank and subsidiaries' dividend income and share of the profit or loss and other comprehensive income of equity-accounted investees, until the date on which significant influence ceases.

Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income or expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and joint venture are eliminated against the investment to the extent of the Bank and its subsidiaries' interest in the investee. Unrealised losses are eliminated in the same way as unrealised gain, but only to the extent that there is no evidence of impairment.

The consolidated financial statements include the accounts of the Head Office, all domestic and overseas branches and the Bank's subsidiaries. All inter-company transactions and balances within this Group have been eliminated.

3.2 Cash

Cash includes cash in hand and cash on collection.

3.3 Financial instruments

3.3.1 Recognition and initial measurement

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

Financial assets or financial liabilities that are not measured at fair value through profit or loss are measured initially at fair value plus transaction costs that are directly attributable to its acquisition or issuance.

3.3.2 Classification and subsequent measurement

Classification of financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost (AMC), fair value through other comprehensive income (FVOCI) or fair value through profit or loss (FVTPL).

A financial asset is measured at AMC if it meets both of the following conditions and is not designated as at FVTPL:

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

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A debt instrument is measured at FVOCI only if it meets both of the following conditions and is not designated as at FVTPL:

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

On initial recognition of an equity investment that is not held for trading, the Bank and its subsidiaries may irrevocably elect to present subsequent changes in fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. This includes equity investments held by, or indirectly held through an entity that is a venture capital organisation and all derivative financial assets. On initial recognition, the Bank and its subsidiaries may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Business model assessment of financial assets

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

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

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Bank and its subsidiaries' continuing recognition of the assets.

Financial assets that are held for trading or managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

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Assessment of whether contractual cash flows are Solely Payments of Principal and Interest (SPPI)

For the purposes of this assessment,

- “Principal” is defined as the fair value of the financial asset on initial recognition.
- “Interest” is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as profit margin.

In assessing whether the contractual cash flows are SPPI, the Bank and its subsidiaries consider the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making the assessment the Bank and its subsidiaries consider:

- contingent events that would change the amount and timing of cash flows;
- leverage features;
- terms that limit the Bank and subsidiaries’ claim to cash flows from specified assets (e.g. non-recourse loans); and
- features that modify consideration of the time value of money (e.g. periodical reset of interest rates).

Subsequent measurement and gain and loss of financial assets

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gain and loss, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by expected credit loss. Interest income, foreign exchange gain and loss and expected credit loss are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income, calculated using the effective interest method, foreign exchange gain and loss and expected credit loss are recognised in profit or loss. Other net gain and loss are recognised in OCI. On derecognition, gain and loss accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends income are recognised as income in profit or loss on the date on which the Bank and its subsidiaries’ right to receive payment is established, unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gain and loss are recognised in OCI and are never reclassified to profit or loss.

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Classification, subsequent measurement and gain and loss of financial liabilities

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gain and loss, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gain and loss are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The Bank and its subsidiaries record their obligations to return borrowed collateral, in the form of securities for private repurchase or securities borrowing and lending transactions where these securities are used to further borrow or lend in other transactions in financial liabilities measured at FVTPL.

Reclassification

Financial assets are not reclassified subsequent to their initial recognition, except in the period after the Bank and its subsidiaries change their business model for managing financial assets, in which case all affected financial assets are reclassified prospectively from the reclassification date.

3.3.3 Derecognition

Derecognition of financial assets

The Bank and its subsidiaries derecognise a financial asset when the contractual rights to the cash flows from the financial asset expire, or they transfer the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Bank and its subsidiaries neither transfer nor retain substantially all of the risks and rewards of ownership and they do not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset derecognised) and the sum of (i) the consideration received (including any new asset obtained less any new liability assumed) and (ii) any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Any cumulative gain or loss recognised in other comprehensive income in respect of equity instruments designated as at FVOCI is not recognised in profit or loss on derecognition of such securities. Any interest in transferred financial assets that qualify for derecognition that is created or retained by the Bank and its subsidiaries are recognised as a separate asset or liability.

The Bank and its subsidiaries enter into transactions whereby they transfer assets recognised on their statement of financial position but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. In such cases, the transferred assets are not derecognised. Examples of such transactions are securities lending and sale-and-repurchase transactions.

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When assets are sold to a third party with a concurrent total rate of return swap on the transferred assets, the transaction is accounted for as a secured financing transaction similar to sale-and-repurchase transactions, because the Bank and its subsidiaries retain all or substantially all of the risks and rewards of ownership of such assets.

In transactions in which the Bank and its subsidiaries neither retain nor transfer substantially all of the risks and rewards of ownership of a financial asset and it retains control over the asset, the Bank and its subsidiaries continue to recognise the asset to the extent of its continuing involvement, determined by the extent to which it is exposed to changes in the value of the transferred asset.

In certain transactions, the Bank and its subsidiaries retain the obligation to service the transferred financial asset for a fee. The transferred asset is derecognised if it meets the derecognition criteria. An asset or liability is recognised for the servicing contract if the servicing fee to be received is expected to be more than adequate compensation for the servicing, a servicing asset shall be recognised or a servicing liability if the fee to be received is not expected to compensate the entity adequately for performing the servicing.

Derecognition of financial liabilities

The Bank and its subsidiaries derecognise a financial liability when its contractual obligations are discharged or cancelled, or expire. The Bank and its subsidiaries also derecognise a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

The difference between the carrying amount extinguished and the consideration received paid is recognised in profit or loss.

3.3.4 Modifications of financial assets and financial liabilities (see note 2.1 for application on loans to customers subject to relief programmes)

Modifications of financial assets

If the terms of a financial asset are modified, then the Bank and its subsidiaries evaluate whether the cash flows of the modified asset are substantially different.

If the cash flows are substantially different, then the contractual rights to cash flows from the original financial asset are deemed to have expired. In this case, the original financial asset is derecognised and a new financial asset is recognised at fair value plus any eligible transaction costs. Any fees received as part of the modification are accounted for as follows:

- fees that are considered in determining the fair value of the new asset and fees that represent reimbursement of eligible transaction costs are included in the initial measurement of the asset; and
- other fees are included in profit or loss as part of the gain or loss on derecognition.

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If cash flows are modified when the borrower is in financial difficulties, then the objective of the modification is usually to maximise recovery of the original contractual terms rather than to originate a new asset with substantially different terms. If the Bank and its subsidiaries plan to modify a financial asset in a way that would result in forgiveness of cash flows, then it first considers whether a portion of the asset should be written off before the modification takes place. This approach impacts the result of the quantitative evaluation and means that the derecognition criteria are not usually met in such cases.

If the modification of a financial asset measured at amortised cost or FVOCI does not result in derecognition of the financial asset, then the Bank and its subsidiaries first recalculate the gross carrying amount of the financial asset using the original effective interest rate of the asset and recognises the resulting adjustment as a modification gain or loss in profit or loss. For floating-rate financial assets, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs, or fees incurred and fees received as part of the modification adjust the gross carrying amount of the modified financial asset and are amortised over the remaining term of the modified financial asset.

If such a modification is carried out because of financial difficulties of the borrower, then the gain or loss is presented together with expected credit loss. In other cases, it is presented as interest income calculated using the effective interest rate method.

Modifications of financial liabilities

The Bank and its subsidiaries derecognise a financial liability when its terms are modified and the cash flows of the modified liability are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability derecognised and consideration paid is recognised in profit or loss. The consideration paid includes any non-cash assets transferred and new liabilities assumed.

If the modification of a financial liability is not accounted for as derecognition, then the amortised cost of the liability is recalculated by discounting the modified cash flows at the original effective interest rate and the resulting gain or loss is recognised in profit or loss. For floating-rate financial liabilities, the original effective interest rate used to calculate the modification gain or loss is adjusted to reflect current market terms at the time of the modification. Any costs and fees incurred are recognised as an adjustment to the carrying amount of the liability and amortised over the remaining term of the modified financial liability by re-computing the effective interest rate on the instrument.

3.3.5 Impairment of financial assets

The Bank and its subsidiaries recognise allowance for expected credit loss (ECL) on the following financial instruments that are not measured at FVTPL:

- financial assets that are debt instruments;
- lease receivables;
- financial guarantee contracts issued; and
- loan commitments issued.

No impairment loss is recognised on equity investments.

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Measurement of ECL

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

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

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

Forward-looking macro-economic assumptions are incorporated into the PD, LGD and EAD where relevant and where they have been identified to influence credit risk, such as Gross Domestic Product (GDP), unemployment rate, private consumption expenditure, farm income index and household debt to GDP. These assumptions are determined using all reasonable and supportable information, which includes both available internal and external information and are consistent with those used for financial and capital planning.

The period over which cash shortfalls are determined is generally limited to the maximum contractual period for which the Bank and its subsidiaries are exposed to credit risk where a behavioral life is estimated such as certain revolving and housing loans facilities.

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

Cash shortfalls are discounted using the effective interest rate.

When discounting the expected cash shortfalls to the present value, the following discount rates are used:

- financial assets other than purchased or originated credit-impaired (POCI) financial assets and lease receivables: the original effective interest rate of an approximation thereof;
- POCI assets: a credit-adjusted effective interest rate;
- lease receivables: the discount rate used in measuring the lease receivable;
- undrawn loan commitments and financial guarantee contracts: the approximation of the rate that reflects the current market assessment of the time value of money and the risks that are specific to the cash flows.

ECL are a probability-weighted estimate of credit losses. They are measured as follows:

- financial assets that are not credit-impaired at the reporting date: as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Bank and its subsidiaries expect to receive);
- financial assets that are credit-impaired at the reporting date: as the difference between the gross carrying amount and the present value of estimated future cash flows;

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- undrawn loan commitments: as the present value of the difference between the contractual cash flows that are due to the Bank and its subsidiaries if the commitment might be drawn down and the cash flows that the Bank and its subsidiaries expect to receive; and
- financial guarantee contracts: the expected payments to reimburse the holder less any amounts that the Bank and its subsidiaries expect to recover.

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

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

Staging (see note 2.1 for application on loans to customers subject to relief programmes)

For ECL recognition, financial assets are classified in any of the below 3 stages at each reporting date. A financial asset can move between stages during its lifetime. The stages are based on changes in credit quality since initial recognition and defined as follows:

• *Performing (Stage 1)*

Financial assets that have not had a significant increase in credit risk (SICR) since initial recognition (i.e. no stage 2 or 3 triggers apply) or debt instrument that considered to have low credit risk at each reporting date with the exception of purchased or originated credit impaired (POCI) assets. The provision for ECL is 12-month ECL. 12-month ECL are the portion of lifetime ECL that result from default events on a financial instrument that are possible within the 12 months after the reporting date.

The Bank and its subsidiaries consider government and state enterprise securities to have low credit risk when its credit risk rating is equivalent to the globally understood definition of “investment grade”. The Bank and its subsidiaries do not apply the low credit risk exemption to any other financial instruments.

• *Under-performing (Stage 2)*

When financial assets have an SICR since initial recognition, expected credit losses are recognised for possible default events over the lifetime of the financial assets. The Bank and its subsidiaries consider reasonable and supportable information that is relevant and available without undue cost or effort when assessing SICR. This includes both quantitative and qualitative information and analysis, based on the Bank and its subsidiaries' historical experience and expert credit assessment and including forward-looking information.

Financial assets that are more than 30 days past due and not credit-impaired will always be considered to have experienced a significant increase in credit risk.

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

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

Financial assets can be transferred to stage 1 in case they have proven that their ability to repay are back to normal.

- *Non-performing (Stage 3)*

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

Inputs into the assessment of whether a financial instrument are credit-impaired or in default and their significant change may vary over time to reflect changes in circumstances. The definition of default largely aligns with that applied by the Bank and its subsidiaries for regulatory capital purposes.

The Bank and its subsidiaries consider both qualitative and quantitative factors when determining a financial asset to be in default which can be evidenced by the observable data but not limited to the following events:

- The borrower is more than 90 days past due on any material credit obligation to the Bank and its subsidiaries. Overdrafts are considered as being past due once the customer has breached an advised limit or been advised of a limit smaller than the current amount outstanding;
- The borrower is unlikely to repay its credit obligations to the Bank and its subsidiaries in full, without considering any payment that may be received from collateral, as a result of the customer's significantly reduced creditworthiness;
- The Bank consents to debt restructuring by material forgiveness or postponing principal, interest or fees as it deems that the financial condition of the debtor has deteriorated;
- The Bank has filed litigation against the debtor;
- The borrower has filed for protection under bankruptcy law or other creditors have filed bankruptcy against the debtor, therefore delaying debt repayment to the Bank; or
- The borrower is classified as a non-performing or a purchased or originated credit impaired asset under the BoT's notification number Sor Nor Sor 23/2561 dated 31 October 2018, regarding to *Regulations on Asset Classification and Provisioning of Financial Institutions*.

For individual qualitative consideration of large corporate loans that are credit-impaired, there will be additional procedures where the Bank's Special Business Function consolidates and presents the qualitative information and/or expected credit loss to the Quality Credit Assessment Committee to review and propose to the Credit Committee for approval for such staging and/or expected credit losses.

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

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

Financial assets that are credit-impaired require a lifetime provision.

Improvement in credit risk and staging (see note 2.1 for application on loans to customers subject to relief programmes)

A period may elapse from the point at which instruments enter stage 2 or stage 3 and are reclassified back to stage 1.

For financial assets that are credit-impaired (stage 3), and have not been subject to modification, a transfer to stage 2 or stage 1 is only permitted where the instrument is no longer considered to be credit-impaired. An instrument will no longer be considered credit-impaired when there is no shortfall of cash flows compared to the original contractual terms.

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

Where significant increase in credit risk was determined using quantitative measures, the instruments will automatically transfer back to stage 1 when the transfer criteria are no longer met. Where instruments were transferred to stage 2 due to an assessment of qualitative factors, these factors must be resolved or operating results must be met by the conditions set by the Bank and its subsidiaries before loans are reclassified to stage 1.

- *Loans to customers under modification (see note 2.1 for application on loans to customers subject to relief programmes)*

For modified loans to customers, exposures under stage 3 can be transferred to stage 2 when the customer performs under the revised terms of the contract for 3 months or 3 periods, whichever is longer. A further 9 months or 9 periods, whichever is longer monitoring is required for such customers to be transferred to stage 1 on the basis that there is no overdue balance on the account and the customer is expected to repay its remaining obligations in full. When transferring to stage 1, credit risk will be reset at the transferring date.

For modified loans to customers, exposures under stage 2 that were not previously credit-impaired can be transferred to stage 1 when the customer performs under the revised terms of the contract for 3 consecutive months or 3 periods, whichever is longer, and the customer is expected to repay its remaining obligations in full.

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Financial guarantee contracts held

The Bank and its subsidiaries assess whether a financial guarantee contract held is an integral element of a financial asset that is accounted for separately. The factors that the Bank and its subsidiaries consider when making this assessment include whether:

- the guarantee is implicitly part of the contractual terms of the debt instrument;
- the guarantee is required by laws and regulations that govern the contract of the debt instrument;
- the guarantee is entered into at the same time as and in contemplation of the debt instrument; and
- the guarantee is given by the parent of the borrower or another company within the borrower's group.

If the Bank and its subsidiaries determine that the guarantee is an integral element of the financial asset, then any premium payable in connection with the initial recognition of the financial asset is treated as a transaction cost of acquiring it. The Bank and its subsidiaries consider the effect of the protection when measuring the fair value of the debt instrument and when measuring ECL.

If the Bank and its subsidiaries determine that the guarantee is not an integral element of the financial asset, then it recognises an asset representing any prepayment of guarantee premium and a right to compensation for credit losses. A prepaid premium asset is recognised only if the guaranteed exposure neither is credit-impaired nor has undergone a significant increase in credit risk when the guarantee is acquired. These assets are recognised in "other assets". The Bank and its subsidiaries present gain or loss on a compensation right in profit or loss in the line item "expected credit loss".

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

The Bank and its subsidiaries measure expected credit loss on a lifetime basis for POCI instruments. However, expected credit loss is not recognised in a separate loss provision on initial recognition for POCI instruments as the lifetime expected credit loss is inherent within the gross carrying amount of the instruments. The Bank and its subsidiaries recognise the change in lifetime expected credit losses arising subsequent to initial recognition in the income statement and the cumulative change as a loss provision. Where lifetime expected credit losses on POCI instruments are less than those at initial recognition, then the favorable differences are recognised as impairment gain in profit or loss and as impairment loss where the expected credit losses are greater.

Presentation of allowance for ECL in the statement of financial position

- financial assets measured at amortised cost: as a deduction from the gross carrying amount of the assets;
- loan commitments and financial guarantee contracts: generally, as a provision;
- where a financial instrument includes both a drawn and an undrawn component, the Bank and its subsidiaries separately present ECL of drawn component by deducting from the gross carrying amount while ECL of undrawn component is presented as a provision; and
- debt instruments measured at FVOCI: no loss allowance is recognised in the statement of financial position because the carrying amount of these assets is their fair value. However, the loss allowance is disclosed and is recognised in the other reserves.

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Write-off and reversal of impairment

Loans and debt securities are written off (either partially or in full) after all the necessary procedures have been completed and the Bank and its subsidiaries have decided that there is no reasonable expectation of recovering a financial asset in its entirety or a portion thereof. This is generally the case where the Bank and its subsidiaries determine that the borrower does not have assets or sources of income that could generate sufficient cash flows to repay the amount subject to the write-off. The applicable portion of the gross carrying amount is written off and included as expected credit loss line item in profit or loss.

Subsequent recoveries of amounts previously written off are recognised when cash is received and recorded as a decrease in the amount of the expected credit loss in profit or loss.

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

3.3.6 Derivatives and hedge accounting

Derivatives held for risk management purposes and hedge accounting

Derivatives held for risk management purposes include all derivative assets and liabilities that are not classified as trading assets or liabilities. Derivatives held for risk management purposes are measured at fair value in the statement of financial position.

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

These hedging relationships are described below:

Fair value hedges

When a derivative is designated as the hedging instrument in the hedge of the change in fair value of a recognised asset or liability or a firm commitment that could affect profit or loss, changes in the fair value of the derivative are recognised immediately in profit or loss. The change in fair value of the hedged item attributable to the hedged risk is recognised in profit or loss. If the hedged item would otherwise be measured at cost or amortised cost, then its carrying amount is adjusted accordingly.

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

Any adjustments up to the point of discontinuation to a hedged item, for which the effective interest method is used, is amortised to profit or loss as an adjustment to the recalculated effective interest rate of the item over its remaining life.

On hedge discontinuation, any hedging adjustment made previously to a hedged financial instrument, for which the effective interest method is used, is amortised to profit or loss by adjusting the effective interest rate of the hedged item from the date on which amortisation begins. If the hedged item is derecognised, then the adjustment is recognised immediately in profit or loss when the item is derecognised.

Cash flow hedges

When a derivative is designated as the hedging instrument in the hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset or liability or highly probable forecast transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve within shareholders' equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss. The amount recognised in the hedging reserve is classified from other comprehensive income to profit or loss as a reclassification adjustment in the same year as the hedged cash flows affect profit or loss, and in the same line item in the statement of profit or loss and other comprehensive income.

If the hedging derivative expires or is sold, terminated or exercised, or the hedge no longer meets the criteria for cash flow hedge accounting, or the hedge designation is revoked, then hedge accounting is discontinued prospectively.

If the hedged cash flows are no longer expected to occur, then the Bank and its subsidiaries immediately reclassify the amount in the hedging reserve from OCI to profit or loss. For terminated hedging relationships, if the hedged cash flows are still expected to occur, then the amount accumulated in the hedging reserve is not reclassified until the hedged cash flows affect profit or loss; if the hedged cash flows are expected to affect profit or loss in multiple reporting periods, then the Bank and its subsidiaries reclassify the amount in the hedging reserve from OCI to profit or loss on a straight-line basis.

3.3.7 Securities purchased under reverse sale-and-repurchase agreements / Securities sold under sale-and-repurchase agreements

The Bank and its subsidiaries enter into agreements to purchase securities or to sell securities back at certain dates in the future at fixed prices. Amounts paid for securities purchased subject to a resale commitment are presented as assets under the caption of "Interbank and money market items, net (assets)" or "Loans to customers", depending upon the type of its counterparty, in the statements of financial position, and the underlying securities are treated as collateral to such receivables. Securities sold subject to repurchase commitments are presented as liabilities under the caption of "Interbank and money market items (liabilities)" or "Debt issued and borrowings, net", depending upon the type of its counterparty, in the statements of financial position, at the amounts received from the sale of those securities, and the underlying securities are treated as collateral. The difference between the purchase and sale considerations is recognised as interest income or expenses, as the case may be, over the transaction periods.

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3.3.8 Liabilities to deliver security

Liabilities to deliver security represents the Bank and its subsidiaries' liability to return collateral, in the form of securities for private repurchase or securities borrowing and lending transactions where these securities are used to further borrow or lend in other transactions.

Gains or losses arising from securities sold short are included in determining profit or loss. Fees for borrowing and lending are recognised on an accrual basis.

3.4 Investments in subsidiaries and associates

Investments in subsidiaries and associates in the Bank's financial statements are measured at cost less impairment losses (if any).

The measurement of investments in subsidiaries and associates in the consolidated financial statements is described in note 3.1.

Disposal of investments in the Bank's financial statements

On disposal of an investment, the difference between net disposal proceeds and the carrying amount is recognised in profit or loss.

3.5 Properties for sale

Properties for sale consist of movable and immovable properties, are measured at the lower of cost or net realisable value, which is determined with reference to the latest appraisal value, less estimated cost to sell in accordance with the BoT notification number Sor Nor Sor 23/2561 dated 31 October 2018, regarding to *Regulations on Asset Classification and Provisioning of Financial Institutions*. Impairment losses are recognised as expenses in profit or loss.

The Bank also followed BoT notification number Sor Nor Sor 22/2552 dated 11 December 2009, regarding to *Foreclosed Properties* and Sor Nor Sor 23/2552 dated 11 December 2009, regarding to *Guidelines on Purchase or Possession of Real Estate Used as a Site for Business Operation or Employees or Workers of Financial Institutions*.

Gain or loss on sales of properties for sale are recognised as income or expenses in profit or loss based on condition stipulated in BoT notification number Sor Nor Sor 20/2561 dated 31 October 2018, regarding to *Regulations on Accounting of Financial Institutions*.

3.6 Premises and equipment

Recognition and measurement

Owned assets

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

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Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of premises and equipment have different useful lives, they are accounted for as separate items (major components) of premises and equipment.

Any gain and loss on disposal of an item of premises and equipment are determined by comparing the proceeds from disposal with the carrying amount of premises and equipment, and are recognised in profit or loss.

