

A man in a dark suit and blue jeans is walking across a city street, carrying a laptop and a coffee cup. The background features tall skyscrapers, including the Empire State Building, and two birds flying in the sky.

SCB^x

**BASEL III PILLAR 3
MARKET DISCLOSURE**

DECEMBER 2025

**Intelligence
In Every Growth**

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1. INTRODUCTION

Siam Commercial Bank PCL (SCB) or “Bank” and its Financial Group started to adopt Basel III, the latest global regulatory framework for assessing bank capital adequacy and liquidity, on 1 January 2013 to further strengthen its risk management practices. The Bank’s implementation of Basel III strictly follows the Basel Committee on Banking Supervision’s guidelines and the Bank of Thailand (BOT)’s regulations.

In September 2017, the Bank was designated as one of the Domestic Systemically Important Banks (D-SIBs) by the BOT. This status resulted in a requirement to maintain an additional Common Equity Tier 1 (CET1) of 1.0% on top of the capital conservation buffer of 2.5%.

Following the TFRS 9 adoption in January 2020, commercial banks are required to hold minimum provisions relative to a defined list of performing and under-performing assets and off-balance sheet items according to the following schedules: 0.33% in 2020, 0.67% in 2021, and 1.0% for 2022 onwards. If available provisions fall short of the required minimum, banks must adjust for such differences in the capital fund items starting from January 1, 2020.

Following the group’s business restructuring in 2021, SCB X Public Company Limited (“SCBX”) was established as the holding company of the financial business group. SCBX Financial Group and SCB are still subject to BOT regulations 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 SCBX Financial Group and SCB to absorb unexpected events and new types of risks that may arise from new businesses under SCBX Financial Group in the future.

The current Basel Capital Accord comprises three pillars, each of which is essential for promoting the stability of financial institutions:

Pillar I provides guidelines on minimum capital requirements for credit risk, market risk and operational risk.

Pillar II addresses the key principles of supervisory review processes and relevant internal risk assessment beyond Pillar I, with an emphasis on a bank's internal capital adequacy assessment process (ICAAP).

Pillar III leverages market mechanisms for bank supervision by requiring public disclosure of key information on capital adequacy and risk exposure as well as risk assessment and management.

This Pillar III report presents both qualitative and quantitative information on capital adequacy and measurement of credit risk, market risk in the trading book, and operational risk for both SCB (referred to as 'Bank-only') and SCBX Financial Group (referred to as 'Consolidated'). The report also provides information on risk management guidelines and frameworks, risk components, risk monitoring and reporting, and methodologies used to assess capital adequacy.

Qualitative information is updated annually, or whenever there is any material policy change. The Pillar III reports are published twice a year to disclose half-year and full-year information within four months of the report date (i.e., June 30 and December 31) as required by the BOT.

A copy of the report can be found on the Bank's website and SCBX's website under Investor Relations at <https://www.scb.co.th/en/shareholders/financial-information.html> and <https://investor.scbx.com/en/document/basel-iii-pillar-3-market-disclosures>

Beginning 1 January 2020, the BOT's disclosure requirement has been revised to include key prudential metrics to reflect the provisioning impact from TFRS 9. Moreover, the BOT also revised disclosure of general provision, which is eligible as Tier 2 capital, amended terminology to be in line with financial statements and updated capital disclosure during a transitional period according to the Basel III framework.

Although external audit is not required for this report, the Bank and SCBX have an internal verification and approval process to ensure that the contents of the report adhere to the Pillar III disclosure policy. In addition to following the Basel III framework in disclosure principles, information in this report is the same as that used internally by management and for reports submitted to the BOT.

2. SCOPE OF APPLICATION

Standardized Approach

SCB and SCBX Financial Group have adopted the Standardized Approach (SA), which follows BOT's guidelines on credit risk, market risk, and operational risk measurement, as the basis for calculating regulatory capital requirements.

Accounting Consolidation

Consolidated financial statements present information on the combined assets and liabilities of SCBX Financial Group. The methodology for consolidating financial statements in accordance with the Thai Financial Reporting Standards can be found in SCBX's 2025 Annual Report.

Regulatory Consolidation^{1/}

Regulatory consolidation consists of **sole consolidation**, which considers only financial entities of which the Bank owns more than 75%, and **full consolidation** (referred to as 'Consolidated'), which encompasses all entities within the Financial Group, including those under sole consolidation, and other subsidiaries in finance or support businesses. Under Basel III, investment in life insurance businesses or other financial entities in which the Bank and/or the parent company of the Financial Group hold more than 10% but less than 50% of issued shares is considered 'investment outside the scope of consolidation' and will be treated separately according to the BOT's guidelines.

Treatment of investment outside the scope of consolidation, such as life insurance companies, depends

on how much of issued common shares are held by the Bank and/or its parent company with 10% as the threshold:

- The Bank and/or the Financial Group do not hold more than 10% of total issued common shares:

The BOT requires that calculation be split into two parts. The portion of investment that exceeds 10% of the Bank and/or the Financial Group's net common equity Tier 1 capital (net CET1) must be deducted from the corresponding tier of capital (Corresponding Approach). The remaining portion under 10% of net CET1 is assigned a risk weight according to BOT's guidelines.

- The Bank and/or the Financial Group hold more than 10% of total issued common shares:

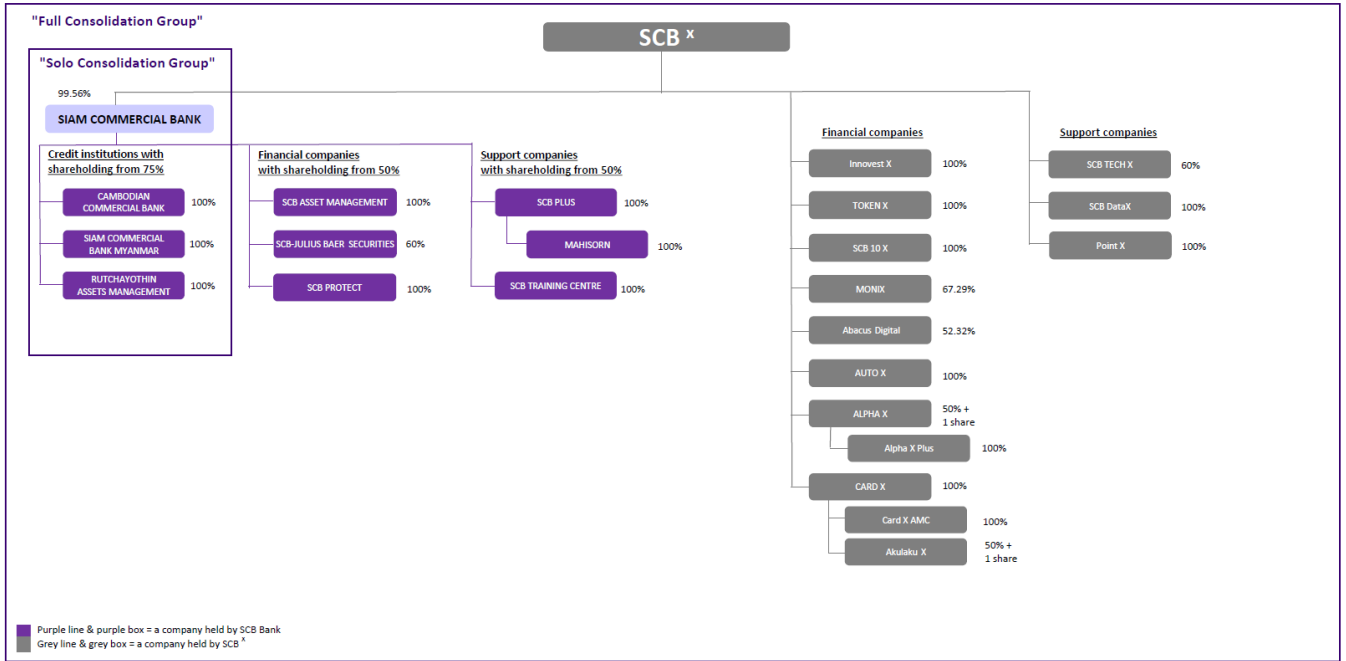
In this case, which is considered a significant investment based on the threshold approach, the BOT requires calculation to be split into two parts. The portion of investment that exceeds 10% of the Bank and/or the Financial Group's net CET1 must be deducted from the corresponding tier of capital. Any shortfall must be deducted from the next higher tier of capital. The remaining portion under 10% of net CET1 will be assigned a risk weight of 250%.

This report presents quantitative information on both a bank-only and a consolidated basis.

^{1/} See more details on regulatory consolidation in the Appendix.

Figure 1: List of Companies and Business Types within the SCBX Financial Group as of December 31, 2025

New Structure of SCB^X Financial Group Companies
31 Dec 2025



3. KEY PRUDENTIAL METRICS

Table 1: Key Prudential Metrics

Unit: Baht million, %

	Bank-Only		Consolidated	
	31 Dec 25	30 Jun 25	31 Dec 25	30 Jun 25
1. Available Capital (amounts)				
1.1 Common Equity Tier 1 (CET1)	385,919	386,173	425,465	426,668
1.2 Fully loaded ECL CET1	385,919	386,173	425,465	426,668
1.3 Tier 1	385,919	386,173	427,807	428,749
1.4 Fully loaded ECL Tier 1	385,919	386,173	427,807	428,749
1.5 Total capital	409,681	410,023	454,158	455,284
1.6 Fully loaded ECL total capital	409,681	410,023	454,158	455,284
2. Risk-weighted assets (amounts)				
2.1 Total risk-weighted assets (RWA)	2,161,822	2,165,368	2,396,903	2,400,395
3. Risk-based capital ratios as % of RWA				
3.1 Common Equity Tier 1 ratio (%)	17.85%	17.83%	17.75%	17.77%
3.2 Fully loaded ECL Common Equity Tier 1 (%)	17.85%	17.83%	17.75%	17.77%
3.3 Tier 1 ratio (%)	17.85%	17.83%	17.85%	17.86%
3.4 Fully loaded ECL Tier 1 ratio (%)	17.85%	17.83%	17.85%	17.86%
3.5 Total capital ratio (%)	18.95%	18.94%	18.95%	18.97%
3.6 Fully loaded ECL total capital ratio (%)	18.95%	18.94%	18.95%	18.97%
4. Additional CET1 buffer requirements as % of RWA				
4.1 Capital conservation buffer requirement (%)	2.5%	2.5%	2.5%	2.5%
4.2 Countercyclical buffer requirement (%)	0.0%	0.0%	0.0%	0.0%
4.3 Higher loss absorbency for D-SIB (%)	1.0%	1.0%	1.0%	1.0%
4.4 Total capital buffer requirements (%)	3.5%	3.5%	3.5%	3.5%
4.5 CET1 available after meeting the bank's minimum capital requirements (%) ^{1/}	10.5%	10.4%	10.4%	10.5%
5. Liquidity Coverage Ratio for Bank-Only basis^{2/}				
5.1 Total HQLA	812,523	781,516		
5.2 Total net cash outflows	332,101	373,249		
5.3 LCR ratio (%)	245%	209%		

1/ An excess of CET1 above the minimum regulatory capital adequacy ratio including minimum ratios for Tier 1, and Tier 2, which CET1 is used to maintain minimum capital requirement.

2/ The average LCRs for Q4/2025 and Q2/2025 were calculated using simple averages of month-end data for each quarter. For example, Q4 data were obtained by taking a simple average of month-end data in October, November and December.

Highlights of Significant Changes in Capital and Key Drivers

As of December 31, 2025, the Bank's Tier 1 capital and total capital were 17.85% and 18.95%, respectively. An increase of around 0.01% from June 2025 was mainly due to lower credit risk-weighted assets in the corporate segment and lower operational risk-weighted assets.

On a consolidated basis, Tier 1 capital and total capital were 17.85% and 18.95%, respectively. A decrease of around 0.02% from June 2025 was mainly due to lower credit risk-weighted assets in the corporate segment, partially offset by higher credit risk-weighted assets in the retail segment and increased market risk-weighted assets from foreign exchange and interest rate risk.

The capital position at the end of 2025 from both bank-only and consolidated perspectives far exceeded the minimum regulatory requirements including additional buffers.

Given its strong CET1 capital position, the Bank and SCBX Financial Group opted to recognize the full amount of capital impact from provisioning based on Expected Credit Loss (ECL) as required by TFRS 9 right from the first day that the new accounting standard came into effect on January 1, 2020. As a result, the Bank and SCBX Financial Group's Common Equity Tier 1 and Tier 1 capital are the same as fully loaded ECL Common Equity Tier 1 and Tier 1 capital.

4. REGULATORY CAPITAL

4.1 Capital Management

Since capital is the most critical resource for the banking business, SCB and SCBX Financial Group have adopted the Internal Capital Adequacy Assessment Process (ICAAP) to assess material risks and capital adequacy under both normal and stress conditions. Moreover, policies and procedures have been developed and put in place to ensure that SCB and SCBX Financial Group's capital:

- Provides adequate cushion to absorb unexpected losses and builds market confidence in the Bank's and SCBX Financial Group's financial strength by maintaining capital more than the minimum regulatory requirements always including additional buffers
- Matches the risk profile of SCB and SCBX Financial Group, facilitates growth based on their business strategies, and provides the ability to withstand potential risks from an economic downturn or other adverse scenarios
- Strikes the right balance between shareholders' returns and the prudential capital position

Senior management of SCB and SCBX are responsible for reviewing capital adequacy regularly based on business needs and potential regulatory changes as primary considerations.

4.2 Capital Structure and Adequacy

Capital Structure

Regulatory capital under Basel III consists of the following three categories:

- (1) **Common Equity Tier 1 Capital (CET1)** represents the highest-quality component of capital which includes:
 - Fully paid-up common shares
 - Premium on common shares
 - Appropriated retained earnings
 - Legal reserves
 - Other comprehensive income, i.e. revaluation surplus on land and premises, and revaluation surplus on FVOCI investment
 - Items of financial business group that operates commercial bank business, only non-controlling interests that can be included in Common Equity Tier 1 of the financial business group
- (2) **Additional Tier 1 Capital** consists of high-quality capital, which includes:
 - Fully paid-up non-cumulative preferred shares
 - Premium on the above-mentioned preferred shares
 - Perpetual subordinated debt
 - Items of financial business group only non-controlling interest and third parties that can be included in Additional Tier 1 of the financial business group
- (3) **Tier 2 Capital** consists of:
 - Debt instruments issued by commercial banks with claims subordinated to depositors and general creditors
 - General provisions (eligibility limited to 1.25% of credit risk-weighted assets)
 - Items of financial business group only non-controlling interest and third parties that can be included in Tier 2 capital of the financial business group

Capital Adequacy

Maintaining adequate capital is crucial for financial stability of the Bank and SCBX Financial Group as it provides cushion against risk that arises from the business operation. SCB and SCBX Financial Group identify and manage risk by setting internal control procedures and performing stress tests as well as assessing and managing risk impacts through the capital planning process. Scenario analysis and stress tests are employed to assess the sensitivity of regulatory capital to business plans and adverse shocks from extreme yet plausible events. SCB and SCBX Financial Group use these analytical tools to forecast financial impacts from the business plans and capital needs and to come up with impact mitigation plans should such adverse events occur.

To comply with the regulatory requirements, SCB and SCBX Financial Group must maintain capital at a level deemed sufficient to cover credit risk, market risk, and

operational risk. In addition, the Bank and Financial Group are required to maintain a capital conservation buffer of 2.5% of CET1. Furthermore, banks designated as Domestic Systemically Important Banks (D-SIBs) by the BOT must maintain additional CET1 of 1.0% to enhance their ability to absorb losses and mitigate any impact to the overall financial sector and the economy.

As a result, throughout 2020, the Bank and the Financial Group must maintain the minimum ratios of Common Equity Tier 1 (CET1) at 8.0%, Tier 1 capital at 9.5%, and total CAR at 12.0%.

As of December 31, 2025, the total CAR was 18.95% on a consolidated basis and a bank-only basis, while Tier 1 capital was 17.85% on a consolidated basis and a bank-only basis and CET1 capital stood at 17.75% on a consolidated basis and 17.85% on a bank-only basis.

Note: The ratios as of December 31, 2025 exclude net profit after dividend payment for 2025.

Figure 2: Basel III Capital Structure as of December 31, 2025

(In Baht billion)

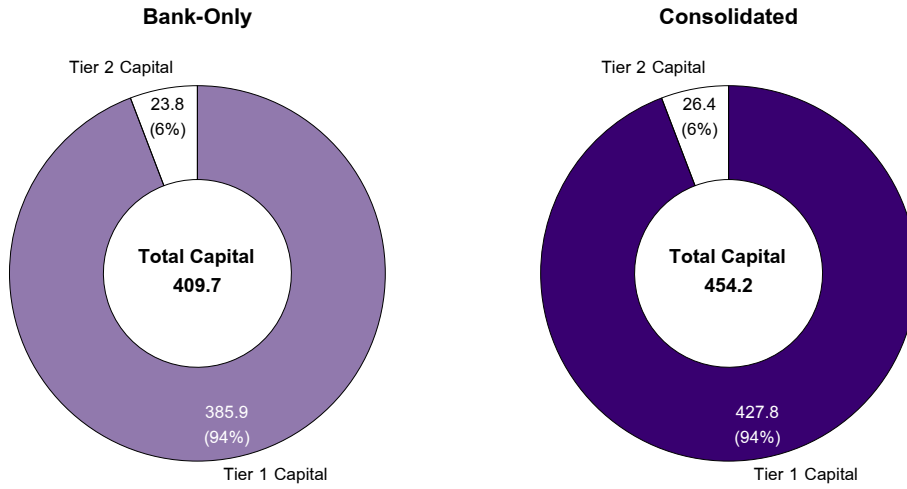


Figure 3: Capital Adequacy Ratios under the Standardized Approach (SA)

(In % of RWAs)

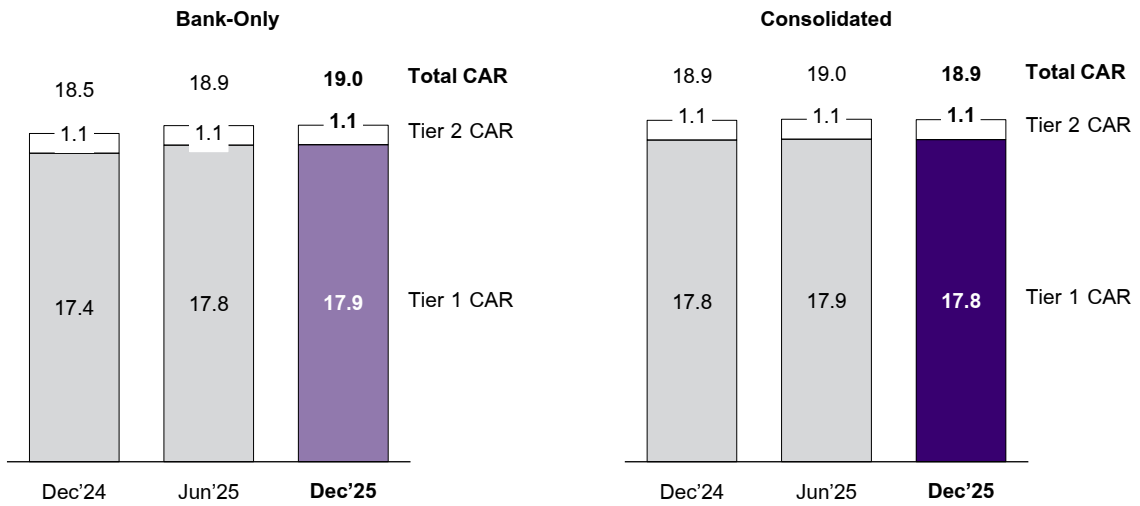


Table 2: Comprehensive Regulatory Capital and Capital Adequacy

Unit: Baht million, %

	Bank-Only			Consolidated		
	31 Dec 25	30 Jun 25	31 Dec 24	31 Dec 25	30 Jun 25	31 Dec 24
Tier 1 capital	385,919	386,173	374,445	427,807	428,749	427,000
Common Equity Tier 1 (CET1)	385,919	386,173	374,445	425,465	426,668	424,625
Paid-up common shares capital	33,992	33,992	33,992	33,671	33,671	33,671
Surplus (deficit) net worth	11,124	11,124	11,124	11,019	11,019	11,019
Legal reserve	7,000	7,000	7,000	3,400	3,400	3,400
Net profit after appropriation	330,999	330,999	321,462	391,332	391,332	382,760
Other reserves						
Other comprehensive income	19,646	19,944	18,520	16,199	16,773	20,170
Others owner changes items	-	-	-	(2,591)	(2,546)	(718)
Items of financial business group that operates commercial bank business, only non-controlling interests that can be included in						
Common Equity Tier 1 of the financial business group	-	-	-	1,467	1,449	1,495
Regulatory deduction to CET1 capital	(16,841)	(16,885)	(17,654)	(29,032)	(28,431)	(27,173)
Additional Tier 1	-	-	-	2,342	2,081	2,376
Items of financial business group only non-controlling interest and third parties that can be included in Additional Tier 1 of the financial business group	-	-	-	2,342	2,081	2,376
Tier 2 capital	23,761	23,850	23,752	26,350	26,535	26,364
Proceeds from issuing subordinated debt securities	-	-	-	-	-	-
General provision	23,761	23,850	23,752	25,721	25,894	25,949
Items of financial business group only non-controlling interest and third parties that can be included in Tier 2 capital of the financial business group	-	-	-	629	641	415
Total Regulatory Capital	409,681	410,023	398,196	454,158	455,284	453,365
Risk-weighted assets						
Credit risk	1,900,902	1,907,965	1,900,154	2,057,679	2,071,519	2,075,925
Market risk	38,896	32,701	26,801	72,779	66,630	63,728
Operational risk	222,025	224,702	227,274	266,446	262,246	256,909
Total Risk-Weighted Assets	2,161,822	2,165,368	2,154,228	2,396,903	2,400,395	2,396,562
Total capital/ Total risk-weighted assets	18.95%	18.94%	18.48%	18.95%	18.97%	18.92%
Total Tier 1 capital/ Total risk-weighted assets	17.85%	17.83%	17.38%	17.85%	17.86%	17.82%
Total CET1 capital/ Total risk-weighted assets	17.85%	17.83%	17.38%	17.75%	17.77%	17.72%
Minimum regulatory capital adequacy ratios:						
Minimum total capital/ Total risk-weighted assets	8.50%	8.50%	8.50%	8.50%	8.50%	8.50%
Minimum Tier 1 capital/ Total risk-weighted assets	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Minimum CET1 capital/ Total risk-weighted assets	4.50%	4.50%	4.50%	4.50%	4.50%	4.50%
Capital conservation buffer requirements	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Higher loss absorbency for D-SIBs ^{1/}	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Total minimum CAR including capital conservation buffer	12.00%	12.00%	12.00%	12.00%	12.00%	12.00%

1/ D-SIB buffer requires additional CET1 of 1.0% in 2020 onwards.

