

**The Siam Commercial Bank Public Company Limited,
Hong Kong Branch
Financial Disclosure Statement
For the year ended 31 December 2019**

Statement of Compliance

The Siam Commercial Bank Public Company Limited is a company incorporated in Thailand with limited liability. Its Hong Kong Branch provides banking and financial related services.

We have prepared this unaudited Financial Disclosure Statement of The Siam Commercial Bank Public Company Limited, Hong Kong Branch (“the Branch”) as of 31 December, 2019. It is compiled in accordance with the Banking (Disclosure) Rules under the Banking Ordinance (Chapter 155).

I confirm to the best of my knowledge, that the information contained in the Disclosure Statement is correctly compiled in accordance with disclosure standards set out in the “Banking (Disclosure) Rules” and the “Guideline on the Application of the Banking (Disclosure) Rules” issued by the Hong Kong Monetary Authority (“HKMA”) and consistent with the books and records of the Branch.

The information contained in this disclosure statement is not false or misleading in any material respect.

The Siam Commercial Bank Public Company Limited,
Hong Kong Branch



Cyrus Chiu
Alternate Chief Executive

28 April 2020

The disclosure statement has been lodged with the Hong Kong Monetary Authority’s public registry and is available at the registered office of The Siam Commercial Bank Public Company Limited, Hong Kong Branch and the website <https://www.scb.co.th/en/corporate-banking/international-network/hong-kong.html> for public information.

**The Siam Commercial Bank Public Company Limited,
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Section A – Branch information (Hong Kong office only)

I. Profit and Loss Account	For the period ended 31 Dec 2019 HK\$ in thousands	For the period ended 31 Dec 2018 HK\$ in thousands
Income		
Interest income	489,624	379,669
Interest expense	(430,731)	(314,114)
Net interest income	58,893	65,555
Fees and commission income	11,180	19,284
Total fee and commission income	11,180	19,284
Gains less losses arising from trading in foreign currencies	2,334	1,720
Other income	790	776
Total operating income	73,197	87,335
Expenses		
Operating expenses		
- Staff expenses	(5,190)	(4,801)
- Rental expenses	(3,368)	(3,291)
- Head Office allocated expenses	(2,035)	(2,082)
- Other expenses	(2,492)	(2,690)
Total operating expenses	(13,085)	(12,864)
Operating profit before impairment losses	60,112	74,471
Net credit (charge) for debt provision	2,026	60
Profit before taxation	62,138	74,531
Tax expense	(5,280)	(6,290)
Profit after taxation	56,858	68,241

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II. Balance Sheet

	31 Dec 2019 HK\$ in millions	30 Jun 2019 HK\$ in millions
Assets		
Cash and balances with banks	13	8
Amount due from overseas offices of the institution	15,170	16,069
Trade bills	21	49
Loans and advances		
- Loans and advances to customers	1,255	1,478
- Allowances for doubtful accounts	(4)	(7)
Accrued interest receivables	38	53
Other assets	10	9
Total assets	<u>16,503</u>	<u>17,659</u>
Liabilities		
Deposits from customers		
- Time, call and notice deposits	624	1,508
Amount due to overseas offices of the institution	15,760	16,036
Other liabilities	119	115
Total liabilities	<u>16,503</u>	<u>17,659</u>

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III. Additional Balance Sheet Information

	31 Dec 2019 HK\$ in millions	30 Jun 2019 HK\$ in millions
(a) Loans and advances		
Trade financing	21	49
Loan and advances to customers	1,255	1,478
Loan accrued interest	38	53
Allowance for doubtful accounts	(4)	(7)
	<u>1,310</u>	<u>1,573</u>

(b) Overdue and rescheduled loans and advances

There were no impaired or overdue loans and advances to banks, other financial institutions or customers as of 31 December 2019 (30 June 2019: Nil).

No repossessed assets were held for impaired or overdue loans and advances as of 31 December 2019 (30 June 2019: Nil).

There were no loans and advances which were rescheduled as of 31 December 2019 (30 June 2019: Nil).

(c) Breakdown of the gross amount of loans and advances to customers by economic sectors

	31 Dec 2019 HK\$ in millions		30 Jun 2019 HK\$ in millions	
	Gross advances	Gross advances covered by collateral	Gross advances	Gross advances covered by collateral
Trade financing	21	0	49	0
Loans and advances for use in Hong Kong :				
- Manufacturing	273	0	273	0
Loans and advances for use outside Hong Kong	982	0	1,205	0
	<u>1,276</u>	<u>0</u>	<u>1,527</u>	<u>0</u>

(d) Analysis of gross loans and advances to customers by geographical areas

	31 Dec 2019 HK\$ in millions	Percentage of total loans	30 Jun 2019 HK\$ in millions	Percentage of total loans
- Asia Pacific (excluding Hong Kong)	901	70.6%	1,053	69.0%
- Hong Kong	375	29.4%	474	31.0%
	<u>1,276</u>	<u>100.0%</u>	<u>1,527</u>	<u>100.0%</u>

Note: A country or geographical area is disclosed where it constitutes 10% or more of the gross amount of advances to customers after taking into consideration any transfers of risk.