Revalued assets

Revaluations are performed by independent professional valuers with sufficient regularity according to guidelines prescribed by BoT to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the reporting date.

Any increase in value, on revaluation, is recognised in other comprehensive income and presented in the revaluation surplus in shareholders' equity unless it offsets a previous decrease in value recognised in profit or loss in respect of the same asset. A decrease in value is recognised in profit or loss to the extent it exceeds an increase previously recognised in other comprehensive income in respect of the same asset. The revaluation surplus is utilised by reference to the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost and transferred directly to retained earnings. Upon disposal of a revalued asset, any remaining related revaluation surplus is transferred directly to retained earnings and is not considered in calculating the gain or loss on disposal.

Reclassification to investment properties

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified as investment property. Property that is being constructed for future use as investment property is accounted for at fair value. Any gain arising on remeasurement is recognised in profit or loss to the extent the gain reverses a previous impairment loss on the specific property, with any remaining gain recognised in other comprehensive income and presented in the revaluation surplus in equity. Any loss is recognised in other comprehensive income and presented in the revaluation surplus in equity to the extent that an amount had previously been included in the revaluation surplus relating to the specific property, with any remaining loss recognised immediately in profit or loss.

Subsequent costs

The cost of replacing a part of an item of premises and equipment is recognised in the carrying amount of the item when the future economic benefits embodied within the part will flow to the Bank and its subsidiaries, and its cost can be measured reliably. The carrying amount of the replaced part is amortised. The costs of the day-to-day servicing of premises and equipment are recognised in profit or loss as incurred.

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Depreciation

Depreciation is calculated based on the depreciable amount, which comprises the cost of an asset, or other amount substituted for cost, less its residual value and recognised in profit or loss using a straight-line basis over the estimated useful lives of each component of an asset. Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. No depreciation is provided on freehold land or assets under construction.

The estimated useful lives are as follows:

Premises	20 - 50 years
Building improvement	10 years
Furniture, fixtures, office equipment, equipment and vehicles	5 years

3.7 Investment properties

3.7.1 Accounting policies applicable from 1 January 2021

Investment properties are measured at cost on initial recognition and subsequently at fair value prospectively, with any change recognised in profit or loss. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

The revision of valuation method of investment properties which were initially measured at cost less accumulated depreciation and impairment losses will be recognised prospectively.

3.7.2 Accounting policies applicable before 1 January 2021

Investment properties are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Depreciation is calculated on a straight-line basis over the estimated useful lives of buildings of 20 years and recognised in profit or loss. No depreciation charged on freehold land.

3.8 Goodwill and other intangible assets

Goodwill

Goodwill is measured at cost less accumulated impairment losses. In respect of equity-accounted investee, the carrying amount of goodwill is included in the carrying amount of the investment. Internally generated goodwill and brands is recognised in profit or loss as incurred.

Research and development

Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Bank and its subsidiaries intend to and has sufficient resources to complete development and to use or sell the asset. Other development expenditure and expenditure on research activities are recognised in profit or loss as incurred.

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Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses. The expenditure cost includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Subsequent expenditure is capitalised only when it increases the future economic benefits.

Other intangible assets

Other intangible assets which are software licenses that are acquired by the Bank and its subsidiaries and have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses. Subsequent expenditure is capitalised only when it will generate the future economic benefits.

Amortisation

Amortisation is based on the cost of the asset, or other amount substituted for cost, less its residual value, and is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use, since this most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. No amortisation is provided on software under installation.

The estimated useful lives are as follows:

Software licenses	5 - 10 years
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3.9 Impairment of non-financial assets

The carrying amounts of the Bank and its subsidiaries' assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amounts are estimated. For goodwill and intangible assets that have indefinite useful lives or are not yet available for use, the recoverable amount is estimated each year at the same time.

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

Calculation of recoverable amount

The recoverable amount of a non-financial asset is the greater of the asset's value in use and fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversals of impairment

An impairment loss in respect of goodwill is not reversed. Impairment losses recognised in prior year in respect of other non-financial assets are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

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3.10 Contract liabilities

A contract liability is the obligation to transfer services to the customer. A contract liability is recognised when the Bank and its subsidiaries receive or has an unconditional right to receive non-refundable consideration from the customer before the Bank and its subsidiaries recognise the related revenue.

3.11 Employee benefits

Defined contribution plans

Obligations for contributions to defined contribution plans such as the provident fund are expensed as the related service is provided.

Defined benefit plans

The Bank and its subsidiaries' net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior years.

The defined benefit obligations is discounted to the present value which performed by a qualified actuary using the projected unit credit method.

Remeasurements of the net defined benefit liability, actuarial gain or loss are recognised immediately in other comprehensive income. The Bank and its subsidiaries determine the interest expenses on the net defined benefit liability for the year by applying the discount rate used to measure the defined benefit obligations, taking into account any changes in the net defined benefit liability during the year as a result of contributions and benefit payments. Net interest expenses and other expenses related to defined benefit plans are recognised in profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in profit or loss. The Bank and its subsidiaries recognise gain and loss on the settlement of a defined benefit plan when the settlement occurs.

Other long-term employee benefits

The Bank and its subsidiaries' net obligation in respect of long-term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and prior years. That benefit is discounted to determine its present value. Remeasurements are recognised in profit or loss in the year in which they arise.

Termination benefits

Termination benefits are expensed at the earlier of when the Bank and its subsidiaries can no longer withdraw the offer of those benefits and when the Bank and its subsidiaries recognise costs for a restructuring. If benefits are not expected to be settled wholly within 12 months of the reporting period, then they are discounted.

Short-term employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Bank and its subsidiaries have a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

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3.12 Provisions

A provision is recognised if, as a result of a past event, the Bank and its subsidiaries have a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3.13 Fair value measurement

Fair value is the price that would be received to sell an asset or pay to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Bank and its subsidiaries have access at that date.

A number of the Bank and its subsidiaries accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When one is available, the Bank and its subsidiaries measure the fair value of an instrument using the quoted price in an active market for that instrument. A market is regarded as ‘active’ if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

If there is no quoted price in an active market, then the Bank and its subsidiaries use valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction.

If an asset or a liability measured at fair value has a bid price and an ask price, then the Bank and its subsidiaries measure assets at a bid price and liabilities at an ask price.

The best evidence of the fair value of a financial instrument on initial recognition is normally the transaction price - i.e. the fair value of the consideration given or received. If the Bank and its subsidiaries determine that the fair value on initial recognition differs from the transaction price and the fair value is evidenced neither by a quoted price in an active market for an identical asset or liability nor based on a valuation technique for which any unobservable inputs are judged to be insignificant in relation to the measurement, then the financial instrument is initially measured at fair value, adjusted to defer the difference between the fair value on initial recognition and the transaction price. Subsequently, that difference is recognised in profit or loss on an appropriate basis over the life of the instrument but no later than when the valuation is wholly supported by observable market data or the transaction is closed out.

The Bank and its subsidiaries have an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including level 3 fair values, and reports directly to the Chief Financial Officer.

The valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the valuation team assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of TFRS, including the level in the fair value hierarchy in which the valuations should be classified.

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

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: inputs for the asset or liability that are based on unobservable input.

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Bank and its subsidiaries recognise transfers between levels of the fair value hierarchy at the end of the reporting year during which the change has occurred.

3.14 Share capital

Preferred shares

Preferred shares are classified as equity if they are non-redeemable, or redeemable only at the Bank's option, and any dividends are discretionary. Dividends thereon are recognised as distributions within shareholders' equity upon approval by the Bank's shareholders.

Common shares

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

3.15 Interest

Effective interest rate

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

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

When calculating the effective interest rate for financial instruments other than purchased or originated credit-impaired assets, the Bank and its subsidiaries estimate future cash flows considering all contractual terms of the financial instrument, but not expected credit loss. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated using estimated future cash flows including expected credit loss.

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

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

Calculation of interest income and expense

The effective interest rate of a financial asset or financial liability is calculated on initial recognition of a financial asset or a financial liability. In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the AMC of the liability. The effective interest rate is revised as a result of periodic re-estimation of cash flows of floating rate instruments to reflect movements in market rates of interest. The effective interest rate is also revised for fair value hedge adjustments at the date amortisation of the hedge adjustment begins.

However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the AMC of the financial asset. If the financial asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

For financial assets that were credit-impaired on initial recognition, interest income is calculated by applying the credit-adjusted effective interest rate to the AMC of the asset. The calculation of interest income does not revert to a gross basis, even if the credit risk of the asset improves.

3.16 Fee and service income

Fee and commission income and expense that are integral to the effective interest rate on a financial asset or financial liability are included in the effective interest rate.

Other fee and service income are recognised when a customer obtains control of the services in an amount that reflects the consideration to which the Bank and its subsidiaries expect to be entitled to. In addition, judgment is required in determining the timing of the transfer of control for revenue recognition - at a point in time or over time. For the fee and service income that contain variable consideration, the Bank and its subsidiaries estimate and measure the amount of variable consideration based on the method established under TFRS 15. In determining the amount of variable consideration, the Bank and its subsidiaries also considers whether the extent of the amount recognised is highly probable that a significant reversal in the amount of cumulative fee and service income recognised will not occur.

Where the Bank and its subsidiaries act in the capacity of an agent and it recognises the net amount of consideration as commission revenue.

3.17 Long-term advances received from customer

Long-term advances received from customer is recognised as revenue when the Bank and its subsidiaries transferred control over the services to the customer.

3.18 Dividend income

Dividend income is recognised in profit or loss when the right to receive income is established.

3.19 Net gain on financial instruments measured at FVTPL

Net gain on financial instruments comprises gain less loss related to trading, fair value changes, transfer of financial assets measured at FVTPL, foreign exchange differences or translation of assets and liabilities denominated in foreign currency into the functional currency.

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3.20 Contributions to the Deposit Protection Agency and Financial Institutions Development Fund

Contributions to the Deposit Protection Agency and Financial Institutions Development Fund are recorded as expenses on an accrual basis.

3.21 Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Bank and its subsidiaries currently have a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.22 Financial guarantee and loan commitments

Financial guarantees are contracts that require the Bank and its subsidiaries to make specified payments to reimburse the holder for a loss that it incurs because a specified debtor fails to make payment when it is due in accordance with the terms of a debt instrument. Loan commitments are firm commitments to provide credit under pre-specified terms and conditions.

Financial guarantees issued or commitments to provide a loan at a below-market interest rate are initially measured at fair value. Subsequently, they are measured at the higher of the loss allowance determined in accordance with TFRS 9.

3.23 Income tax

Income tax expense for the year comprises current and deferred tax, which is recognised in profit or loss except to the extent that they relate to a business combination, or items recognised directly in shareholders' equity or in other comprehensive income.

Current tax is recognised in respect of the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the temporary differences: the initial recognition of goodwill; the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss; and differences relating to investments in subsidiaries and joint venture to the extent that it is probable that they will not reverse in the foreseeable future.

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Bank and its subsidiaries expect, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date. Current deferred tax assets and liabilities are offset if there is a legally enforceable right to offset.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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3.24 Earnings per share

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

3.25 Related parties

A related party is a person or entity that has direct or indirect control or joint control, or has significant influence over the financial and managerial decision-making of the Bank and its subsidiaries; a person or entity that are under common control or under the same significant influence as the Bank and its subsidiaries; or the Bank and subsidiaries have direct or indirect control or joint control or has significant influence over the financial and managerial decision-making of a person or entity.

3.26 Segment reporting

Segment results that are reported to the Executive Committee (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3.27 Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Bank and its subsidiaries at the spot exchange rates at the date of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate announced by the BoT at the reporting date.

Non-monetary items that are measured based on historical cost in a foreign currency are translated using the spot exchange rate at the date of the transaction.

Foreign currency differences arising on translation are generally recognised in profit or loss. However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income:

- Equity instruments that has been elected to measure at FVOCI;
- A financial liability designated as a hedge of the net investment in a foreign operation to the extent that the hedge is effective;
- Qualifying cash flow hedges to the extent that the hedge is effective.

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Foreign operations

The assets and liabilities of foreign operations are translated into Thai Baht at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into Thai Baht at the approximating exchange rates at the dates of the transactions.

Foreign exchange differences arising on translation are recognised in other comprehensive income until disposal of the business.

3.28 Leases

At inception of a contract, the Bank and its subsidiaries assesses whether a contract is, or contains, a lease. To assess whether a contract conveys the right to control the use of an identified asset, the Bank and its subsidiaries uses the definition of a lease in TFRS 16.

As a lessee

At commencement or on modification of a contract that contains a lease component, the Bank and its subsidiaries allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Bank and its subsidiaries has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Bank and its subsidiaries recognise a right-of-use asset and a lease liability at the lease commencement date, except for leases of low-value assets and short-term leases which is recognised as an expense on a straight-line basis over the lease term.

Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use asset includes the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of restoration costs, less any lease incentives received. Depreciation is charged to profit or loss on a straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that shall be paid under the lease, discounted using the Bank's marginal funding rate to the present value. The Bank and its subsidiaries derive their marginal funding rates from the average cost of funding in the prevailing market which reflects the respective terms of the lease payments.

The lease liability is measured at amortised cost using effective interest method. It is remeasured when there is a lease modification or a change in the assessment of options specified in the lease. When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Bank and its subsidiaries present right-of-use assets that do not meet the definition of investment properties in premises and equipment and lease liabilities in other liabilities in the statement of financial position.

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As a lessor

At inception or on modification of a contract that contains a lease component and one or more additional lease or non-lease components, the Bank and its subsidiaries allocates the consideration in the contract to each component on the basis of their relative standalone prices.

When the Bank and its subsidiaries acts as a lessor, it determines at lease inception whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease.

When the Bank and subsidiaries is an intermediate lessor, the Bank and its subsidiaries classify the sub-lease either as a finance lease or an operating lease with reference to the right-of-use asset arising from the head lease. In case of a head lease is a short-term lease, the sub-lease is classified as an operating lease. Those right-of-use assets are presented as investment properties.

The Bank and its subsidiaries recognise lease payments received under operating leases as rental income on a straight-line basis over the lease term as part of other income. Initial direct costs incurred in arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as income in the accounting year in which they are earned.

The Bank and its subsidiaries recognise finance lease receivables or hire purchase receivables at the amount of the Bank and its subsidiaries' net investment in the lease, which comprises the present value of the lease payments and any unguaranteed residual value. Finance lease or hire purchase income is allocated to accounting years to reflect a constant periodic rate of return on the Bank and its subsidiaries net investment outstanding in respect of the leases.

The Bank and its subsidiaries derecognise, modified cashflow and determine impairment on the finance lease receivables or hire purchase receivables as disclosed in note 3.3.3 to 3.3.5.

4 Financial risk management

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Bank and its subsidiaries' risk management framework. The Board has established at the Bank and, to the extent required, at its subsidiaries, the sub-board committees, e.g. Risk Oversight Committee, Executive Committee, Audit Committee and Technology Committee, which are collectively responsible for developing, implementing and monitoring the Bank and its subsidiaries' risk management policies in specified areas.

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The Bank's Risk Oversight Committee is responsible for overseeing the adequacy and effectiveness of the overall risk management framework in relation to the risks faced by the Bank and its subsidiaries.

The Bank's Audit Committee is responsible for reviewing the adequacy of the Bank's internal control as well as the effectiveness of the Bank and its subsidiaries. The Bank's Audit Committee is assisted in these functions by Internal Audit. Internal Audit undertakes both regular and ad-hoc reviews of risk management controls and procedures, the results of which are reported to the Bank's Audit Committee.

In addition, the management committees, which are Risk Management Committee, Credit Committee, Model Risk Management Committee, Asset and Liability Management Committee (ALCO) and Equity Investment Management Committee, have been established to oversee the Bank's risk management processes and reporting regularly to sub-board committees and the Board of Directors on their activities. Risk Management Committee is responsible for reviewing risk management policies and frameworks for risk management and control. Credit Committee is responsible for approving loans within their approval authority. Model Risk Management Committee is responsible for overseeing all internal risk models including TFRS 9 ECL models employed by the Bank to ensure that models remain effective for assessing risks and model risk is under control. Asset and Liability Committee (ALCO) is responsible for managing risk in the Bank's statement of financial position. Equity Investment Management Committee is responsible for managing risk in the Bank's equity investment portfolio.

The Bank and its subsidiaries' risk management policies, Internal Capital Adequacy Assessment Policy (ICAAP Policy) and Recovery Plan Policy are established to identify and analyse the risks faced by the Bank and its subsidiaries, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. These policies are reviewed regularly to reflect changes in market conditions, products and services offered. The Bank and its subsidiaries, through implementing and monitoring appropriate policies, procedures and measures, aim to establish an effective and efficient internal control environment, in which all employees understand their roles and obligations.

4.1 Credit risk

Credit risk is the risk arising from a borrower and/or counterparty to financial instruments fails to meet its contractual obligations or to comply with conditions or contracts. Credit risk covers all types of financial products: transactions on-financial reporting such as loans, overdrafts, bills of exchange and other types of debts; and those off-financial reporting such as derivatives trading, letters of guarantee etc.

The Bank and its subsidiaries have significant credit risk management policies and frameworks which have been approved by the Board of Directors. For example:

- Credit Policy Guide
- Asset Classification and Provisioning for Financial Asset and Obligations that may be irrevocable and Write Off Policy
- Collateral and NPA Appraisal Policy
- Counterparty Risk Management Policy
- Country Risk Management Policy
- Model Risk Management Policy
- TFRS 9 Governance Policy

Since credit risk varies by type of credit, different risk measurement methods are applied, ranging from basic statistical tools to more advanced ones, or using individual risk assessment of expert credit judgment, to appropriately reflect the credit risk of each type of product/ transaction.

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The Bank and its subsidiaries have credit risk reporting on a regular basis. The Bank and its subsidiaries credit risk report, including but not limited to loan growth, credit quality, credit concentration, is presented to the Risk Management Committee and Risk Oversight Committee on a monthly basis.

Credit approval/ credit review

The Bank attaches great importance to proper checks and balances in credit underwriting by establishing a clear separation between business origination and credit approval functions.

Business origination units are responsible for managing relationships to expand business, acquiring new clients, creating new markets and proposing for lending. Credit approval units provide independent advice and recommendations in accordance with the Credit Policy Guide to support authorised approvers in making credit decisions.

In addition, credit approval authority has been assigned to reflect different risk profiles and governed by the three-signature rule.

For the Bank's retail customers and SSMEs, credit approval will be carried out in accordance with product programs/ test programs which have been approved by the Executive Committee or the Retail Credit Committee. Credit approval authority and criteria, including exceptions, have been clearly and explicitly specified.

After a loan has been approved, the Bank will monitor the customer's account regularly as well as conducting periodic customer reviews with an objective that goes beyond ex-post rationalisation. The Bank focuses on forward-looking analysis to gain insight on both positive and negative changes in a specific industry or business related to each customer, as well as the customer's future financial status. This approach enables the Bank to review and monitor risk of each customer in order to formulate appropriate business strategies and action plans going forward.

Relationship manager/ Special business officer is responsible for conducting routine customer reviews within a specified timeframe at least once a year as well as conducting additional reviews when warranted by events that have material impacts on customers. Reports on customer reviews shall be prepared according to a specified format and submitted for approval from authorised persons.

For non-retail customers, the Bank reviews customer risk rating to gain insight on customer behavior and formulate an appropriate strategy for portfolio management by using an early warning system or using payment behavior to determine the risk level via PD Pool segmentation. The review is conducted at least once a year or more frequently if warranted by material changes in customers' risk rating. For retail customers and SSMEs, the Bank reviews customer risk rating by using National Credit Bureau (NCB) and payment behavior to determine the risk level via PD pool segmentation.

COVID-19 pandemic has continued to impact the creditworthiness of the customers in 2021. The Bank offers assistances to retail and business customers depending on the severity of the impact by providing restructuring programmes and additional credit lines to support liquidity (see note 2.1 for application on loans to customers subject to relief programmes). The Bank has closely monitored the customer under relief measures by measuring credit risk by its characteristics e.g., industry, remaining tenor, types of measures as well as qualitative factors. In addition, the Bank has adopted both BoT's loan classification criteria and the Bank's internal criteria to ensure that loans under relief measures are classified appropriately to the loan qualities and the provision level is sufficient to cover potential credit losses. The Bank also considers management overlay adjustment to the ECL models, where possible, if the risk parameters deviate.

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4.1.1 Maximum Exposure to Credit Risk

The following table presents the Bank and its subsidiaries' maximum exposure to credit risk of on-financial reporting and off-financial reporting items, without taking into account of any collateral held or other credit enhancements. For on-financial reporting items, the exposure to credit risk equals their carrying amount. For contingent liabilities, the maximum exposure to credit risk is the maximum amount that the Bank and its subsidiaries would have to pay if the obligations of the instruments issued are called upon. For loan commitments, the maximum exposure to credit risk is the full amount of the undrawn credit loan facilities granted to customers.

As at 31 December 2021 and 2020, consolidated carrying amount and average maximum exposure to credit risk were summarised as follows:

	Consolidated			
	Average			
	2021	2020	2021	2020
<i>(in million Baht)</i>				
Credit risk exposure of on-financial reporting items*				
Interbank and money market items, net	618,269	547,504	541,057	535,242
Derivative assets	57,579	86,830	73,002	83,880
Loans to customers and accrued interest receivables, net	2,165,456	2,130,308	2,151,030	2,042,493
Government and state enterprise securities	224,431	287,600	262,111	270,210
Corporate debt instruments	7,017	7,113	7,150	13,145
Foreign debt instruments	31,602	32,424	22,267	24,058
Credit risk exposure of off-financial reporting items				
Financial guarantee contracts	247,164	216,276	234,656	222,468
Unused bank overdrafts	200,003	201,324	202,091	195,744
Loan commitments	36,057	47,622	39,430	49,531
Total maximum credit risk exposure	<u>3,587,578</u>	<u>3,557,001</u>	<u>3,532,794</u>	<u>3,436,771</u>

* The exposure to credit risk is net of allowance for expected credit loss.

The Bank does not present the Bank only maximum exposure to credit risk since the exposure does not materially differ from the consolidated figures.

4.1.2 Collateral held and other credit enhancements

The Bank and its subsidiaries hold collateral and other credit enhancements against certain of its credit exposures. The main types of collateral held by the Bank and its subsidiaries are land, building and financial securities. Upon granting credit decision, the Bank assesses the Loss Given Default (LGD), which is dependent on loan-to-value (LTV) ratio (ratio of the gross amount of loan to the value of collateral). The value of collateral is appraised and reviewed in accordance to risk of each collateral type and staging of the borrowers. This will be appraised by either internal collateral valuation experts or external collateral valuation experts (approved by Securities Exchange Commission (SEC)) which is approved by the Collateral Appraisal Committee to ensure that the value is reliable and up to date. The collateral value used also takes into account the expected loss from legal execution and public auction, which vary based on risk of each collateral type. The Bank also set up a discount rate based on collateral type to calculate LTV ratio. According to the underwriting criteria, higher the risk of the customer, higher amount of collateral will be required. It would help to offer the risk of the customers in the view of risk-return of the program, or the Bank may lower the credit limit to an appropriate risk level.