Table 3: Capital Requirements by Risk Type

Unit: Baht million

	Bank-Only			Consolidated		
	31 Dec 25	30 Jun 25	31 Dec 24	31 Dec 25	30 Jun 25	31 Dec 24
Credit risk - Standardized Approach						
Performing						
Governments, Central Banks, MDBs ^{1/} and PSEs ^{2/} treated as Sovereign	736	682	665	1,164	1,152	1,191
Banks and PSEs ^{2/} treated as banks	2,063	2,144	2,605	2,305	2,422	2,907
Corporates ^{3/} and PSEs ^{2/} treated as corporates	90,309	89,900	88,297	90,205	90,382	88,523
Retail	32,928	34,122	35,193	43,117	44,517	46,238
Retail mortgage loans	20,071	20,424	20,681	20,071	20,424	20,681
Other assets ^{4/}	12,496	11,922	11,143	14,849	14,104	13,912
Non-performing	2,974	2,981	2,930	3,192	3,078	3,001
First-to-default credit derivatives and securitization	-	-	-	-	-	-
Minimum capital requirements for credit risk	161,577	162,177	161,513	174,903	176,079	176,454
Market risk - Standardized Approach						
Interest rate risk	2,255	2,074	1,943	2,257	2,075	1,949
Equity position risk	-	-	-	11	16	40
Foreign exchange risk	1,051	705	335	3,917	3,573	3,428
Commodity risk	-	-	-	-	-	-
Minimum capital requirements for market risk	3,306	2,780	2,278	6,186	5,664	5,417
Operational risk - Standardized Approach						
Minimum capital requirements for operational risk	18,872	19,100	19,318	22,648	22,291	21,837
Total minimum capital requirements ^{5/}	183,755	184,056	183,109	203,737	204,034	203,708

1/ Multilateral development banks

2/ Public sector entities

3/ Including claims on individuals and their related parties when aggregated limits exceed conditions of claims on retail

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

5/ Minimum capital requirements are calculated based on the minimum regulatory capital adequacy ratio at 8.5%. If capital conservation buffer of 2.5% and D-SIB buffer of 1.0%, total capital requirements at end of December 2025 would have been Baht 259,419 million on a bank-only basis and Baht 287,628 million on a consolidated basis.

Table 4: Main Features of Regulatory Capital Instruments

Ordinary share		
Issuer	The Siam Commercial Bank PCL	SCB X Public Company Limited
Unique identifier	ISIN Code: TH0015010000	ISIN Code: THA790010005
Regulatory treatment		
Instrument type	Common Equity Tier 1 capital	Common Equity Tier 1 capital
Qualified or non-qualified Basel III	Qualified	Qualified
Non-qualified Basel III features	-	-
Phased-out or full amount	Full amount	Full amount
Eligible at Solo / Group / Group and Solo	Solo	Group
Amount recognized in regulatory capital	33,992 million Baht ^{1/}	33,671 million Baht
Par value of instrument	10 Baht	10 Baht
Accounting classification	Shareholder's equity	Shareholder's equity
Original date of issuance	Multiple	22 April 2022
Perpetual or dated	Perpetual	Perpetual
Original maturity date	No maturity	No maturity
Issuer's authority to call prior to supervisory approval	No	No
Optional call date, contingent call date and redemption amount	-	-
Subsequent call dates, if applicable	-	-
Coupons / dividends		
Fixed or floating dividend / coupon	Discretionary dividend amount	Discretionary dividend amount
Coupon rate and any related index	The ordinary shares receive distributable profit that has been declared as dividend.	The ordinary shares receive distributable profit that has been declared as dividend.
Existence of a dividend stopper	No	No
Fully discretionary, partially discretionary or mandatory	Fully discretionary	Fully discretionary
Existence of step up or other incentive to redeem	No	No
Non-cumulative or cumulative	Non-cumulative	Non-cumulative
Convertible or non-convertible	Non-convertible	Non-convertible
Write-down feature	No	No
Position in subordination hierarchy in liquidation (specify instrument type immediately senior to instrument)	The ordinary shares shall receive the return of capital in a winding-up, allowing the holders the rights to participate in any surplus profit or assets of the company after all senior obligations have been paid off.	The ordinary shares shall receive the return of capital in a winding-up, allowing the holders the rights to participate in any surplus profit or assets of the company after all senior obligations have been paid off.

1/ Preferential rights of the Bank's preferred shares (Baht 36 million) expired on May 10, 2009. Since then, preferred shareholders have had the same rights as ordinary shareholders.

Table 5: Reconciliation of regulatory capital items

Unit: Baht million

Capital related items as of 31 December 2025	Balance sheet as per the published financial statements ^{1/}	Balance sheet under the regulatory scope of consolidation ^{2/}	References
Assets			
Cash	43,867	43,867	
Interbank and money market items, net	621,624	621,624	
Financial asstes measured at FVTPL	132,516	132,516	
Derivative assets	48,302	48,302	
Investments, net	427,961	427,961	
Investments in subsidiaries, associates and joint venture, net	2,025	2,049	
Loans to customers and accrued interest receivables, net			
Loans to customers	2,352,870	2,352,870	
Accrued interest receivables and undue interest receivables	27,695	27,695	
Total loans to customers and accrued interest receivables and undue interest receivables	2,380,565	2,380,565	
<u>Less</u> Unamortised modification loss	(2,199)	(2,199)	
<u>Less</u> Allowance for expected credit loss	(145,301)	(145,301)	
Qualified as capital		(25,721)	R
Non-qualified as capital		(119,580)	
Total loans to customers and accrued interest receivables, net	2,233,065	2,233,065	
Properties for sale, net	31,665	31,665	
Investment properties, net	-	-	
Premises and equipment, net	43,053	43,053	
Goodwill and other intangible assets, net	22,839	22,839	
Goodwill	1,270	1,270	M
Other intangible assets	21,569	21,569	N
Deferred tax assets	6,854	6,854	O
Other assets, net	36,973	36,954	
Total assets	3,650,742	3,650,747	
Liabilities			
Deposits	2,563,315	2,563,320	
Interbank and money market items	281,009	281,009	
Liabilities payable on demand	10,097	10,097	
Financial liabilities measured at FVTPL	252	252	
Derivative liabilities	44,837	44,837	
Debt issued and borrowings	120,494	120,494	
Provisions	20,175	20,175	
Deferred tax liabilities	907	907	P
Other liabilities	107,946	107,946	
Total liabilities	3,149,034	3,149,038	

Table 5 (Cont.)

Unit: Baht million

Capital related items as of 31 December 2025	Balance sheet as per the published financial statements ^{1/}	Balance sheet under the regulatory scope of consolidation ^{2/}	แหล่งอ้างอิง
Owner's Equity			
Share capital			
Issued and paid-up share capital			
Preferred shares	-	-	A
Common shares	33,671	33,671	B
Premium on share capital			
Premium on preferred shares	-	-	C
Premium on common shares	11,019	11,019	D
Other reserves			
Surplus on revaluation of land and premises	20,525	20,525	
Qualified as capital		19,005	G ^{3/}
Non-qualified as capital		1,520	
Revaluation surplus (deficit) of investments classified at FVTOCI	(1,948)	(1,948)	H
Foreign currency translation differences	(875)	(875)	I
Surplus (deficit) from value of cash flow hedge reserve	17	17	J
Others owner changes items	(2,591)	(2,591)	K
Reserves for share-based payment	0	0	
Retained earning			
Appropriated retained earning			
Legal reserve	3,400	3,400	E
Unappropriated retained earning	432,095	432,095	
Net profit after appropriation to capital		391,332	F ^{4/}
Net profit unappropriated to capital		40,763	
Total owners of the company	495,313	495,313	
Non-controlling interest	6,396	6,396	
Qualified as Common Equity Tier 1	-	1,467	L
Qualified as Additional Tier 1	-	2,342	Q
Qualified as Tier 2 capital	-	629	S
Non-qualified as capital	-	1,957	
Total shareholders' equity	501,709	501,709	
Total liabilities and shareholders' equity	3,650,742	3,650,747	

1/ Balance sheet per the published financial statements refers to audited financial statements on a consolidated basis as reported to the Stock Exchange of Thailand.

2/ Balance sheet under the regulatory scope of consolidation refers to financial statements on a consolidated basis under the BOT's regulation.

3/ Surplus on revaluation of land and premises can be counted toward capital only for items that the BOT has approved.

4/ Net profit for the second half of the year after being appropriated in accordance with the approved resolutions from the shareholders' meeting or profit for the first half of the year in accordance with the rules as specified by the Bank.

Table 5 (Cont.)

Unit: Baht million

Capital related items as of 31 December 2025	Regulatory capital reported by financial group	References based on balance sheet under the consolidated supervision
Tier 1 capital		
Common Equity Tier 1 (CET1) capital		
Paid-up common shares after deducting treasury shares	33,671	A + B
Surplus (deficit) net worth	11,019	C + D
Legal reserve	3,400	E
Net profit after appropriation	391,332	F
Other comprehensive income		
Revaluation surplus on land and building appraisal	19,005	G
Gain (loss) on investments designated at FVTOCI	(1,948)	H
Gain (loss) from converting foreign currency operation to the Bank	(875)	I
Gain (loss) from fair valued cash flow hedge reserve	17	J
Others owner changes items	(2,591)	K
Items of financial business group that operates commercial bank business, only non-controlling interests that can be included in Common Equity Tier 1 of the financial business group	1,467	L
Total CET1 capital before regulatory adjustments and deduction	454,497	
Regulatory adjustments on CET1	-	
Regulatory deductions on CET1		
Goodwill	1,270	M
Other intangible assets	21,569	N
Deferred tax assets	5,947	O - P
Others	246	
Total regulatory deduction on CET1	29,032	
Total CET1 capital	425,465	
Additional Tier 1 capital		
Items of financial business group only non-controlling interest and third parties that can be included in Additional Tier 1 of the financial business group	2,342	Q
Total Additional Tier 1	2,342	
Total Tier 1 capital	427,807	
Tier 2 capital		
General provision	25,721	R
Items of financial business group only non-controlling interest and third parties that can be included in Tier 2 capital of the financial business group	629	S
Total Tier 2 capital before regulatory adjustments and deduction	26,350	
Regulatory adjustment and deduction on Tier 2 capital	-	
Total Tier 2 capital	26,350	
Total regulatory capital	454,158	

Table 6: Capital Position During Transitional Period

Unit: Baht million

	Bank-only		Consolidated	
	Capital amount as of 31 December 2025	Net value of items with transitional phase subject to Basel III	Capital amount as of 31 December 2025	Net value of items with transitional phase subject to Basel III
Tier 1 capital				
Common Equity Tier 1 (CET1) capital				
Paid-up common shares capital	33,992		33,671	
Surplus (deficit) net worth	11,124		11,019	
Legal reserve	7,000		3,400	
Net profit after appropriation	330,999		391,332	
Other comprehensive income				
Revaluation surplus on land and building appraisal	17,727		19,005	
Gain (loss) on investments designated at FVTOCI	2,599		(1,948)	
Gain (loss) from converting foreign currency operation to the Bank	(680)		(875)	
Gain (loss) from fair valued cash flow hedge reserve	-		17	
Others owner changes items	-		(2,591)	
Items of financial business group that operates commercial bank business, only non-controlling interests that can be included in Common Equity Tier 1 of the financial business group	-		1,467	
CET1 capital before regulatory adjustments and deduction	402,761	-	454,497	-
Regulatory adjustments on CET1	-		-	
Regulatory deduction on CET1				
Goodwill	(1,270)		(1,270)	
Other intangible assets	(14,439)		(21,569)	
Deferred tax assets	(1,133)		(5,947)	
Others	(0)		(246)	
Total regulatory deduction on CET1	(16,841)	-	(29,032)	-
Total CET1 capital	385,919	-	425,465	-
Additional Tier 1 capital				
Items of financial business group only non-controlling interest and third parties that can be included in Additional Tier 1 of the financial business group	-		2,342	
Total Additional Tier 1	-	-	2,342	-
Total Tier 1 capital	385,919	-	427,807	-
Tier 2 capital				
Proceeds from issuing subordinated debt	-	-	-	-
General provision	23,761		25,721	
Items of financial business group only non-controlling interest and third parties that can be included in Tier 2 capital of the financial business group	-		629	
Tier 2 capital before regulatory adjustments and deduction	23,761	-	26,350	-
Regulatory adjustments and deduction on Tier 2 capital	-		-	
Total Tier 2 capital	23,761	-	26,350	-
Total regulatory capital	409,681	-	454,158	-

5. RISK MANAGEMENT

Effective implementation of a robust risk management process is central to SCBX's commitment to good corporate governance and long-term business sustainability. The Group continually strives to enhance its enterprise risk management capabilities across all subsidiaries to address both current and emerging challenges. As the parent company, SCBX serves as the Group's Center of Excellence for risk management and therefore maintains an enterprise-wide view of risk exposures across all portfolio companies. Therefore, a robust risk management framework has been put in place under a transparent governance structure to maximize the effectiveness of risk management.

Recognizing the growing importance of technology in strengthening risk oversight, SCBX initiated deployment of a Group-wide governance, risk and compliance (GRC) technology platform, starting with implementation of the incident management module. This strategic deployment is intended to streamline governance, risk and control processes across the Group, enhance visibility and data harmonization and provide a consolidated view of all risk-related information. By reducing redundancy, improving productivity and strengthening collaboration across the Three Lines of Defense, the GRC technology platform will elevate risk management effectiveness and support better decision-making across the Group.

By continually strengthening SCBX Financial Group's risk management framework and governance, SCB and SCBX Financial Group will be well-prepared to respond appropriately to any current and future economic conditions, whether favorable or otherwise. An overview of risk management structure, risk management policy, and risk management system is presented below.

5.1 Risk Management Structure

The SCBX Financial Group's risk management structure comprises:

5.1.1 Board of Directors

The Board of Directors is responsible for reviewing and approving the Group's material risks, Risk Appetite Statements and Group Risk Management Policy. The Group Risk Appetite Statements guide risk-taking decisions and monitoring of the Group's risk level so SCBX can manage key risks and maintain an appropriate capital position at both Group and Bank levels. Each portfolio company must ensure that the risk appetites proposed to its board of directors for approval are aligned with the SCBX Financial Group's Risk Appetite Statements. The Group Risk Management Policy outlines the governing principles, roles and responsibilities for risk oversight at both the Group and subsidiary levels and is consistent with the newly approved Group's risk governance model. Portfolio companies must comply with and adopt these principles when setting their own risk management policies, which reflect their business model, risk profile, operating environment, stage of development and all applicable laws and regulatory requirements. Any material inconsistencies with the Group Risk Appetite Statements and the SCBX Financial Group Risk Management Policy must be approved by the SCBX Board of Directors prior to implementation.

The Board of Directors delegates roles, responsibilities and approval authority to sub-board committees and other management committees.

5.1.1.1 Sub-Board Committees

The Board of Directors has delegated its risk management duties to the following sub-board committees:

- 1. The SCBX Group Control Committee** is responsible for supervising, controlling, and monitoring the operations of the Company and portfolio companies in SCBX Group in accordance with plans and policies for the benefit of the SCBX Group and to prevent conflict, as well as to comply with relevant rules and regulations. The Committee will consider and give opinions on matters that are important to the operations of SCBX Group including, but not limited to, defining key strategies, large scale investments, sales of significant investments, business closure, businesses and/or strategic investments that may cause reputational risk, financial performance risk or cause conflicts within the SCBX Group.
- 2. The Executive Committee** is responsible for reviewing and/or approving matters related to the businesses of the Company and SCBX Financial Group, including but not limited to business strategies and plans, capital allocation, investments, mergers & acquisitions and borrowing. When making these business decisions, the Committee must ensure that they are within the risk parameters set out by the Group Risk Appetite Statements and Group Risk Management Policy. The Committee may propose revisions to the risk appetites for consideration by the Board of Directors as it may be appropriate in response to a changing operating environment, market opportunities, new regulations, or developments in the Group's financial condition.
- 3. The Risk Oversight Committee** must comprise directors, executives or company advisors with at least half of the member seats held by directors, with the Chairman being an independent or non-executive director. The Committee is responsible for reviewing the adequacy and efficiency of overall risk management policies, frameworks, strategies, risk appetites and tolerances, and resources and tools for SCBX, as well as at the SCBX Financial Group level. The Committee makes recommendations to the Board of Directors to revise risk appetites and policies as needed. Oversight of portfolio companies' risk management is done primarily through risk dashboards and a major incident escalation process. The Committee discusses major incidents, key risk trends and material emerging risks to provide guidance to the management to improve or formulate strategies to control, manage and mitigate these events and trends. The Committee also advises the Board of Directors on strategy to cultivate a strong risk culture throughout the SCBX Financial Group and sets the right "tone from the top."
- 4. The Audit Committee** comprises independent directors who are responsible for reviewing the adequacy of the Company's internal controls as well as the effectiveness of risk management implementation across the SCBX Financial Group. The Committee provides the Board of Directors with independent assessment and guidance regarding the Group's risk processes, internal control systems and risk management practices to ensure that they operate as effectively as intended and in compliance with the Group Risk Management Policy.
- 5. The Technology Committee** is responsible for providing support to the Board of Directors in holistically overseeing the SCBX Financial Group's technology strategy, technology integrity, and technology infrastructure built to keep pace with the new global context. The Committee also reviews and gives guidance on Center of Excellence (COE) development roadmaps for the Cloud Computing COE,

Data Analytics and Artificial Intelligence COE, and Cybersecurity COE, as well as on SCBX's technology research & development program, to mitigate technology risks and threats to the SCBX Financial Group.