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**III. Additional Balance Sheet Information (continued)
(e) Non-bank mainland exposures**

As of 31 December 2019

Types of counterparties	On-balance sheet exposures HK\$ in millions	Off-balance sheet exposures HK\$ in millions	Total HK\$ in millions
1. Central governments, central government-owned entities and their subsidiaries and joint ventures (“JVs”)	0	156	156
2. Local government, local government-owned entities and their subsidiaries and JVs	0	0	0
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	901	0	901
4. Other entities of central government not reported in item (1) above	0	0	0
5. Other entities of local government not report in item (2) above	0	0	0
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	0	0	0
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	0	0
	<u>901</u>	<u>156</u>	<u>1,057</u>
 Total assets after provision	 <u>16,503</u>		
 On-balance sheet exposures as percentage of total assets	 <u>5.46%</u>		

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III. Additional Balance Sheet Information (continued)

(e) Non-bank mainland exposures

As of 30 June 2019

Types of counterparties	On-balance sheet exposures HK\$ in millions	Off-balance sheet exposures HK\$ in millions	Total HK\$ in millions
1. Central governments, central government-owned entities and their subsidiaries and joint ventures (“JVs”)	0	156	156
2. Local government, local government-owned entities and their subsidiaries and JVs	0	0	0
3. PRC nationals residing in Mainland China or other entities incorporated in Mainland China and their subsidiaries and JVs	1,054	0	1,054
4. Other entities of central government not reported in item (1) above	0	0	0
5. Other entities of local government not report in item (2) above	0	0	0
6. PRC nationals residing outside Mainland China or entities incorporated outside Mainland China where the credit is granted for use in Mainland China	0	0	0
7. Other counterparties where the exposures are considered by the reporting institution to be non-bank Mainland China exposures	0	0	0
	----- 1,054	----- 156	----- 1,210
	=====	=====	=====
Total assets after provision	17,659		
	=====		
On-balance sheet exposures as percentage of total assets	5.97%		
	=====		

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IV. International claims – the major country or geographical segment breakdown of international claims by types of counterparties

**As of 31 December 2019
(HK\$ in millions)**

	Banks	Official Sector	Non-financial Private Sector	Total
- Developed countries	6	0	0	6
Of which,				
- United Kingdom	4	0	0	4
- United States	2	0	0	2
- Offshore centres	4	0	376	380
Of which,				
- Hong Kong SAR	3	0	376	379
- Singapore	1	0	0	1
- Developing Asia and Pacific	15,207	0	901	16,108
Of which,				
- China	0	0	901	901
- Thailand	15,207	0	0	15,207
	<u>15,217</u>	<u>0</u>	<u>1,277</u>	<u>16,494</u>

**As of 30 June 2019
(HK\$ in millions)**

	Banks	Official Sector	Non-financial Private Sector	Total
- Developed countries	3	0	0	3
Of which,				
- United Kingdom	1	0	0	1
- United States	2	0	0	2
- Offshore centres	7	0	474	481
Of which,				
- Hong Kong SAR	4	0	474	478
- Singapore	3	0	0	3
- Developing Asia and Pacific	16,118	0	1,054	17,172
Of which,				
- China	0	0	1,054	1,054
- Thailand	16,118	0	0	16,118
	<u>16,128</u>	<u>0</u>	<u>1,528</u>	<u>17,656</u>

The figures are reported on net basis after taking into account the effect of any recognized risk transfer.

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V. Currency risk

Foreign currency exposures (Position of individual currency reported is the net position and constitutes 10% or more of the total net position in all foreign currencies).

As of 31 December 2019

	HK\$ in millions		
	USD	Others	Total
Spot assets	16,362	90	16,452
Spot liabilities	(16,334)	(90)	(16,424)
Net long position	<u>28</u>	<u>0</u>	<u>28</u>

As of 30 June 2019

	HK\$ in millions		
	USD	Others	Total
Spot assets	17,545	84	17,629
Spot liabilities	(17,514)	(84)	(17,598)
Net long position	<u>31</u>	<u>0</u>	<u>31</u>

There was no structural position held by the branch as of 31 December 2019 and 30 June 2019.

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VI. Off-balance sheet exposures

(a) The contractual amounts of each of the following class of off-balance sheet exposures outstanding were as follows:

	31 Dec 2019 HK\$ in millions	30 Jun 2019 HK\$ in millions
Contingent liabilities and commitments		
– Direct credit substitutes	0	390
– Trade-related contingent items	495	552
– Sale and repurchase agreements	0	1,046
– Other commitments	1,680	1,221
	<u>2,175</u>	<u>3,209</u>

Contingent liabilities and commitments arise from credit-related instruments which include letters of credit, guarantees and commitments to extend credit. The risk involved in these credit-related instruments is essentially the same as the credit risk involved in extending loan facilities to customers. The contractual amounts represent the amounts at risk should the contract be fully drawn upon and the client default. As the facilities may expire without being drawn upon, the contract amounts do not represent expected future cash flows.