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Derivatives and reverse sale-and-repurchase agreements

The Bank and its subsidiaries mitigate the credit risk of derivative transactions and reverse sale-and-repurchase agreements by entering into master netting agreements and the bank's counterparty collateral agreement, of which collateral are held in the form of cash or marketable securities. Quantification of the collateral arrangements relating to these transactions is disclosed in note 27.

Residential mortgage loans

Mortgage loans is one of the types of loans, which is secured by collateral. However, the level of required collateral might be different by customer characteristics. Moreover, the BoT also considers LTV as one of the factors to calculate the Risk Weighted Asset (RWA) for Standardised Approach. The Bank manages the risk of higher LTV by allowing loans to customers who have a good scorecard rating.

As at 31 December 2021, consolidated and the Bank's LTV ratio of mortgage loan is approximately 71% (2020: 71%).

Loans to corporate customers

The general creditworthiness of a non-retail customer tends to be the most relevant indicator of credit quality of a loan extended to it. However, collateral provides additional creditworthiness and reduces the credit risk of this group of customers. The Bank and its subsidiaries generally consider it as one of the credit enhancements tools where the collateral are in the form of a first charge over real estate, floating charges over all corporate assets and other liens and guarantees.

Since there are several types of collaterals and guarantees, the haircut of the collaterals and guarantees might be different based on the liquidity and quality of each collateral and guarantee, as reflected in the haircut in the Credit Policy Guide. This is to ensure that appropriate level of credit enhancement is considered in the credit approval and review processes.

4.1.3 *Information relating to ECL*

Inputs, assumptions and techniques used for estimating ECL are disclosed in note 3.3.5 and note 2.1 for application on loans to customers subject to relief programmes.

Incorporation of forward-looking information

The Bank and its subsidiaries incorporate forward-looking information into the measurement of ECL.

The Bank and its subsidiaries formulate three economic scenarios: a base case, which is the central scenario, developed internally, and two less likely scenarios, one upside and one downside scenario. External information considered includes economic data and forecasts published by governmental bodies, selected private-sector and academic.

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The scenario probability weightings applied in the model when measuring ECL are as follows:

	Upside	Consolidated			2020 Base	Downside
		2021 Base	Downside	Upside		
Scenario probability weighting	20	60	20	20	60	20
The Bank						
	Upside	2021 Base	Downside	Upside	2020 Base	Downside
		20	60	20	60	20

The Bank and its subsidiaries have identified and documented key drivers of credit risk and credit losses for each portfolio of financial instruments and, using an analysis of historical data, by estimating relationships between macroeconomic variables, credit risk and credit losses. A broad range of forward-looking information are incorporated into the credit risk factors. The key drivers may include Gross Domestic Product (GDP), unemployment rate and private consumption expenditure, farm income index and household debt to GDP, etc. These variables and scenario probability weighting are produced by the Bank's Economic Intelligence Center.

The future uncertain events from the impact of the COVID-19 are partly reflected in the forward-looking information of the Bank and its subsidiaries' ECL models since this impact remains uncertain and represents a material downside risk to the economy with mitigation from government and other support measures. The Bank and its subsidiaries apply long-term macroeconomic forward-looking information according to regulatory guidelines, including management overlay as a buffer against economic uncertainty.

Management Overlay

Management overlay are adjustment to the ECL balance as part of financial reporting process to reflect late updates adjustment including current market information, known model insufficiencies, expert credit judgment adjustment on forward-looking information, and economic risk.

The Bank and its subsidiaries have internal governance frameworks and controls in place to assess the appropriateness and completeness of management overlay. The aim of the Bank and its subsidiaries is to incorporate the management overlay adjustment to the ECL models, where possible, as part of the periodic model monitoring, model validation, and recalibration procedures.

The Bank and its subsidiaries monitor the COVID-19 impact on credit risk exposures and uncertainties arising from the COVID-19 situation which could negatively affect the credit quality. As a result, management considered the impact from these uncertain events based on available information for individual customers and industry level and has recorded additional ECL as a management overlay. As 31 December 2021 and 2020, management overlay primarily covered macroeconomic downside risks and related possible future deterioration in credit risk of loans to customers.

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4.1.4 Concentrations of credit risk

The Bank and its subsidiaries monitor concentrations of credit risk by sector and by geographic location. An analysis of concentrations of credit risk from loans to customers is given in note 12.2 and 12.4.

4.1.5 Credit quality analysis

The Bank and its subsidiaries allocate each exposure to a credit risk grade based on a variety of data that is determined to be predictive of the risk of default and applying experienced credit judgment.

Credit risk grades are defined and calibrated such that the risk of default occurring accelerates as the credit risk grade deteriorates so, for example, the difference in risk of default between strong grade is smaller than the difference between higher risk grade.

Each exposure is allocated to a credit risk grade on initial recognition based on available information about the borrower. Exposures are subject to ongoing monitoring, which may result in an exposure being moved to a different credit risk grade. The monitoring typically involves use of the following data:

- Payment record - this includes overdue status as well as payment behaviour
- Existing and forecast changes in business, financial and economic conditions
- Information obtained during periodic review of customer files - e.g. audited financial statements, management accounts, budgets and projections.
- Data from credit reference agencies, press articles, changes in external credit ratings
- Actual and expected significant changes in the political, regulatory and technological environment of the borrower or in its business activities
- Internally collected data on customer behaviour e.g. historical past due information, transaction data
- Parental support and/or guarantors
- Information from National Credit Bureau (NCB)
- Credit covenants
- Requester for and granting of forbearance

Credit risk grades are a primary input into the determination of the term structure of PD for exposures. The Bank and its subsidiaries collect performance and default information about its credit risk exposures analysed by jurisdiction, by type of product and borrower as well as by credit risk grading. Also, information purchased from external credit reference agencies is also used.

The Bank and its subsidiaries employ statistical models to analyse the data collected and generate estimates of the remaining lifetime PD of exposures.

Credit quality is ranked from credit grades that are grouped as Strong to Impaired. This quality is used to reflect the ability for customers to meet financial obligation where:

- Strong customers are those that have a good capacity to meet financial obligations.
- Fair customers are those that have a fairly acceptable capacity to meet financial obligations.
- Weak customers are those that have uncertain capability to meet financial obligations.
- Impaired customers are those whose credit were impaired primarily from owing more than 90 days overdue payments or have other indications which reflect the inability to repay.

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The following tables set out information about the credit quality as at 31 December 2021 and 2020 of loans to customers without taking into account collateral or other credit enhancement.
(see note 2.1 for application and amount of loans to customers subject to relief programmes)

	Consolidated			Total
	Stage 1	Stage 2	Stage 3 (in million Baht)	
<i>Loans to customers</i>				
Strong	946,468	2,536	-	949,004
Fair	803,374	46,201	-	849,575
Weak	253,265	140,876	-	394,141
Impaired	-	-	109,114	109,114
Total	2,003,107	189,613	109,114	2,301,834

	Consolidated			Total
	Stage 1	Stage 2	Stage 3 (in million Baht)	
<i>Loans to customers</i>				
Strong	998,965	9,879	-	1,008,844
Fair	753,254	59,687	-	812,941
Weak	205,935	126,060	-	331,995
Impaired	-	-	101,462	101,462
Total	1,958,154	195,626	101,462	2,255,242

	The Bank			Total
	Stage 1	Stage 2	Stage 3 (in million Baht)	
<i>Loans to customers</i>				
Strong	943,888	2,536	-	946,424
Fair	801,520	46,023	-	847,543
Weak	252,838	140,512	-	393,350
Impaired	-	-	108,051	108,051
Total	1,998,246	189,071	108,051	2,295,368

	The Bank			Total
	Stage 1	Stage 2	Stage 3 (in million Baht)	
<i>Loans to customers</i>				
Strong	997,415	9,879	-	1,007,294
Fair	752,341	59,673	-	812,014
Weak	204,515	125,772	-	330,287
Impaired	-	-	100,333	100,333
Total	1,954,271	195,324	100,333	2,249,928

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4.2 Liquidity risk

Liquidity risk is the risk that the Bank and its subsidiaries may not be able to meet its obligations as they fall due, because of an inability to realise assets or to cover funding requirements at an appropriate price, thus resulting in losses to the Bank and its subsidiaries.

In order to manage liquidity risk, the Bank and its subsidiaries established the Liquidity Risk Management Policy. The policy has been approved by the Board of Directors, with the Assets and Liabilities Management Committee (ALCO) taking an oversight responsibility to ensure compliance with the policy.

The Bank manages and controls liquidity risk to ensure that it maintains adequate sources of liquidity in order to maintain sufficient future cash flows to cover its activities during both normal and stress situations by using cash flow reports or liquidity gap reports to monitor and control the Bank's overall liquidity risk. The Bank's policy is to maintain its Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and liquidity ratio (liquid assets to deposits) at the appropriate level and to monitor net cash outflows over different time horizons to ensure that the Bank will be able to meet its liquidity needs on a timely basis.

Additionally, the Bank conducts stress testing on a regular basis under scenarios of BoT and the Bank own scenarios. Stress test results are incorporated into the Bank's contingency funding plan, which establishes scenario-specific action plans and explicit roles and responsibilities for liquidity management in the event of crisis.

The Bank has a policy to maintain its daily liquidity ratio at 20% or higher, measured as liquid assets to deposits. As at 31 December 2021, the Bank's liquidity ratio stood at 32.99% of deposits (2020: 32.64%).

The Bank will disclose the Liquidity Coverage Ratio (LCR) information under the BoT notification number Sor Nor Sor 2/2561 dated 25 January 2018, regarding to *Liquidity coverage ratio disclosure standards* as follows:

Location of disclosure	The Bank's website under Investor Relations section at https://www.scb.co.th/en/investor-relations/financial-information.html
Disclosure period requirement	Within 4 months after the year end date as indicated in the BoT's notification.
Latest information as at	30 June 2021

The disclosure for the year ended 31 December 2021 will be provided on or before 30 April 2022 on the Bank's website as noted above.

Loans to deposits ratio

As at 31 December 2021, Loans to Deposits Ratio (excluding loans and deposits from financial institutions) was 93.3% in the consolidated financial statements (2020: 93.2%).

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As at 31 December 2021 and 2020, the expected cash flows to maturity counted from the date of statements of financial position (excluding derivatives contractual undiscounted cashflows which are disclosed in note 9) were summarised as follows:

	At call	Consolidated						(in million Baht)	
		2021							
		Within 1 year	1 - 5 years	Over 5 years	Non- Performing Loans	No maturity	Total		
Financial assets									
Cash	-	-	-	-	-	50,421	50,421		
Interbank and money market items*	39,531	578,172	-	738	-	-	618,441		
Financial assets measured at FVTPL	-	394	2,871	9,020	-	56,422	68,707		
Investments, net	-	156,163	63,659	1,176	-	1,636	222,634		
Loans to customers	178,004	552,756	746,339	715,621	109,114	-	2,301,834		
Accrued interest receivables and undue interest receivables	-	14,807	-	-	224	-	15,031		
Total financial assets	217,535	1,302,292	812,869	726,555	109,338	108,479	3,277,068		
Financial liabilities									
Deposits	1,958,997	493,282	15,216	-	-	-	2,467,495		
Interbank and money market items	21,136	124,686	24,483	10,656	-	-	180,961		
Debt issued and borrowings	-	21,872	34,634	18,416	-	-	74,922		
Other financial liabilities	2	2,097	38	-	-	-	2,137		
Total financial liabilities	1,980,135	641,937	74,371	29,072	-	-	2,725,515		
Net liquidity gap	(1,762,600)	660,355	738,498	697,483	109,338	108,479	551,553		

* Before deducting allowance for expected credit loss amounting to Baht 172 million.

	At call	Consolidated						(in million Baht)	
		2020							
		Within 1 year	1 - 5 years	Over 5 years	Non- Performing Loans	No maturity	Total		
Financial assets									
Cash	-	-	-	-	-	51,632	51,632		
Interbank and money market items*	44,770	502,193	10	645	-	-	547,618		
Financial assets measured at FVTPL	-	508	6,301	10,489	-	10,735	28,033		
Investments, net	-	200,514	103,582	5,541	-	2,159	311,796		
Loans to customers	181,231	564,574	762,355	645,620	101,462	-	2,255,242		
Accrued interest receivables and undue interest receivables	-	13,198	-	-	1,310	-	14,508		
Total financial assets	226,001	1,280,987	872,248	662,295	102,772	64,526	3,208,829		
Financial liabilities									
Deposits	1,852,239	551,590	16,626	-	-	-	2,420,455		
Interbank and money market items	18,111	122,555	47,629	10,196	-	-	198,491		
Debt issued and borrowings	-	5,005	44,645	17,585	-	-	67,235		
Other financial liabilities	-	3,081	71	-	-	-	3,152		
Total financial liabilities	1,870,350	682,231	108,971	27,781	-	-	2,689,333		
Net liquidity gap	(1,644,349)	598,756	763,277	634,514	102,772	64,526	519,496		

* Before deducting allowance for expected credit loss amounting to Baht 114 million.

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The Bank 2021						
	At call	Within 1 year	1 - 5 years	Over 5 years	Non- Performing Loans	No maturity
	(in million Baht)					
Financial assets						
Cash	-	-	-	-	-	50,218
Interbank and money market items*	34,092	572,147	-	-	-	606,239
Financial assets measured at FVTPL	-	369	2,782	8,907	-	37,096
Investments, net	-	156,138	63,659	1,170	-	1,620
Loans to customers	175,782	550,930	745,309	715,296	108,051	-
Accrued interest receivables and undue interest receivables	-	14,724	-	-	197	-
Total financial assets	209,874	1,294,308	811,750	725,373	108,248	88,934
						3,238,487
Financial liabilities						
Deposits	1,961,248	492,737	15,216	-	-	2,469,201
Interbank and money market items	22,750	124,417	24,483	10,656	-	182,306
Debt issued and borrowings	-	16,055	34,634	18,416	-	69,105
Other financial liabilities	-	2,078	38	-	-	2,116
Total financial liabilities	1,983,998	635,287	74,371	29,072	-	2,722,728
Net liquidity gap	(1,774,124)	659,021	737,379	696,301	108,248	88,934
						515,759

* Before deducting allowance for expected credit loss amounting to Baht 136 million.

The Bank 2020						
	At call	Within 1 year	1 - 5 years	Over 5 years	Non- Performing Loans	No maturity
	(in million Baht)					
Financial assets						
Cash	-	-	-	-	-	51,529
Interbank and money market items*	38,958	500,236	10	-	-	539,204
Financial assets measured at FVTPL	-	494	6,109	10,487	-	6,017
Investments, net	-	200,789	103,582	5,541	-	2,147
Loans to customers	179,822	562,938	761,541	645,294	100,333	-
Accrued interest receivables and undue interest receivables	-	13,168	-	-	1,277	-
Total financial assets	218,780	1,277,625	871,242	661,322	101,610	59,693
						3,190,272
Financial liabilities						
Deposits	1,861,630	551,524	16,626	-	-	2,429,780
Interbank and money market items	18,277	122,258	47,629	10,196	-	198,360
Debt issued and borrowings	-	4,571	44,645	17,585	-	66,801
Other financial liabilities	-	3,072	71	-	-	3,143
Total financial liabilities	1,879,907	681,425	108,971	27,781	-	2,698,084
Net liquidity gap	(1,661,127)	596,200	762,271	633,541	101,610	59,693
						492,188

* Before deducting allowance for expected credit loss amounting to Baht 96 million.

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4.3 Market risk

Market risk is the risk that the Bank and its subsidiaries income and/or shareholders' equity may be affected from the fluctuations of interest rates, foreign exchange rates and equity prices. The Bank and its subsidiaries classify market risk positions into Trading books and Non-Trading book. Trading books comprise trading transactions in the financial markets and short-term positions held for sale and/or trading or arbitrage, while Non-Trading book mainly comprise positions from Interest Rate Risk in Banking Book (IRRBB) and from Investment Risk Management.

The Bank and its Financial Group with material market risk exposures are required to have a Market Risk Policy or Trading Book Policy or Investment Policy for managing market risk. The policies must be submitted to the Group Risk Management Committee for reviewing prior to seek approval from Boards of Directors of respective companies. These policies must be reviewed at least once a year, or when deemed appropriate and/or upon any significant strategic or market change and materially affect these policies' compliance. The Bank and its Financial Group with material market risk exposure are required to set up an independent market risk management function which is responsible for measuring, evaluating, controlling, monitoring, and reporting market risk, as well as ensuring that market risk exposure stays below the predetermined limits.

To manage market risk exposures, the Bank and its Financial Group have adopted appropriate statistical and non-statistical tools for market risk assessment which depend on individual market risk characteristics and market risk positions. These tools include Value-at-Risk (VaR), stress testing, position size, sensitivity analysis, management action trigger, and others.

4.3.1 Interest rate risk

Interest rate fluctuation affects the Bank's interest income and expenses as well as economic value of equity. Four main sub-types of interest rate risk are defined as follow:

- Repricing risk is the risk from maturity / timing mismatches of the Bank's assets and liabilities, which cause interest rates at reset to differ due to yield curve movements. For example, assuming all other factors are constant, if the Bank's assets can be repriced faster than liabilities (positive gap), interest margins increase when interest rates rise. On the other hand, if the Bank's ability to reprice assets is slower than liabilities (negative gap), then interest margins narrow when interest rates rise.
- Yield curve risk arises from interest rates at different maturities changing differently.
- Basis risk occurs when the Bank's assets and liabilities are based on different reference interest rates, e.g., fixed-deposit rates, interbank lending rates, THBFIIX interest rates, etc. Therefore, any change in reference rates will affect interest rates tied with assets and liabilities differently.
- Options risk arises from implicit and explicit options in the Bank's assets and liabilities and off-financial reporting items, where exercising these options might affect the Bank's revenue and costs. For example, an option on three-month deposit that allows early withdrawal before maturity will, if exercised, cause the Bank's costs to rise sooner than expected.

The Bank and its subsidiaries adopt various tools for interest rate risk management which includes risk tolerance limits for both the Trading book and Non-Trading book. For Trading book exposures, there are limits on Value-at-Risk (VaR), sensitivities to yield curve and basis shifts (basis point value), and stress testing. For Non-Trading book exposures, limits are determined based on impact assessment on Net Interest Income (NII) and Economic Value of Equity (EVE).

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As at 31 December 2021 and 2020, the Bank's interest rate risk exposures based on the results of the aforementioned tools are as follows:

Risk of interest rate portfolio in Trading book

	The Bank	
	2021	2020
	(in million Baht)	
Aggregate 1-year historical Value-at-Risk (VaR)*	21.69	83.0

* With 99% confidence level and 1-day holding period (in normal market situations)

The Bank has disclosed the VaR figures for interest rate risk in Trading book at the Bank level only as the VaR for interest rate risk in Trading book of other subsidiaries within its Financial Group are not significant and the exposure at the consolidated level does not materially differ from the Bank level.

Interest rate risk in Banking book

Impact on Net interest Income (NII) in the event that interest rates rise by 1%

<i>Currency</i>	Consolidated		The Bank	
	2021	2020	2021	2020
	(in million Baht)			
THB	(3,895)	(2,317)	(3,961)	(2,453)
USD	(272)	(66)	(265)	(57)
EURO and other foreign currencies	91	158	91	160
Total impact on net interest income	(4,076)	(2,225)	(4,135)	(2,350)
Change in net interest income (%)	(4.40)	(2.40)	(4.90)	(2.55)

Impact on Economic Value of Equity (EVE) in the event that interest rates rise by 1%

<i>Currency</i>	Consolidated		The Bank	
	2021	2020	2021	2020
	(in million Baht)			
THB	(24,167)	(17,679)	(24,163)	(17,674)
USD	(47)	52	(34)	61
EURO and other foreign currencies	2	(9)	4	(4)
Total impact on economic value of equity	(24,212)	(17,636)	(24,193)	(17,617)
Change in total capital (%)	(5.71)	(4.40)	(5.74)	(4.41)

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Interest rate repricing analysis

As at 31 December 2021 and 2020, significant financial assets and liabilities classified by interest repricing periods were as follows:

	Consolidated 2021							Total	
	At call	Repricing within 3 - 12 months			1 - 5 years	Reprice over 5 years	Non- Performing Loans		
		3 months	12 months	(in million Baht)					
Financial assets									
Cash	-	-	-	-	-	-	-	50,421	
Interbank and money market items *	11,996	573,151	890	-	251	-	32,153	618,441	
Financial assets measured at FVTPL	-	14	380	2,871	9,020	-	56,422	68,707	
Investments, net	-	30,288	135,262	54,272	1,176	-	1,636	222,634	
Loans to customers	914,294	433,860	153,831	518,996	171,739	109,114	-	2,301,834	
Total financial assets	926,290	1,037,313	290,363	576,139	182,186	109,114	140,632	3,262,037	
Financial liabilities									
Deposits	1,873,950	219,337	264,868	11,725	-	-	97,615	2,467,495	
Interbank and money market items	13,421	100,052	35,044	24,483	656	-	7,305	180,961	
Debt issued and borrowings	-	69,594	5,211	-	-	-	117	74,922	
Total financial liabilities	1,887,371	388,983	305,123	36,208	656	-	105,037	2,723,378	
Difference	(961,081)	648,330	(14,760)	539,931	181,530	109,114	35,595	538,659	

* Before deducting allowance for expected credit loss amounting to Baht 172 million.

	Consolidated 2020							Total	
	At call	Repricing within 3 - 12 months			1 - 5 years	Reprice over 5 years	Non- Performing Loans		
		3 months	12 months	(in million Baht)					
Financial assets									
Cash	-	-	-	-	-	-	-	51,632	
Interbank and money market items *	9,198	501,520	2,596	10	-	-	34,294	547,618	
Financial assets measured at FVTPL	-	9	499	6,301	10,489	-	10,735	28,033	
Investments, net	-	136,287	80,805	87,004	5,541	-	2,159	311,796	
Loans to customers	976,594	481,950	191,301	437,850	66,085	101,462	-	2,255,242	
Total financial assets	985,792	1,119,766	275,201	531,165	82,115	101,462	98,820	3,194,321	
Financial liabilities									
Deposits	1,773,785	256,710	285,258	11,937	-	-	92,765	2,420,455	
Interbank and money market items	10,768	127,362	9,770	43,276	196	-	7,119	198,491	
Debt issued and borrowings	-	64,196	2,826	-	-	-	213	67,235	
Total financial liabilities	1,784,553	448,268	297,854	55,213	196	-	100,097	2,686,181	
Difference	(798,761)	671,498	(22,653)	475,952	81,919	101,462	(1,277)	508,140	

* Before deducting allowance for expected credit loss amounting to Baht 114 million.