6. The Sustainability Committee is responsible for overseeing and supporting the Group's sustainability strategy, ensuring the integration of environmental, social and governance (ESG) considerations into business operations to promote sustainable growth and effective risk management. Key responsibilities include reviewing and recommending ESG-related policies, strategies and risk appetites as well as approving sustainability targets, plans and sustainability reporting. The Committee also reviews and endorses operational approaches in response to incidents, complaints or business activities that may present ESG risks, significantly affect the organization's reputation or impede the achievement of sustainability goals. Additionally, the Committee promotes a sustainability-oriented culture and enhances ESG knowledge throughout the organization, ensuring that the Group's sustainability initiatives deliver tangible outcomes.

5.1.1.2 Management Committees relating to Risk Management

The following management committees have also been set up to oversee the Company's risk management processes:

- **The Risk Management Committee** is responsible for developing SCBX Financial Group risk management strategies to be in line with risk management policies and frameworks. The Committee also manages the overall risk exposure of the Group by monitoring and/or supervising the utilization of risk limits, quantification of risks, major incidents, risk trends and

risk management effectiveness of portfolio companies. The Committee reviews and approves scenarios and assumptions used for stress tests, business continuity plans, incident and crisis management, disaster recovery, and supervisory capital adequacy assessment and recovery plans, as well as their respective results and action plans.

- **The Management Committee** is responsible for considering and approving matters related to businesses of the SCBX Financial Group, including providing recommendations on SCBX Financial Group Risk Appetite Statements to make sure that the strategic direction and business plans are aligned with risk appetites.
- **The Technology Strategy Committee** is responsible for overseeing the Company and SCBX Group's technology strategy and ensuring alignment with the Group's goals and objectives, addressing the integrity of the technology services and managing the technology risk while promoting technology best practices that comply with the Company's core values.

Under the organizational structure of the SCBX Financial Group, the Bank retains oversight of the risk management of its subsidiaries. To ensure that the Bank and its subsidiaries have adequate risk management and adhere to the Group's risk management guidelines as specified by the parent company, the Bank has established a risk management framework for the Bank and its subsidiaries that enables operators to understand risk, risk management, and the transparency of risk management at all levels. It will ensure that the Board of Directors, relevant committees, and all personnel are cognizant of and accountable for risk management in all activities in accordance with applicable laws and BOT's regulations.

The Board of Directors is responsible for appointing and approving the roles and responsibilities of the Board

Committees, as well as delegating operational authority to these committees and senior executives. This operational authority includes the credit approval authority and the management of various types of risks, as deemed necessary and appropriate, in line with the acceptable risk levels. The Board of Directors remains accountable for the delegated tasks through subsequent reporting for acknowledgement.

In line with the SCBX Financial Group's risk governance framework, the Bank has structured its risk management system into two levels, comprising:

Sub-Board Committees

The Board of Directors has delegated its risk management duties to the following sub-board committees:

- **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 for administering related functions as assigned by the Board of Directors.
- **The Risk Oversight Committee** is tasked with reviewing the sufficiency and effectiveness of the risk management policy, establishing risk management strategies and defining risk appetite as well as providing guidance to the bank's Board of Directors on instilling a Risk Culture throughout the organization to ensure alignment with the Board's directives and policies.
- **The Technology Committee** is responsible for assisting the Board of Directors in formulating long-term strategies, ensuring service integrity, and managing technology risks.
- **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 process of the Bank and its subsidiaries.

Management Committees

The Bank has set up various management responsibilities for the Bank and its subsidiaries:

- **The Risk Management Committee** is responsible for developing risk management strategies in line with the Bank and its subsidiaries' risk management framework, approving KRI including reviewing the adequacy of overall risk management policies and guidelines and overseeing the SCB's subsidiaries compliance with its risk management policy and strategies. The Committee also manages the overall risk of the Bank.
- **The Technology Strategy Steering Committee** is responsible for setting the strategic direction for technology and the system architecture of the Bank. This includes ensuring the integrity of technology risk management and promoting best practices in technology operations.
- **The Assets and Liabilities Management Committee** is responsible for managing liquidity risk and interest rate risk in banking book.
- **The Equity Investment Management Committee** is responsible for considering, reviewing, providing opinions on, and/or approving equity investments for submission to the relevant committees, subject to its delegated approval authority, and also has the authority to establish the investment and operational processes and other investment-related management matters, including the management of risks associated with the Bank's equity investment portfolio.

Additionally, several other committees oversee diverse aspects of risk management, including the Credit Committee, Investment Committee, Underwriting Risk Committee, Modeling Risk Management Committee, Data Privacy and Data Governance Committee and ESG Steering Committee, and the establishment of a Digital Fraud Taskforce to oversee and effectively manage digital fraud risks, covering end-to-end processes from prevention, monitoring and detection, incident response, to the provision of care and remediation for affected customers.

5.1.2 Chief Risk Office

The SCBX Chief Risk Office, under the Chief Risk Officer (CRO), who reports directly to the Chief Executive Officer and the Risk Oversight Committee, is responsible for setting SCBX Financial Group risk management strategies, making recommendations on all risk management matters, as well as reporting and monitoring major types of risk of the Company and SCBX Financial Group. The Chief Risk Office is responsible for continually enhancing the SCBX Financial Group's risk management practices up to global best-practice standards and for ensuring that SCBX and SCBX Financial Group have risk management processes and capabilities that are suitable to their business and stage of development. The Office will also act as a Center of Excellence to provide advice to portfolio companies on risk management and governance best practices. It is also responsible for coordinating and consolidating stress testing, capital adequacy assessment and recovery plan exercises of SCBX Financial Group and consolidating SCBX Financial Group risk dashboards and monitoring major incidents to highlight risk hotspots of the Group for review and discussion by risk committees and the Board of Directors, as applicable. For tail risks, the CRO coordinates with the Chief Financial Officer (CFO) and in consultation with the insurance broker to design insurance coverage for the

SCBX Financial Group, including cyber risk insurance, to mitigate any potential impact from large financial loss caused by major incidents.

At the Bank level, the Chief Risk Office, which reports to the Chief Risk, Legal and Compliance Officer and the Chief Executive Officer, is responsible for setting risk management framework, making risk policy recommendations, as well as monitoring and reporting major types of risk. The Chief Risk Office has the responsibility to bring the Bank's risk management policies and practices up to global standards while meeting all relevant regulatory requirements, the SCBX Group Risk Management Policy, and to ensure that the Bank and its subsidiaries have a comprehensive and integrated risk management framework. In addition to the Chief Risk Office performing the above risk management roles, there are other functions overseeing specific risks, i.e., Chief Financial Office for liquidity risk, and interest rate risk in the banking book (IRRBB), Chief People Office for people risk, Chief Strategy Office for strategic risk, and the Chief Economist and Sustainability Office is responsible for ESG risk.

5.1.3 Chief Compliance Office

The Compliance Function is responsible for providing regulatory advice, clarifications, and recommendations to other related functions to ensure that the Group understands and complies with laws, regulations, and internal rules which relate to applicable regulations. The Compliance Function identifies and reports any material legal and compliance risks to senior management and related committees and supports business units to implement policies and controls to ensure effective compliance risk management.

5.1.4 Chief Internal Audit Office

The Internal Audit Function performs independent assurance and consulting, so that the organization's internal processes are implemented with sound governance, risk management and internal control. As the Third Line of Defense, Internal Audit evaluates the governance, risk management and control processes of the SCBX Financial Group and suggests improvements to risk practices as necessary. The Function also considers the root cause of findings as well as risks found during audits.

The Compliance and Internal Audit functions report directly to the Audit Committee on a regular basis and monitor on corrective actions to ensure that issues are resolved.

The aforementioned governance structure ensures that the risk management of the Company and the Group will be efficiently managed and conducted in the best interests of its shareholders.

5.2 Risk Management Policy

SCBX, as the parent company, has a duty to oversee risk management of subsidiary companies in the SCBX Financial Group. Every subsidiary must ensure that its risk management system meets the SCBX Financial Group's standard and complies with the BOT's Consolidated Supervision Policy and other relevant laws.

SCB and SCBX Financial Group have established and applied the Risk Management Policy Framework at two levels:

- **SCBX, as the parent company**, takes the risk oversight role by establishing minimum risk management and governance standards and frameworks that Group companies must comply with. While the portfolio companies remain empowered to

design risk management policies and processes appropriate to their unique business context, these policies must align with the Group's risk policy and framework and be approved by their respective boards of directors. SCBX is committed to promoting a strong risk culture across the SCBX Financial Group and requires each of its portfolio companies to implement a sound risk governance structure and adopt the Three Lines of Defense model. This approach ensures that risk assessment, monitoring and control are embedded into critical decision-making processes. Portfolio companies are responsible for managing their own risks and are expected to have adequate resources and capabilities to support this model effectively.

- **Subsidiary companies in SCBX Financial Group** are responsible for establishing risk management policies that materially reflect business-specific risks and align with the Group Risk Management Policy. Each subsidiary's risk management policy must be approved by the company's Board of Directors. Any material inconsistencies with the Group Risk Appetite Statements and the Group Risk Management Policy must be approved by the SCBX Board of Directors prior to the implementation.

For the Bank, its Board of Directors establishes the strategy and approves the risk management policy of SCB and its subsidiaries. This policy shall be reviewed and endorsed by the Bank's Executive Committee, Risk Oversight Committee, Technology Committee and Audit Committee. The Risk Management Policy covers material risks which are strategic risk, credit risk, market risk, interest rate risk in banking book, liquidity risk, investment risk, operational risk, model risk, reputational risk, technology risk, people risk, Legal and Compliance risk including Environmental, Social and Governance Risk. ESG Risk has the potential to evolve into financial risks,

potentially affecting profit generation, competitive positioning, as well as the reputation and resilience of the Bank's capital. Hence, the Bank acknowledges the importance of ESG risk management, incorporating it into the Bank's traditional risk as well as Concentration risk management to proactively prevent and address potential risks.

Furthermore, in overseeing the risk exposures of the Bank's subsidiaries, the Bank mandates its subsidiaries to evaluate their material risks and develop risk management policies tailored to various categories of material risks, in compliance with regulatory requirements and the Risk Management Policy of SCB and its subsidiaries and the SCBX Group Risk Management Policy. In addition, the Bank requires its subsidiaries to report risk-monitoring information (Risk Dashboard), significant risk incidents - including cyber incidents - as well as any significant audit issues that the subsidiaries must communicate and clarify to the relevant regulators, in order to ensure that risks are managed in a timely and appropriate manner

The Board of Directors approves the Bank's major risk management policies, including:

- Risk Management Policy of SCB and Subsidiaries
- Credit Policy Guide
- Internal Capital Adequacy Assessment Process Policy (ICAAP Policy)
- Stress Testing Policy
- Recovery Plan Policy
- Market Risk Policy Guide
- Trading Book Policy
- Interest Rate Risk in the Banking Book Management Policy
- Investment Policy
- Liquidity Risk Management Policy
- Operational Risk Management Policy
- Business Continuity Management and Crisis Management Policy
- Strategic Risk Management Policy
- Reputational Risk Management Policy
- People Risk Management Guidelines
- Technology Risk Management Policy
- Model Risk Management Policy
- IT Third Party Risk Management Policy
- Information Security Policy
- ESG Risk Management Policy

5.3 Risk Factor

SCBX is a strategic investment holding company focused on financial services. The primary objective is to manage its businesses and associated risks in a manner that delivers sustainable long-term value to stakeholders including customers, employees, investors, business partners and suppliers, regulators and society.

The Company regularly monitors developments across the economy, business landscape, financial markets, geopolitical conditions, regulatory changes, cyber threats, data protection, fraud, natural disasters, pandemics, technology disruption and environmental, social and governance (ESG) issues. Through its risk review process, the Company has identified 12 risk factors for the SCBX Group. These material risks are reviewed and approved by the Board of Directors. SCBX also monitors and reports exposures, including emerging risks, to the Risk Oversight Committee and the Board to ensure effective oversight and management.

1. Strategic Risk

SCBX Group faces strategic risk arising from intense competition and a rapidly evolving technology and financial services landscape. To remain competitive, the Group must enter new technologies, business models and markets, while continually upgrading capabilities. SCBX

makes strategic investments funded by dividends from Siam Commercial Bank and prudent leverage. The Company also invests in domestic and regional businesses that offer attractive earnings potential and synergies. In addition, it undertakes venture investments in companies operating in new growth areas with potential for high long-term returns, including financial technology, digital assets, climate tech, data analytics and AI.

In response to a deteriorating economic outlook driven by U.S. tariff pressures and heightened geopolitical uncertainty, the Company implemented strategic actions in 2025 to restore top-line growth while preserving capital. These actions focused on disciplined expansion of low-risk loan portfolios, capturing value from Group synergies, and continued improvements in collection and recovery performance.

In parallel, the Company strengthened its long-term foundations by establishing a Group-wide AI roadmap to enhance operational efficiency and technology competitiveness.

2. Credit Risk

As a financial conglomerate, the SCBX Financial Group still relies on loans and credit for more than 70% of its revenues. Credit risk refers to the risk of default or deterioration in borrowers' credit quality, potentially resulting in credit losses, write-offs and additional loan loss provisions that could adversely affect the Group's financial performance and creditworthiness. SCBX assesses and oversees credit risks using disciplined underwriting practices and regular monitoring. Customer credit scores are assessed using credit underwriting models and qualitative methods to estimate a loan's probability of default and expected credit loss (ECL). New credit products and market segments with limited credit history or data are tested through product programs before approval for full launch. The Group has expanded its credit business to the lower-mass segment, which offers higher net interest margins and higher risk-adjusted

returns than traditional banking. This growth segment has been made commercially feasible through digital channels, artificial intelligence and alternative data to enhance the Group's credit underwriting, collections and customer engagement.

3. Investment Risk

The core business activities of SCBX span Gen 1, Gen 2 and Gen 3 sectors. Over the next five years, the Group will prioritize strengthening its home-market position and building foundational capabilities for future regional expansion. While our long-term objective of regional fintech leadership remains unchanged, the timeline has been adjusted. Accordingly, international ventures and Gen 3 opportunities (such as climate tech and digital assets) will be pursued opportunistically during this period of focus on the home market.

The Group has historically pursued regional expansion by targeting well-managed and profitable Gen 2 businesses that offer synergistic growth potential and complement on the Group's internal capabilities and financial strength.

For emerging Gen 3 businesses — including digital assets, fintech, climate tech and platform enterprises — the market dynamics, operating models and scalability potential continue to evolve. These investments carry a risk of failure and may require an extended period before generating positive net cash flow (a long J-curve). In addition, significant capital expenditure in technology, governance, risk management and controls, data analytics and cybersecurity are required to ensure regulatory compliance and operational resilience, which may not contribute to immediate profitability.

Mergers and acquisitions (M&A) involve inherent risks, including challenges in deal closure; delays or failure in obtaining regulatory clearance; difficulty retaining key personnel and customers; potential culture clashes; complexities in integrating accounting, operations and systems; and undiscovered liabilities post-due diligence.

In addition, an acquisition price exceeding the target company's book value will require an immediate deduction of the resulting goodwill from Common Equity Tier 1 (CET1) capital.

4. Liquidity Risk

Liquidity Risk arises from inability to meet financial obligations under normal operations as well as from unforeseen events or disruption. It is often driven by mismatches in the maturities of assets and liabilities. This risk is particularly critical at the Bank, where a failure to meet deposit withdrawals could trigger widespread panic. Both the Bank and SCBX Financial Group maintain a Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR) well above regulatory requirements. Nevertheless, maintaining too much liquidity buffer can negatively impact our earnings. The Bank uses behavior models of customer deposit withdrawals to manage the liquidity buffer more efficiently. SCBX maintains liquidity buffer through cash balance and committed credit facility to meet sudden or unexpected short-term demands by portfolio companies.

5. Market Risk

As a holding company, SCBX's primary function is to manage equity investments in its portfolio companies. Investments in early-stage companies are principally held and managed through SCB10X, while strategic investments in Gen 2 and Gen 3 businesses are principally held directly by SCBX. Those investments are governed by the Group's overarching market risk appetite, with dedicated risk limits allocated accordingly.

At the Bank level, market risk exposure arises from fixed income (available-for-sale and trading) portfolios; foreign exchange and derivatives positions; certain offshore fixed income and alternative assets funds; and equity securities held as investments and as collateral for credit extension.

The fair values of our securities holdings and other positions, including foreign exchange and derivatives, as

well as investments in our portfolio companies, could fluctuate significantly due to underlying fundamentals, the macroeconomic environment, geopolitical factors, natural disasters and pandemics, and market sentiment, among other factors. A significant decline in the value of these investments could adversely affect profitability, statutory ratios and credit ratings, and would likely lead to a significant decline in our share price.

6. Technology Risk

The SCBX Group continues to invest in advanced technologies to support modern work practices, strengthening the foundation for sustainable growth and creating opportunities and competitive advantages across the Group. These efforts are aligned with the evolving business landscape and focus on developing scalable, flexible Information and Communication Technology (ICT) platforms. These platforms enable efficient, cost-effective delivery of innovative products and services that meet rapidly changing customer needs.

At the same time, increasing reliance on technology has heightened risks in several areas, including:

- 1) System Unavailability - Disruptions to critical systems can directly affect service delivery and business continuity.
- 2) Process and Human Error - Errors by operational or IT personnel may lead to service interruptions or inaccurate data.
- 3) Cybersecurity Threats - External attacks, such as malware or malicious actors, can cause severe damage to data integrity, data privacy and customer trust.
- 4) Third-Party Dependency Risks (Vendor Lock-in) - Failures by external IT service providers - due to internal mismanagement, cyberattacks, or inadequate oversight of subcontractors - may result in operational disruptions and compromise data security.

7. Operational Risk

Operational risks arise primarily from the activities of the Group's operating subsidiaries and relate to people, processes, systems, third-party and supply-chain dependencies, and external events such as cyber incidents, fraud, natural disasters and regulatory changes. These risks may affect business operations, service delivery and overall resilience.

The SCBX Group manages these risks through a consistent operational risk management framework supported by risk assessments, incident analysis and ongoing monitoring. Lessons learned are applied to strengthen controls and enhance operational resilience, supporting sustainable performance across the portfolio.

8. Legal and Compliance Risk

As a financial services conglomerate with companies across multiple sectors, the Group is supervised by several regulators, including the BOT, the Securities Exchange Commission, the Office of Insurance Commission, the Anti-Money Laundering Office, the Stock Exchange of Thailand, and other relevant authorities.

Accordingly, the SCBX Group must implement risk management actions, including preventive measures such as enhancing policies and procedures and conducting employee training, as well as monitoring measures such as compliance testing against regulatory requirements. These actions support compliance with laws and regulations that are currently in effect, newly established, and/or continually amended.

9. Reputational Risk

With over 119 years of history, the continued success of our financial services business is built on trust by our customers, regulators and other stakeholders. Our Board of Directors, senior management and employees are committed to the highest standards of conduct, ethics and risk culture. Portfolio companies are required to monitor events and incidents that could negatively affect their

reputation or that of the Group, and to ensure prompt remedial actions and timely escalation to SCBX. This will ensure that decision-makers are quickly informed and able to take necessary action to prevent minor issues from snowballing into major crises.

SCBX Group has clearly defined incident response processes, communication strategies, and roles and responsibilities of the concerned parties at both the Group level and the Bank level. SCBX is required to inform regulators of major incidents within the Group in a timely manner, especially those that could pose a contagion risk to the Bank and the nation's financial system. Employees must complete regular mandatory training on the code of ethics, market conduct, AML/CFT/KYC, data protection and cyber security.

10. People Risk

SCBX's success is driven by the strategic direction set by key leaders and personnel who are responsible for investment decisions and capital allocation to achieve the Group's vision. The Group also relies on qualified personnel at the operating companies to execute business plans effectively and adapt to a changing environment with agility. To navigate the digital transformation of our Gen 1 and Gen 2 businesses and expand into Gen 3 ventures, the Group must attract new talent, particularly in data and artificial intelligence (AI), while ensuring effective integration between newer talent and existing personnel in our traditional businesses.