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VII. Liquidity

(a) Liquidity Maintenance Ratio

	For the quarter ended 31 Dec 2019 Percentage	For the quarter ended 31 Dec 2018 Percentage
The average liquidity maintenance ratio for the quarter period	64.59%	69.13%

Starting 1 January 2018, the average liquidity maintenance ratio is the simple average of each calendar month's average liquidity maintenance ratio as reported in the "Return of Liquidity Position of an Authorized Institution" for that quarter.

(b) Liquidity Risk Management Approach

Qualitative disclosures

(i) Governance of liquidity risk management

The management of liquidity is in compliance with the Liquidity Risk Management Guidelines of Hong Kong Branch. The Liquidity Risk Management Guidelines set out the liquidity management framework that is consistent with Head Office policy and practices, with adjustments to local regulatory requirements and operating environment that Hong Kong Branch needs to comply with. Hong Kong Branch also follows the guidance set forth by the HKMA in the Supervisory Policy Manuals. The Liquidity Risk Management Guidelines also sets out the responsibilities of Hong Kong Branch Assets and Liabilities Committee (ALCO) and the various functions in Head Office and Hong Kong Branch that are responsible for liquidity risk monitoring, control and reporting.

(ii) Funding strategy

Hong Kong Branch tries to maintain a diversified and stable pool of funding sources in the short-, medium- and long-term tenor.

(iii) Liquidity risk mitigation

Specific early warning indicators are established for each key area to assess if the liquidity risk of the Hong Kong Branch is at an appropriate level.

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VII. Liquidity (continued)

(iv) Stress testing

Hong Kong Branch performs regular stress tests for all currencies in aggregate and for positions in HKD, USD and other foreign currencies in which Hong Kong Branch has significant positions. Head Office also conducts stress testing regularly on a consolidated basis.

(v) Contingency funding plan

Hong Kong Branch has a contingency funding plan which set out the policies, procedures and action plans for responding to the event of severe disruptions, so that some or all of Hong Kong Branch activities can be funded in a timely manner and at a reasonable cost.

Quantitative disclosures

(i) Sources of funding

Mainly from intragroup borrowings and customers deposits.

(ii) Hong Kong Branch follows Head Office guidelines and limits on liquidity exposures and funding needs for individual legal entities, foreign branches and subsidiaries, taking into account legal, regulatory and operational limitations on the transferability of liquidity.

(iii) Cash flows and the resultant liquidity gaps

Position as of 31 December 2019

(HK\$ millions)

	Total amount	Contractual maturity of cash flows and securities flows arising from the relevant items										Balancing amount
		Next day	2 to 7 days	8 days to 1 month	> 1 month up to 3 months	> 3 months up to 6 months	> 6 months up to 1 year	> 1 year up to 2 years	> 2 years up to 3 years	> 3 years up to 5 years	Over 5 years	
On-balance sheet liabilities	16,446	593	613	4,814	3,131	177	151	573	362	0	0	14
Off-balance sheet obligations	2,175	545	151	1,003	163	0	21	306	0	0	0	0
On-balance sheet assets	16,507	15	1,160	5,406	8,664	187	150	573	362	0	0	10
Off-balance sheet claims	0	0	0	0	0	0	0	0	0	0	0	0
Contractual Maturity Mismatch		(1,129)	390	(412)	(641)	10	(22)	(306)	0	0	0	
Cumulative Contractual Maturity Mismatch		(1,129)	(739)	(1,151)	(1,792)	(1,782)	(1,804)	(2,110)	(2,110)	(2,110)	(2,110)	

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Section B – Bank Information (Consolidated basis)

VIII. Capital and Capital Adequacy

	31 Dec 2019	30 Jun 2019
(a) Capital adequacy ratio (Basel III)	18.1%	17.1%

	31 Dec 2019 HK\$ in millions	30 Jun 2019 HK\$ in millions
(b) Total capital (paid up and premium)	11,648	11,455
(c) Total amount of shareholders' fund	103,492	100,469

IX. Other financial information (audited)

(a) Total assets	765,193	828,948
(b) Total liabilities	661,701	728,479
(c) Total loans and advances	546,508	548,752
(d) Total deposits	557,530	556,193

	For the period ended 31 Dec 2019 HK\$ in millions	For the period ended 31 Dec 2018 HK\$ in millions
(e) Pre-tax profit	15,323	11,967

- 1 The conversion rates of HKD/THB as of 31 December 2019, 30 June 2019 and 31 December 2018 were 3.87 , 3.94 and 4.14 respectively.
- 2 Section B – Bank Information (Consolidated Basis) were prepared in accordance with the information as of 31 December 2019 which is the latest information available to the public.

X. Remuneration system

Since remuneration information for senior management and key personnel is disclosed by Head Office, such information is not separately disclosed by Hong Kong Branch in line with Supervisory Policy Manual CG-5 “Guideline on a Sound Remuneration System” issued by the Hong Kong Monetary Authority.