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	The Bank 2021							Total	
	At call	3 months	Repricing within 3 - 12 months		Reprice over 5 years		Non- Performing Loans	Non- interest bearing	
			1 - 5 years	(in million Baht)	5 years				
Financial assets									
Cash	-	-	-	-	-	-	-	50,218	
Interbank and money market items *	11,970	571,474	593	-	-	-	22,202	606,239	
Financial assets measured at FVTPL	-	-	369	2,782	8,907	-	37,096	49,154	
Investments, net	-	30,050	135,475	54,272	1,170	-	1,620	222,587	
Loans to customers	913,172	432,593	152,171	517,967	171,414	108,051	-	2,295,368	
Total financial assets	925,142	1,034,117	288,608	575,021	181,491	108,051	111,136	3,223,566	
Financial liabilities									
Deposits	1,877,509	218,894	264,765	11,725	-	-	96,308	2,469,201	
Interbank and money market items	14,372	100,655	34,672	24,483	656	-	7,468	182,306	
Debt issued and borrowings	-	67,504	1,484	-	-	-	117	69,105	
Total financial liabilities	1,891,881	387,053	300,921	36,208	656	-	103,893	2,720,612	
Difference	(966,739)	647,064	(12,313)	538,813	180,835	108,051	7,243	502,954	

* Before deducting allowance for expected credit loss amounting to Baht 136 million.

	The Bank 2020							Total	
	At call	3 months	Repricing within 3 - 12 months		Reprice over 5 years		Non- Performing Loans	Non- interest bearing	
			1 - 5 years	(in million Baht)	5 years				
Financial assets									
Cash	-	-	-	-	-	-	-	51,529	
Interbank and money market items *	10,947	499,428	2,341	10	-	-	26,478	539,204	
Financial assets measured at FVTPL	-	-	494	6,109	10,487	-	6,017	23,107	
Investments, net	-	136,287	81,080	87,004	5,541	-	2,147	312,059	
Loans to customers	975,185	480,843	190,772	437,036	65,759	100,333	-	2,249,928	
Total financial assets	986,132	1,116,558	274,687	530,159	81,787	100,333	86,171	3,175,827	
Financial liabilities									
Deposits	1,784,006	256,645	285,256	11,937	-	-	91,936	2,429,780	
Interbank and money market items	10,894	127,095	9,740	43,276	196	-	7,159	198,360	
Debt issued and borrowings	-	63,912	2,676	-	-	-	213	66,801	
Total financial liabilities	1,794,900	447,652	297,672	55,213	196	-	99,308	2,694,941	
Difference	(808,768)	668,906	(22,985)	474,946	81,591	100,333	(13,137)	480,886	

* Before deducting allowance for expected credit loss amounting to Baht 96 million.

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4.3.2 Foreign exchange risk

Fluctuation in exchange rates affects the value of the Bank and its subsidiaries foreign currency-denominated assets and liabilities. Transactions exposed to foreign exchange risk include proprietary trading transactions and money transfers as well as payments related to international trade and foreign investment, which may result in the Bank and its subsidiaries net currency position being short or long at any point in time. Thai Baht appreciation against the currency in which the Bank and its subsidiaries have a net long position will result in foreign exchange losses, whereas Baht depreciation will result in foreign exchange gain. On the other hand, if the Bank and its subsidiaries are in a net short position, the Bank and its subsidiaries will make a gain on the position when the Baht strengthens but a loss when the Baht weakens.

The Bank and its subsidiaries control foreign exchange risk by setting risk limits on foreign exchange risk exposure both in terms of statistical limits, such as Value at Risk (VaR), and monetary limits, such as net open position (Intra-day Position and Overnight Position), and management action triggers, etc.

As at 31 December 2021 and 2020, the Bank's foreign exchange risk based on the results of the aforementioned tools are as follows:

	The Bank	
	2021	2020 (in million US Dollars)
Net open long (short) position (US Dollar equivalent)	43.25	(14.1)
<i>Risk of foreign exchange rate portfolio in Trading book</i>		
	The Bank	
	2021	2020 (in million Baht)
Aggregate 1-year historical Value-at-Risk (VaR)*	9.6	9.1

* With 99% confidence level and 1-day holding period (in normal market situations)

As at 31 December 2021 and 2020, majority of the Bank's foreign currency exposures is in US Dollar.

The Bank has disclosed the Net open long (short) position and VaR for foreign exchange risk at the Bank level only as the Net open long (short) position and VaR for foreign exchange risk of other subsidiaries within its Financial Group are not significant and the exposure at the consolidated level does not materially differ from the Bank level.

4.3.3 Equity price risk

Equity price risk is the risk arising from changes in the price of equities or common stock that may cause volatility in earning or fluctuations in the value of financial assets. The Bank and its subsidiaries have policies to manage the risk by maintaining long-term equity investments and investing in growth potential equities and/or those intended to support the business. The Bank has established the policy that only companies within the Financial Group that are engaged in the financial business with specific supervisory bodies and those permitted to engage in portfolio management can initiate action with respect to equity investments, as allowed under applicable regulations. The Bank has closely managed and monitored market situations to provide information for management to monitor the risk to the Bank. (Further details of equity investments are provided under note 8 and 10 and further details on fair value of equity investments and framework are provided under note 28).

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5 Maintenance of capital fund

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

The Bank maintains its capital fund in accordance with the Financial Institution Business Act B.E. 2551 by maintaining its capital fund as a proportion of risk weighted assets in accordance with the criteria, methodologies, and conditions prescribed by BoT. As announced by BoT in circulars dated 8 November 2012 and 7 May 2019, the Bank is required to calculate its Capital Fund in accordance with Basel III.

Additionally, the BoT notification dated 19 November 2019 sets out guidelines on holding of minimum provisions to accommodate the implementation of TFRS 9, requiring that banks to hold minimum provisions of 0.33% for accounting period 2020, 0.67% for accounting period 2021 and 1.0% for accounting period 2022 onwards; of assets and off-financial reporting items which are performing (stage 1) and under-performing (stage 2). In case the available provisions are less than minimum requirement, the Bank shall adjust such difference to the capital fund items starting from 1 January 2020 onwards.

As at 31 December 2021 and 2020, the Consolidated Supervision and the Bank's total capital funds were categorised as follows:

	Basel III Consolidated Supervision	
	2021	2020
	<i>(in million Baht)</i>	
Tier 1 capital		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital	33,992	33,992
Premium on share capital	11,124	11,124
Legal reserve	7,000	7,000
Net gain after appropriations	347,169	334,705
Other comprehensive income	21,459	14,468
Capital deduction items on CET1	(21,178)	(24,253)
Total Tier 1 capital	399,566	377,036
Tier 2 capital		
General provisions	24,669	23,875
Total Tier 2 capital	24,669	23,875
Total capital funds	424,235	400,911
Total risk-weighted assets	2,265,443	2,197,668

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	2021 The BoT's regulation minimum requirement*	Capital ratio of the Financial Group (%)	2020 The BoT's regulation minimum requirement*	Capital ratio of the Financial Group
Total capital funds / Total risk-weighted assets	12.0	18.7	12.0	18.2
Total Tier 1 capital / Total risk-weighted assets	9.5	17.6	9.5	17.1
Total CET 1 / Total risk-weighted assets	8.0	17.6	8.0	17.1
Total Tier 2 capital / Total risk-weighted assets		1.1		1.1

* The BoT requires commercial banks to maintain an additional buffer on top of minimum regulatory required Common Equity Tier 1 consists of conservation buffer of 2.50% and D-SIB buffer of 1.0%

	2021 (in million Baht)	2020
Capital after deducting capital add-on arising from Single Lending Limit	424,235	400,911
Capital ratio after deducting capital add-on arising from Single Lending Limit (%)	18.7	18.2
Basel III		
The Bank		
	2021 (in million Baht)	2020
Tier 1 capital		
Common Equity Tier 1 (CET1)		
Issued and paid-up share capital	33,992	33,992
Premium on share capital	11,124	11,124
Legal reserve	7,000	7,000
Net gain after appropriations	345,471	332,326
Other comprehensive income	20,131	14,157
Capital deduction items on CET1	<u>(20,686)</u>	<u>(23,109)</u>
Total Tier 1 capital	<u><u>397,032</u></u>	<u><u>375,490</u></u>
Tier 2 capital		
General provisions	24,612	24,015
Total Tier 2 capital	<u><u>24,612</u></u>	<u><u>24,015</u></u>
Total capital funds	<u><u>421,644</u></u>	<u><u>399,505</u></u>
Total risk-weighted assets	2,238,352	2,201,154

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	2021	2020
	The BoT's regulation minimum requirement* of the Bank	The BoT's regulation minimum requirement* of the Bank (%)
Total capital funds / Total risk-weighted assets	12.0	18.8
Total Tier 1 capital / Total risk-weighted assets	9.5	17.7
Total CET 1 / Total risk-weighted assets	8.0	17.7
Total Tier 2 capital / Total risk-weighted assets		1.1

* The BoT requires commercial banks to maintain an additional buffer on top of minimum regulatory required Common Equity Tier 1 consists of conservation buffer of 2.50% and D-SIB buffer of 1.0%

	2021 (in million Baht)	2020
Capital after deducting capital add-on arising from Single Lending Limit	421,644	399,505
Capital ratio after deducting capital add-on arising from Single Lending Limit (%)	18.8	18.1

Disclosures of capital maintenance information under the BoT notification number Sor Nor Sor 4/2556 dated 2 May 2013, regarding to *Disclosure Requirement on Capital Adequacy for a Commercial Bank*, BoT notification number Sor Nor Sor 14/2562 dated 7 May 2019, regarding to *Disclosure requirement on Capital Adequacy for a Commercial Bank (Volume 2)*, the BoT notification number Sor Nor Sor 5/2556 dated 2 May 2013, regarding to *Disclosure Requirement on Capital Adequacy for a Financial Group* and the BoT notification number Sor Nor Sor 15/2562 dated 7 May 2019, regarding to *Disclosure Requirement on Capital Adequacy for a Financial group (Volume 2)*, were as follows:

Location of disclosure	The Bank's website under Investor Relations section at https://www.scb.co.th/en/investor-relations/financial-information.html
Disclosure period requirement	Within 4 months after the year end date as indicated in the BoT's notification
Latest information as at	30 June 2021

The disclosure for the year ended 31 December 2021 will be provided on or before 30 April 2022 on the Bank's website as noted above.

Capital management

The Bank and its subsidiaries' policies are to maintain a strong capital base so as to provide a cushion against future uncertainties, engender market confidence in the Bank's robustness and to support business growth. Furthermore, the impact of the level of capital on shareholders' returns is also considered together with the need to maintain a balance between the higher returns that might be possible with higher gearing and the advantages and security afforded by a sound capital position.

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

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6 Classification of financial assets and financial liabilities

	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Investments in equity instruments designated at FVOCI (in million Baht)	Financial instruments measured at AMC	Consolidated 2021 Investments in equity instruments designated at FVOCI (in million Baht)	Total
<i>Financial assets</i>						
Cash	-	-	-		50,421	50,421
Interbank and money market items, net	-	-	-		618,269	618,269
Financial assets measured at FVTPL	68,707	-	-	-		68,707
Derivative assets	57,579	-	-	-		57,579
Investments, net	-	213,450	1,636	7,548		222,634
Loans to customers and accrued interest receivables, net	-	-	-	2,165,456		2,165,456
Total	<u>126,286</u>	<u>213,450</u>	<u>1,636</u>	<u>2,841,694</u>	<u>3,183,066</u>	
<i>Financial liabilities</i>						
Deposits	-	-	-	2,467,495		2,467,495
Interbank and money market items	-	-	-	180,961		180,961
Liabilities payable on demand	-	-	-	10,539		10,539
Financial liabilities measured at FVTPL	6	-	-	-		6
Derivative liabilities	49,200	-	-	-		49,200
Debt issued and borrowings	-	-	-	74,922		74,922
Total	<u>49,206</u>	<u>-</u>	<u>-</u>	<u>2,733,917</u>	<u>2,783,123</u>	

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	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Investments in equity instruments designated at FVOCI (in million Baht)	Financial instruments measured at AMC	Consolidated 2020 Investments in equity instruments designated at FVOCI (in million Baht)	Total
Financial assets						
Cash	-	-	-	-	51,632	51,632
Interbank and money market items, net	-	-	-	-	547,504	547,504
Financial assets measured at FVTPL	28,033	-	-	-	-	28,033
Derivative assets	86,830	-	-	-	-	86,830
Investments, net	-	302,378	2,159	7,259	-	311,796
Loans to customers and accrued interest receivables, net	-	-	-	-	2,130,308	2,130,308
Total	114,863	302,378	2,159	2,736,703	-	3,156,103
Financial liabilities						
Deposits	-	-	-	-	2,420,455	2,420,455
Interbank and money market items	-	-	-	-	198,491	198,491
Liabilities payable on demand	-	-	-	-	10,267	10,267
Financial liabilities measured at FVTPL	4	-	-	-	-	4
Derivative liabilities	79,272	-	-	-	-	79,272
Debt issued and borrowings	-	-	-	-	67,235	67,235
Total	79,276	-	-	2,696,448	-	2,775,724
	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Investments in equity instruments designated at FVOCI (in million Baht)	Financial instruments measured at AMC	The Bank 2021 Investments in equity instruments designated at FVOCI (in million Baht)	Total
Financial assets						
Cash	-	-	-	-	50,218	50,218
Interbank and money market items, net	-	-	-	-	606,103	606,103
Financial assets measured at FVTPL	49,154	-	-	-	-	49,154
Derivative assets	57,617	-	-	-	-	57,617
Investments, net	-	213,450	1,620	7,517	-	222,587
Loans to customers and accrued interest receivables, net	-	-	-	-	2,160,070	2,160,070
Total	106,771	213,450	1,620	2,823,908	-	3,145,749

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	The Bank 2021				
	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Investments in equity instruments designated at FVOCI (in million Baht)	Financial instruments measured at AMC	Total
<i>Financial liabilities</i>					
Deposits	-	-	-	2,469,201	2,469,201
Interbank and money market items	-	-	-	182,306	182,306
Liabilities payable on demand	-	-	-	10,539	10,539
Derivative liabilities	49,646	-	-	-	49,646
Debt issued and borrowings	-	-	-	69,105	69,105
Total	49,646	-	-	2,731,151	2,780,797
	The Bank 2020				
	Financial instruments measured at FVTPL	Financial instruments measured at FVOCI	Investments in equity instruments designated at FVOCI (in million Baht)	Financial instruments measured at AMC	Total
<i>Financial assets</i>					
Cash	-	-	-	51,529	51,529
Interbank and money market items, net	-	-	-	539,108	539,108
Financial assets measured at FVTPL	23,107	-	-	-	23,107
Derivative assets	87,095	-	-	-	87,095
Investments, net	-	302,378	2,147	7,534	312,059
Loans to customers and accrued interest receivables, net	-	-	-	2,125,942	2,125,942
Total	110,202	302,378	2,147	2,724,113	3,138,840
<i>Financial liabilities</i>					
Deposits	-	-	-	2,429,780	2,429,780
Interbank and money market items	-	-	-	198,360	198,360
Liabilities payable on demand	-	-	-	10,267	10,267
Derivative liabilities	79,776	-	-	-	79,776
Debt issued and borrowings	-	-	-	66,801	66,801
Total	79,776	-	-	2,705,208	2,784,984

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7 Interbank and money market items, net (Assets)

	Consolidated		The Bank	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
<i>Domestic items</i>				
Bank of Thailand and Financial Institutions Development Fund	550,843	497,883	550,843	497,883
Commercial banks	29,138	17,492	28,720	12,816
Specialised financial institutions*	3,000	-	3,000	-
Other financial institutions**	1,419	2,704	1,269	4,453
Total	584,400	518,079	583,832	515,152
Add accrued interest receivables and undue interest receivables	79	35	76	34
Less allowance for expected credit loss	(84)	(87)	(69)	(87)
Total domestic items	584,395	518,027	583,839	515,099
<i>Foreign items***</i>				
US Dollar	28,587	22,702	17,257	17,347
Japanese Yen	455	507	455	507
Euro	157	357	157	357
Other currencies	4,753	5,932	4,458	5,805
Total	33,952	29,498	22,327	24,016
Add accrued interest receivables and undue interest receivables	10	6	4	2
Less allowance for expected credit loss	(88)	(27)	(67)	(9)
Total foreign items	33,874	29,477	22,264	24,009
Total domestic and foreign items	618,269	547,504	606,103	539,108

* Specialised financial institutions are financial institutions incorporated by special laws e.g. Government Savings Bank, Bank for Agriculture and Agricultural Co-operatives, Government Housing Bank, SME Bank, Islamic Bank of Thailand, Export-Import Bank of Thailand and Secondary Mortgage Corporation excluding Thai Credit Guarantee Corporation

** Other financial institutions represent financial institutions other than above, such as Finance companies, Securities companies, Credit foncier companies, Life insurance companies, Cooperatives, the Federation of Savings and Credit Cooperatives of Thailand Limited and the Credit Union League of Thailand Limited

*** Certain amount under this item are under restrictions (*Note 32*).

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8 Financial assets measured at fair value through profit or loss

	Consolidated		The Bank	
	2021 Fair value	2020 Fair value	2021 Fair value (in million Baht)	2020 Fair value
Financial assets held for trading				
Government and state enterprise securities	4,886	10,458	4,861	10,445
Corporate debt instruments	6,521	154	6,506	115
Foreign debt instruments	17	-	-	-
Domestic equity instruments	4,895	2,138	-	-
Total	16,319	12,750	11,367	10,560
Others				
Corporate debt instruments	496	6,576	387	6,530
Foreign debt instruments	30,149	352	30,088	203
Domestic equity instruments	1,396	2,029	1,272	2,029
Foreign equity instruments	20,347	6,326	6,040	3,785
Total	52,388	15,283	37,787	12,547
Total financial assets measured at fair value through profit and loss	68,707	28,033	49,154	23,107

Financial assets measured at fair value through profit or loss includes equity instruments of certain companies held by its venture capital subsidiary. As at 31 December 2021, this subsidiary has equity instruments in these venture capital investees of Baht 2,203 million with voting rights between 16.67% to 40.00%. The venture capital subsidiary also manages these investments on a fair value basis. (2020: 1,742 million with 20.73% of the voting rights).

9 Derivatives

Derivatives are financial instruments whose characteristics are derived from fair value of underlying assets, or from interest and exchange rates or indices. The following derivatives are currently used and outstanding by the Bank and its subsidiaries:

1. Forward exchange contracts which are agreements to buy or sell fixed amounts of currency at agreed rates of exchange on a specified future date.

Currency and interest rate swaps which are agreements to exchange, and on termination of the swap, re-exchange principal amounts denominated in different currencies and may also involve the exchange of related interest payments.

2. Interest rate swaps which are agreements that involve the exchange of interest obligations for a specified period without exchanging the underlying or notional principal.
3. Equity derivatives which are agreements that determined values based on level of the underlying equity's price or price of equity group or Equity Index.
4. Commodity derivatives which are a purchase or a sale of an underlying product or the exchange of cash flow calculated from a reference volume of product multiplied by the agreed price within a period of time and conditions as agreed in the contract.

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The notional amount of derivatives at the year end does not represent the risk exposure arising from derivative transactions. The risks arising from derivatives will depend on the changes in the price of each derivative type before maturity of the contract.

As at 31 December 2021 and 2020, on a consolidated and the Bank basis, 100% and 100% of derivatives are over-the-counter derivative transactions. The notional amount of derivatives based on types of contracts were as follows:

	Consolidated			
	2021			
	Notional amount			
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
Forward exchange contracts	1,422,086	8,909	-	1,430,995
Interest rate swap contracts	590,306	1,011,455	504,492	2,106,253
Equity derivatives	12,819	3,419	562	16,800

	Consolidated			
	2020			
	Notional amount			
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
Forward exchange contracts	1,281,988	11,181	-	1,293,169
Interest rate swap contracts	568,453	1,367,442	546,280	2,482,175
Equity derivatives	8,995	3,224	505	12,724
Commodity derivatives	195	-	-	195

	The Bank			
	2021			
	Notional amount			
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
Forward exchange contracts	1,421,941	9,124	-	1,431,065
Interest rate swap contracts	590,306	1,011,454	504,492	2,106,252
Equity derivatives	11,556	5,097	562	17,215

	The Bank			
	2020			
	Notional amount			
	Less than 1 year	Within 1 - 5 years	More than 5 years	Total
Forward exchange contracts	1,281,988	11,181	-	1,293,169
Interest rate swap contracts	568,453	1,367,442	546,280	2,482,175
Equity derivatives	9,749	6,448	505	16,702
Commodity derivatives	195	-	-	195

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9.1 Derivatives held for trading

Type of risk	Consolidated					
	2021		2020		Fair value (in million Baht)	Notional amount
	Fair value Assets	Fair value Liabilities	Fair value Assets	Fair value Liabilities		
Foreign exchange rate	14,778	13,436	1,317,873	17,649	19,112	1,205,968
Interest rate	38,432	34,415	2,042,755	62,356	59,246	2,425,106
Equity derivatives	771	496	16,800	370	195	6,959
Commodity derivatives	-	-	-	8	8	195
Total	53,981	48,347	3,377,428	80,383	78,561	3,638,228

Type of risk	The Bank					
	2021		2020		Fair value (in million Baht)	Notional amount
	Fair value Assets	Fair value Liabilities	Fair value Assets	Fair value Liabilities		
Foreign exchange rate	14,780	13,439	1,317,942	17,649	19,112	1,205,968
Interest rate	38,432	34,415	2,042,755	62,356	59,246	2,425,106
Equity derivatives	807	939	17,215	635	699	10,937
Commodity derivatives	-	-	-	8	8	195
Total	54,019	48,793	3,377,912	80,648	79,065	3,642,206

9.2 Derivatives held for risk management in designated of hedge relationship

Fair value hedges

Type of risk	Consolidated and the Bank					
	2021		2020		Fair value (in million Baht)	Notional amount
	Fair value Assets	Fair value Liabilities	Fair value Assets	Fair value Liabilities		
Interest rate	3,150	-	5,042	-	63,498	57,069
Total	3,150	-	5,042	-	63,498	57,069

Type of risk	Consolidated and the Bank					
	2020		2020		Fair value (in million Baht)	Notional amount
	Fair value Assets	Fair value Liabilities	Fair value Assets	Fair value Liabilities		
Interest rate	5,042	-	5,042	-	57,069	57,069
Total	5,042	-	5,042	-	57,069	57,069

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The Bank and its subsidiaries use interest rate swaps to hedge its exposure to changes in the fair values of fixed-rate debt issued. The designated risk being hedged is the risk of changes in interest rate risk from fixed rate to USD LIBOR 3M. Hedge accounting is applied where economic hedging relationships meet the hedge accounting criteria. In these hedging relationships, hedge effectiveness is assessed based on the following factors:

- There is an economic relationship between the hedged item and the hedging instrument.
- The effect of credit risk does not dominate the value changes that result from the economic relationship.
- The hedge ratio of the hedging relationship is the same in the quantity.