11. Model and Artificial Intelligence (AI) Risk

As the Group continues to innovate, our portfolio companies increasingly leverage advanced data analytics and artificial intelligence (AI) to develop models that enhance operations and customer engagement. These applications span areas such as credit underwriting,

collection strategies, customer propensity analysis, targeted marketing, audit processes, fraud detection portfolio management and investment robo-advisory.

AI and machine learning (ML) have improved these models' predictive power, efficiency and scalability, creating value for customers and business. However, AI-driven models introduce new risks including algorithmic bias, model errors, data privacy concerns, and unintended outcomes from AI-enabled decision-making.

The Group remains committed to robust risk management to address these challenges, including rigorous model validation, continuous monitoring and adherence to ethical AI principles. Failure to mitigate these risks could lead to reputational damage, regulatory sanctions, financial losses and erosion of customer trust. Responsible AI implementation is essential to safeguard the Group's operations and maintain stakeholder confidence.

12. Environmental, Social and Governance (ESG) Risk

ESG is a core pillar for sustainable business, helping optimize financial return while creating positive impact and preventing material harm to the economy, society and the environment. Accordingly, ESG risks must be properly managed in financing and investment decisions.

Among ESG risks, climate-related risks - including physical and transition risks - are a high priority due to urgency and potential scale of potential climate impacts. For SCBX, most greenhouse gas emissions arise from lending and investment activities (Scope 3 Category 15), which could affect the business over medium and long term if there is no systematic approach to decarbonizing the Group's portfolios.

The SCBX Group has therefore adopted international frameworks and standards focused on decarbonization and robust ESG risk management, such as SBTi, the Equator Principles (EP) and the Principles of Responsible

Investing (PRI), while benchmarking performance against peers.

The Group has no appetite to engage with any finance activities which create significant harm to the environment without putting in place appropriate mitigation measures as well as activities that hinder the Group's effort to achieve long-term goal of net zero by 2050.

In 2023, SCBX Financial Group established emission baseline for loans and investments in accordance with PCAF methodology and set near-term net zero targets for the power generation portfolio, fossil fuel, commercial real estate and the rest of the portfolio in accordance with the Financial Sector Science-based Targets Guidance.

SCB became the first Thai bank to adopt the Equator Principles to ensure that the projects we finance are developed in a socially responsible manner and reflect sound environmental management practices. In addition, the bank has established the Statement on Fossil Fuel Financing, the Exclusion List for loans to businesses that have a negative impact on society, the environment, and climate change, sector-specific guidelines to support credit assessment for high-risk industries, commencing with the power generation sector and annual targets for supporting sustainable finance. This is to align with the Net Zero goal, as well as the strategies, business plans, and risk appetite levels of the SCBX group.

Social and governance risks - such as human rights issues and financial fraud and scams - require robust management. Without it, business and financing activities may cause unintended harm to external stakeholders and communities, leading to controversies that affect the reputation of, and public trust in, financial institutions.

5.4 Emerging Risks

5.4.1 Geoeconomic Transition Risk

Description

A new global order is emerging as major powers recalibrate strategic positions across security and economic spheres, reshaping trade frameworks, investment flows, financial architecture and geopolitical arrangements. Geopolitical rivalry, protectionist measures and market instability are increasingly converging. The accelerating trend of de-dollarization signals a fundamental reconfiguration of the international financial system.

This evolving order is characterized by increasingly fragmented trade networks and supply chains, reduced economic efficiency and constrained capacity for innovation. Resource allocation is shifting toward defense spending at the expense of development investment, diverting capital away from productive sectors. Persistent volatility in financial markets undermines long-term strategic planning and heightens systemic risks across the global economy.

The resulting environment features weaker multilateral cooperation, a slower pace of global growth and diminished capacity for collective action on transnational challenges such as climate governance. These dynamics contribute to heightened uncertainty for SCBX in managing cross-border operations, funding strategies and overall risk exposure.

Potential Business Impact of the Risks

Fragmentation of global supply chains and the imposition of trade restrictions are exerting downward pressure on export revenues, adversely affecting Thai businesses. These dynamics are expected to create significant cash flow constraints, weaken liquidity positions and impair debt servicing capacity. The vulnerable borrowers

exposed to supply chain disruptions are expected to be concentrated within the SCBX Group's Gen 1 business.

Furthermore, fragmentation of global supply chains is expected to generate indirect spillover effects on smaller SMEs embedded within affected supply networks, as well as on retail borrowers who may experience unemployment due to income pressures on impacted businesses. These cascading effects could significantly heighten credit risk across SCBX's portfolio, particularly among borrowers served by our Gen 2 subsidiaries, who typically exhibit lower resilience and adaptability during economic downturns.

Interest rate volatility driven by structural shifts in the financial system is expected to increase funding costs for both the SCBX Group and its clients. At the same time, currency fluctuations arising from changes in trade routes will introduce substantial uncertainty for large and medium-sized clients in export and import business.

Such financial volatility, combined with deepening fragmentation of global trade, is expected to dampen investment and trading activities. This will likely reduce demand for banking services and negatively affect both non-interest income streams (e.g., brokerage and guarantee fees) and interest income, particularly from trade finance products.

In addition, heightened volatility across global financial markets, driven by shifts in capital allocation, is anticipated to amplify asset price fluctuations, potentially undermining the stability and valuation of SCBX's investment portfolio.

Mitigation

The Group conducted an accelerated and comprehensive credit portfolio assessment to ensure the timely identification of emerging risks, enabling proactive mitigation strategies and safeguarding overall portfolio stability in alignment with organizational risk management objectives. Customer support is provided through targeted financial relief programs, ensuring sustainable repayment

solutions while preserving long-term client relationships and maintaining portfolio health.

Portfolio resilience is assessed through rigorous stress-testing frameworks to evaluate portfolio resilience against potential geopolitical disruptions and trade-related shocks, ensuring proactive risk mitigation and contingency plans. The Group maintains adequate provisions, strong liquidity reserves, and resilient capital buffers to safeguard financial stability, ensure regulatory compliance and reinforce the SCBX Financial Group's ability to withstand adverse market conditions.

Risk exposures are subject to continuous risk monitoring, which ensures timely escalation of critical findings to senior management to support informed decision-making and alignment with governance requirements and strategic objectives. Country and concentration risk limits are reviewed regularly to ensure alignment with acceptable risk thresholds, taking into account evolving market conditions, and support prudent portfolio management practices.

5.4.2 Technology and Artificial Intelligence (AI)

Risk

Description

Emerging technologies offer significant opportunities for organizations to improve efficiency, decision-making and operational performance. As a result, many organizations are rapidly adopting innovations such as artificial intelligence (AI) and generative AI to gain competitive advantages. However, the cyber, operational and governance risks associated with these technologies - particularly when implemented without mature strategies, security-by-design principles or clearly defined governance frameworks - are often underestimated. Inadequate risk assessment can lead to systemic

vulnerabilities, reduced organizational resilience, and erosion of business value.

AI and generative AI governance risks emerge when AI systems are integrated into critical decision-making processes without adequate oversight, transparency and accountability.

Poorly governed AI models may produce biased, inaccurate or non-explainable outcomes due to flawed, incomplete or unrepresentative data, thereby exposing organizations to ethical, regulatory and reputational risks. At the same time, the growing use of AI by malicious actors is giving rise to more sophisticated cyber threats, including AI-enabled fraud, automated attacks and deepfake-based social engineering, that are increasingly hard to detect and may cause significant financial, operational and trust-related damage.

Beyond immediate cyber and model risk concerns, the SCBX Group must also consider broader strategic risks such as AI bubble risk and quantum computing risk. Overinflated expectations surrounding AI may trigger market corrections, potentially leading to impaired intangible assets, goodwill write-downs and weakened investor confidence if anticipated value fails to materialize. Looking further ahead, advances in quantum computing pose substantial threats to existing cryptographic standards, raising the risk of compromised data confidentiality; and undermining digital trust.

Collectively, these risks underscore the need for proactive governance, robust cybersecurity controls and forward-looking risk management strategies to ensure sustainable and responsible adoption of emerging technologies across the SCBX Group.

Potential Business Impact of the Risks

The rapid adoption of emerging technologies, particularly artificial intelligence (AI), is reshaping business models, operational processes and competitive dynamics across

industries. While AI presents significant opportunities for efficiency gains, innovation and value creation, it also introduces complex and rapidly evolving risks. Without effective governance and risk management practices, AI-related issues can result in material regulatory, financial, operational and reputational consequences for the Group.

One of the most critical risks is regulatory non-compliance amid the emergence of new AI-focused laws and supervisory frameworks. Governments and regulators worldwide are introducing new requirements related to transparency, fairness, data protection, accountability and explainability of AI systems. Failure to meet these requirements may expose the SCBX Group to regulatory sanctions, financial penalties, heightened supervisory scrutiny and potential restrictions on AI deployment.

Additionally, non-compliance may trigger costly remediation efforts, such as system redesigns, model retraining and governance overhauls, that could materially reduce the expected return on AI investments.

Reputational damage represents another severe and enduring consequence of AI-related failures. Incidents involving biased decisions, data privacy breaches, AI-driven fraud or unethical use of technology can swiftly erode customer trust and undermine brand credibility. Once trust is compromised, the Group may face reduced customer adoption, weaker partner relationships and more conservative regulatory oversight, all of which can hinder long-term growth and diminish shareholder value.

AI-driven fraud further amplifies financial and operational risk, as malicious actors increasingly leverage AI to automate attacks and enhance social engineering techniques. These more sophisticated schemes are substantially harder to detect and can lead to direct financial losses, remediation expenses, legal liabilities, and escalating investment needs for fraud prevention and cybersecurity capabilities.

AI bubble risk poses a multi-dimensional challenge for the SCBX Group, extending beyond financial exposures. Without disciplined investment, strong governance and well-managed expectations, a correction in AI-related markets may impair intangible assets, disrupt strategic execution, weaken operational resilience and diminish stakeholder confidence.

Finally, advancements in quantum computing present a long-term but material threat to current cryptographic standards. Delayed preparation for post-quantum cryptography may force the SCBX Group into rapid, high-cost migration efforts, increasing the risk of operational disruptions, budget overruns and elevated security vulnerabilities. Together, these risks underscore the necessity of proactive governance, robust control environments and long-term strategic planning to ensure responsible, secure and sustainable adoption of AI and other emerging technologies across the SCBX Group.

Mitigation

The SCBX Group leverages artificial intelligence to enhance cybersecurity and fraud detection is a core element of the Group's technology risk and resilience strategy. By leveraging advanced machine learning models and analytics, the SCBX Group strengthens its ability to prevent, detect and respond to cyber threats and fraudulent activities in a timely and effective manner. AI-driven security solutions enable the analysis of large volumes of data across networks, systems and user interactions, identifying anomalies and indicators of compromise that may not be observable through traditional rule-based controls.

Through continuous learning from historical incidents, external threat intelligence and real-time system behavior, AI-enabled monitoring significantly improves early threat detection. This capability allows the SCBX Group to identify abnormal activities - such as unusual login patterns, unauthorized access attempts or suspicious data

transfers - at an early stage, reducing the likelihood of material breaches, operational disruption and financial loss.

SCBX employs a prudent and phased investment approach to AI initiatives, deliberately avoiding large, irreversible commitments driven by market hype or overly optimistic assumptions. AI investments are funded incrementally through clearly defined decision gates that require demonstrable business value, performance improvements, risk reduction and regulatory compliance before additional funding is approved. This disciplined model acknowledges that many AI-related vulnerabilities are valuation-driven and ensures continued investment is supported by realized outcomes rather than projected benefits.

To support sustainable and responsible adoption, SCBX has established a comprehensive AI governance framework covering the full lifecycle of AI initiatives, from investment approval and performance monitoring to risk assessment and ethical oversight. Enhanced due diligence and third-party risk management are also applied to AI vendors, with a focus on financial viability, data ownership safeguards, contractual exit and transition arrangements, and mitigation of vendor concentration risks.

The SCBX Group proactively addresses long-term cybersecurity threats by investing in the study and evaluation of quantum-resilient encryption. Early consideration of post-quantum cryptography, combined with conservative financial assumptions and rigorous stress testing of AI-related value, supports protection against future security vulnerabilities, valuation impairments and potential market corrections. This approach ensures that AI adoption remains aligned with the SCBX Group's risk appetite and long-term strategic direction.

Moreover, the SCBX Group strengthens organizational readiness through upskilling and capability building.

Ongoing development programs enhance employee AI literacy, ethical awareness and role-specific competencies. Continuous learning and human-in-the-loop practices reinforce responsible, secure and compliant AI usage that supports business objectives while managing emerging technology risks.

5.4.3 Extreme Weather Risk

Description

Risks arising from long-term climate changes and increasing uncertainty in the climate system are intensifying. Persistent shifts in rainfall patterns, abnormal seasonal variability, rising sea levels and heightened climate instability are appearing with greater frequency and severity than historical norms.

These changes have contributed to more extreme weather events, including flash floods, prolonged droughts, heatwaves, severe storms and coastal inundations. Such events can cause acute damage to lives and property, disrupt critical infrastructure, and halt economic activity. The resulting financial losses and systemic pressures pose significant challenges for governments, businesses and financial institutions.

At the same time, adaptation efforts will impose substantial costs on both private and public sectors, requiring sustained investment in infrastructure resilience, business continuity capabilities and long-term climate risk mitigation strategies

Potential Business Impact of the Risks

Loan portfolios with exposure to climate-sensitive sectors, such as agriculture, logistics and real estate, as well as regions repeatedly affected by floods and droughts, face heightened risks of borrower default and collateral devaluation. These vulnerabilities reinforce the need to strengthen risk assessment practices, implement

proactive mitigation strategies and pursue portfolio diversification to safeguard financial stability amid escalating environmental and climate-related challenges.

Evolving regulatory frameworks and stringent carbon reduction mandates are driving higher compliance costs for the SCBX Group's borrowers. These requirements compel businesses to reassess and adapt their operating models to remain profitable and sustainable. Consequently, businesses may need to make significant investment in green technology, thereby reducing repayment capacity.

Severe weather events also pose material threats by damaging physical assets and disrupting critical banking operations, potentially impairing service continuity and increasing operational vulnerabilities across the SCBX Group's infrastructure.

Mitigation

Environmental and transition risk are integrated into loan approval frameworks to ensure comprehensive assessment of sustainability-related factors, enhance portfolio resilience and align with evolving regulatory and climate-related risk management standards. The Group also promotes green financing by providing strategic support for initiatives aimed at reducing carbon emissions and improving energy efficiency, thereby fostering sustainable development and strengthening long-term organizational resilience.

Climate-related risks are assessed through regular stress testing of portfolio exposure to physical and transition risks, ensuring timely identification of vulnerabilities and integration of climate-related considerations into risk management and strategic decision-making processes. Business continuity arrangements are periodically reviewed and enhanced to ensure uninterrupted operations during disaster events, safeguard critical processes, minimize service disruptions and maintain

organizational resilience in accordance with regulatory and risk requirements.

In addition, ESG compliance and climate-related exposures are continuously monitored across all portfolio segments, ensuring transparency, regulatory compliance and proactive risk management in support of sustainable lending practices.

5.4.4 Thailand's Structural Economic Risk

Description

Household fragility continues to suppress consumption, as average household income remains weak due to slower wage growth, subdued employment expansion and reduced working hours. These pressures are elevating credit risk, particularly among vulnerable households.

Constrained fiscal capacity limits the effectiveness of countercyclical policy measures and delays the implementation of large-scale structural reforms, reducing flexibility to stimulate economic growth in the short term and addressing long-term systemic challenges.

Business vulnerability among SMEs and highly leveraged firms is rising, with weak demand and increasing cost pressures, heightening default risk and contributing to accumulating stress within the financial system.

The erosion of national competitiveness is increasingly driven by structural challenges, including an aging population, persistently low productivity and widening workforce skill gaps. These constraints collectively weaken economic momentum and long-term sustainability.

Together, these factors threaten to further erode Thailand's long-term growth potential, constrain competitiveness and limit innovation capacity.

Potential Business Impact of the Risks

Elevated non-performing loan risk persists among financially vulnerable households and small and medium-sized enterprises (SMEs), particularly those serviced by our Gen 2 subsidiaries, as adverse economic conditions continue to weaken borrower repayment capacity.

Decelerating loan growth, combined with subdued consumer spending, is expected to constrain interest income and compress overall profitability. These pressures underscore the need for strategic adjustments to sustain financial performance and shareholder value.

A prolonged low-growth environment is also anticipated to limit deposit mobilization while placing upward pressure on funding costs, creating challenges for liquidity management across the SCBX Group.

Strategic risk is intensifying due to evolving customer needs, driven by aging demographics and declining borrowing demand, which may erode market share if SCBX does not adapt its products, services and engagement strategies.

In addition, SCBX will face rising operational costs associated with the need for advanced technology investments and more robust risk management frameworks to address structural vulnerabilities.

Mitigation

The Group continues to strengthen credit risk modeling frameworks to improve predictive accuracy, particularly for vulnerable customer segments, ensuring robust risk assessment, proactive strategy adjustments and alignment with evolving market conditions. Growth and diversification are pursued through the accelerated expansion of digital lending capabilities and regional market diversification across both lending and funding

activities, to enhance growth opportunities, strengthen competitive positioning, improve funding base stability and mitigate concentration risks across the organization's portfolio.

The Group develops specialized financial solutions tailored to aging demographics, including wealth management and insurance offerings, to meet evolving customer needs and reinforce long-term market positioning. Prudent financial management is maintained through adequate provisioning and resilient capital buffers while conducting comprehensive stress testing exercises to ensure portfolio resilience, regulatory compliance and preparedness for adverse economic and market conditions.

Enterprise-wide AI transformation initiatives are accelerated to improve cost efficiency, optimize operational processes and strengthen risk control mechanisms, supporting sustainable growth and enhancing competitiveness in an increasingly competitive and technology-driven environment. In parallel, the Group proactively engages with policymakers to advocate for and influence the implementation of structural reforms, fostering an enabling environment that supports sustainable economic growth and enhances the long-term resilience of the economy.

5.5 Risk Management System

One of the SCBX Financial Group's objectives is to ensure that risk management systems across all Group companies are consistent and well-aligned at both the Bank level and the Group level. As the focal point for risk management within SCBX Financial Group, SCBX has a responsibility to establish a risk management framework together with setting guidelines and overseeing risk management of all subsidiaries to facilitate sustainable growth and increase its short-term and long-term competitiveness under transparent management and good governance.

The risk management system consists of four key processes:

5.5.1 Risk Identification

As the parent company, SCBX has identified the key material risks to the SCBX Financial Group as outlined in Section 5.3 - Risk Factors. To ensure comprehensive coverage, the Company conducts reviews of business operations and strategies across the Group on a regular basis. This process includes obtaining a thorough understanding of business landscapes to assess emerging risks that could become material to the Group. The establishment and revision of the Company's and the Group's material risks are subject to approval by the Board of Directors. Material risks assessments are also conducted at the portfolio company level. These risk identification processes are endorsed by the SCBX Chief Risk Officer and approved by each portfolio company's board of directors.

5.5.2 Risk Assessment and Measurement

Each business and operating unit within the portfolio companies is required to conduct risk assessments to evaluate the likelihood and potential severity of identified risks. A combination of quantitative and qualitative methods is employed, tailored to the specific risk type and supported by internal models and approaches as deemed appropriate:

- For **strategic risk**, this risk is measured and assessed using qualitative risk factors, quantitative economic indicators and financial ratios to ensure that the performance of each portfolio company aligns with its strategic objectives and that its financial position remains robust and resilient.
- For **credit risk**, risk rating is used to assess the probability of default (PD) along with credit scoring models (e.g. application and behavior scores) to evaluate the risk profiles for retail and small SME customers, while the Borrower Risk Rating model is applied to corporate customers of the Bank. Additional models estimate loss given default (LGD) and exposure at default (EAD) to derive expected credit loss (ECL). The Bank also manages credit concentration risk by setting concentration limits based on loss potential for each borrower group. For derivative products, the potential future exposure (PFE) methodology is applied to measure credit risk exposure.
- For **investment risk**, measurements include a combination of various quantitative and qualitative measures across multiple dimensions, including country-wise and product-wise perspectives. SCBX's Portfolio Valuation team is responsible for regular assessment of management and financial performance of subsidiaries and investees to prevent earnings surprises, unforeseen impairment or unplanned financial assistance requirements.
- For **market risk**, risk measurements include statistical tools, such as value at risk (VaR), and non-statistical methods such as risk-factor sensitivity analysis, position measures, and stress testing. These tools are primarily applied to trading book exposures of the Bank.
- For **interest rate risk in the banking book (IRRBB)**, this risk is assessed 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**, a wide variety of measurements are applied, such as balance-sheet structure, cash flows of assets and liabilities, and off-balance sheet items. The liquidity risk measurement framework includes liquidity coverage ratio (LCR), net stable funding ratio

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

- For **operational risk**, the Bank has continuously developed and enhanced tools to support the identification, assessment, and control of operational risks through the Risk and Control Self-Assessment (RCSA). In addition, the Bank has analyzed incidents and loss data to determine appropriate and timely corrective and preventive actions. The results are reported to the Risk Management Committee on a monthly basis. Furthermore, the Bank has defined threshold levels for Key Risk Indicators (KRIs) and has required KRI reporting to be conducted within specified period.