The Bank and its subsidiaries establish a hedge ratio by aligning the par amount of the fixed-rate debt issued and the notional amount of the interest rate swap designated as a hedging instrument. The Bank and its subsidiaries apply a hedge ratio of 1:1.

As at 31 December 2021 and 2020, there were no source of ineffectiveness in these hedging relationships and there is no net gain (loss) hedging.

9.3 Derivatives held for risk management not designated in a hedge relationship

Type of risk	Consolidated and the Bank					
	2021				2020	
	Fair value		Notional	Carrying amount		Notional
	Assets	Liabilities	amount	Assets	Liabilities	amount
Foreign exchange rate	448	853	113,122 <i>(in million Baht)</i>	1,196	711	87,201
Equity derivatives	-	-	-	209	-	5,765
Total	448	853	113,122	1,405	711	92,966

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10 Investments, net

10.1 Classified by type of investments

	Consolidated		The Bank	
	2021 AMC	2020 AMC	2021 AMC	2020 AMC
	(in million Baht)			
<i>Investments in debt instruments measured at AMC</i>				
Government and state enterprise securities	7,052	7,072	7,046	7,061
Corporate debt instruments	-	-	310	316
Foreign debt instruments	524	234	189	204
<i>Less allowance for expected credit loss</i>	(28)	(47)	(28)	(47)
Total	7,548	7,259	7,517	7,534
<i>Investments in debt instruments measured at FVOCI</i>				
Government and state enterprise securities	212,510	270,088	212,510	270,088
Corporate debt instruments	-	394	-	394
Foreign debt instruments	940	31,896	940	31,896
Total	213,450	302,378	213,450	302,378
Allowance for expected credit loss	(17)	(40)	(17)	(40)
<i>Investments in equity instruments designated at FVOCI</i>				
Domestic equity instruments	1,631	2,154	1,616	2,143
Foreign equity instruments	5	5	4	4
Total	1,636	2,159	1,620	2,147
Total investments, net	222,634	311,796	222,587	312,059

Dividend income from investments in equity instruments designated at FVOCI recognised in the consolidated and the Bank's statement of profit or loss and other comprehensive income for the year ended 31 December 2021 amounted to Baht 20 million and 19 million, respectively. (2020: Baht 76 million and Baht 75 million, respectively).

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10.2 Investments in which the Bank and its subsidiaries hold 10% or more

	Consolidated				2020			
	Number of Companies	2021		Number of Companies	2020		Fair value (in million Baht)	
		Fair value (in million Baht)	2021		Fair value (in million Baht)	2020		
Others *	16	3,735		9			3,749	
The Bank								
	Number of Companies	2021		Number of Companies	2020		Fair value (in million Baht)	
		Fair value (in million Baht)	2021		Fair value (in million Baht)	2020		
Others *	8	1,516		8			2,007	

* Includes certain investment classified as financial instruments measured through profit or loss in Note 8 and investments in Note 10.1.

10.3 Investments in companies with problems in their financial position and operating results

As at 31 December 2021, the consolidated and the Bank's aggregate cost of investments in companies with problems in their financial position and operating results which were reported as part of investment classified as financial instruments measured through profit or loss in Note 8 and investments in Note 10.1 were amounting to Baht 285 million and Baht 245 million, respectively. These investments have zero fair value at reporting date. (2020: aggregate cost of Baht 279 million and Baht 276 million, respectively with zero fair value).

11 Investments in subsidiaries, associates and joint venture, net

11.1 Classified by type of investments in subsidiaries, associates and joint venture

	Type of business	Type of share	Consolidated				Investment value (in million Baht)	
			Direct shareholding		Cost method 2021	2020 2021		
			2021	2020 (%)				
Associates								
Blockchain Community Initiative (Thailand) Co., Ltd. ¹	Blockchain platform Payment system	Common	22.2	-	117	-	85	
National ITMX Co., Ltd. ¹	service provider	Common	22.9	-	104	-	623	
Dean & DeLuca Inc. ²	Retailer of premium gourmet and delicatessen business	Common	26.5	-	-	-	-	
Sahaviriya Steel Industries PCL	Steel industry	Common	40.2	40.2	-	-	-	
Joint venture								
Alpha X Co., Ltd. ³	Hire purchase, leasing, and refinancing business	Common	50.0	-	75	-	73	
Total investments in associates and joint venture, net								
					296	-	781	

¹ The Bank has determined that certain equity investment positions held now meet the definition of associates in accordance with the Bank's accounting policy. Such investments and related adjustments to reflect the Bank's respective share of equity are not material to the financial statements and these adjustments have been applied prospectively.

² The Bank acquired common shares in Dean & DeLuca, Inc. through the debt-to-equity conversion under the business reorganisation process in the Bankruptcy Court of the United States of America (Chapter 11) in January 2021.

³ New joint venture established in 2021.

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	Type of business	Type of share	Direct shareholding		Investment value		The Bank	
			2021	2020	2021	2020	2021	2020
			(%)				(in million Baht)	
Subsidiaries								
SCB 10X Co., Ltd.	Venture capital, venture builder and strategic investments	Common	100.0	100.0	17,250	13,300	-	-
Siam Commercial Bank Myanmar Ltd.	Banking	Common	100.0	100.0	4,513	4,513	-	-
Cambodian Commercial Bank Ltd.	Banking	Common	100.0	100.0	2,688	2,688	142	-
SCB Securities Co., Ltd.	Securities	Common	100.0	100.0	2,207	2,207	1,616	469
SCB-Julius Baer Securities Co., Ltd.	Securities	Common	60.0	60.0	1,590	1,080	-	-
Monix Co., Ltd.	Digital lending	Common	60.0	60.0	396	198	-	-
SCB Training Centre Co., Ltd.	Training center	Common	100.0	100.0	390	390	-	-
SCB Protect Co., Ltd.	Insurance broker	Common	100.0	100.0	303	183	-	1
AISCB Co., Ltd. ¹	Digital lending	Common	50.0	-	300	-	-	-
SCB Asset Management Co., Ltd.	Asset management	Common	100.0	100.0	222	222	1,571	1,527
SCB TECH X Co., Ltd. ¹	Specialised technology services provider	Common	100.0	-	151	-	-	-
Rutchayothin Assets Management Co., Ltd.	Asset management	Common	100.0	100.0	25	25	-	-
SCB Plus Co., Ltd.	Collection	Common	100.0	100.0	1	1	256	227
Indirect subsidiaries								
Mahisorn Co., Ltd. ²	Property management	Common	-	-	-	-	-	-
Digital Ventures Co., Ltd. ³	Financial technology	Common	-	-	-	-	-	-
SCB Abacus Co., Ltd. ⁴	Data analytics and digital lending	Common	-	-	-	-	-	-
Purple Ventures Co., Ltd. ³	E-Commerce and digital services	Common	-	-	-	-	-	-
Token X Co., Ltd. ⁵	Initial Coin Offering Portal	Common	-	-	-	-	-	-
Trex Ventures Co., Ltd. ⁶	Digital financial services	Common	-	-	-	-	-	-
SCB-Julius Baer (Singapore) Pte. Ltd. ⁷	Securities	Common	-	-	-	-	-	-

¹ New subsidiaries established in 2021.

² Subsidiary of SCB Plus Co., Ltd. (100% shareholding).

³ Subsidiary of SCB 10X Co., Ltd. (100% shareholding).

⁴ Subsidiary of SCB 10X Co., Ltd. (52% shareholding) (2020: 100% shareholding).

⁵ Subsidiary of SCB 10X Co., Ltd. (100% shareholding) which was newly established in 2021.

⁶ Subsidiary of SCB 10X Co., Ltd. (51% shareholding) which completed its dissolution registration with the Department of Business Development, the Ministry of Commerce on 20 December 2021 and is now under a liquidation process.

⁷ Subsidiary of SCB-Julius Baer Securities Co., Ltd. (100% shareholding).

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	Type of business	Type of share	Direct shareholding		Investment value		The Bank	
			2021	2020	(%)	cost method	2021	2020
Associates								
Blockchain Community Initiative (Thailand) Co., Ltd. ⁸	Blockchain platform	Common	22.2	-	117	-	-	-
National ITMX Co., Ltd. ⁸	Payment system service provider	Common	22.9	-	104	-	72	-
Dean & DeLuca Inc. ⁹	Retailer of premium gourmet and delicatessen business	Common	26.5	-	-	-	-	-
Sahaviriy Steel Industries PCL	Steel industry	Common	40.2	40.2	-	-	-	-
Joint venture								
Alpha X Co., Ltd. ¹⁰	Hire purchase, leasing, and refinancing business	Common	50.0	-	75	-	-	-
Total					30,332	24,807	3,657	2,224
Less allowance for impairment					(147)	(147)	-	-
Total investments in subsidiaries, associates and joint venture, net					30,185	24,660	3,657	2,224

⁸ The Bank has determined that certain equity investment positions held now meet the definition of associates in accordance with the Bank's accounting policy. Such investments and related adjustments to reflect the Bank's respective share of equity are not material to the financial statements and these adjustments have been applied prospectively.

⁹ The Bank acquired common shares in Dean & DeLuca, Inc. through the debt-to-equity conversion under the business reorganisation process in the Bankruptcy Court of the United States of America (Chapter 11) in January 2021.

¹⁰ New joint venture established in 2021.

All subsidiaries and associates are registered and operated in Thailand except for the Siam Commercial Bank Myanmar Ltd., Cambodian Commercial Bank Ltd., SCB-Julius Baer (Singapore) Pte. Ltd. and Dean & DeLuca, Inc. which are registered and operate in Myanmar, Cambodia, Singapore and United States of America, respectively.

11.2 Interest in unconsolidated structured entities arising in the normal course of business

The Bank and its asset management subsidiary have transactions with unconsolidated structured entities, through various activities such as involvement in the establishment process, fund management, acting as the trustee, as well as providing source of funds. These structured entities are normally in the form of mutual funds.

The provision of funds is in the form of loans which are on normal business terms. These loans are managed in the same way as all other loans. The outstanding loans to these structured entities as at 31 December 2021 and 2020 amounted to Baht 6,449 million and Baht 6,617 million, respectively.

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12 Loans to customers and accrued interest receivables, net

12.1 Classified by type of loans

	Consolidated		The Bank	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Overdrafts	73,570	75,860	73,174	75,358
Loans	1,604,603	1,516,779	1,597,704	1,514,092
Bills	322,588	355,069	325,698	354,412
Hire purchase receivables	220,650	229,417	220,650	229,417
Others	80,423	78,117	78,142	76,649
Total loans to customers	<u>2,301,834</u>	<u>2,255,242</u>	<u>2,295,368</u>	<u>2,249,928</u>
Add accrued interest receivables and undue interest receivables	<u>15,031</u>	<u>14,508</u>	<u>14,921</u>	<u>14,445</u>
Total loans to customers and accrued interest receivables and undue interest receivables	<u>2,316,865</u>	<u>2,269,750</u>	<u>2,310,289</u>	<u>2,264,373</u>
Less unamortised modification loss	<u>(5,756)</u>	<u>(2,124)</u>	<u>(5,756)</u>	<u>(2,124)</u>
Less allowance for expected credit loss	<u>(145,653)</u>	<u>(137,318)</u>	<u>(144,463)</u>	<u>(136,307)</u>
Total	<u>2,165,456</u>	<u>2,130,308</u>	<u>2,160,070</u>	<u>2,125,942</u>

12.2 Classified by residence of customer

	Consolidated		The Bank	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Domestic	2,218,776	2,181,215	2,215,213	2,178,892
Foreign	<u>83,058</u>	<u>74,027</u>	<u>80,155</u>	<u>71,036</u>
Total	<u>2,301,834</u>	<u>2,255,242</u>	<u>2,295,368</u>	<u>2,249,928</u>

12.3 Classified by stages

	Consolidated		The Bank	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Stage 1	2,016,140	1,969,341	2,011,206	1,965,429
Stage 2	191,387	197,637	190,835	197,334
Stage 3	109,338	102,772	108,248	101,610
Total *	<u>2,316,865</u>	<u>2,269,750</u>	<u>2,310,289</u>	<u>2,264,373</u>

* Includes accrued interest receivables and undue interest receivables.

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12.4 Classified by business types and stages

	Consolidated									
	2021			2020			Stage 1	Stage 2	Stage 3	Total *
	Stage 1	Stage 2	Stage 3	Total *	Stage 1	Stage 2				
(in million Baht)										
Agriculture and mining	8,855	975	3,768	13,598	12,518	1,336	3,455	17,309		
Manufacturing and commercial	536,571	47,292	47,887	631,750	512,761	62,987	43,837	619,585		
Real estate and construction	152,034	7,685	18,458	178,177	155,503	18,059	17,561	191,123		
Utilities and services	357,218	37,491	13,468	408,177	352,384	23,182	11,171	386,737		
Housing loans	526,856	34,336	15,221	576,413	494,524	46,925	15,793	557,242		
Others	421,573	61,834	10,312	493,719	430,464	43,137	9,645	483,246		
Total *	2,003,107	189,613	109,114	2,301,834	1,958,154	195,626	101,462	2,255,242		

* Excludes accrued interest receivables and undue interest receivables.

	The Bank									
	2021			2020			Stage 1	Stage 2	Stage 3	Total *
	Stage 1	Stage 2	Stage 3	Total *	Stage 1	Stage 2				
(in million Baht)										
Agriculture and mining	8,855	975	3,768	13,598	12,518	1,336	3,455	17,309		
Manufacturing and commercial	538,852	46,876	47,783	633,511	511,292	62,699	43,577	617,568		
Real estate and construction	151,986	7,685	17,658	177,329	155,459	18,059	16,757	190,275		
Utilities and services	357,197	37,491	13,468	408,156	352,203	23,182	11,171	386,556		
Housing loans	526,783	34,336	15,221	576,340	494,464	46,925	15,793	557,182		
Others	414,573	61,708	10,153	486,434	428,335	43,123	9,580	481,038		
Total *	1,998,246	189,071	108,051	2,295,368	1,954,271	195,324	100,333	2,249,928		

* Excludes accrued interest receivables and undue interest receivables.

12.5 Non-Performing Loans

The Bank used the guidelines specified in the BoT notification number Sor Nor Sor 23/2561 dated 31 October 2018, regarding to *Regulations Asset Classification and Provisioning of a Financial Institution*, in determining Non-Performing Loans. As at 31 December 2021 and 2020, the Bank and its subsidiaries have Non-Performing Loans (including loans to interbank and money market items) base on BoT's guidelines as follow:

	Consolidated				The Bank			
	2021		2020		2021		2020	
	(in million Baht)							
Non-Performing Loans* (gross)		109,114		101,462		108,051		100,333
% of Non-Performing Loans to total loans		3.8		3.7		3.8		3.6

* See note 2.1 for application on loans to customers subject to relief programmes.

During the year ended 31 December 2021, the Bank sold and transferred right to receive debt payments of Non-Performing Loans to an Asset Management Companies with a total principal amount of Baht 6,874 million (2020: 13,387 million).

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12.6 Loans to customers having problems with financial position and operating results

	Consolidated and the Bank							
	2021				2020			
	No. of companies	Loans and accrued interest	Allowance for expected credit loss	Loans and accrued interest	No. of companies	Loans and accrued interest	Allowance for expected credit loss	
<i>(in million Baht)</i>								
Listed companies identified for delisting	2	7,457	5,559	5,153	2	7,881	6,971	5,855
Delisted company	1	8,153	3,775	3,037	1	8,307	3,775	3,049

12.7 Hire purchase receivables

	Consolidated and the Bank				
	2021				
	Portion due	Within 1 year	Over 1-5 years	Over 5 years	Total
Total gross investment under hire purchase contracts		52,338	191,053	13,322	256,713
<i>Less unearned interest income</i>					<u>(36,063)</u>
Present value of minimum lease payments					220,650
<i>Less allowance for expected credit loss</i>					<u>(8,743)</u>
Hire purchase receivables, net					<u>211,907</u>

	Consolidated and the Bank				
	2020				
	Portion due	Within 1 year	Over 1-5 years	Over 5 years	Total
Total gross investment under hire purchase contracts		63,216	180,703	18,423	262,342
<i>Less unearned interest income</i>					<u>(32,925)</u>
Present value of minimum lease payments					229,417
<i>Less allowance for expected credit loss</i>					<u>(7,879)</u>
Hire purchase receivables, net					<u>221,538</u>

13 Allowance for expected credit loss

	Consolidated				
	12-month ECL		Lifetime ECL, not credit-impaired	Lifetime ECL, credit-impaired	Total
	(in million Baht)				
<i>Interbank and money market items</i>					
As at 1 January 2021	107	7	-	-	114
Changes from remeasurement of ECL	72	3	-	-	75
New interbank and money market items	63	14	-	-	77
Derecognition	(89)	(7)	-	-	(96)
Others	2	-	-	-	2
As at 31 December 2021	155	17	-	-	172

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	12-month ECL	Lifetime ECL, not credit- impaired	Lifetime ECL, credit- impaired	Consolidated <i>(in million Baht)</i>	Total
<i>Investments in debt instruments</i>					
As at 1 January 2021	41	46	-	87	
Changes from remeasurement of ECL	7	-	-	7	
New investments in debt instruments	23	-	-	23	
Derecognition	(24)	(46)	-	(70)	
Others	(2)	-	-	(2)	
As at 31 December 2021	45	-	-	45	
<i>Loans to customers</i>					
As at 1 January 2021	48,378	30,616	58,324	137,318	
Changes from stage reclassification	22,711	(37,659)	14,948	-	
Changes from remeasurement of ECL	(26,832)	49,667	19,918	42,753	
New loan to customers	4,452	2,793	770	8,015	
Derecognition	(5,153)	(5,535)	(12,528)	(23,216)	
Write-off	-	-	(19,855)	(19,855)	
Others	47	157	434	638	
As at 31 December 2021	43,603	40,039	62,011	145,653	
<i>Interbank and money market items</i>					
As at 1 January 2020	133	-	-	133	
Changes from stage reclassification	20	(20)	-	-	
Changes from remeasurement of ECL	58	27	-	85	
New interbank and money market items	29	-	-	29	
Derecognition	(132)	-	-	(132)	
Others	(1)	-	-	(1)	
As at 31 December 2020	107	7	-	114	
<i>Investments in debt instruments</i>					
As at 1 January 2020	18	-	-	18	
Change from stage reclassification	(21)	21	-	-	
Changes from remeasurement of ECL	91	26	-	117	
New investments in debt instruments	16	-	-	16	
Derecognition	(62)	-	-	(62)	
Others	(1)	(1)	-	(2)	
As at 31 December 2020	41	46	-	87	

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	Consolidated			
	12-month ECL	Lifetime ECL, not credit-impaired	Lifetime ECL, credit-impaired	Total
<i>Loans to customers</i>				
As at 1 January 2020	27,096	30,929	51,433	109,458
Changes from stage reclassification	24,653	(32,223)	7,570	-
Changes from remeasurement of ECL	(7,934)	35,240	18,815	46,121
New loan to customers	6,348	2,078	332	8,758
Derecognition	(1,801)	(5,388)	(7,756)	(14,945)
Write-off	-	-	(12,051)	(12,051)
Others	16	(20)	(19)	(23)
As at 31 December 2020	48,378	30,616	58,324	137,318
<i>The Bank</i>				
	12-month ECL	Lifetime ECL, not credit-impaired	Lifetime ECL, credit-impaired	Total
<i>Interbank and money market items</i>				
As at 1 January 2021	89	7	-	96
Changes from remeasurement of ECL	69	3	-	72
New interbank and money market items	62	-	-	62
Derecognition	(89)	(7)	-	(96)
Others	2	-	-	2
As at 31 December 2021	133	3	-	136
<i>Investments in debt instruments</i>				
As at 1 January 2021	41	46	-	87
Changes from remeasurement of ECL	7	-	-	7
New investments in debt instruments	23	-	-	23
Derecognition	(24)	(46)	-	(70)
Others	(2)	-	-	(2)
As at 31 December 2021	45	-	-	45
<i>Loans to customers</i>				
As at 1 January 2021	48,270	30,537	57,500	136,307
Changes from stage reclassification	22,712	(37,639)	14,927	-
Changes from remeasurement of ECL	(26,784)	49,645	19,830	42,691
New loan to customers	4,272	2,694	586	7,552
Derecognition	(5,126)	(5,519)	(12,383)	(23,028)
Write-off	-	-	(19,666)	(19,666)
Others	40	152	415	607
As at 31 December 2021	43,384	39,870	61,209	144,463

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	The Bank			
	12-month ECL	Lifetime ECL, not credit-impaired	Lifetime ECL, credit-impaired	Total
<i>Interbank and money market items</i>				
As at 1 January 2020	132	-	-	132
Changes from stage reclassification	20	(20)	-	-
Changes from remeasurement of ECL	40	27	-	67
New interbank and money market items	29	-	-	29
Derecognition	(132)	-	-	(132)
As at 31 December 2020	89	7	-	96
<i>Investments in debt instruments</i>				
As at 1 January 2020	18	-	-	18
Changes from stage reclassification	(21)	21	-	-
Changes from remeasurement of ECL	91	26	-	117
New investment in debt instruments	16	-	-	16
Derecognition	(62)	-	-	(62)
Others	(1)	(1)	-	(2)
As at 31 December 2020	41	46	-	87
<i>Loans to customers</i>				
As at 1 January 2020	27,026	30,913	50,777	108,716
Changes from stage reclassification	24,664	(32,176)	7,512	-
Changes from remeasurement of ECL	(8,129)	34,969	18,566	45,406
New loan to customers	6,301	2,072	309	8,682
Derecognition	(1,605)	(5,222)	(7,634)	(14,461)
Write-off	-	-	(12,020)	(12,020)
Others	13	(19)	(10)	(16)
As at 31 December 2020	48,270	30,537	57,500	136,307

14 Modified loans to customers

During the years ended 31 December 2021 and 2020, the Bank and its subsidiaries have modified loans that have not resulted in derecognition, while they had a loss allowance measured at an amount equal to lifetime ECL, which excluded loans to customers modified under relief program as mentioned in note 2.1, as follows:

	Consolidated and the Bank	
	2021 (in million Baht)	2020
<i>Loans modified during the year ended 31 December</i>		
Outstanding before modification	7,134	22,825
Net modification loss	(302)	(1,054)
	6,832	21,771
<i>Loans modified since initial recognition</i>		
Outstanding of loans to customers at the end of reporting date that have previously modified for which loss allowance has changed during the year from measured amount equal to lifetime expected credit losses to an amount equal to 12-month expected credit losses	818	491

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

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

	2021 (Unaudited)	2020 (Audited)
	(in million Baht)	
Cash flows from operating activities		
Loss from operating before income tax expense	(24)	(6)
<i>Adjustments to reconcile loss from operating before income tax to cash receipts (payments) from operating activities</i>		
Expected credit loss	21	-
(Reversal) of impairment loss on properties for sale	(1)	-
Net interest expenses	2	4
Loss from operating before changes in operating assets and liabilities	(2)	(2)
<i>Decrease in operating assets</i>		
Intercompany and money market items	3	17
Investments	4	-
Properties for sale	3	-
<i>Decrease in operating liabilities</i>		
Short term debt issued and borrowings	(8)	(14)
Accrued expenses	-	(1)
Net cash from operating activities	-	-
Net increase in cash	-	-
Cash at 1 January	-	-
Cash at 31 December	-	-

16 Properties for sale, net

	Consolidated 2021		
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out
	(in million Baht)		
Foreclosed assets			
- Immovable assets	15,344	4,137	(1,747)
- Movable assets	412	1,966	(1,994)
Total foreclosed assets	15,756	6,103	(3,741)
Others	1,877	341	(513)
Total properties for sale	17,633	6,444	(4,254)
Less allowance for impairment	(1,497)	(649)	524
Total properties for sale, net	16,136	5,795	(3,730)
			18,201

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	Consolidated 2020			
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out (in million Baht)	Ending balance
Foreclosed assets				
- Immovable assets	15,154	1,904	(1,714)	15,344
- Movable assets	684	2,333	(2,605)	412
Total foreclosed assets	<u>15,838</u>	<u>4,237</u>	<u>(4,319)</u>	<u>15,756</u>
Others	1,240	1,163	(526)	1,877
Total properties for sale	<u>17,078</u>	<u>5,400</u>	<u>(4,845)</u>	<u>17,633</u>
Less allowance for impairment	<u>(436)</u>	<u>(1,631)</u>	<u>570</u>	<u>(1,497)</u>
Total properties for sale, net	<u>16,642</u>	<u>3,769</u>	<u>(4,275)</u>	<u>16,136</u>
 The Bank 2021				
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out (in million Baht)	Ending balance
Foreclosed assets				
- Immovable assets	15,027	4,137	(1,744)	17,420
- Movable assets	412	1,966	(1,994)	384
Total foreclosed assets	<u>15,439</u>	<u>6,103</u>	<u>(3,738)</u>	<u>17,804</u>
Others	1,908	341	(513)	1,736
Total properties for sale	<u>17,347</u>	<u>6,444</u>	<u>(4,251)</u>	<u>19,540</u>
Less allowance for impairment	<u>(1,429)</u>	<u>(649)</u>	<u>522</u>	<u>(1,556)</u>
Total properties for sale, net	<u>15,918</u>	<u>5,795</u>	<u>(3,729)</u>	<u>17,984</u>
 The Bank 2020				
	Beginning balance	Additions/ Transfer in	Disposals/ Transfer out (in million Baht)	Ending balance
Foreclosed assets				
- Immovable assets	14,837	1,904	(1,714)	15,027
- Movable assets	684	2,333	(2,605)	412
Total foreclosed assets	<u>15,521</u>	<u>4,237</u>	<u>(4,319)</u>	<u>15,439</u>
Others	1,240	1,163	(495)	1,908
Total properties for sale	<u>16,761</u>	<u>5,400</u>	<u>(4,814)</u>	<u>17,347</u>
Less allowance for impairment	<u>(368)</u>	<u>(1,631)</u>	<u>570</u>	<u>(1,429)</u>
Total properties for sale, net	<u>16,393</u>	<u>3,769</u>	<u>(4,244)</u>	<u>15,918</u>

For the year ended 31 December 2021, the Bank and its subsidiaries recognised gain on sale of properties for sale in the consolidated and the Bank's statement of profit or loss and other comprehensive income amounting to Bah 1,167 million and Baht 1,166 million, respectively (2020: *the Bank and its subsidiaries recognised gain on sale of properties for sale in the consolidated and the Bank's statement of profit or loss and other comprehensive income amounting to Baht 1,014 million and Baht 1,014 million, respectively*).

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As 31 December 2021, The Bank and its subsidiaries have properties for sale which contain buy-back rights or first refusal rights from other debtors within the certain period and prices as specified in the debt restructuring agreements with the cost amounting to Baht 4,005 million. (2020: *Baht 1,873 million*).

At 31 December 2021 and 2020, all of the foreclosed immovable assets were appraised by internal appraisers.

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17 Premises and equipment, net

Consolidated									
2021									
	Beginning balance	Additions/ Transfer in	Cost	Disposals/ Transfer out	Ending balance	Beginning balance	Depreciation	Disposals	Transfer to Investment properties
Land									
Cost	5,427	-	(59)	-	5,368	-	-	-	(77)
Appraisal increase*	12,287	6,136	(39)	-	18,384	-	-	-	-
Appraisal decrease*	-	(3)	-	-	(3)	-	-	-	(3)
Premises and building improvements									
Cost	20,048	335	(274)	(384)	19,725	(9,568)	(871)	259	166
Appraisal increase*	8,752	1,221	(23)	(298)	9,652	(3,051)	(505)	3,265	4
Appraisal decrease*	-	(1,693)	-	-	(1,693)	-	113	-	113
Equipment	18,889	674	(339)	-	19,224	(15,565)	(1,672)	297	-
Others	530	531	(886)	-	175	(14)	(47)	-	(61)
Right-of-use assets									
Office building	1,110	77	(556)	-	631	(475)	(227)	387	-
ATM	1,113	28	(895)	-	246	(741)	(302)	895	-
Vehicle	683	358	(160)	-	881	(307)	(235)	159	-
Booth	76	2	(43)	-	35	(23)	(22)	23	-
Branch	3,066	435	(2,315)	-	1,186	(1,447)	(926)	1,927	-
Others	7	1	-	-	8	(1)	(1)	-	(2)
Total	71,988	8,102	(5,589)	(682)	73,819	(31,192)	(4,695)	7,212	170
									6
									45,196

* Appraisal values are based on valuations completed in 2021 for the Bank and its subsidiaries.

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Consolidated									
2020									
									Accumulated depreciation
Recognition of right-of-use assets on initial application of FRS 16		Cost							
Beginning balance		Adjusted balance at 1 January 2020	Additions/ Transfer in	Disposals/ Transfer out	Ending balance	Beginning balance (in million Baht)	Depreciation	Disposals	Ending balance
Land	5,734	-	5,734	-	(307)	5,427	-	-	(127)
Cost	5,734	-	5,734	-	(347)	12,287	-	-	-
Appraisal *	12,634	-	12,634	-					12,287
Premises and building improvements									
Cost	20,179	-	20,179	476	(607)	20,048	(9,281)	(732)	445
Appraisal *	9,002	-	9,002	-	(250)	8,752	(2,821)	(327)	97
Equipment	19,205	-	19,205	481	(797)	18,889	(14,363)	(1,943)	741
Others	782	-	782	382	(634)	530	(8)	(7)	1
Right-of-use assets									
Office building	-	584	584	581	(55)	1,110	-	(480)	5
ATM	-	993	993	120	-	1,113	-	(741)	(475)
Vehicle	-	592	592	91	-	683	-	(307)	-
Booth	-	46	46	30	-	76	-	(23)	(307)
Branch	-	2,142	2,142	924	-	3,066	-	(1,447)	-
Others	-	8	8	-	(1)	7	-	(1)	(1)
Total	67,536	4,365	71,901	3,085	(2,998)	71,988	(26,473)	(6,008)	1,289
									6
									40,309

* Appraisal values are based on valuations completed in 2015 for the Bank and its subsidiaries.

The gross amount of the Bank and its subsidiaries' fully depreciated premises and equipment that were still in use as at 31 December 2021 amounted to Baht 22,230 million (2020: Baht 18,718 million).

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* Appraisal values are based on valuations completed in 2021.

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	2020						Accumulated depreciation							
	Cost	Recognition of right-of-use assets on initial application of IFRS 16	Adjusted balance at 1 January 2020	Additions/ Transfer in	Disposals/ Transfer out	Transfer to investment properties	Beginning balance (in million Baht)	Ending balance	Depreciation	Disposals	Transfer to investment properties	Ending balance	Allowance for impairment	Net balance
Land														
Cost	5,648	-	5,648	-	(301)	(1)	5,346	-	-	-	-	(127)	5,219	
Appraisal*	12,142	-	12,142	-	(347)	(222)	11,573	-	-	-	-	-	11,573	
Premises and building improvements														
Cost	19,754	-	19,754	413	(570)	(79)	19,518	(8,970)	(703)	417	14	(9,242)	(156)	
Appraisal*	8,906	-	8,906	-	(250)	-	8,656	(2,784)	(327)	97	-	(3,014)	5,642	
Equipment	18,777	-	18,777	406	(793)	-	18,390	(14,062)	(1,894)	739	-	(15,217)	(204)	
Others	786	-	786	379	(631)	-	534	-	-	-	-	-	-	
Right-of-use assets														
Office building	-	358	358	195	-	-	553	-	(338)	-	-	(338)	-	
ATM	-	992	992	120	-	-	1,112	-	(740)	-	-	(740)	-	
Vehicle	-	501	501	86	-	-	587	-	(266)	-	-	(266)	-	
Booth	-	46	46	30	-	-	76	-	(23)	-	-	(23)	-	
Branch	-	2,142	2,142	924	-	-	3,066	-	(1,447)	-	-	(1,447)	-	
Others	-	7	7	-	(1)	-	6	-	(1)	-	-	(1)	-	
Total	66,013	4,046	70,059	2,553	(2,893)	(302)	69,417	(25,816)	(5,739)	1,253	14	(30,288)	5	
												(487)	38,642	

* Appraisal values are based on valuations completed in 2015.

The gross amount of the Bank's fully depreciated premises and equipment that were still in use as at 31 December 2021 amounted to Baht 21,696 million (2020: Baht 18,225 million).

The fair values of land and premises are determined by using the market approach for land and the replacement cost approach for premises. The fair values are appraised by independent appraisers who are qualified as professionals and have appropriate experience. The fair values of land and premises are categorised as Level 3 in the fair value hierarchy.

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18 Goodwill and other intangible assets, net

Consolidated

	2021				
	Beginning balance	Additions/ Transfer in	Cost Disposals/ Transfer out	Ending balance	Accumulated amortisation (in million Baht)
Goodwill	1,270	-	-	1,270	-
Software licenses	28,221	5,790	(117)	33,894	(4,963)
Software under installation	3,017	395	(1,272)	2,140	-
Others	116	3	-	119	(23)
Total	32,624	6,188	(1,389)	37,423	(4,986)

Consolidated

	2020				
	Beginning balance	Additions/ Transfer in	Cost Disposals/ Transfer out	Ending balance	Accumulated amortisation (in million Baht)
Goodwill	1,270	-	-	1,270	-
Software licenses	23,407	4,830	(16)	28,221	(9,918)
Software under installation	4,409	134	(1,526)	3,017	-
Others	123	-	(7)	116	(19)
Total	29,209	4,964	(1,549)	32,624	(9,937)

The gross amount of the Bank and its subsidiaries' fully amortised intangible assets that were still in use as at 31 December 2021 amounted to Baht 6,254 million (2020: Baht 5,556 million).

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The Bank 2021						
Beginning balance	Cost	Additions/ Transfer in	Disposals/ Transfer out	Ending balance	Beginning balance (in million Baht)	Accumulated amortisation
Goodwill	1,270	-	-	1,270	-	1,270
Software licenses	26,989	5,210	(106)	32,093	(13,467)	13,918
Software under installation	2,887	1	(730)	2,158	(4,711)	2,158
Total	31,146	5,211	(836)	35,521	(13,467)	17,346

The Bank 2020						
Beginning balance	Cost	Additions/ Transfer in	Disposals/ Transfer out	Ending balance	Beginning balance (in million Baht)	Accumulated amortisation
Goodwill	1,270	-	-	1,270	-	1,270
Software licenses	22,427	4,569	(7)	26,989	(9,607)	13,522
Software under installation	4,361	-	(1,474)	2,887	(3,863)	2,887
Total	28,058	4,569	(1,481)	31,146	(9,607)	17,679

The gross amount of the Bank's fully amortised intangible assets that were still in use as at 31 December 2021 amounted to Baht 6,093 million (2020: Baht 5,409 million).

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19 Deferred tax

	Consolidated		The Bank	
	2021	2020 (in million Baht)	2021	2020
Deferred tax assets	3,681	4,505	3,340	4,240
Deferred tax liabilities	(888)	(132)	-	-
Net	2,793	4,373	3,340	4,240
 Consolidated (Charged) / Credited to:				
 At 1 January 2021				
	Profit or loss	Other Comprehensive income		At 31 December 2021
 <i>Deferred tax assets</i>				
Financial assets measured at FVTPL	31	10	-	41
Derivative assets	47	1	-	48
Investments in subsidiaries and associate	44	265	-	309
Loans to customers and accrued interest receivables	4,956	(432)	-	4,524
Properties for sale	129	31	(13)	147
Other intangible assets	17	(8)	-	9
Other assets	29	(29)	-	-
Provisions	3,562	590	(99)	4,053
Other liabilities	1,189	294	-	1,483
Total	10,004	722	(112)	10,614
 <i>Deferred tax liabilities</i>				
Financial assets measured at FVTPL	(342)	(621)	-	(963)
Investments	(494)	(38)	261	(271)
Properties for sales	(24)	-	-	(24)
Investment properties	(66)	(19)	-	(85)
Premises and equipment	(4,534)	(6)	(1,753)	(6,293)
Other intangible assets	(3)	-	-	(3)
Other assets	(168)	(14)	-	(182)
Total	(5,631)	(698)	(1,492)	(7,821)
Net	4,373	24	(1,604)	2,793

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	At 1 January 2020*	Consolidated (Charged) / Credited to:			At 31 December 2020
		Profit or loss	Other Comprehensive income		
(in million Baht)					
<i>Deferred tax assets</i>					
Financial assets measured at FVTPL	29	2	-		31
Derivative assets	144	(97)	-		47
Investments	1	(1)	-		-
Investments in subsidiaries and associate	159	(115)	-		44
Loans to customers and accrued interest receivables	4,409	547	-		4,956
Properties for sale	151	(22)	-		129
Other intangible assets	18	(1)	-		17
Other assets	40	(11)	-		29
Provisions	2,273	933	356		3,562
Other liabilities	1,163	26	-		1,189
Total	8,387	1,261	356		10,004
<i>Deferred tax liabilities</i>					
Financial assets measured at FVTPL	(127)	(215)	-		(342)
Investments	(1,005)	462	49		(494)
Loans to customers and accrued interest receivables	(649)	649	-		-
Properties for sales	-	-	(24)		(24)
Premises and equipment	(4,927)	297	30		(4,600)
Other intangible assets	-	(3)	-		(3)
Other assets	(238)	70	-		(168)
Total	(6,946)	1,260	55		(5,631)
Net	1,441	2,521	411		4,373

* Includes the impact of changes in accounting policies of Baht 425 million

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	At 1 January 2021	The Bank (Charged) / Credited to:		At 31 December 2021
		Profit or loss	Other comprehensive income	
<i>Deferred tax assets</i>				
Derivative assets	47	1	-	48
Investments in subsidiaries and associate	44	265	-	309
Loans to customers and accrued interest receivables	4,939	(496)	-	4,443
Properties for sale	128	32	(13)	147
Provisions	3,466	573	(96)	3,943
Other liabilities	1,069	279	-	1,348
Total	9,693	654	(109)	10,238
<i>Deferred tax liabilities</i>				
Financial assets measured at FVTPL	(310)	51	-	(259)
Investments	(492)	(40)	262	(270)
Investment properties	(110)	(19)	-	(129)
Premises and equipment	(4,370)	(9)	(1,676)	(6,055)
Other intangible assets	(3)	-	-	(3)
Other assets	(168)	(14)	-	(182)
Total	(5,453)	(31)	(1,414)	(6,898)
Net	4,240	623	(1,523)	3,340

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	The Bank (Charged) / Credited to:			
	At 1 January 2020*	Profit or loss	Other comprehensive income	At 31 December 2020
(in million Baht)				
Deferred tax assets				
Derivative assets	144	(97)	-	47
Investments in subsidiaries and associate	159	(115)	-	44
Loans to customers and accrued interest receivables	4,386	553	-	4,939
Properties for sale	150	(22)	-	128
Other intangible assets	1	(1)	-	-
Other assets	40	(40)	-	-
Provisions	2,200	920	346	3,466
Other liabilities	1,088	(19)	-	1,069
Total	8,168	1,179	346	9,693
Deferred tax liabilities				
Financial assets measured at FVTPL	(127)	(183)	-	(310)
Investments	(997)	456	49	(492)
Loans to customers and accrued interest receivables	(649)	649	-	-
Premises and equipment	(4,782)	302	-	(4,480)
Other intangible assets	-	(3)	-	(3)
Other assets	(238)	70	-	(168)
Total	(6,793)	1,291	49	(5,453)
Net	1,375	2,470	395	4,240

* Includes the impact of changes in accounting policies of Baht 434 million

Income tax recognised in profit or loss

<i>For the year ended 31 December</i>	Consolidated		The Bank	
	2021	2020	2021	2021
(in million Baht)				
Current tax expense				
Current year	9,400	9,315	8,276	8,626
Deferred tax expense				
Movements in temporary differences	(24)	(2,521)	(623)	(2,470)
Total income tax expense	9,376	6,794	7,653	6,156

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Income tax recognised in other comprehensive income

<i>For the year ended 31 December</i>	Consolidated			2020		
	Before tax	2021 Tax income (expense)	Net of tax (in million Baht)	Before tax	Tax income (expense)	Net of tax
Loss on investments in debt instruments at FVOCI	(912)	183	(729)	(423)	85	(338)
(Loss) gain on investments designated at FVOCI	(392)	78	(314)	179	(36)	143
Change in revaluation surplus	8,960	(1,766)	7,194	(30)	6	(24)
Actuarial gain (loss) on defined benefit plans	494	(99)	395	(1,780)	356	(1,424)
Total	8,150	(1,604)	6,546	(2,054)	411	(1,643)

<i>For the year ended 31 December</i>	The Bank			2020		
	Before tax	2021 Tax income (expense)	Net of tax (in million Baht)	Before tax	Tax income (expense)	Net of tax
Loss on investments in debt instruments at FVOCI	(912)	183	(729)	(423)	85	(338)
(Loss) gain on investment designated at FVOCI	(396)	79	(317)	179	(36)	143
Changes in revaluation surplus	8,445	(1,689)	6,756	-	-	-
Actuarial gain (loss) on defined benefit plans	481	(96)	385	(1,732)	346	(1,386)
Total	7,618	(1,523)	6,095	(1,976)	395	(1,581)

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Reconciliation of effective tax rate

<i>For the year ended 31 December</i>	Consolidated			
	2021 Rate (%)	2021 (in million Baht)	2020 Rate (%)	2020 (in million Baht)
Profit before income tax expense		<u>44,771</u>		<u>33,788</u>
Income tax using the Thai corporation tax rate	20.0	8,954	20.0	6,758
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		<u>422</u>		<u>36</u>
Total	<u>20.9</u>	<u>9,376</u>	<u>20.1</u>	<u>6,794</u>
 The Bank				
<i>For the year ended 31 December</i>	2021			
	Rate (%)	(in million Baht)	Rate (%)	(in million Baht)
Profit before income tax expense		<u>42,132</u>		<u>33,932</u>
Income tax using the Thai corporation tax rate	20.0	8,426	20.0	6,786
Tax effect of income and expenses that are not taxable income or not deductible in determining taxable profit, net		<u>(773)</u>		<u>(630)</u>
Total	<u>18.2</u>	<u>7,653</u>	<u>18.1</u>	<u>6,156</u>

20 Other assets, net

	Consolidated		The Bank	
	2021	2020 (in million Baht)	2021	2020
Collateral per Credit Support Annex	16,149	17,760	16,149	17,760
Securities business receivables and receivables from clearing house	3,301	3,951	-	-
Accrued service income	10,955	7,601	10,846	7,913
Receivable from purchase of investment in debt securities pending for settlement	1,629	35	1,629	35
Prepaid expenses	1,903	2,099	2,378	2,336
Receivables from sale of NPL	723	1,796	723	1,796
Sundry receivables	413	1,945	1,021	3,588
Accrued interest on investment and interest rate derivatives	1,053	1,041	1,052	1,038
Others	8,618	6,537	7,509	5,712
Total	<u>44,744</u>	<u>42,765</u>	<u>41,307</u>	<u>40,178</u>

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21 Deposits

21.1 Classified by type of deposits

	Consolidated		The Bank	
	2021	2020	2021	2020
	(in million Baht)			
At call	118,954	93,336	117,866	92,507
Savings	1,840,043	1,758,903	1,843,382	1,769,123
Fixed				
- Less than 6 months	108,205	114,006	107,669	113,941
- 6 months and less than 1 year	157,551	169,547	157,543	169,546
- Over 1 year	242,742	284,663	242,741	284,663
Total	2,467,495	2,420,455	2,469,201	2,429,780

21.2 Classified by currency and residence of customer

	Consolidated					
	2021		2020			
	Domestic	Foreign	Total	Domestic	Foreign	Total
(in million Baht)						
Baht	2,424,118	1,250	2,425,368	2,373,950	1,028	2,374,978
US Dollar	24,180	12,135	36,315	26,751	12,983	39,734
Other currencies	2,390	3,422	5,812	2,689	3,054	5,743
Total	2,450,688	16,807	2,467,495	2,403,390	17,065	2,420,455

	The Bank					
	2021		2020			
	Domestic	Foreign	Total	Domestic	Foreign	Total
(in million Baht)						
Baht	2,433,318	1,196	2,434,514	2,388,865	995	2,389,860
US Dollar	24,180	5,245	29,425	26,751	7,429	34,180
Other currencies	2,390	2,872	5,262	2,689	3,051	5,740
Total	2,459,888	9,313	2,469,201	2,418,305	11,475	2,429,780

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22 Interbank and money market items (Liabilities)

	Consolidated		The Bank	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
<i>Domestic items</i>				
Bank of Thailand and Financial Institutions Development Fund	35,504	15,467	35,504	15,467
Commercial banks	60,753	90,886	60,753	90,886
Specialised financial institutions*	45,646	59,441	45,646	59,441
Other financial institutions**	27,448	25,226	28,583	25,433
Total domestic items	169,351	191,020	170,486	191,227
<i>Foreign items</i>				
US Dollar	5,143	3,500	5,704	3,449
Euro	325	401	325	402
Chinese Yuan	3,886	462	3,886	462
Other currencies	2,256	3,108	1,905	2,820
Total foreign items	11,610	7,471	11,820	7,133
Total domestic and foreign items	180,961	198,491	182,306	198,360

* Specialised financial institutions are financial institutions incorporated by special laws e.g. Government Savings Bank, Bank for Agriculture and Agricultural Co-operatives, Government Housing Bank, SME Bank, Islamic Bank of Thailand, Export-Import Bank of Thailand and Secondary Mortgage Corporation excluding Thai Credit Guarantee Corporation.