As part of its risk mitigation process, business continuity management plan (BCP) has been established to ensure continuity of key activities during crisis or disasters that may cause business disruptions. Moreover, the Bank has an extensive risk assessment process for new products/processes to ensure that risk from new products/processes as well as risk from any changes is still within the tolerance limit to minimize potential operational risk.

- For **model risk**, the risk is assessed based on the materiality of the model. Various metrics including model stability and performance indicators are applied as relevant. Qualitative assessments are also conducted to ensure compliance with Responsible AI Principles.
- For **reputational risk**, qualitative and quantitative methods are applied for risk assessment.
- For **people risk**, quantitative indicators are employed, such as loss of key personnel and required skills for the organization, to measure and evaluate the risk.

- For **technology risk**, measurements combine both qualitative and quantitative techniques such as services availability measures, cybersecurity maturity assessment, and tracking high-severity cyber incidents. SCBX's Technology Risk Management team monitors cybersecurity and technology risk regularly, continually enhancing measurement methodologies and tools to address evolving technology and risks across the Group.

- For **Environmental, Social, and Governance (ESG) Risks**, the risk is assessed and measured with particular emphasis on climate change-related risks. These include both physical risks, such as flooding and drought, and transition risks, such as risks arising from regulatory changes, technological developments, shifts in market demand, as well as reputational risks stemming from transactions conducted with customers. ESG risks are managed at both the transaction level and the portfolio level and encompass ESG risks arising from the Bank's own operations.

The Bank has developed tools to measure Greenhouse Gas Emissions (GHG) with its lending activities (Financed Emissions Measurement) in accordance with the Partnership for Carbon Accounting Financials (PCAF) standard, which provides a framework for financial institutions to assess and disclose GHG linked to financial activities.

In credit process, the Bank assesses ESG risks of each customer or counterparty at the transaction level by integrating ESG risk assessment into the credit approval process. This assessment is conducted through various tools, such as ESG questionnaires and the development of ESG risk assessment models (ESG scores). The Bank is in the process of gradually implementing ESG scoring for customers in industries identified as high-risk.

At the portfolio level, the Bank is committed to measuring and assessing environmental risks through scenario analysis and stress testing to evaluate the transmission of impacts to various risk types (risk transmission), particularly credit risk. The Bank is currently studying and developing appropriate tools and methodologies to enable effective risk assessment in line with internationally accepted practices.

In measuring environmental risks related to the transition toward Net Zero, the Bank applies the Sectoral Decarbonization Approach (SDA) for project finance and large corporate loans in the power generation sector, which represents the highest GHG within the portfolio. The Implied Temperature Rise (ITR) methodology is applied for large corporate loans in commercial real estate, fossil fuel-related sectors, and other long-term large corporate loans.

Moreover, to implement forward-looking risk management, the SCBX Group also performs stress tests to assess both financial and non-financials including market risk, credit risk, liquidity risk and operational risk under adverse conditions to make sure that the Group has adequate capital and liquidity to withstand such events.

To standardize risk management practices across the Group, SCBX has implemented the Group Key Risk Indicators (KRIs) into its risk assessment processes, supplemented by subsidiaries' business-specific KRIs as appropriate. This approach establishes a consistent framework for reviewing risk profiles at both the subsidiary and consolidated Group levels.

5.5.3 Risk Monitoring and Control

The Group has established and regularly reviewed its Group Risk Appetite Statements to align with the long-term strategic direction. These statements serve as a framework to guide overall risk-taking and inform the design of effective risk controls and mitigation plans.

SCBX and its portfolio companies are required to set and periodically review risk limits to monitor and manage pre-specified material risks. These risk limits are designed to mitigate the impacts of any breaches of approved risk appetites, as well as conducting capital adequacy reviews.

A variety of internal control mechanisms are established to manage risks in accordance with the Bank and SCBX Financial Group's policies and procedures as well as an audit process conducted by the Internal Audit Function to review risk management practices.

5.5.4 Risk Reporting

Group companies are required to report the risk levels through the risk dashboard to SCBX on a monthly basis, enabling effective monitoring of consolidated risk exposures.

In case any risk issues, activities or incidents arise that could significantly affect the business or reputation of the portfolio company and/or the Group, the portfolio company must promptly report the matter to SCBX Chief Risk Office.

The SCBX Chief Risk Office shall report the risk dashboard and key risk issues to the Risk Management Committee, the Risk Oversight Committee, and the Board of Directors on a regular basis.

The risk governance and risk management of various risk types are specified in 'Section 6' - 'Section 19'.

6. CREDIT RISK

6.1 Credit Risk Management Structure

To manage credit risk efficiently and effectively, all companies in SCBX Financial Group that engage in lending businesses or have material credit risk exposures must have an independent credit risk management unit with a clear separation of duties from other business functions. For the Bank, the credit risk management units report to the Chief Risk Office with the structure as follows:

- The **Credit Risk Management Function** has primary responsibilities to approve loans that fall within its scope of authority and make independent recommendations for credit approval at a higher level based on the Credit Policy Guide and related underwriting standards.
- **The Risk Policies and Procedures Division** formulates and updates the Credit Policy Guide, as well as other policies and procedures related to credit risk management. These include the Credit Approval Authority Regulation, the Collateral and Non-performing Asset Appraisal Policy, and the Loan Classification, Provision, and Bad Debt Write-off Policy, all designed to ensure compliance with legal, local regulations and the SCBX Group Risk Management Policy. Moreover, this division also establishes the risk management framework for SCB and its subsidiaries.
- **The Retail and Small SME Portfolio Risk Management Function** oversees risk management for retail and small SME by formulating credit policy, setting approval authority, and establishing product program/ risk program/ test program of all retail lending products. This Function also works with Product Function to provide guidance on customer targeting and selection, risk-based pricing, credit line adjustments, risk segmentation by product and customer segment, and retail portfolio management, as well as working with the Debt Recovery Management Office to develop risk-based collection strategies and to establish guidelines for proposing appropriate debt restructuring (Restructure) measures.
- **Debt Recovery Management Office** has been set up to prevent and resolve problem loans, managing non-performing loans (NPL), including the management of non-performing assets (NPA).

Debt restructuring, legal action, and debt collection after a charge-off are within the purview of the Debt Recovery Management Office. These NPL resolution alternatives are to follow the Workout Policy Guide which sets the framework for managing non-performing assets to maximize debt recovery within an appropriate timeframe. In addition, the management of non-performing assets (NPA) is governed by the NPA Disposal Policy, which sets out standard practices within the operational framework for managing NPA in accordance with the laws and regulations set out by the BOT.
- **The Portfolio Management Division** oversees and performs credit portfolio analysis, monitoring and controlling credit risk to be within the risk appetite, measuring and monitoring Risk-Adjusted Return on Capital (RAROC) which is used for risk-based pricing, as well as overseeing provision and capital adequacy.
- **The Credit Risk Analytics Function** develops credit risk models, maintains the credit scoring system for

retail lending, and manages necessary IT systems for credit risk management.

- **The Model Risk Management Division** is responsible for validating and testing credit risk models.

6.2 Credit Risk Management Policy and Guidelines

The Group's Risk Management Policy requires SCB and all companies in SCBX Financial Group that engage in lending businesses or have material credit risk exposures to establish a credit risk management policy, which consists of the following -elements:

- Formulate a credit risk management policy
- Have written risk-based limits and authorities
- Have checks and balances in the credit approval process to ensure both transparency and accountability under the 'four-eye' principle
- Set a concentration limit; for the Bank, this limit must take into account both borrower and industry characteristics.

6.2.1 Collateral and Credit Risk Mitigation

Policy

Credit risk mitigation reduces losses from default on repayment obligations by liquidating collateral and/or claiming payment from guarantors. SCB and SCBX Financial Group have adopted the Standardized Approach for credit risk calculation. Accordingly, collateral that qualifies for credit risk mitigation falls within one of these two following categories:

1. **Financial collateral** comprises items that can be easily liquidated for cash with clear mark-to-market values, such as cash, deposits, bonds, securities, and unit trusts.
2. **Guarantees and credit derivatives**

SCBX Financial Group requires companies within the Group that have collateral or assets obtained from debt settlement or purchase from debt auctions to establish policy and/or guidelines for asset appraisal. SCB established the Collateral and Non-Performing Asset Appraisal Policy to serve as a guideline for collateral management to ensure that appraised collateral value is in line with fair market value both before and after acceptance of the collateral.

For financial collateral, SCB and SCBX Financial Group follow the broad principles below to optimize the value of collateral:

- Collaterals must not be concentrated on a particular asset type or issuer
- Collaterals must not be significantly correlated with borrowers' default risk
- Currency of the collateral should match that of the debt obligation. If there is a difference, collateral value must be further discounted to reflect the underlying currency risk
- Contractual terms or duration of the collateral should match that of the debt obligation. If any mismatch exists, contractual term should be monitored and extended prior to expiration date to ensure that the collateral remains valid throughout the term of the loan
- Collateral contracts must meet the standards and must be reviewed to ensure that they are legally binding and enforceable

Appraisal of financial collateral is typically reviewed at the end of each business day. As for guarantees, an acceptable guarantor for credit risk mitigation purposes must have a lower risk weight than the borrower. A private business entity acting as a guarantor must have a better credit rating than the borrower based on ratings from external credit bureaus.

Other types of collateral must follow the Collateral and Non-Performing Asset Appraisal Policy to ensure that collateral and NPA values reflect fair market value both before and after admission as collateral.

6.2.2 On- and Off-Balance Sheet Netting Policy, Scope, and Process

SCB and SCBX Financial Group will only use netting to reduce credit risk when contracts are legally binding and enforceable for all relevant parties. Contracts must meet the minimum standards set by the BOT and must be approved by legal functions of SCB and relevant companies. Contracts must be regularly reviewed to assess any impact on enforceability from legal and regulatory changes. In addition, SCB and SCBX Financial Group must have a system to monitor and control risk from maturity mismatch of assets and liabilities used for netting. Netting cannot be used if the above conditions are not met.

6.2.3 Definition of Default and Asset Impairment

Default and loss are defined based on the occurrence of either or both of the following events:

- Borrower is unable to make a full contractual repayment, excluding any payment that can be recovered from collateral. An example of this case is an event of debt restructuring with a significant haircut or postponement of principal, interest, or fee payments due to the borrower's deteriorated financial position.
- Delinquency on payment (principal or interest) for more than 90 days or borrowers being reclassified as "non-performing" according to the BOT's notification on Loan Classification and Provision Criteria for Financial Institutions.

For asset impairment, it is mandated to adhere to the BOT's asset classification criteria, which classify loans into

performing (Stage 1), under-performing (Stage 2) and non-performing (Stage 3). Loan classifications are done at the borrower level except for retail credit which are classified at the account level for both secured and unsecured loans. In addition to delinquency duration, the qualitative credit review process is adopted to enhance the accuracy of loan classifications and to ensure adequate loan loss provisions.

6.2.4 Classification and Provisioning Policy

The loan classifications, loss provisions, and write-offs for bad debt or bad debt recovery comply with the regulations of the BOT or other related regulatory bodies to ensure that each company has adequate provisions to absorb losses from asset impairment, particularly from loans which are each company's main assets.

Loans are typically classified based on the borrower's ability to meet his/her debt service obligations. Borrowers or related parties whose cashflows are from the same source will be assigned the same classification to ensure adequate provisions based on both quantitative and qualitative criteria.

Provision based on Expected Credit Loss (ECL)

SCB and SCBX Financial Group determine expected credit loss in accordance with TFRS 9 and the BOT's guidance. Furthermore, internal audit and credit review processes are in place to assess the adequacy of provisions based on borrowers' statuses. If warranted, additional provision based on individual assessment and/or management overlay will be used to protect against future losses.

Management Overlay

Management overlay for the Bank and SCBX Financial Group refers to additional reserves for ex-post events which include current market conditions, identifiable

factors not fully covered by credit risk models, forecast revisions by credit experts, and economic risks. As well as considering other qualitative factors at the individual level, such as the specific characteristics or risks of individual debtors, collateral that may be more impaired than calculated by the risk model, and factors that have an overall impact and negatively affect the Bank's portfolio, such as industry competition, counterparty risk, and the risk of fund transfers from foreign counterparties (Country Risk). The Bank and the SCBX Financial Group will regularly assess the adequacy of the Management Overlay and make any necessary adjustments, along with a process for model and ECL revisions to accurately reflect the current economic conditions.

6.3 Credit Approval Process

SCB and SCBX Financial Group place heavy emphasis on the separation of duties between business functions and credit underwriting functions. Retail credit approval is based on the Product Program/Risk Program/Test Program approved by the Executive Committee, or the Retail Credit Committee and the Scoring Model approved by the Model Risk Management Policy which approval authorities and criteria, as well as exceptions, are clearly specified.

Approval Authority

As approved by their respective boards, companies within SCBX Financial Group that engage in lending businesses have established credit approval authority which may be delegated to committees and further to individuals at different corporate levels. Any credit request that deviates from the underwriting criteria must be escalated to the higher authorization chain for approval.

SCB has two levels of credit approval authority: committee level and individual level. Committees with credit approval authority are the Credit Committee, the Executive

Committee, and the Board of Directors, for instance. Individual authorizers range from credit managers to Chief Risk Officer. In addition, the Bank also grants individual approval authority within prespecified limits to Business Relation Functions

Approval authority is determined by risk level which will depend on credit line, borrower risk rating, severity class, and fees and/or interest rates. The Bank also assigns approval authority based on group exposure where groups and relations are defined mainly by shareholding and controlling authority in accordance with Section 4 of the Financial Institution Act.

6.4 Credit Risk Measurement

Since credit risks vary by loan type, borrower, and collateral, it is necessary to use different risk measurement approaches from simple to sophisticated statistical tools to appropriately reflect credit risk exposure.

For business loans, credit risk is assessed at the borrower level by considering the following factors:

- **Probability of default (PD)** : For corporate and business customers, borrower risk ratings based on individual assessment are used to evaluate the borrower's ability to pay. The assigned risk ratings are reviewed annually or whenever there is any material change that affects the borrower's risk behavior.
- **Loss given default (LGD)**: LGD is calculated from losses given three recovery paths: cure, restructuring, and liquidation. Losses will depend on loan-to-value ratio (LTV), or the ratio of loan outstanding to discounted collateral value, and severity class.
- **Exposure at default (EAD)**: EAD is calculated from the current outstanding balance and the undrawn portion of credit lines which vary by product type. All

off-balance sheet items must be converted to on-balance items using a credit conversion factor (CCF).

For small business and retail loans, credit risk measurement is calculated at the portfolio level using a similar methodology on a pooled basis. In addition to PD, LGD and EAD, the following factors are also included:

- **The Non-Performing Loan Ratio (NPL)** is determined by the percentage of borrowers within a portfolio who are delinquent for more than 90 days or are deemed unlikely to fully repay their credit obligations, irrespective of any potential payments received from collateral due to the significant deterioration in the customer's creditworthiness. In the case of retail loans, NPL ratios are computed by product and customer segment to enable effective portfolio management, providing insights into the underlying credit quality.
- **The Write-off Percentage** represents the proportion of bad debts deemed non-collectible and subsequently written off within a specified portfolio. This ratio is computed separately for each product and customer segment to enable effective portfolio management by providing insights into the underlying credit quality.

The above measures serve as inputs into the credit approval process, which includes specifying approval authority, setting interest rates and other terms such as collateral terms, to ensure risk-based credit decisions.

6.4.1 Credit Risk Measurement under the Standardized Approach

SCB and SCBX Financial Group adopted the Standardized Approach to calculate credit risk assets. Since this approach requires external credit ratings, the Bank uses Standard & Poor's ratings for sovereign and financial institutions and TRIS Ratings and/or Fitch Ratings (Thailand) for corporate borrowers.

In the event that a borrower is rated by multiple rating agencies, SCB and SCBX Financial Group will follow the BOT's guidelines which is to choose the rating with a higher risk weight. For non-rated companies that have issued rated securities, SCB and SCBX Financial Group will use the BOT's guidelines to determine the appropriate risk weights.

6.5 Credit Risk Monitoring and Control

6.5.1 Risk Monitoring Guidelines

Credit risk monitoring is an important element of the credit risk management process to ensure that credit risk assessment is accurate, appropriate, unbiased, complete, and up to date.

The credit risk monitoring process has three components:

- **Part I** is to monitor credit risk with risk management tools, such as credit scoring, borrower risk rating, and other similar tools. These risk management tools have been statistically validated to ensure that they can accurately reflect the risk level and customer behaviors at an acceptable confidence level. The models are regularly reviewed to ensure their continued validity.
- **Part II** is to monitor credit risk by imposing limits on approval authority, transaction volume and credit concentration setting customer transaction limits and intra-group transaction limits, as well as industry concentration limits.
- **Part III** is to monitor retail credit risk which involves analyzing loan portfolios, credit quality, and repayment behavior measured against target benchmarks to reflect the risk management policy for retail loans.

Credit review is an important part of risk monitoring by focusing on forward-looking analysis to gain insights on

positive and negative changes that affect customers' businesses or industries as well as their future financial stability to determine appropriate business strategies and action plans. Credit reviews are conducted annually and triggered by events that have material impacts on customers' positions.

At the portfolio level, credit risk is monitored to ensure that credit quality and loan growth stay within the annual targets. Portfolio monitoring enables SCB to analyze trends in loan growth and identify future problem loans, as well as assess the effectiveness of its credit-related strategies. For retail credit, SCB also analyzes repayment behavior and monitors credit quality by focusing on key target indicators.

The Bank also monitors credit risk by benchmarking current credit and NPL data against historical data of both SCB and the commercial banking industry to analyze credit risk trends. In addition, the Bank also performs credit risk stress testing for a wide range of scenarios to forecast losses and capital adequacy. Stress testing results are also used as important inputs for risk mitigation and capital planning.

6.5.2 Risk Control Guidelines

The concentration of lending, investments, contingent liabilities, and lending-like transactions with major borrowers divide into two levels in accordance with the BOT's regulations:

1. **Bank level:** Concentration shall not exceed 25% of the Bank's total capital.
2. **Full consolidation level:** Concentration must not exceed 25% of the full consolidation capital.

For related lending, the Bank imposes limits on lending, investment, contingent liabilities, and lending-like transactions in accordance with the BOT's regulations at both bank-only and solo consolidation levels.

SCB has a process to monitor and limit lending, investment, and contingent liabilities to major borrower groups. The Bank assigns a Primary Account Manager (PAM) to each customer group to ensure that lending, investment, and contingent liabilities of major borrower groups do not exceed the limits set by the BOT. Moreover, Solo consolidation companies are required to report credit lines and outstanding loans for such customer groups to the Bank on a monthly basis.

For lending to any particular industry, the Bank determines industry exposures based on industry trends, market share relative to the banking industry, probability of loss, and probability of default. The Bank uses the Herfindahl - Hirschman Index (HHI) to measure industry concentration and determine industry lending limits.

For Product Program/ Risk Program/Test Program lending, credit line must be clearly specified for each customer segment or product. In addition, this type of lending requires clearly specified objectives, types of credit line, customer qualifications, criteria, standard terms and conditions, as well as monitoring and assessment approach according to performance targets.