** Other financial institutions represent financial institutions other than above, such as Finance companies, Securities companies, Credit foncier companies, Life insurance companies, Cooperatives, the Federation of Savings and Credit Cooperatives of Thailand Limited and the Credit Union League of Thailand Limited.

23 Debt issued and borrowings

	Interest rate (%)	Year of maturity	Consolidated		2020	
			Domestic	Foreign	Total	Domestic
Debentures						
- US Dollar	2.75 - 4.40	2022 - 2029	-	63,442	63,442	-
Structured notes						
- US Dollar	floating*	2022	246	-	246	431
- Baht	0.00** - 17.00	2022	7,967	-	7,967	4,564
Others	-	2022 - 2028	117	-	117	213
Total			8,330	63,442	71,772	5,208
Hedge accounting adjustment				3,150	3,150	-
Total			8,330	66,592	74,922	5,208
* USD 1M LIBOR						
** Zero coupon structured notes						

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	Interest rate (%)	Year of maturity	2021		The Bank			2020	
			Domestic	Foreign	Total (in million Baht)	Domestic	Foreign	Total	
Debentures									
- US Dollar	2.75 - 4.40	2022 - 2029	-	63,442	63,442	-	56,985	56,985	
Structured notes									
- US Dollar	floating*	2022	246	-	246	431	-	431	
- Baht	0.00** - 0.45	2022	2,150	-	2,150	4,130	-	4,130	
Others	-	2022 - 2028	117	-	117	213	-	213	
Total			2,513	63,442	65,955	4,774	56,985	61,759	
Hedge accounting adjustment									
			-	3,150	3,150	-	5,042	5,042	
Total			2,513	66,592	69,105	4,774	62,027	66,801	

* USD 1M LIBOR

** Zero coupon structured notes

24 Provisions

	Consolidated		The Bank	
	2021	2020	2021	2020
	(in million Baht)			
Allowance for expected credit loss of loan commitments and financial guarantee contracts	6,307	5,399	6,236	5,303
Employee benefit obligations	9,232	9,005	8,677	8,535
Reserve for reward points	4,658	3,355	4,658	3,355
Others	145	138	145	138
Total	20,342	17,897	19,716	17,331

Allowance for expected credit loss of loan commitments and financial guarantee contracts

As of 31 December 2021, the allowance for expected credit loss of loan commitments and financial guarantee contracts increased from the net remeasurement and new loan commitments and financial guarantee contracts of Baht 2,074 million and Baht 2,036 million in the consolidated and the Bank's financial statements, respectively, while it decreased from the derecognition of loan commitments and financial guarantee of Baht 1,166 million and 1,103 million in the consolidated and the Bank's financial statements, respectively. (2020: increased from net remeasurement and new loan commitments and financial guarantee contracts of Baht 1,968 million and Baht 1,887 million and decreased from the derecognition of loan commitments and financial guarantee of Baht 1,528 million and 1,502 million).

Employee benefits obligations

The Bank and its subsidiaries operate a number of post-employment benefit and other long-term employee benefits. All benefit plans are unfunded.

	Consolidated		The Bank	
	2021	2020	2021	2020
	(in million Baht)			
Severance Payment benefits scheme ("SP")	7,507	7,591	7,035	7,180
Other schemes ("Others")	1,725	1,414	1,642	1,355
Total	9,232	9,005	8,677	8,535

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Defined benefit plan and other long-term employee benefits

The Bank and its subsidiaries operate a defined benefit plan and other long-term employee benefits based on the requirement of Thai Labour Protection Act B.E 2541 (1998) and the Bank and its subsidiaries' policy. These benefits will be provided once the employees fulfill the policy requirements or when employees retire based on pensionable remuneration and length of service.

The defined benefit plans and other long-term employee benefits expose actuarial risks, such as longevity risk, interest rate risk and market (investment) risk.

Present value of the defined benefit plan and other long-term employee benefits

	Consolidated			
	2021		2020	
	SP	Others (in million Baht)	SP	Others
At 1 January	<u>7,591</u>	<u>1,414</u>	<u>7,131</u>	<u>867</u>
Included in profit or loss:				
Current service cost	803	37	598	40
Interest on obligation	118	22	203	28
Actuarial loss	-	2	-	15
	<u>921</u>	<u>61</u>	<u>801</u>	<u>83</u>
Included in other comprehensive income:				
Actuarial (gain) loss				
- Demographic assumptions	-	-	933	74
- Financial assumptions	(578)	213	784	464
- Experience adjustment	(190)	61	(415)	(60)
	<u>(768)</u>	<u>274</u>	<u>1,302</u>	<u>478</u>
Others				
Benefits paid				
	<u>(237)</u>	<u>(24)</u>	<u>(1,643)</u>	<u>(14)</u>
At 31 December	<u>7,507</u>	<u>1,725</u>	<u>7,591</u>	<u>1,414</u>
The Bank				
	2021		2020	
	SP	Others (in million Baht)	SP	Others
	<u>7,180</u>	<u>1,355</u>	<u>6,796</u>	<u>839</u>
At 1 January				
Included in profit or loss:				
Current service cost	735	28	535	37
Interest on obligation	113	21	195	27
Employees transfer to subsidiaries	(28)	(2)	(33)	(4)
Actuarial loss	-	2	-	14
	<u>820</u>	<u>49</u>	<u>697</u>	<u>74</u>

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	The Bank			
	2021 SP	Others	2020 SP	Others (in million Baht)
Included in other comprehensive income:				
Actuarial (gain) loss			908	73
- Demographic assumptions	-	-	748	446
- Financial assumptions	(550)	207		
- Experience adjustment	(191)	54	(380)	(64)
	(741)	261	1,276	455
Others				
Benefits paid			(1,589)	(13)
	(224)	(23)		
At 31 December	7,035	1,642	7,180	1,355

Principal actuarial assumptions

	Consolidated		The Bank	
	2021	2020	2021	2020
Discount rate	0.3 - 2.8	0.3 - 1.6	2.2	1.6
Future salary growth	2.0 - 11.0	2.0 - 11.0	5.0 - 7.0	5.0 - 7.0
Medical cost trend rate	5.0	4.0	5.0	4.0
Employee turnover	0.0 - 20.0	0.0 - 20.0	2.0 - 12.0	2.0 - 12.0

Assumptions regarding future mortality have been based on published statistics and mortality tables.

Sensitivity analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the employee benefit obligation by the amounts shown below.

<i>Effect to the employee benefit obligation</i>	Consolidated			
	1% increase in assumption		1% decrease in assumption	
	2021	2020	2021	2020
<i>(in million Baht)</i>				
Discount rate	(1,123)	(1,099)	1,365	1,338
Future salary growth	970	1,006	(834)	(861)
The Bank				
<i>Effect to the employee benefit obligation</i>	1% increase in assumption		1% decrease in assumption	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Discount rate	(1,062)	(1,047)	1,293	1,276
Future salary growth	910	954	(782)	(816)

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Post-employee benefit and other long-term employee benefits expenses included in the statement of profit or loss and other comprehensive income for the years ended 31 December 2021 and 2020 were as follows:

	Consolidated		The Bank	
	2021	2020 (in million Baht)	2021	2020
Defined contribution plans	1,203	1,268	1,063	1,157
Defined benefit plans and other long-term employee benefits	982	884	869	771
Total	2,185	2,152	1,932	1,928

25 Other liabilities

	Consolidated		The Bank	
	2021	2020 (in million Baht)	2021	2020
Accrued expenses	18,655	17,873	16,899	17,480
Deferred income from Distribution				
Agreement	15,062	16,243	15,062	16,243
Other payable per Credit Support Annex	3,571	7,379	3,571	7,379
Other payables	6,993	5,146	6,962	5,164
Unsettled remittance transaction	4,258	3,806	4,258	3,806
Accrued interest payable	2,138	3,155	2,117	3,145
Securities business payables and payables to clearing house	2,581	3,311	-	-
Lease liabilities*	1,698	3,090	1,415	2,599
Withholding tax payable	868	941	698	822
Marginal deposits	376	285	377	269
Others	11,396	11,573	11,171	11,478
Total	67,596	72,802	62,530	68,385

* As at 31 December 2021, the amount recorded was calculated from total undiscounted lease liabilities of Baht 1,780 million and Baht 1,444 million in the consolidated and the Bank's financial statements, respectively (2020: Baht 4,046 million and Baht 3,513 million in the consolidated and the Bank's financial statements, respectively).

26 Advance received from electronic payment

In accordance with the BoT notification number Sor Nor Chor 7/2561 dated 16 April 2018, regarding to *Regulations on Service Business relating to Electronic Money (E-Money)* and Sor Nor Chor 2/2562 dated 20 December 2019 regarding to *Regulations on Service Business relating to Electronic Fund Transfer (EFT)*, the Bank had advances received from electronic transactions as at 31 December 2021, presented as liabilities in the amount of Baht 1,275 million (2020: Baht 1,315 million).

The Bank has kept advance received from electronic transactions which is a part of cash in the statements of financial position as at 31 December 2021 in the amount of Baht 2,251 million (2020: Baht 2,251 million).

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27 Offsetting of financial assets and financial liabilities

The Bank and its subsidiaries currently hold financial instruments agreements which do not meet the criteria for offsetting in the Consolidated and the Bank's statement of financial position because such agreements are created in the way that the parties have to agree a right of set-off the agreed amounts that is enforceable only following and event of default, insolvency or bankruptcy of the Bank or the counterparties or following other predetermined events. For derivatives, the rights to call collateral are agreed by both parties with specific call frequency and threshold. According to the agreements, the Bank and its subsidiaries receive and give collateral in form of cash and marketable securities. The details of significant offsetting of financial assets and financial liabilities are as follow:

Consolidated and the Bank					
				Net amount presented in statements of financial position <i>(in million Baht)</i>	Note
<i>Financial assets</i>					
Reverse sale-and-repurchase	369,423	-	369,423	369,423	-
Derivative assets	<u>28,283</u>	<u>-</u>	<u>28,283</u>	<u>2,870</u>	<u>25,413</u>
Total	<u>397,706</u>	<u>-</u>	<u>397,706</u>	<u>372,293</u>	<u>25,413</u>
<i>Financial liabilities</i>					
Sale-and-repurchase	59,303	-	59,303	59,303	-
Derivatives liabilities	<u>35,410</u>	<u>-</u>	<u>35,410</u>	<u>12,071</u>	<u>23,339</u>
Total	<u>94,713</u>	<u>-</u>	<u>94,713</u>	<u>71,374</u>	<u>23,339</u>

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Consolidated and the Bank					
2020					
	Amount offset in statements of financial position	Net amount presented in statements of financial position	Related amounts not offset in statement of financial position - Amount eligible for offsetting per contracts which does not meet accounting standards' conditions	Net amount	Items in statement of financial position Note
<i>(in million Baht)</i>					
<i>Financial assets</i>					
Reverse sale-and-repurchase	149,380	-	149,380	149,380	-
Derivative assets	<u>35,665</u>	-	<u>35,665</u>	<u>3,206</u>	Interbank and money market items, net (Assets) Derivative assets
Total	<u>185,045</u>	-	<u>185,045</u>	<u>152,586</u>	<u>32,459</u>
<i>Financial liabilities</i>					
Sale-and-repurchase	98,850	-	98,850	98,850	-
Derivatives liabilities	<u>43,941</u>	-	<u>43,941</u>	<u>11,729</u>	Interbank and money market items (Liabilities) Derivative liabilities
Total	<u>142,791</u>	-	<u>142,791</u>	<u>110,579</u>	<u>32,212</u>

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28 Fair value of financial assets and financial liabilities

28.1 Financial assets and financial liabilities measured at fair value

The following table analyses financial instruments measured at fair value at the reporting date, by the level in the fair value hierarchy into which the fair value measurement is categorised. The amounts are based on the values recognised in the statement of financial position. The fair values include any deferred differences between the transaction price and the fair value on initial recognition when the fair value is based on a valuation technique that uses unobservable inputs.

Consolidated								
			2021			2020		
			Fair value			Fair value		
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
	(in million Baht)							
Financial assets								
Financial assets								
measured at FVTPL	<u>6,167</u>	<u>41,594</u>	<u>20,946</u>	<u>68,707</u>	<u>4,158</u>	<u>17,386</u>	<u>6,489</u>	<u>28,033</u>
Derivative assets								
- Foreign exchange rate	-	15,226	-	15,226	-	18,845	-	18,845
- Interest rate	-	41,582	-	41,582	-	67,398	-	67,398
- Others	-	771	-	771	-	587	-	587
Total	<u>-</u>	<u>57,579</u>	<u>-</u>	<u>57,579</u>	<u>-</u>	<u>86,830</u>	<u>-</u>	<u>86,830</u>
Investments, net								
- Investments in debt instruments								
measured at FVOCI	-	213,450	-	213,450	-	302,378	-	302,378
- Investments in equity instruments								
designated at FVOCI	-	-	1,636	1,636	-	-	2,159	2,159
Total	<u>-</u>	<u>213,450</u>	<u>1,636</u>	<u>215,086</u>	<u>-</u>	<u>302,378</u>	<u>2,159</u>	<u>304,537</u>
Total financial assets	<u>6,167</u>	<u>312,623</u>	<u>22,582</u>	<u>341,372</u>	<u>4,158</u>	<u>406,594</u>	<u>8,648</u>	<u>419,400</u>
Financial liabilities								
Financial liabilities								
measured at FVTPL	<u>6</u>	<u>-</u>	<u>-</u>	<u>6</u>	<u>4</u>	<u>-</u>	<u>-</u>	<u>4</u>
Derivative liabilities								
- Foreign exchange rate	-	14,289	-	14,289	-	19,823	-	19,823
- Interest rate	-	34,415	-	34,415	-	59,246	-	59,246
- Others	-	496	-	496	-	203	-	203
Total	<u>-</u>	<u>49,200</u>	<u>-</u>	<u>49,200</u>	<u>-</u>	<u>79,272</u>	<u>-</u>	<u>79,272</u>
Total financial liabilities	<u>6</u>	<u>49,200</u>	<u>-</u>	<u>49,206</u>	<u>4</u>	<u>79,272</u>	<u>-</u>	<u>79,276</u>

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The Bank											
2021											
Fair value				2020							
Level 1	Level 2	Level 3	Total (in million Baht)	Level 1	Level 2	Level 3	Total				
Financial assets											
Financial assets											
measured at FVTPL	<u>1,272</u>	<u>41,537</u>	<u>6,345</u>	<u>49,154</u>	<u>2,020</u>	<u>17,293</u>	<u>3,794</u>	<u>23,107</u>			
Derivative assets											
- Foreign exchange rate	-	15,228	-	15,228	-	18,845	-	18,845			
- Interest rate	-	41,582	-	41,582	-	67,398	-	67,398			
- Others	-	807	-	807	-	852	-	852			
Total	<u>-</u>	<u>57,617</u>	<u>-</u>	<u>57,617</u>	<u>-</u>	<u>87,095</u>	<u>-</u>	<u>87,095</u>			
Investments, net											
- Investments in debt instruments											
measured at FVOCI	-	213,450	-	213,450	-	302,378	-	302,378			
- Investments in equity instruments											
designated at FVOCI	-	-	1,620	1,620	-	-	2,147	2,147			
Total	<u>-</u>	<u>213,450</u>	<u>1,620</u>	<u>215,070</u>	<u>-</u>	<u>302,378</u>	<u>2,147</u>	<u>304,525</u>			
Total financial assets	<u>1,272</u>	<u>312,604</u>	<u>7,965</u>	<u>321,841</u>	<u>2,020</u>	<u>406,766</u>	<u>5,941</u>	<u>414,727</u>			
Financial liabilities											
Derivative liabilities											
- Foreign exchange rate	-	14,292	-	14,292	-	19,823	-	19,823			
- Interest rate	-	34,415	-	34,415	-	59,246	-	59,246			
- Others	-	939	-	939	-	707	-	707			
Total	<u>-</u>	<u>49,646</u>	<u>-</u>	<u>49,646</u>	<u>-</u>	<u>79,776</u>	<u>-</u>	<u>79,776</u>			
Total financial liabilities	<u>-</u>	<u>49,646</u>	<u>-</u>	<u>49,646</u>	<u>-</u>	<u>79,776</u>	<u>-</u>	<u>79,776</u>			
Consolidated											
The Bank											
<i>Reconciliation of Level 3 fair values</i>											
2021											
2020											
(in million Baht)											
Financial assets measured at FVTPL											
At 1 January		6,489		3,741		3,794		3,741			
Acquisitions		10,615		2,824		6,681		297			
Disposal		(800)		(1,194)		(4,794)		(1,194)			
Net change in fair value (including unrealised transactions and foreign currency translation)		4,642		1,118		664		950			
At 31 December		<u>20,946</u>		<u>6,489</u>		<u>6,345</u>		<u>3,794</u>			

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28.2 Financial assets and financial liabilities not measured at fair value

Fair value of financial assets and financial liabilities which are not measured at fair value and for which there is a significant difference with carrying amount as at 31 December 2021 and 2020 were as follows:

	Consolidated					
	2021		2020			
	Carrying amount	Fair value Level 2	Carrying amount	Fair value Level 2	Fair value Level 3	
<i>Financial assets</i>						
Investments in debt instruments measured at AMC						
	7,548	7,593	502	7,259	7,911	199
<i>The Bank</i>						
Investments in debt instruments measured at AMC						
	7,517	7,903	161	7,534	8,227	158

The following methods and assumptions are used in estimating fair values of financial instruments as disclosed herein:

- | | |
|---|---|
| Interbank and money market items (Assets): | Fair value calculated based on present value of estimated cash flows, using the current interest rate in the money market. The fair value has no significant difference with the carrying amount. |
| Financial assets measured at FVTPL and investments: | <p>The following methodologies are used to determine the fair value of securities held by the Bank.</p> <ul style="list-style-type: none"> - The fair value of debt securities is estimated based on the Thai Bond Market Association's last average bid price for identical or similar instruments in active markets or other inputs that are observable market data. In situations where no auction prices are available, the fair value is estimated based on the last executed price. For debt instruments with no active market price, the fair value is estimated based on the yield curve of debt securities plus a risk premium. - The fair value of listed private sector equity instruments and listed unit trust is estimated by using the bidding prices at The Stock Exchange of Thailand on the last business day of the year. - The fair value of non-marketable equity instruments is measured based on different measurement approach that is most appropriate to the investee's business i.e. current adjusted book value, latest round funding price and other valuation models. - The fair value of non-listed unit trusts is estimated based on the net asset value at the reporting date. |

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- The fair value of foreign debt and equity instruments listed on foreign stock exchanges is estimated by using the bid prices at such exchanges as of the last business day of the year. The fair value of non-listed foreign debt and equity instruments is determined based on values quoted by reliable international financial institutions.
- Derivatives:
- The fair values of derivatives are obtained from quoted market prices in active markets, where available. Fair values for over-the-counter derivatives are derived using broker quotes in active markets. Fair values of derivatives in an illiquid market are obtained using an average price quoted from several reliable sources, valuation technique and a benchmark price of instruments which have similar characteristics, as appropriate. In the case of derivative assets, fair values are also reflected the credit risk of counterparty.
- Loans to customers and accrued interest receivables:
- For variable-rate loans that are repriced frequently and have no significant change in credit risk, fair values are based on carrying amount.
 - The fair values of other loans are estimated using discounted cash flow analyses, using market interest rates or the fair value of collateral. There is no significant difference with the carrying amount.
- Deposits:
- The fair value of deposits which are payable on demand by the depositor are equal to the carrying amount.
 - Fair values for fixed-deposits are estimated using a discounted cash flow calculation that applies interest rates currently being offered on similar deposits.
- Interbank and money market items (Liabilities):
- The fair value has no significant difference with the carrying amount.
- Liabilities payable on demand:
- The fair value is approximated based on its carrying amount.
- Financial liabilities measured at FVTPL:
- The fair value is calculated based on valuation models using market data obtained from reliable sources.
- Debt issued and borrowings:
- The fair value of short-term borrowings maturing within 90 days approximated its carrying amount.
 - Fair values of other borrowings are estimated using discounted cash flow analyses based on the Bank's current borrowing rates for similar types of borrowing arrangements.

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29 Share capital

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

Holders of preferred shares are entitled to convert the shares they hold into common shares, with the conversion ratio of 1:1. The holders of common shares and preferred shares are entitled to receive dividends as declared, and are entitled to one vote per share at the shareholders' meeting of the Bank.

30 Reserves

Reserves comprise:

Appropriations of profit and/or retained earnings

Legal reserve

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

According to the Civil and Commercial Code, subsidiaries which are private companies must appropriate to a reserve fund at each distribution of dividend at least 5% of net profit until the reserve fund not less than 10% of the registered capital of the Company. Such reserve fund is not available for distribution as dividend.

Other components of equity

Translation differences

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

Fair value reserve

The fair value reserve comprises:

- the cumulative net change in the fair value of equity securities designated at FVOCI; and
- the cumulative net change in fair value of debt securities at FVOCI until the assets are derecognised or reclassified. This amount is adjusted by the amount of loss allowance.

Revaluation reserve

The revaluation reserve comprises the cumulative net change in the valuation of premises and equipment included in the financial statements at valuation until such premises and equipment are sold or otherwise disposed of.

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31 Dividends

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

	Approval date	Payment schedule	Dividend rate per share (Baht)	Amount (in million Baht)
<i>2021</i>				
Annual dividend 2020	8 April 2021	7 May 2021	2.30	7,818
Interim dividend 2021	24 August 2021	23 September 2021	1.43	4,861
Total			3.73	12,679
<i>2020</i>				
Interim dividend 2019 (special)	17 January 2020	14 February 2020	0.75	2,549
Annual dividend 2019	24 March 2020	22 April 2020	4.00	13,597
Total			4.75	16,146

32 Assets pledged as collateral and under restriction

	Consolidated			The Bank	
	2021	2020 (in million Baht)	2021	2020	
Securities pledged as collateral for repurchase	20,269	57,130	20,269	57,130	
Deposits under restriction of overseas subsidiaries and branch	1,558	1,424	506	392	
Others	81	86	75	75	
Total	21,908	58,640	20,850	57,597	

33 Contingent liabilities

	Consolidated			The Bank	
	2021	2020 (in million Baht)	2021	2020	
Avals to bills	6,624	5,184	6,624	5,184	
Guarantees of loans	538	5,507	179	5,142	
Liability under unmatured import bills	47,976	11,409	47,888	11,328	
Letters of credit	30,280	33,354	30,158	33,252	
Other contingencies					
- Unused bank overdrafts	200,003	201,324	199,168	200,613	
- Other guarantees	161,746	160,822	160,580	159,862	
- Receivables / payables from investments	22,972	15,849	22,972	15,849	
- Others	56,867	105,061	56,867	105,061	
Total	527,006	538,510	524,436	536,291	

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34 Related parties

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

34.1 Assets, liabilities, and contingencies

	Consolidated		The Bank	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Subsidiaries				
Interbank and money market items (assets)	-	-	-	1,750
Investments	-	-	310	316
Loans*	-	-	4,520	690
Other assets	-	-	2,079	2,924
Deposits	-	-	9,200	14,915
Interbank and money market items (liabilities)	-	-	1,748	233
Other liabilities	-	-	997	743
Contingencies (Notional amount)	-	-	7,918	4,502
Associates				
Loans*	8,531	8,307	8,531	8,307
Deposits	345	47	345	47
Contingencies (Notional amount)	555	267	555	267
Joint venture				
Deposits	137	-	137	-
Major shareholders (more than 10% ownership)				
Deposits	13,955	9,039	13,955	9,039
Directors and key executive officers				
Loans*	227	107	122	107
Deposits	1,416	1,523	1,416	1,523
Entities in which the directors, management or close members of their families have significant influence				
Loans*	28,225	19,911	28,225	19,911
Deposits	19,995	42,962	19,995	42,962
Contingencies (Notional amount)	817	2,293	817	2,293

* Before deducting allowance for expected credit loss.

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34.2 Income and expenses

<i>For the year ended 31 December</i>	Consolidated		The Bank	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Subsidiaries				
Interest income	-	-	61	16
Interest expenses	-	-	159	31
Fee and service income and other income	-	-	4,743	4,116
Fee and service expenses and other expenses	-	-	4,228	3,170
Dividend income	-	-	3,585	2,225
Net loss on financial instruments measured at fair value through profit or loss	-	-	(5)	(258)
Associates				
Interest income	39	18	39	18
Interest expenses	1	-	1	-
Dividend income	72	-	72	-
Major shareholders (more than 10% ownership)				
Interest expenses	109	134	109	134
Other expenses	27	32	27	32
Directors and key executive officers				
Interest income	2	2	2	2
Interest expenses	5	8	5	8
Entities in which the directors, management or close members of their families have significant influence				
Interest income	435	333	435	333
Interest expenses	114	212	114	212
Other expenses	193	275	193	275

During the year 2021, the Bank transferred non-marketable equity instruments to subsidiary at fair value on the date of transfer amounting to Baht 4,794 million.

35 Key management personnel compensation

Key management personnel are defined as those persons having authority and responsibility for planning, directing and controlling the activities of the Bank and its subsidiaries, holding the position of Executive Vice President or higher.

The Bank and its subsidiaries have not paid benefits to directors and executives other than the benefits that are normally paid such as meeting allowances, reward, salary, bonus, cost of living allowance, transportation charges and fringe benefits according to the Bank and its subsidiaries regulations.

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<i>For the year ended 31 December</i>	Consolidated		The Bank	
	2021	2020 (in million Baht)	2021	2020
Short-term employee benefits	2,073	2,440	1,456	1,912
Post-employment benefits and others	60	51	44	38
Termination benefits	24	70	24	70
Other long-term employee benefits	3	4	-	-
Total	2,160	2,565	1,524	2,020

36 Segment information

Information on the Bank's operating model and business segments is set out in the annual report. Specifically, the Bank has four main lines of business: the Corporate Segment which serves corporate and commercial customers; the SME Segment which serves SME customers and small businesses; the Retail Segment which serves individuals; the Insurance segment which provides life and non-life insurance products through the Bank and its subsidiaries' distribution channel.

Others segment includes the income from the Banks' interbank and money market and investments that is not allocated to a specific business unit and the results of subsidiaries other than insurance broker business. Operating expenses are both direct and indirect business expenses of each line of business as well as allocation of common expenses to these businesses. The pricing policy among business units are in line with the normal course of business.

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	Consolidated 2021						
	Corporate Segment	SME Segment	Retail Segment	Insurance Segment (in million Baht)	Others	Elimination	Total
Loans to customers	829,017	403,165	1,063,185	-	10,987	(4,520)	2,301,834
Total assets	794,209	366,125	1,073,341	302	1,133,020	(52,432)	3,314,565
Total liabilities	647,406	251,498	1,571,482	181	421,310	(19,927)	2,871,950

	Consolidated 2020						
	Corporate Segment	SME Segment	Retail Segment	Insurance Segment (in million Baht)	Others	Elimination	Total
Loans to customers	840,842	370,541	1,038,489	-	6,060	(690)	2,255,242
Total assets	818,592	337,413	1,090,883	278	1,079,620	(48,402)	3,278,384
Total liabilities	718,118	205,839	1,464,829	115	500,322	(22,669)	2,866,554

37 Financial position and results of operations classified by domestic and foreign business

37.1 Financial position classified by domestic and foreign business

	Consolidated					
	2021		2020			
	Domestic business	Foreign business	Total	Domestic business	Foreign business	Total
Total assets	3,281,212	33,353	3,314,565	3,260,009	18,375	3,278,384
Interbank and money market items, net (Assets)	599,983	18,286	618,269	536,471	11,033	547,504
Financial assets measured at FVTPL	68,707	-	68,707	28,033	-	28,033
Investments, net *	221,978	1,438	223,416	310,183	1,613	311,796
Loans to customers and accrued interest receivables, net	2,144,390	21,066	2,165,456	2,112,258	18,050	2,130,308
Deposits	2,454,891	12,604	2,467,495	2,407,254	13,201	2,420,455
Interbank and money market items (Liabilities)	174,993	5,968	180,961	194,032	4,459	198,491
Debt issued and borrowings	8,330	66,592	74,922	5,208	62,027	67,235
The Bank						
	2021		2020			
	Domestic business	Foreign business	Total	Domestic business	Foreign business	Total
Total assets	3,281,752	18,262	3,300,014	3,270,536	9,906	3,280,442
Interbank and money market items, net (Assets)	599,412	6,691	606,103	533,434	5,674	539,108
Financial assets measured at FVTPL	49,154	-	49,154	23,107	-	23,107
Investments, net *	251,671	1,101	252,772	335,136	1,583	336,719
Loans to customers and accrued interest receivables, net	2,141,756	18,314	2,160,070	2,110,615	15,327	2,125,942
Deposits	2,464,091	5,110	2,469,201	2,422,169	7,611	2,429,780
Interbank and money market items (Liabilities)	176,741	5,565	182,306	194,265	4,095	198,360
Debt issued and borrowings	2,513	66,592	69,105	4,774	62,027	66,801

* Includes net investments in subsidiaries, associates and joint venture

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37.2 Results of operations classified by domestic and foreign business

<i>For the year ended 31 December</i>	Consolidated							
	Domestic business	Foreign business	Elimination	Total	Domestic business (in million Baht)	Foreign business	Elimination	Total
Interest income	111,262	1,201	(286)	112,177	116,986	2,035	(650)	118,371
Interest expenses	(14,586)	(2,706)	286	(17,006)	(19,139)	(2,983)	650	(21,472)
Net interest income (expense)	96,676	(1,505)	-	95,171	97,847	(948)	-	96,899
Net fee and service income	40,123	75	-	40,198	36,484	102	-	36,586
Other operating income	14,156	865	(48)	14,973	11,308	26	(52)	11,282
Other operating expenses	(62,868)	(727)	48	(63,547)	(63,773)	(609)	52	(64,330)
Expected credit loss	(41,768)	(256)	-	(42,024)	(46,480)	(169)	-	(46,649)
Profit (loss) before income tax expense	46,319	(1,548)	-	44,771	35,386	(1,598)	-	33,788
Income tax expense	(9,295)	(81)	-	(9,376)	(6,712)	(82)	-	(6,794)
Net profit (loss)	37,024	(1,629)	-	35,395	28,674	(1,680)	-	26,994

<i>For the year ended 31 December</i>	The Bank							
	Domestic business	Foreign business	Elimination	Total	Domestic business (in million Baht)	Foreign business	Elimination	Total
Interest income	110,394	956	(286)	111,064	116,821	1,782	(649)	117,954
Interest expenses	(14,476)	(2,656)	286	(16,846)	(19,084)	(2,929)	649	(21,364)
Net interest income (expense)	95,918	(1,700)	-	94,218	97,737	(1,147)	-	96,590
Net fee and service income	35,223	24	-	35,247	32,995	35	-	33,030
Other operating income	12,642	805	-	13,447	13,182	(10)	-	13,172
Other operating expenses	(58,706)	(409)	-	(59,115)	(62,174)	(387)	-	(62,561)
Expected credit loss	(41,268)	(397)	-	(41,665)	(46,397)	98	-	(46,299)
Profit (loss) before income tax expense	43,809	(1,677)	-	42,132	35,343	(1,411)	-	33,932
Income tax expense	(7,610)	(43)	-	(7,653)	(6,109)	(48)	-	(6,157)
Net profit (loss)	36,199	(1,720)	-	34,479	29,234	(1,459)	-	27,775

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38 Interest income

<i>For the year ended 31 December</i>	Consolidated		The Bank	
	2021	2020 <i>(in million Baht)</i>	2021	2020
Interbank and money market items	2,611	3,336	2,589	3,291
Investments and trading transactions	492	622	458	584
Investments in debt securities	2,003	3,102	1,992	3,103
Loans	94,976	98,208	93,930	97,873
Hire purchase	12,050	13,022	12,050	13,022
Others	45	81	45	81
Total	112,177	118,371	111,064	117,954

39 Interest expenses

<i>For the year ended 31 December</i>	Consolidated		The Bank	
	2021	2020 <i>(in million Baht)</i>	2021	2020
Deposits	9,556	13,708	9,488	13,620
Interbank and money market items	816	926	724	907
Contributions to Deposit Protection Agency	5,734	5,470	5,734	5,470
Debt issued and borrowings	890	1,342	890	1,341
Others	10	26	10	26
Total	17,006	21,472	16,846	21,364

On 8 April 2020, BoT announced a reduction in rate of contribution from financial institutions to the Financial Institutions Development Fund (FIDF) from 0.46% of deposit base to 0.23% per annum temporarily for the year 2020 to 2021 which is retrospectively effective from 1 January 2020. On 19 August 2021, BoT extend the period of a reduction in rate of contribution from FIDF to end of the year 2022 which is effective from 1 January 2022.

40 Net fee and service income

<i>For the year ended 31 December</i>	Consolidated		The Bank	
	2021	2020 <i>(in million Baht)</i>	2021	2020
Fee and service income				
- Acceptances, avals and guarantees	1,523	1,408	1,509	1,394
- ATM, Debit cards, Credit Cards and other banking electronic	11,137	11,625	11,112	11,639
- Insurance commission and bancassurance related income	13,332	12,042	13,048	11,980
- Others	24,364	20,546	17,880	16,008
Total fee and service income	50,356	45,621	43,549	41,021
Fee and service expenses	(10,158)	(9,035)	(8,302)	(7,991)
Net fee and service income	40,198	36,586	35,247	33,030

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41 Net gain on financial instruments measured at fair value through profit or loss

<i>For the year ended 31 December</i>	Consolidated		The Bank	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Gain (loss) on trading and foreign exchange transactions				
Foreign currencies and foreign exchange derivatives	7,284	4,472	6,392	4,568
Interest rate derivatives	(540)	2,212	(540)	2,212
Debt instruments	(590)	54	(622)	(1)
Equity instruments	239	(287)	-	-
Other derivatives	792	(287)	519	(538)
Total	7,185	6,164	5,749	6,241
Gain (loss) on others				
Derivatives held for risk management not designated in a hedge relationship				
- Foreign exchange derivatives	(889)	381	(889)	381
- Equity derivatives	13	60	13	60
- Interest rate derivatives	-	(5)	-	(5)
Debt instruments	563	2	563	2
Equity instruments	4,218	1,062	1,130	712
Total	3,905	1,500	817	1,150
Total net gain on financial instruments measured at fair value through profit or loss	11,090	7,664	6,566	7,391

42 Net gain on investments

<i>For the year ended 31 December</i>	Consolidated		The Bank	
	2021	2020	2021	2020
	<i>(in million Baht)</i>			
Investment in debt instruments measured at FVOCI	146	1,701	146	1,701
Others	-	-	-	1
Total	146	1,701	146	1,702

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43 Other expenses

<i>For the year ended 31 December</i>	Consolidated		The Bank	
	2021	2020 (in million Baht)	2021	2020
Marketing expenses	7,121	5,352	5,877	5,187
Other service fees	3,645	2,514	3,379	4,975
Amortisation of intangible assets	4,986	4,133	4,711	3,863
Others	3,217	4,289	5,573	4,165
Total	18,969	16,288	19,540	18,190

44 Expected credit loss

<i>For the year ended 31 December</i>	Consolidated		The Bank	
	2021	2020 (in million Baht)	2021	2020
Expected credit loss				
- Interbank and money market items	58	(19)	40	(36)
- Investment in debt instruments measured at FVOCI	(23)	26	(23)	26
- Investment in debt instruments measured at AMC	(19)	43	(19)	43
- Loans to customers and accrued interest receivables *	37,788	44,001	37,422	43,723
- Loan commitments and financial guarantee contracts	908	440	933	385
Modification loss	3,312	2,158	3,312	2,158
Total	42,024	46,649	41,665	46,299

* Net of bad debts recovery.

45 Basic earnings per share

<i>For the year ended 31 December</i>	Consolidated		The Bank	
	2021	2020 (in million Baht /million shares)	2021	2020
Profit attributable to common shareholders of the Bank (basic)	35,599	27,218	34,479	27,775
Number of common and preferred shares outstanding	3,399	3,399	3,399	3,399
Earnings per share (basic) (in Baht)	10.47	8.01	10.14	8.17

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46 Financial Business Group restructuring plan

On 22 September 2021, the Board of Directors resolved to propose to the Extraordinary General Meeting of Shareholders to consider and approve Financial Business Group Restructuring Plan of The Siam Commercial Bank Public Company Limited (the “Bank”) and other related processes (the “*Shareholding Restructuring Plan*”).

On 15 November 2021, the Extraordinary General Meeting of Shareholders approved the aforementioned shareholding restructuring plan.

Shareholding Restructuring Plan

The Bank has established SCB X Public Company Limited (“the Company”), to operate as an investment company (the Holding Company). Once the Stock Exchange of Thailand (the “SET”) preliminary approves the Shareholding Restructuring Plan and the Company obtains approval from relevant authorities including the approval from the Office of the Securities and Exchange Commission in respect of the offering of newly-issued shares, the Company will make a tender offer for all of the Bank’s shares to the shareholders of the Bank. This will be done by issuing and offering newly-issued ordinary shares of the Company in exchange for the Bank’s ordinary shares and preferred shares, at a swap ratio of 1 ordinary share of the Bank for 1 ordinary share of the Company, and 1 preferred share of the Bank for 1 ordinary share of the Company (at present, the Bank's preferred shares have the same rights as the Bank's ordinary shares). However, this tender offer will be cancelled by the Company if the number of shares offered by the offerees constitutes less than 90 percent of the Bank's total number of voting rights. After the completion of the tender offer for the shares of the Bank and the number of shares offered is not less than 90 percent of the Bank's total number of voting rights, the shares of the Company will be listed on the SET, in place of the shares of the Bank, which will be delisted from the SET on the same day.

After the shares of the Company have been listed on the SET, the Bank will transfer its subsidiaries to the Company or a subsidiary of the Company, as well as the Bank's credit card and unsecured personal loan businesses to a newly-established subsidiary of the Company, which is part of the Shareholding Restructuring Plan.

After the share swap between the Bank and the Company and the shares of the Company being listed on the SET in place of the Bank's shares, the Bank will pay interim dividends, subject to the approval by BoT, to the Company and other shareholders of the Bank at that time. The Bank expects that the majority of such dividends that the Bank pays to the Company will be mainly used as consideration for receiving the transfer of the Bank's subsidiaries and the credit card and unsecured personal loan businesses. This consideration amount will also be used by the Company to invest for business expansion in the future, as well as dividend to be paid to the shareholders of the Company. The payment of such dividend depends on various factors including the BoT's policies in relation to the dividend payment at that time and the Company's dividend policy.

The implementation of the Shareholding Restructuring Plan, the transfer of the Bank's subsidiaries and the credit card and unsecured personal loan businesses, along with other related processes including the payment of the interim dividends mentioned above, will not occur if the offerees that intend to swap the Bank's shares for shares in the Company make up less than 90 percent of the total voting rights of the Bank.

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47 Events after the reporting period

- 47.1 On 12 January 2022, the Bank registered the conversion of 17,750 preferred shares to 17,750 common shares with the Ministry of Commerce.
- 47.2 On 24 January 2022, SCB TECH X Co., Ltd., which is the Bank's subsidiary, registered the capital increase with the Department of Business Development, Ministry of Commerce by increasing the capital from Baht 151 million to Baht 510 million by issuing 35.9 million ordinary shares at the par value of Baht 10 per share. The Bank's shareholdings decreased from 100% to 60% from this increase in capital.
- 47.3 The Board of Director's Meeting held on 29 January 2022 passed a resolution on the dividend payment from the 2021 operating results to the shareholders of the Bank at the rate of Baht 4.06 per share, totalling Baht 13,801 million. The resolution will be proposed to seek an approval from the Annual General Meeting of Shareholders on 4 April 2022. Dividend payout ratio is 40% based on 2021 net profit on the Bank only basis. This dividend payment is in compliance with the BoT according to circular letter number Tor Por Tor For Nor Sor 1 Wor 1063/2564 dated 11 November 2021, regarding to *Dividend Payment Policy for the Year 2021*. On 23 September 2021, the Bank paid the interim dividend from the 2021 operating results to the shareholders of the Bank at the rate of Baht 1.43 per share, totaling of Baht 4,861 million. Accordingly, the remaining dividend to be paid under the resolution of this shareholders' meeting was Baht 2.63 per share, totalling Baht 8,940 million.

48 Thai Financial Reporting Standards (TFRS) not yet adopted

48.1 Interbank Rate Benchmark Reform - Phase 2

Revised TFRS due to Interbank Offer Rate (IBOR) reform - Phase 2, which are relevant to the Bank and its subsidiaries' operations, expected to have material impact on the consolidated and Bank's financial statements when initially adopted, and will become effective for the financial statements in annual reporting periods beginning on or after 1 January 2022, are as follows:

TFRS	Topic
TFRS 7	Financial Instruments: Disclosures
TFRS 9	Financial Instruments

The amendments are applicable when an existing interest rate benchmark is replaced by another interest rate benchmark. The amendments provide a practical expedient that modifications to asset and liability values as a direct consequence of the interest rate benchmark reform and the new basis for determining the contractual cash flows is economically equivalent to the previous basis (i.e., the basis immediately preceding the change), can be accounted for by only updating the effective interest rate.

Additionally, hedge accounting is not discontinued solely because of the replacement of another interest rate benchmark. Hedging relationships (and related documentation) must instead be amended to reflect modifications to the hedged item, hedging instrument and hedged risk.

The amendments to these standards are effective for the financial statements in annual reporting periods beginning on or after 1 January 2022.

The Bank and its subsidiaries expect that no significant modification gain or loss will arise as a result of applying the amendments to these changes.

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The Bank and its subsidiaries are in the process of amending or preparing to amend contractual terms in response to IBOR reform, and there is still uncertainty over the timing and the methods of transition in some jurisdictions that the Bank and its subsidiaries operate in. The main risks to which the Bank and its subsidiaries are exposed as a result of IBOR reform are operational. For example, the renegotiation of loan contracts through bilateral negotiation with customers, updating of contractual terms, updating of systems that use IBOR curves and revision of operational controls related to the reform. Financial risk is predominantly limited to interest rate risk.

As at 31 December 2021, the Bank and its subsidiaries have financial instruments which are subject to IBOR reform. The majority of these financial instruments have reference rates of USD LIBOR and Thai Baht Interest Rate Fixing (THBFIX) which will continue to be published until mid of 2023.

48.2 Accounting guidance: Guideline for entities that provide support to COVID-19 affected debtors

This accounting guidance is optional for all entities that provide support to debtors under BoT's supporting measures. This accounting guidance is applicable for support provided to debtors who were affected from COVID-19 during the period from 1 January 2022 to 31 December 2023 or as further updated by BoT. For debt restructuring under specified criteria from 1 January 2021 to 31 December 2021, the Bank and its subsidiaries can apply the relevant concept of staging and allowance under this accounting guidance to the debtors from 1 January 2022 to 31 December 2023.

Under this accounting guidance, the Bank and its subsidiaries can elect to apply the BoT optional treatments which are in line with BoT circular letter number For Nor Sor 2 Wor 802/2564 dated 3 September 2021, regarding to *Guidelines regarding the provision of financial assistance to the debtors affected by the COVID-19 (sustainable debt resolution)*. The optional treatments are classified into 2 groups according to the nature of the debt restructuring which are as follows:

- Debt restructuring which aims to reduce the repayment other than term extension: Under this restructuring, the Bank and its subsidiaries will have an option to apply temporary accounting relief measure for classification and provisioning. (1st form of financial assistance)
- Debt restructuring by term extension only: Under this restructuring, the Bank and its subsidiaries are required to classify loan's staging and provisioning in accordance with relevant financial reporting standards. (2nd form of financial assistance)

The Bank and its subsidiaries will provide both form of financial assistance and have chosen to apply all temporary accounting relief measures in accordance with this accounting guidance regarding the classification of loan's staging and provisioning for the 1st form of financial assistance.

The Bank and its subsidiaries will disclose the facts as well as the application of the related BoT requirements in the notes to the financial statements, comply with the disclosure requirements under related TFRS and guidance on credit risk management and impact on measurement of expected credit loss once it becomes effective for the financial statements in annual reporting periods beginning on or after 1 January 2022.

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