6.5.3 Counterparty Credit Risk and Country Risk

To control counterparty credit risk by setting counterparty limits to ensure that potential losses will remain within the risk appetite if there is a contractual breach.

In addition, SCB controls country risk by setting a maximum exposure limit and country limits that include both direct and indirect country-specific risks. The Bank actively monitors and controls the actual drawdowns against the approved country limits to ensure compliance with its Country Risk Management Policy.

6.6 Credit Risk Report

All relevant functions in each company are required to regularly report credit risk by preparing monthly reports for the functional heads to use for managing risk. Credit risk information on loan growth, credit quality, concentration, and investment diversification are then reported to the Risk Management Committee and the Risk Oversight Committee and/or related committee through the risk dashboard on monthly basis.

The Credit Risk Report presents information on significant on- and off-balance sheet items on both bank-only and consolidated basis, including unadjusted bad debts written-off by geographical area and business type (Table 7-15). In addition, exposures by risk types and risk weights under the Standardized Approach are disclosed in Table 16-18.

Table 7: Significant On- and Off-Balance Sheet Exposure Items

Unit: Baht million

	Bank-Only		Consolidated	
	31 Dec 25	31 Dec 24	31 Dec 25	31 Dec 24
On-balance sheet items	3,328,372	3,141,414	3,434,275	3,275,874
Net loans ^{1/}	2,707,747	2,648,574	2,802,671	2,770,524
Net investment in debt securities ^{2/}	530,000	393,556	531,285	394,604
Deposits ^{3/}	43,892	52,841	52,017	63,249
Derivative assets	46,733	46,443	48,302	47,497
Off-balance sheet items ^{4/}	2,916,685	3,401,044	2,950,095	3,441,509
Contingent	75,159	81,526	75,511	81,859
OTC derivatives ^{5/}	2,813,182	3,252,114	2,846,240	3,292,246
Undrawn committed lines	28,344	67,404	28,344	67,404

1/ Including accrued interest receivables, net of deferred income, unamortized modification gain (loss) and allowance for expected credit loss and including loans and accrued interest receivables of interbank and money market

2/ Excluding accrued interest receivables and net of allowances for revaluation and allowance for expected credit loss

3/ Including accrued interest receivables and net of allowance for expected credit loss

4/ Before using credit conversion factor

5/ Including equity-related derivatives

Table 8: Exposures by Geographical Area

Unit: Baht million

Bank-only	31 Dec 25			31 Dec 24		
	Foreign			Foreign		
	Thailand	Countries	Total	Thailand	Countries	Total
On-balance sheet items	3,308,098	20,274	3,328,372	3,121,432	19,982	3,141,414
Net loans ^{1/}	2,690,880	16,867	2,707,747	2,632,176	16,398	2,648,574
Net investment in debt securities ^{2/}	529,372	628	530,000	392,811	745	393,556
Deposits ^{3/}	41,207	2,685	43,892	50,227	2,614	52,841
Derivative assets	46,639	94	46,733	46,218	225	46,443
Off-balance sheet items ^{4/}	2,910,541	6,144	2,916,685	3,393,675	7,369	3,401,044
Contingent	74,670	489	75,159	80,524	1,002	81,526
OTC derivatives ^{5/}	2,808,087	5,095	2,813,182	3,245,812	6,302	3,252,114
Undrawn committed lines	27,784	560	28,344	67,339	65	67,404

Consolidated	31 Dec 25			31 Dec 24		
	Foreign			Foreign		
	Thailand	Countries	Total	Thailand	Countries	Total
On-balance sheet items	3,404,797	29,477	3,434,275	3,244,152	31,722	3,275,874
Net loans ^{1/}	2,784,253	18,418	2,802,671	2,751,447	19,077	2,770,524
Net investment in debt securities ^{2/}	530,632	652	531,285	393,758	846	394,604
Deposits ^{3/}	41,704	10,313	52,017	51,676	11,573	63,249
Derivative assets	48,208	94	48,302	47,271	226	47,497
Off-balance sheet items ^{4/}	2,943,599	6,496	2,950,095	3,433,669	7,840	3,441,509
Contingent	74,670	841	75,511	80,524	1,335	81,859
OTC derivatives ^{5/}	2,841,145	5,095	2,846,240	3,285,806	6,440	3,292,246
Undrawn committed lines	27,784	560	28,344	67,339	65	67,404

1/ Including accrued interest receivables, net of deferred income, unamortized modification gain (loss) and allowance for expected credit loss and including loans and accrued interest receivables of interbank and money market

2/ Excluding accrued interest receivables and net of allowances for revaluation and allowance for expected credit loss

3/ Including accrued interest receivables and net of allowance for expected credit loss

4/ Before using credit conversion factor

5/ Including equity-related derivatives

Table 9: Exposures by Remaining Maturity

Unit: Baht million

Bank-only	31 Dec 25			31 Dec 24		
	Less than	Within	More than	Less than	Within	More than
	1 year	1-5 years	5 years	1 year	1-5 years	5 years
On-balance sheet items	1,307,578	903,995	1,116,799	1,175,654	854,737	1,111,023
Net loans ^{1/}	1,191,592	671,744	844,411	1,069,302	677,496	901,776
Net investment in debt securities ^{2/}	56,190	219,403	254,407	34,524	166,104	192,928
Deposits ^{3/}	43,892	-	-	52,841	-	-
Derivative assets	15,904	12,848	17,981	18,987	11,137	16,319
Off-balance sheet items ^{4/}	1,702,183	881,122	333,380	2,327,274	755,962	317,808
Contingent	66,739	2,068	6,352	71,642	4,638	5,246
OTC derivatives ^{5/}	1,629,383	873,121	310,678	2,242,583	731,705	277,826
Undrawn committed lines	6,061	5,933	16,350	13,049	19,619	34,736

Consolidated	31 Dec 25			31 Dec 24		
	Less than	Within	More than	Less than	Within	More than
	1 year	1-5 years	5 years	1 year	1-5 years	5 years
On-balance sheet items	1,348,327	942,032	1,143,916	1,236,182	901,434	1,138,258
Net loans ^{1/}	1,226,226	708,766	867,679	1,122,280	723,517	924,727
Net investment in debt securities ^{2/}	57,127	219,515	254,643	35,476	166,200	192,928
Deposits ^{3/}	48,644	-	3,373	59,100	-	4,149
Derivative assets	16,331	13,751	18,220	19,326	11,717	16,454
Off-balance sheet items ^{4/}	1,716,518	897,190	336,387	2,361,738	759,063	320,708
Contingent	67,091	2,068	6,352	71,975	4,638	5,246
OTC derivatives ^{5/}	1,643,366	889,189	313,685	2,276,714	734,806	280,726
Undrawn committed lines	6,061	5,933	16,350	13,049	19,619	34,736

1/ Including accrued interest receivables, net of deferred income, unamortized modification gain (loss) and allowance for expected credit loss and including loans and accrued interest receivables of interbank and money market

2/ Excluding accrued interest receivables and net of allowances for revaluation and allowance for expected credit loss

3/ Including accrued interest receivables and net of allowance for expected credit loss

4/ Before using credit conversion factor

5/ Including equity-related derivatives

Table 10: Exposures and Provisions by Type of Financial Instruments

Unit: Baht million

Bank-only							
31 Dec 25	Exposures ^{1/}			Provisions			Net exposures ^{2/}
	Defaulted exposures	Non-defaulted exposures	Total	General provisions	Specific provisions	Total	Net exposures
Net loans ^{3/}	87,198	2,750,234	2,837,432	85,163	44,521	129,684	2,707,747
Investment in debt securities ^{4/}	-	530,030	530,030	30	-	30	530,000
Deposits ^{5/}	-	43,892	43,892	-	-	-	43,892
Loan commitments and financial guarantee contracts ^{6/}	3,211	252,680	255,891	6,918	1,301	8,219	247,673

Bank-only							
31 Dec 24	Exposures ^{1/}			Provisions			Net exposures ^{2/}
	Defaulted exposures	Non-defaulted exposures	Total	General provisions	Specific provisions	Total	Net exposures
Net loans ^{3/}	89,613	2,691,922	2,781,535	85,426	47,534	132,960	2,648,574
Investment in debt securities ^{4/}	-	393,573	393,573	16	-	16	393,556
Deposits ^{5/}	-	52,841	52,841	-	-	-	52,841
Loan commitments and financial guarantee contracts ^{6/}	3,078	304,909	307,986	3,367	1,028	4,396	303,591

Table 10 (Cont.)

Unit: Baht million

Consolidated							
31 Dec 25	Exposures ^{1/}			Provisions			Net exposures ^{2/}
	Defaulted	Non- defaulted	Total	General	Specific	Total	Net exposures
	exposures	exposures		provisions	provisions		
Net loans ^{3/}	96,361	2,851,654	2,948,015	93,905	51,438	145,343	2,802,671
Investment in debt securities ^{4/}	-	531,328	531,328	43	-	43	531,285
Deposits ^{5/}	-	52,056	52,056	39	-	39	52,017
Loan commitments and financial guarantee contracts ^{6/}	3,221	254,075	257,296	7,615	1,310	8,925	248,371

Consolidated							
31 Dec 24	Exposures ^{1/}			Provisions			Net exposures ^{2/}
	Defaulted	Non- defaulted	Total	General	Specific	Total	Net exposures
	exposures	exposures		provisions	provisions		
Net loans ^{3/}	97,870	2,821,227	2,919,097	94,137	54,436	148,573	2,770,524
Investment in debt securities ^{4/}	-	394,649	394,649	45	-	45	394,604
Deposits ^{5/}	-	63,291	63,291	43	-	43	63,249
Loan commitments and financial guarantee contracts ^{6/}	3,161	306,357	309,518	4,560	1,111	5,671	303,846

1/ Financial Instruments measurement based on TFRS9

2/ Net exposure = Exposure - Provision

3/ Including accrued interest receivables, net of deferred income, unamortized modification gain (loss), and including loans and accrued interest receivables of interbank and money market

4/ Excluding accrued interest receivables and net of allowances for revaluation

5/ Including accrued interest receivables

6/ Before credit conversion factor. Loan commitments shown in the table are undrawn committed lines which align with the BOT regulations on the calculation of credit risk-weighted assets and information disclosed in the Bank and Consolidated financial statement.

Table 11: Loans and Investment in Debt Securities by Geographical Area and Asset Classification

Unit: Baht million

Bank-only	31 Dec 25			31 Dec 24		
	Foreign			Foreign		
	Thailand	Countries	Total	Thailand	Countries	Total
Total loans^{1/}	2,820,098	17,334	2,837,432	2,764,074	17,461	2,781,535
Stage 1	2,528,814	16,486	2,545,300	2,465,264	16,374	2,481,638
Stage 2	204,934	-	204,934	210,173	111	210,284
Stage 3	86,350	848	87,198	88,637	976	89,613
Investment in debt securities^{2/}	529,404	640	530,044	392,833	746	393,578
Stage 1	529,404	640	530,044	392,833	746	393,578
Stage 2	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-

Consolidated	31 Dec 25			31 Dec 24		
	Foreign			Foreign		
	Thailand	Countries	Total	Thailand	Countries	Total
Total loans^{1/}	2,926,542	21,473	2,948,015	2,898,590	20,507	2,919,097
Stage 1	2,610,119	20,204	2,630,323	2,576,621	18,744	2,595,365
Stage 2	221,281	50	221,331	225,436	426	225,862
Stage 3	95,142	1,219	96,361	96,533	1,337	97,870
Investment in debt securities^{2/}	530,667	676	531,342	393,780	875	394,655
Stage 1	530,667	676	531,342	393,780	875	394,655
Stage 2	-	-	-	-	-	-
Stage 3	-	-	-	-	-	-

1/ Including accrued interest receivables, net of deferred income, unamortized modification gain (loss), and including loans and accrued interest receivables of interbank and money market

2/ Excluding accrued interest receivables and net of allowances for revaluation

Table 12: Provisions^{1/} and Bad Debts Written-Off During Period on Loans and Investment in Debt Securities by Geographical Area

Unit: Baht million

Bank-only	31 Dec 25			31 Dec 24		
	Foreign			Foreign		
	Thailand	Countries	Total	Thailand	Countries	Total
Total loans^{2/}						
General provisions ^{3/}			85,163			85,426
Specific provisions	44,347	174	44,521	46,553	981	47,534
Bad debts written-off during period	19,521	-	19,521	22,469	-	22,469
Investment in debt securities						
General provisions ^{3/}			45			22
Specific provisions	-	-	-	-	-	-

Consolidated	31 Dec 25			31 Dec 24		
	Foreign			Foreign		
	Thailand	Countries	Total	Thailand	Countries	Total
Total loans^{2/}						
General provisions ^{3/}			93,905			94,137
Specific provisions	51,007	431	51,438	53,194	1,242	54,436
Bad debts written-off during period	32,781	-	32,781	38,745	-	38,745
Investment in debt securities						
General provisions ^{3/}			57			51
Specific provisions	-	-	-	-	-	-

1/ Allowance for expected credit loss

2/ Including provision for outstanding amounts and accrued interest receivables of interbank and money market

3/ Disclosed in total amount

Table 13: Loans^{1/} by Type of Business and Asset Classification

Unit: Baht million

Bank-only	31 Dec 25				31 Dec 24			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Agriculture and mining	8,126	639	555	9,320	6,019	695	912	7,626
Manufacturing and commercial	1,178,418	79,501	32,942	1,290,861	1,110,529	67,698	38,421	1,216,648
Real estate and construction	162,640	22,986	8,878	194,504	155,994	23,862	8,771	188,627
Utilities and services	364,979	25,446	8,473	398,898	360,358	27,022	9,486	396,866
Housing loans	561,826	39,237	24,648	625,711	561,101	44,995	20,689	626,785
Others	269,311	37,125	11,702	318,138	287,637	46,012	11,334	344,983
Total	2,545,300	204,934	87,198	2,837,432	2,481,638	210,284	89,613	2,781,535

Consolidated	31 Dec 25				31 Dec 24			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
Agriculture and mining	8,126	639	555	9,320	6,019	695	912	7,626
Manufacturing and commercial	1,120,256	79,516	32,942	1,232,714	1,066,772	67,879	38,422	1,173,073
Real estate and construction	162,739	23,017	9,206	194,962	156,165	23,862	9,155	189,182
Utilities and services	364,979	25,446	8,473	398,898	360,358	27,023	9,486	396,867
Housing loans	561,867	39,241	24,647	625,755	561,171	44,995	20,689	626,855
Others	412,356	53,472	20,538	486,366	444,880	61,408	19,206	525,494
Total	2,630,323	221,331	96,361	2,948,015	2,595,365	225,862	97,870	2,919,097

1/ Including accrued interest receivables, net of deferred income, unamortized modification gain (loss), and including loans and accrued interest receivables of interbank and money market

Table 14: Provisions^{1/} and Bad Debts Written-Off for Loans^{2/} by Type of Business

Unit: Baht million

Bank-only	31 Dec 25			31 Dec 24		
	General provisions ^{3/}	Specific provisions	Bad debts written-off	General provisions ^{3/}	Specific provisions	Bad debts written-off
Agriculture and mining		627	145		860	319
Manufacturing and commercial		23,105	13,299		26,242	11,464
Real estate and construction		5,923	412		5,691	1,081
Utilities and services		6,438	708		7,322	2,002
Housing loans		5,910	598		4,446	497
Others		2,520	4,358		2,972	7,107
Total	85,163	44,521	19,521	85,426	47,534	22,469

Consolidated	31 Dec 25			31 Dec 24		
	General provisions ^{3/}	Specific provisions	Bad debts written-off	General provisions ^{3/}	Specific provisions	Bad debts written-off
Agriculture and mining		627	145		860	319
Manufacturing and commercial		23,105	13,324		26,242	11,464
Real estate and construction		6,176	412		6,019	1,081
Utilities and services		6,438	708		7,322	2,002
Housing loans		5,910	598		4,446	497
Others		9,183	17,593		9,546	23,383
Total	93,905	51,438	32,781	94,137	54,436	38,745

1/ Allowance for expected credit loss

2/ Including outstanding amounts of loans, accrued interest receivables, and interbank and money market

3/ General provisions disclosed in total amount

Table 15: Reconciliation of Changes in Provisions ^{1/} and Bad Debts Written-Off for Loans ^{2/}

Unit: Baht million

Bank-only	31 Dec 25			31 Dec 24		
	General provisions	Specific provisions	Total	General provisions	Specific provisions	Total
Balance, beginning of year	85,427	47,534	132,961	83,226	48,891	132,117
Bad Debts Written-Off during period	-	(19,521)	(19,521)	-	(22,469)	(22,469)
Increase/decrease in provisions during period ^{3/}	(264)	16,508	16,244	2,200	21,112	23,312
Balance, end of year	85,163	44,521	129,684	85,426	47,534	132,960

Consolidated	31 Dec 25			31 Dec 24		
	General provisions	Specific provisions	Total	General provisions	Specific provisions	Total
Balance, beginning of year	94,138	54,436	148,574	91,515	56,509	148,024
Bad Debts Written-Off during period	-	(32,781)	(32,781)	-	(38,745)	(38,745)
Increase/decrease in provisions during period ^{3/}	(233)	29,783	29,550	2,622	36,672	39,294
Balance, end of year	93,905	51,438	145,343	94,137	54,436	148,573

1/ Allowance for expected credit loss

2/ Including provisions for outstanding amounts and accrued interest receivables of interbank and money market

3/ Excluding allowance for expected credit loss on financial instruments measured at FVOCI

Table 16: Exposures by Asset Type under the Standardized Approach (SA)

Unit: Baht million

Bank-only	31 Dec 25			31 Dec 24		
	On-balance sheet	Off-balance sheet ^{1/}	Total	On-balance sheet	Off-balance sheet ^{1/}	Total
Performing						
Claims on Sovereign & Central Banks, MDBs, PSEs-Sovereign	437,410	532,348	969,758	311,669	476,559	788,228
Claims on Bank, PSEs-Bank	47,926	252,161	300,088	71,406	146,755	221,285
Claims on Corporate, PSEs-Corporate	1,072,290	140,561	1,212,851	1,049,285	157,727	1,207,012
Claims on Retail portfolios	507,665	6,099	513,765	546,762	5,950	552,712
Claims on Retail mortgage loans	602,283	-	602,283	605,268	-	605,268
Other assets	276,602	-	276,602	254,318	-	254,318
Non-Performing loans	43,200	961	44,160	42,584	1,019	43,604
Total	2,987,376	932,130	3,919,506	2,881,293	788,010	3,669,303

Consolidated	31 Dec 25			31 Dec 24		
	On-balance sheet	Off-balance sheet ^{1/}	Total	On-balance sheet	Off-balance sheet ^{1/}	Total
Performing						
Claims on Sovereign & Central Banks, MDBs, PSEs-Sovereign	442,087	532,348	974,435	317,215	476,559	793,774
Claims on Bank, PSEs-Bank	51,975	252,820	304,795	75,452	147,281	222,733
Claims on Corporate, PSEs-Corporate	1,015,158	141,654	1,156,812	1,008,110	159,391	1,167,501
Claims on Retail portfolios	666,585	6,923	673,508	719,186	6,779	725,966
Claims on Retail mortgage loans	602,283	-	602,283	605,268	-	605,268
Other assets	319,102	-	319,102	298,031	-	298,031
Non-Performing loans	46,126	961	47,087	44,017	1,019	45,036
Total	3,143,317	934,705	4,078,022	3,067,279	791,031	3,858,310

1/ Off-balance sheet exposures (including Repo and Reverse Repo transactions) after multiplying by Credit Conversion Factor (CCF), net of specific provision

Table 17: Adjusted Exposures by Asset Type and Risk Weight under the Standardized Approach (SA)

Unit: Baht million

Bank-Only																	
31 Dec 25																	
Risk weights (%)	Rated exposure					Unrated exposure											
	0	20	50	100	150	0	2	20	35	50	75	100	250	625	938	100/8.5%	
Performing																	
Claims on Sovereign & Central Banks, MDBs, PSEs-Sovereign	439,502	0	8,658	3,370	637												
Claims on Bank, PSEs-Bank	-	44,450	5,837	7,597	-	8											
Claims on Corporate, PSEs-Corporate	-	106,840	105,762	43,215	19,442							915,838					
Claims on Retail portfolios											467,498	36,758					
Claims on Retail mortgage loans								539,727		61,249	1,291						
Other assets						121,686	9,880					145,035	-				
Risk weights (%)	0	20	50	100	150						75						
Non-Performing loans		-	17,836	24,580	556						872						

Bank-Only																	
31 Dec 24																	
Risk weights (%)	Rated exposure					Unrated exposure											
	0	20	50	100	150	0	2	20	35	50	75	100	250	625	938	100/8.5%	
Performing																	
Claims on Sovereign & Central Banks, MDBs, PSEs-Sovereign	320,012	0	7,630	3,249	503												
Claims on Bank, PSEs-Bank	-	64,525	6,356	7,720	-	195											
Claims on Corporate, PSEs-Corporate	-	130,896	99,122	30,124	20,707							901,867					
Claims on Retail portfolios											518,231	25,358					
Claims on Retail mortgage loans								527,296		76,830	1,126						
Other assets						115,838	9,234					129,246	-				
Risk weights (%)	0	20	50	100	150						75						
Non-Performing loans		-	17,426	24,414	435						923						

Capital deduction prescribed by the BOT: - None -

Table 17 (Cont.)

Unit: Baht million

Consolidated																	
31 Dec 25		Rated exposure					Unrated exposure										
	Risk weights (%)	0	20	50	100	150	0	2	20	35	50	75	100	250	625	938	100/8.5%
Performing																	
Claims on Sovereign & Central Banks, MDBs, PSEs-Sovereign		440,452	0	8,658	4,476	3,258											
Claims on Bank, PSEs-Bank		-	45,180	9,238	8,150	-		8									
Claims on Corporate, PSEs-Corporate		-	37,159	105,762	43,215	19,442		471					928,503				
Claims on Retail portfolios												625,055	38,463				
Claims on Retail mortgage loans										539,727		61,249	1,291				
Other assets							139,110		9,880				168,378	1,734			
	Risk weights (%)	0	20	50	100	150						75					
Non-Performing loans			-	18,910	26,085	904							872				

Consolidated																	
31 Dec 24		Rated exposure					Unrated exposure										
	Risk weights (%)	0	20	50	100	150	0	2	20	35	50	75	100	250	625	938	100/8.5%
Performing																	
Claims on Sovereign & Central Banks, MDBs, PSEs-Sovereign		320,922	0	7,630	4,773	3,616											
Claims on Bank, PSEs-Bank		-	64,480	9,313	9,377	-		195									
Claims on Corporate, PSEs-Corporate		-	77,246	99,122	30,124	20,707		590					915,221				
Claims on Retail portfolios												688,626	27,509				
Claims on Retail mortgage loans										527,296		76,830	1,126				
Other assets							129,697		9,234				157,281	1,818			
	Risk weights (%)	0	20	50	100	150						75					
Non-Performing loans			-	18,693	24,512	504							923				

Capital deduction prescribed by the BOT: - None -

Table 18: Collateralized Exposures by Asset and Collateral Type under the Standardized Approach (SA)

Unit: Baht million

Bank-only	31 Dec 25		31 Dec 24	
	Eligible financial collateral ^{1/}	Guarantee and credit derivatives	Eligible financial collateral ^{1/}	Guarantee and credit derivatives
Performing				
Claims on Sovereign & Central Banks, MDBs, PSEs-Sovereign	523,642	-	468,430	-
Claims on Bank, PSEs-Bank	236,345	6,051	127,995	11,598
Claims on Corporate, PSEs-Corporate	21,578	37,641	24,269	24,354
Claims on Retail portfolios	9,644	30	9,090	32
Claims on Retail mortgage loans	16	-	16	-
Other assets	-	-	-	-
Non-Performing loans	156	160	237	167
Total	791,381	43,883	630,038	36,151

Consolidated	31 Dec 25		31 Dec 24	
	Eligible financial collateral ^{1/}	Guarantee and credit derivatives	Eligible financial collateral ^{1/}	Guarantee and credit derivatives
Performing				
Claims on Sovereign & Central Banks, MDBs, PSEs-Sovereign	523,642	-	468,430	-
Claims on Bank, PSEs-Bank	236,368	6,051	127,998	11,598
Claims on Corporate, PSEs-Corporate	22,083	37,641	24,464	24,354
Claims on Retail portfolios	10,126	30	9,799	32
Claims on Retail mortgage loans	16	-	16	-
Other assets	-	-	-	-
Non-Performing loans	156	160	237	167
Total	792,391	43,883	630,945	36,151

1/ Financial collateral permitted by the BOT. When using the Comprehensive approach, values reported are after haircut.

7. MARKET RISK

7.1 Market Risk Management

Market risk positions are classified into trading books and non-trading books. Trading book positions comprise short-term market trades intended for resale to make profits from price fluctuation or market arbitrage, while non-trading book positions mainly comprise positions from risk management activities, such as interest rate risk in the banking book and investment risk.

7.2 Market Risk Management Policy

Companies in the Financial Group with material market risk exposures have their own Market Risk Policy, Trading Book Policy, or Investment Policy to manage market risk. These policies must be reviewed at least once a year, or when deemed appropriate and/or upon any significant strategic or market change. Companies in the Financial Group with material market risk exposure are required to have an independent market risk management function responsible for measuring, evaluating, controlling, monitoring, and reporting market risk to ensure that market risk is effectively managed to be within the target risk limits.

7.3 Market Risk Assessment

Both statistical and non-statistical tools are used to assess market risk in the trading book and in the non-trading book depending on individual company's risk characteristics. These tools include stress testing, value at risk (VaR), position size, sensitivity analysis, management action triggers, and others.

Stress testing for all material positions held in portfolios is conducted. Stress testing is a methodology to quantify potential losses on a portfolio in case of extreme yet

plausible market events. Risks from stress events, although unlikely, can cause substantial losses and may impact on the stability of the Bank and SCBX Financial Group. The company's independent market risk management function is responsible for defining and reviewing market risk stress testing methodology, performing stress testing, and reporting stress exposure to senior management regularly.

7.4 Market Risk Limits

Market risk limits constitute a key control mechanism to ensure that market risk exposure is aligned with market risk appetite of SCB and SCBX Financial Group. The process to review market limits considers factors such as business strategy, historical performance, market risk capital requirement, market depth, liquidity, etc. Market risk limits are reviewed and approved by SCBX Board of Directors, Board of Directors of each company or other appointed committees at least once a year and/or upon any significant strategic or market changes. Market risk limits are applied at the close of the business day and are monitored daily for marketable securities exposures. There are also intraday limits on foreign exchange net open positions and interest rate sensitivity limits.

7.5 Market Risk Monitoring and Reporting

Market risk exposures are regularly reported to SCBX Board of Directors, Board of Directors of each company, or other appointed committees. For the Bank, market risk reports presenting trading risk exposure against limits are prepared and delivered to relevant parties including book owners and senior management daily.

SCBX Financial Group continuously monitors market situations and manages market risk exposure to ensure

that it remains within acceptable risk levels and approved limits.

7.6 Capital Adequacy

SCB and the Financial Group maintain capital against market risk in the trading book based on the Standardized Approach as required by the BOT. From December 31, 2013 onward, SCB has been granted permission from the BOT to apply the Duration Method for calculating market risk capital charges for interest rate risk and the

Contingent Loss Method to determine capital requirements for currency and interest rate options. The following table shows capital requirements for market risk of the Bank and SCBX Financial Group as of December 31, 2025.

Table 19: Minimum Capital Requirements for Market Risk under the Standardized Approach (SA)

Unit: Baht million

	Bank-Only		Consolidated	
	31 Dec 25	31 Dec 24	31 Dec 25	31 Dec 24
Interest rate risk	2,255	1,943	2,257	1,949
Equity position risk	-	-	11	40
Foreign exchange risk	1,051	335	3,917	3,428
Commodity risk	-	-	-	-
Total minimum capital requirements for market risk	3,306	2,278	6,186	5,417

8. OPERATIONAL RISK

8.1 Operational Risk Management

Principles

SCB and SCBX Financial Group recognize that operational risk is inherent in any business and have always considered operational risk management a priority and continue to encourage the enhancement and improvement of operational risk management. This priority is more pressing in today's rapidly changing environment rife with economic uncertainties, increased competition, growing complexity of products, dependency on technology, natural disasters, and new epidemics, and political/civil conditions, for instance.

All companies in SCBX Financial Group are required to manage their own operational risks covering all related key processes for both existing activities and those arising from new businesses or new projects, by using risk management tools (Risk and Control Self-Assessment: RCSA) to identify, assess, control, monitor, and report risks. Senior management has the duty to manage operational risk within their areas of responsibilities in parallel with implementing and maintaining a sound internal control environment and control effectiveness. Moreover, SCBX has set the escalation process and crisis response workflows at the Group level in case the incident could widely affect the operations or reputation of the Group. The lessons learned from operational risk incidents are continually shared and applied to enhance risk governance, risk management framework, and risk monitoring processes across the Group.

8.2 Governance Framework

SCB and SCBX Financial Group have established a governance framework for operational risk management using the 'three lines of defense' principle:

- **1st line of defense** consists of business and support functions taking primary responsibilities for managing risks within their own functions.
- **2nd line of defense** consists of centralized risk management and control functions, such as the Operational Risk Management Function and Compliance Function, with the duties to support, assist, and provide risk management guidance to the 1st line functions.
- **3rd line of defense** is the internal audit function which independently checks and reviews business processes and operations to assure the Board of Directors and the Audit Committee of the effectiveness of the Group's internal control system.

8.3 Risk Management Process and Approach

Because operational risk is a major risk from conducting business, SCB and SCBX Financial Group place heavy emphasis on continually developing/improving the Group's operational risk management practice.

All business and support functions within SCB and SCBX Financial Group are responsible for identifying, assessing and managing operational risks using appropriate methodologies and approaches. A sound operational risk management approach must include risk identification and assessment, internal control effectiveness assessment through conducting the key control testing in dimension of

design and performance, as well as defined risk mitigation planning and implementation to ensure that risks remain within the established risk appetite.

In addition to the core operational risk framework, a range of risk management tools is applied, including risk and control self-assessment (RCSA), key risk indicators (KRI) containing qualitative and quantitative measurement, and incident and loss management (ILM).

The Group also adopts other risk mitigation practices, such as business continuity planning (BCP) and business impact analysis (BIA) for critical functions, as well as crisis management plans for major incidents, with defined recovery time objectives. These plans are tested and reviewed regularly to ensure their continued effectiveness. Governance framework for New Product & Process Approval (NPPA) and outsourcing/insourcing (other services) management are implemented to manage associated risks appropriately. Moreover, the Group maintains comprehensive insurance coverage, including cyber risk insurance, to mitigate tail risks and reduce the potential impact of significant financial losses.

8.4 Operational Risk Report

Key functions of SCBX Financial Group are required to regularly report operational risk to senior management so that management is informed of the risk level and risk issues. Moreover, Group companies are required to report their operational risks to SCBX. The Risk Management Function analyzes this risk information to prepare a monthly report, for the Risk Management Committee and/or other relevant committees, which will then be used as input into the Committee's risk management decisions.

8.5 Capital Adequacy

SCB and SCBX Financial Group have adopted the Standardized Approach to calculate capital requirements for operational risk. The table below shows capital requirements for operational risk as of December 31, 2025.

Table 20: Minimum Capital Requirements for Operational Risk under the Standardized Approach (SA)

Unit: Baht million

	Bank-Only		Consolidated	
	31 Dec 25	31 Dec 24	31 Dec 25	31 Dec 24
Operational risk - Standardized Approach	18,872	19,318	22,648	21,837
Total minimum capital requirements for operational risk	18,872	19,318	22,648	21,837

9. INTEREST RATE RISK IN THE BANKING BOOK (IRRBB)

Interest rate risk in the banking book arises from financial instruments or other positions held by SCB and SCBX Financial Group for non-trading purposes which may impact on the Group's net interest income and economic value due to interest rate fluctuations. There are four sources of interest rate risk:

- **Repricing risk** arises from maturity/timing mismatch of the Bank's assets and liabilities, which causes interest rates at reset to differ due to yield curve movements. For example, assuming all other factors are constant, if the assets can be repriced faster than liabilities (a positive gap), interest margins increase when interest rates rise. On the other hand, if the ability to reprice assets is slower than liabilities (a 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 assets and liabilities are based on different reference interest rates, e.g. fixed-deposit rates, interbank lending rates, THBFX interest rates. 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 assets and liabilities and off-balance sheet items where exercising these options might affect the revenue and costs. For example, an option on three-month deposit that allows early withdrawal before maturity will, if exercised, cause the costs to rise sooner than expected.

9.1 Governance

For the purpose of managing interest rate risk in the banking book, SCB and SCBX Financial Group divide companies into two groups:

- **SCB and companies with material interest rate risk in the banking book**, i.e., banking business
- **Companies with non-material interest rate risk in the banking book**, i.e., securities, asset management, debt management, and other supporting businesses

SCB and SCBX Financial Group companies with material exposures to interest rate risk in the banking book have their own policies and guidelines to manage this risk. Companies may pursue different risk management approaches depending on the scope, volume, and complexity of transactions, local regulations, business-specific regulatory requirements as well as each company's risk appetite. Despite some differences, all companies have set up independent IRRBB risk management functions responsible for measuring, evaluating, controlling, monitoring, and reporting interest rate risk in the banking book, as well as ensuring that interest rate risk in the banking book exposure stays within the risk limits.

SCB has established the Interest Rate Risk in the Banking Book Management Policy which has been approved by the Board of Directors. The Assets and Liabilities Management Committee is responsible for ensuring compliance with such policy.

Other relevant functions include the Group Treasury Function, which manages the overall interest rate risk in the banking book, and the Balance Sheet Risk Management Division, which monitors IRRBB based on

both Net Interest Income (NII) and Economic Value of Equity (EVE).

9.2 Risk Assessment and Control

The Bank sets risk limits for IRRBB by measuring the impact of interest rate fluctuations on net interest income and economic value of equity (EVE) under stress situations. To monitor IRRBB, the Bank produces repricing gap reports for risk analysis and assessment which are then reported to the Assets and Liabilities Management Committee (ALCO) for further actions. The Bank has structured assets and liabilities to achieve its business targets which may require the use of derivative instruments to hedge against residual interest rate risk. Risk analysis reports are submitted to the Assets and Liabilities Management Committee, the Risk Management Committee, the Risk Oversight Committee, and the Board of Directors on a regular basis.

The Bank measures the risk of interest rate fluctuations by measuring the impact on net interest income and economic value of equity (EVE). This analysis is conducted monthly for the Bank and annually for the SCBX Financial Group.

The Bank adopted a behavior model in measuring interest rate risk in the banking book to better reflect the risk by adjusting asset and liability repricing tenors i.e., maturity of non-maturity deposits (NMDs), fixed-rate loans subject to prepayment risk, and term deposits subject to early redemption risk, as well as adjusting the relationship of loan and deposit interest rate to the policy rate. The behavior adjustment is in accordance with the BOT's notification number Sor. Kor. Sor.1. 2/2564 dated 19 August 2021, regarding Pillar II.

As of 31 December 2025, for Interest rate risk in banking book in the event that interest rates rise by 1%, within 1 year the Bank would be impacted by decreasing NII (before behavioral adjustment) by Baht 4.7 billion or 5.56% and increasing NII (after behavioral adjustment) by Baht 7.1 billion or 8.42%. With a long-term economic measure, the Bank would be impacted by decreasing EVE (before behavioral adjustment) by Baht 29.2 billion or 7.12% and decreasing EVE (after behavioral adjustment) by Baht 5.6 billion or 1.36%.

For the SCBX Financial Group, net interest income (before behavioral adjustment) would have declined by Baht 4.2 billion or 3.84% of target net interest income, while NII (after behavioral adjustment) would have increased by Baht 6.8 billion or 6.20%. With a long-term economic measure, the Bank would be impacted by decreasing EVE (before behavioral adjustment) by Baht 32.0 billion or 7.04% and decreasing EVE (after behavioral adjustment) by Baht 8.5 billion or 1.87%.

Table 21.1: Impact on Net Interest Income in the Event that Interest Rates Rise by 1%

Unit: Baht million

Currency	Bank-Only		Consolidated	
	31 Dec 25	31 Dec 24	31 Dec 25	31 Dec 24
THB	(4,226)	(2,733)	(3,824)	(2,621)
USD	(447)	(321)	(416)	(342)
EURO and other foreign currencies	13	(78)	12	(77)
Total impact on net interest income	(4,660)	(3,132)	(4,228)	(3,040)
% of target net interest income	-5.56%	-3.15%	-3.84%	-2.41%

Table 21.2: Impact on Net Interest Income in the Event that Interest Rates Rise by 1% (after behavioral adjustment)

Unit: Baht million

Currency	Bank-Only		Consolidated	
	31 Dec 25	31 Dec 24	31 Dec 25	31 Dec 24
THB	7,492	7,108	7,229	6,665
USD	(447)	(321)	(416)	(343)
EURO and other foreign currencies	13	(78)	12	(77)
Total impact on net interest income	7,058	6,709	6,825	6,245
% of target net interest income	8.42%	6.75%	6.20%	4.94%

Table 22.1: Impact on Economic Value of Equity in the Event that Interest Rates Rise by 1%

Unit: Baht million

Currency	Bank-Only		Consolidated	
	31 Dec 25	31 Dec 24	31 Dec 25	31 Dec 24
THB	(28,141)	(23,835)	(30,898)	(27,659)
USD	(1,005)	(94)	(1,017)	35
EURO and other foreign currencies	(36)	(36)	(38)	(46)
Total impact on economic value of equity	(29,182)	(23,965)	(31,953)	(27,670)
% of total capital	-7.12%	-6.02%	-7.04%	-6.10%

Table 22.2: Impact on Economic Value of Equity in the Event that Interest Rates Rise by 1% (after behavioral adjustment)

Unit: Baht million

Currency	Bank-Only		Consolidated	
	31 Dec 25	31 Dec 24	31 Dec 25	31 Dec 24
THB	(4,538)	(2,457)	(7,411)	(6,327)
USD	(1,005)	(94)	(1,017)	35
EURO and other foreign currencies	(36)	(35)	(38)	(46)
Total impact on economic value of equity	(5,579)	(2,586)	(8,466)	(6,338)
% of total capital	-1.36%	-0.65%	-1.87%	-1.40%

10. LIQUIDITY RISK

Liquidity risk is the risk that SCB and SCBX Financial Group cannot meet their contractual obligations from normal operations as well as from unforeseen events or disruption because of an inability to convert assets or to secure the required funding at a reasonable cost, thus resulting in loss.

10.1 Governance

For liquidity risk management, SCB and SCBX Financial Group separate companies into two groups:

- **SCB and companies with material liquidity risk**, i.e., banking, securities, asset management
- **Companies with non-material liquidity risk**, i.e., debt management and other supporting businesses

SCB and companies with material liquidity risk develop their own liquidity risk management policies and guidelines. Companies may pursue different risk management approaches depending on the scope, volume, and complexity of transactions, local regulations, business-specific regulatory requirements as well as each company's risk appetite.

SCB has established the Liquidity Risk Management Policy which has been approved by the Board of Directors. The Assets and Liabilities Management Committee is responsible for ensuring compliance with this policy. The Group Treasury Function is responsible for managing the overall liquidity risk, while the Balance Sheet Risk Management Division is responsible for monitoring and controlling liquidity risk.

10.2 Liquidity Coverage Ratio (LCR)

The 2008 financial crisis had shown that a liquidity crunch can inflict severe damage to financial and real sectors. In

response, the BCBS introduced new liquidity standards under Basel III, namely Liquidity Coverage Ratio (LCR) and Net Stable Funding Ratio (NSFR), to promote strong liquidity positions among commercial banks both short-term and long-term. In Thailand, the BOT has prescribed the LCR standard in line with the BCBS's guidelines since January 1, 2016.

The LCR requirement aims to ensure that commercial banks have adequate unencumbered High-Quality Liquid Assets (HQLA) to meet their liquidity needs, specifically to cover total net cash outflows for a 30-calendar day severe liquidity stress scenario according to the BOT's computation methodology. The intent is to allow commercial banks, along with the BOT and relevant regulators, to have sufficient time to identify and implement appropriate measures to address the situation.

The LCR components:

$$\text{LCR} = \frac{\text{High-quality liquid assets}}{\text{Total net cash outflows}}$$

I. High-Quality Liquid Assets (HQLA)

HQLA under the LCR requirement must have the following characteristics:

- Fundamental characteristics such as having low risk, straightforward valuation and
- Market-related characteristics such as being actively traded, having low volatility, and attracting high demand during a crisis

Additionally, HQLA is categorized into two levels according to their convertibility under stress conditions.

- **HQLA Level 1** are cash, deposits, central bank reserves, and bonds issued or backed by governments and central banks which have the highest ratings and the highest liquidity.
- **HQLA Level 2** are considered lower tier in terms of asset quality and liquidity. This level of assets is further sub-categorized into Level 2A and Level 2B which consist of lower-rated government bonds and corporate bonds. Level 2 assets are subject to a range of haircuts as specified by the BOT. Level 2 assets and Level 2B assets may not exceed 40% and 15% respectively of a commercial bank's aggregate HQLA.

In addition, HQLA must meet certain operational requirements to ensure timely convertibility through a secondary market either by outright or repo transactions during periods of financial stress. Commercial banks should ensure that their HQLA portfolios are properly diversified even though certain classes of liquid assets are likely to remain liquid both under normal and stressed conditions. Banks should also impose limits to avoid concentration risk with respect to asset types, issuer types, and currency within each asset class.

II. Total Net Cash Outflows

Total net cash outflows within 30 days under a severe liquidity stress scenario are defined as total expected cash outflows less total expected cash inflows for 30 days under a severe liquidity stress scenario. In this computation, total expected cash inflows are capped at 75% of total expected cash outflows.

$$\text{Total net cash outflows} = \text{Total expected cash outflows} - \text{Total expected cash inflows}$$

- **Total expected cash outflows** are the sum of outstanding balances of various categories of liabilities and off-balance sheet commitments multiplied by their

expected run-off or drawdown rates. Cash outflows can be categorized into 5 types as follows:

- Retail deposits and borrowings
 - Unsecured wholesale funding
 - Secured funding
 - Contractual obligations
 - Non-contractual obligations
- **Total expected cash inflows** are the sum of outstanding balances of various categories of contractual receivables multiplied by their expected flow-in rates. Cash inflows can be categorized into 3 types as follows:
 - Secured lending
 - Fully performing loans
 - Contractual obligations

III. The BOT's Minimum requirement

A commercial bank and Financial Group must maintain its LCR above 100%.

LCR report

This LCR disclosure presents information on a bank-only basis and all data are simple averages of month-end observations of the previous quarter in Baht currency. Specifically, the Bank's average LCR, HQLA, and total net cash outflows for the 4th quarter of 2025 was a simple average of month-end LCR, HQLA, and total net cash outflows, respectively, in October, November and December 2025 (3 months).

Liquidity Coverage Ratio (LCR)

The Bank has been able to maintain its LCR well above the regulatory requirement.

The Bank's average LCR for the 4th quarter of 2025 was 245%. This level exceeded both the Bank's risk tolerance limit and the BOT's minimum requirement at 100%, showing the Bank's ample liquidity.

High-Quality Liquid Assets (HQLA)

The average HQLA for the 4th quarter of 2025 was Baht 812,523 million, of which 99.2% were level 1 assets mainly consisting of government bonds and fixed-income instruments issued by the BOT. It is the Bank's policy to hold high quality liquid assets unencumbered by legal, regulatory, or operational restrictions that can be converted into cash during a stress situation.

Total net cash outflows (Net COF)

The average net cash outflow over the next 30 days for the 4th quarter of 2025 was Baht 332,101 million. Most of the estimated cash outflows were from withdrawal of retail and wholesale deposits using the BOT's run-off rates. Meanwhile, most of the estimated cash inflows were from repayment of normal loans using the BOT's inflow rates.

10.3 Risk Assessment and Control

The Bank manages and controls liquidity risk to ensure adequate liquidity and sufficient future cash flows to cover its activities under both normal and stress situations. Cash flow report and liquidity gap report are some of the mechanisms used to monitor and control the Bank's overall liquidity risk. The Bank's policy is to maintain Liquidity Coverage Ratio (LCR), Net Stable Funding Ratio (NSFR) and the liquidity ratio (liquid assets as a percentage of total deposits) at an appropriate level and to monitor net cash outflows over different time horizons to ensure that the Bank can effectively manage its liquidity risk.

Additionally, the Bank conducts stress testing on a regular basis under the BOT's scenarios and 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 a stress situation.

The Bank has a policy to maintain its daily liquidity ratio of at least 22%, measured as total liquid assets to total deposits. At the end of December 2025, the Bank's liquid assets represented 36.8% of total deposits.

Table 23: Liquidity Coverage Ratio (LCR)

Unit: Baht million

Bank-only	Q4/2025 (Average) ^{1/}	Q4/2024 (Average) ^{1/}
(1) Total HQLA	812,523	761,660
(2) Total net cash outflows	332,101	358,941
(3) LCR (%) ^{2/}	245	212
<i>Minimum requirement by the BOT (%)</i>	100	100

Table 24: LCR data for comparison^{3/}

Unit: Percentage

Bank-only	2025 (Average) ^{1/}	2024 (Average) ^{1/}
3rd Quarter	216	200
4th Quarter	245	212

1/ Calculation based on a simple average using month-end data for each quarter. For example, Q4 data were calculated by taking a simple average of month-end data in October, November, and December.

2/ Data of item 3 (LCR) might not be equal to item 1 (Total HQLA) divided by item 2 (Total net cash outflows).

3/ LCR data will show Q1-Q2 for the first half period and Q3-Q4 for the second half period.

11. INVESTMENT RISK AND EQUITY INVESTMENTS IN THE BANKING BOOK

Investment risk comprises various types of risks such as business (credit) risk, market risk, and liquidity risk. As a result, investment risk is managed through risk management policies and investment policy to define investment framework and scope, investment principle, risk management, internal control and approval authority. The market risk limit for investment is applied. The monitoring and reporting to the Company's board of directors or the assigned committee(s) are also required.

The objectives for equity investments in the banking book are as follows:

- Equity investments intended mainly to generate dividend yield and/or capital gains from changes in equity prices within an appropriate timeframe and/or to strengthen business alliances in some cases.
- Strategic investments in high-growth equity and/or those that support the Financial Group's business.
- Equity investments in Fintech businesses and investments in Digital Assets related business are under regulatory conditions imposed by relevant authorities.

According to the SCBX Group Risk Management Policy and the SCBX Group Investment Policy, companies within SCBX Group are allowed to make investments in accordance with applicable regulations of the supervisory authorities and/or within the investment scope defined in the SCBX Group Investment Policy.

11.1 Governance

The investment approval authority at the committee level and/or individual executive level is established in accordance with the Investment Policy that has been approved by SCBX's Board of Directors and/or each company's Board of Directors. Investment approval authority varies by transaction type and investment value which has different risk attributes.

For the effectiveness of investment risk management, the Group has set long-term investment plans and capital allocations for Gen 1, 2 and 3 businesses. The Investment Policy clearly specifies the permitted investment asset classes, and the SCBX Board of Directors has approved the risk appetite on investment amount and risk limits, including the limits for foreign investment, digital asset businesses and business with a long J-curve profitability horizon.

SCBX Financial Group also limits the size of investment and diversifies the portfolio in Start-ups and Early-stage companies to avoid big loss and profit drag while gaining exposure to new technologies and business models.

For strategic investment, due diligence processes are led by the domain experts, assisted by comprehensive assessment of various aspects of the target's operations by SCBX's functional Centers of Excellence (COEs) including representatives from Risk COE, related group companies and external due diligence advisors.

Business units with risk management duties to oversee company's equity investments portfolio are responsible for monitoring, overseeing, and controlling equity investment transactions to be in line with relevant rules and regulations. Another key responsibility is to prepare a

summary report on equity investment transactions to be proposed to the Investment Management Committee, the Risk Management Committee, and/or the Board of Directors or other relevant committee in accordance with approval authorities.

SCB and SCBX Financial Group also monitor and control investment risks through their Risk Management Committee and/or other committees of companies within the Financial Group in accordance with the specified risk management structure. This includes, but is not limited to the consideration of policy set up and the determination of risk ratios relating to investment transactions.

11.2 Risk Assessment and Control

The fair value assessment of securities of each type is required according to Thai Financial Reporting Standards 9 (TFRS 9). The fair value will show the intrinsic value of equity investments and identify market risk limit to include equity investments to accurately reflect the potential impact to the investment.

Moreover, there is a periodic review of equity investments at the portfolio level, the company level and the Group level to determine an appropriate investment strategy.

11.3 Capital Adequacy

SCB and SCBX Financial Group have adopted the Standardized Approach to calculate capital requirements for equity exposures.

Table 25: Minimum Capital Requirements for Equity Exposures in the Banking Book

Unit: Baht million

	Bank-Only		Consolidated	
	31 Dec 25	31 Dec 24	31 Dec 25	31 Dec 24
Equity exposures - Standardized Approach (domestic and foreign)				
Listed equity exposures (domestic and foreign)	260	268	260	268
Others (domestic and foreign)	12,110	11,924	30,871	32,089
Total gains (losses) arising from sales during the period	51	1	233	(784)
Increase (decrease) in value from remeasuring FVOCI investments	1,581	1,366	(2,963)	1,366
Total minimum capital requirements	1,051	1,036	2,646	2,750

12. STRATEGIC RISK

Strategic risk refers to risks on financial performance (e.g. revenues, profits, capital), reputation and stability of the Bank and SCBX Financial Group both at present and in the future that arise from changes in business environment, poor strategic decisions, ineffective strategic implementation, or untimely responses to industry, economic, and technological changes.

Strategic risk is managed through the strategy process consisting of 1) strategic planning, 2) alignment and change management, 3) implementation and monitoring and 4) performance evaluation and feedback.

The goal of this process is to ensure adequate input into strategy formulation and implementation. SCBX Financial Group also has a process to assess and monitor strategic risk in order to monitor any changes in external and internal factors that may affect the business operations, including considering business expansion through partnerships, mergers and acquisitions, entry into new markets and businesses, or significant divestment/closures to enable appropriate risk management and timely adjustment of strategies or decisions.

The Strategy Function of the Bank and the Operating and International Business Function of SCBX currently supports the Board of Directors and senior management in formulating and reviewing SCB and SCBX Financial Group's strategies. In addition, those Functions are also responsible for conducting strategic risk assessment on a regular basis.

13. REPUTATIONAL RISK

Reputation is of paramount importance for any business, especially for financial businesses, which can only be built gradually by earning confidence and trust for the business over a long period of time. As the old adage says, it takes years to build one's reputation, and only seconds to destroy it.

SCBX Financial Group recognizes the importance of reputational risk and therefore has developed reputational risk management policy and framework as a minimum requirement for all companies in SCBX Financial Group to establish Reputation Risk Management Policy. Each company is expected to protect their reputation from both internal and external risk factors without regard to revenue generating potential.

SCBX requires the company in SCBX Financial Group to diligently monitor events and incidents that could negatively affect their reputation and that of the Group, and to ensure immediate and proper measures are taken along with timely escalation to SCBX. Moreover, the company apply social monitoring tools in detecting negative sentiments and engagement in various social media channels to ensure those reputationally sensitive issues are promptly managed. Strategic operating companies must undertake scenario planning, backed by clearly defined incident response processes, communication strategies, and roles and responsibilities. SCBX will inform regulators of major incidents on a timely basis, especially instances that could have a risk of contagion to the rest of the industry.

For any business transactions with potential reputational risk, especially the lending business for the Bank, the management concerned must seek prior approval from the Executive Committee. The Chairman of the Executive Committee may escalate the matter to the Board of Directors if necessary.

14. TECHNOLOGY RISK

Today's technology is changing rapidly. Failure to adapt or lack of a long-term plan to accommodate changes may affect business operations and cause the Bank and SCBX Financial Group to lose market share due to an inability to serve customers effectively by meeting their product or pricing needs. Moreover, technology risk may also cause business and service disruptions which may lower profitability and market share.

Because of these wide-ranging and inter-related impacts, technology risk management is one of the SCBX Financial Group's top priorities. Therefore, the Group adopts a proven framework for technology risk management consisting of: 1) Risk Identification, 2) Risk Assessment, 3) Risk Response, and 4) Monitoring and Reporting. Technology risk management is one of the key risks of the organization (Enterprise-Wide Risk) in terms of security, integrity and availability in both normal and critical situations.

Furthermore, the SCBX Financial Group recognizes and has taken steps to build and enhance the organization's risk culture, particularly for technology risk, by educating and training employees, maintaining technology risk and knowledge databases that are accurate and up-to-date, applying a zero-trust security policy, adopting best-in-class risk management tools along with continually improving its risk management framework to be in line with global practices. SCBX also set group-wide cybersecurity and technology risk standards including key risk indicators to ensure effective and efficient cyber and information security, technology, and IT third-party risk management across the Group. To ensure the effectiveness of monitoring and control of cybersecurity and technology risk management, the maturity assessment of subsidiaries shall be conducted regularly, and early warning indicators shall be specified to proactively manage potential risks.

Moreover, the technology risk management process enables the SCBX Financial Group to adequately manage technology risk at both strategic and operational levels.

At the strategic level, the SCBX Financial Group aims to build a modern, flexible, and secure technology architecture to support a wide variety of customer service platforms along with providing data management capability for marketing and credit management analysis to use technology that is in line with business strategies and is flexible enough to accommodate future business changes.

At the operational level, the process covers assessing organizational structure on the technology side; technology people; system acquisition, development, and maintenance; accuracy and security of technology systems and important data (e.g., customers' information); system's capacity to accommodate high volume transactions, the complexity of information technology as well as service continuity during crises and IT vendor management. These components of technology risk management process will bolster the SCB and SCBX Financial Group's competitiveness and profitability.

SCBX has set up a Cloud Center of Excellence (COE) and a Cyber Risk COE to establish best practices and minimum requirements and coordinate activities among the group for cloud infrastructure and migration, and for cyber and technology risk management, respectively. Moreover, SCBX provides centralized services including Security Operations Center (SOC), the Bug Bounty Program, Attack Surface Management (ASM) and Cyber Threat Intelligence (CTI), to enhance the Group's capability in comprehensively monitoring and preventing IT and cyber security threats, and to respond to cyber incidents promptly and effectively.

15. PEOPLE RISK

People are vital resources in business operation. Not only must the Bank provide suitable products and services that meet customer needs, the companies within the Group and its employees must also comply with rules and regulations on customer protection which may give rise to market conduct risk. Therefore, SCB and SCBX Financial Group need knowledgeable and capable people to help achieve its business goals in a sustainable manner.

SCB and SCBX Financial Group recognize the importance of human resources which present significant and constant challenges in today's environment. A key challenge is the advent of new technologies which may replace the existing service model and put pressure on the organization to reform or transform itself. Such broad-scale organizational change raises demand on human resources both in terms of quality and quantity including a smooth transition of leadership through succession planning. Specifically, an organization requires knowledgeable, well-rounded, and adaptable people to drive its transformation efforts, especially those having data and artificial intelligence (AI) capabilities, while avoiding a culture clash between the new generation of workers and personnel at our traditional businesses.

SCB and SCBX Financial Group manages such risks by implementing several key initiatives which include:

- Building a risk culture in which risk awareness and ownership are the norm and risk prevention and mitigation are the responsibility of all employees
- Establishing SCB Academy to build additional skills and knowledge necessary for future business

changes, such as knowledge in product areas and data analytics for business analysis and planning

- Providing attractive career paths for employees to ensure business success and sustainable growth
- Providing safe and conducive work environment to foster employee engagement.

Governance

Boards of Directors of the SCBX and Group companies have established an effective people risk management policy and framework and regularly reviewed the overall people risk. Senior management is responsible for managing people risks within their areas of responsibilities and establishing effective control as well as coordinating with the People Function and other relevant functions.

People Function, business functions, and relevant supporting functions are responsible for identifying people risks using appropriate analyses given the function's inherent business complexity with regular updates/reviews of potential risks.

For people risk management, the SCB and SCBX Financial Group also apply the 'three lines of defense' Be composed of People Capability & Capacity, People Conduct and People Health and Safety principle used in operational risk management to ensure effectiveness in risk management and internal control.

16. MODEL AND AI RISK

The SCB and SCBX Financial Group have prepared for changes which may affect its business operations by developing models to facilitate business analysis and decision making, which may give rise to model risk. For instance, models may produce inaccurate results or may be misused. The risk may arise from the following sources:

- **Input** This includes risks caused by poor understanding of what data represents or data generating process, incorrect or outdated description of data, data quality, lack of data availability, insufficient historical data, data bias, lack of data freshness or size of data and others.
- **Methodology** Errors can occur at any point when data is being processed, including an incorrect theory used to represent the decision process, incorrect or inappropriate assumptions, lack of mitigation to reduce or eliminate data bias, etc.
- **Implementation** This includes coding errors, especially those that could introduce bias or undermine the model's fairness and transparency, or inappropriate IT environment to perform model calculations.
- **Usage** Risk may arise when the model is being used outside its intended purposes or operational scope, or in an area where limitations of the model is significant, or simply due to failure to update and recalibrate the model.
- **Technology and Complex Modelling techniques** When an internal calculation of the model is opaque (especially in case of the 'Black Box' model), risk may arise from model generating plausible but incorrect or misleading information.

To minimize the above model risks, SCBX requires companies that use models for critical transactions to establish the Model Risk Management Policy to serve as an operational framework. The policy provides the Model Risk Governance Framework and requires periodic model validation to manage and control potential model risks.

With the availability of big data, SCBX Financial Group is also experimenting with and utilizing AI and machine learning in our model development to enhance the predictive powers and accuracy of our models.

16.1 Model Risk Management Structure

A dedicated unit is established to ensure checks and balances as well as independence in model validation. This unit is part of the second line of defense which offers recommendations, support, and validation after the first line of defense. Model risk oversight consists of Model Validation using both quantitative and qualitative approaches to ensure that the models work as expected, and Model Governance, along with Responsible AI Principles, to prevent any misuse of models and minimize model risks. The Model Risk Management Unit of the Bank, which is part of the Risk Management Function, consists of:

- **Model Governance** is responsible for overseeing model risk management and other relevant conceptual frameworks, making a model inventory by collecting data and details for models used by the Bank, and planning for model validation resources. The unit also oversees model development and implementation according to each model's life cycle to ensure compliance with model governance.

- **Model Validation** is responsible for validating models independently and effectively within the scope of the Model Risk Management Policy to ensure that models work as expected, meet their objectives, and fulfill their intended purposes. An effective validation must identify possible model limitations or weaknesses and assess their impacts.

16.2 Model Risk Management Policy and Guideline

Guided by the SCBX Financial Group's Model Risk Management Policy and Framework, the Group Model Risk Management Policy specifies key principles on governance and control requirements for managing model risks throughout the model lifecycle, with key components of Responsible AI Principles embedded. Besides, the policy also engenders efficient and effective collaboration across subsidiaries while ensuring robust governance is performed, but not duplicated. The model materiality shall be specified for managing and controlling model risks according to their life cycles, along with model validation principles and procedures. The Model Risk Management Committee or committee with equivalent oversight and responsibility was set up to oversee model risk and all

models used within the Bank and the group companies with material model risk, to verify the effectiveness of the Model Risk Management Framework, and to approve models and validation outcomes.

16.3 Model Risk Monitoring and Control

Approval for model release follows standard protocols. Conditional approval must be accompanied by a monitoring process within a specified timeframe to ensure that model effectiveness is maximized. In addition, mitigation actions or compensating controls may be required to minimize any potential risks from using such model.

16.4 Model Risk Report

The policy requires that model risks, risk status, and risk management effectiveness be reported to the Risk Management Committee, the Risk Oversight Committee and/or the Model Risk Management Committee for the Bank and other companies within SCBX Financial Group that model risk is assessed as being material.

17. LEGAL AND COMPLIANCE RISK

17.1 Legal Risk

Legal risk refers to the risk arising from non-compliance with laws or contracts, which may result in companies within the SCBX Financial Group being subject to litigation, facing complaints, or entering dispute resolution processes. This could lead to significant damage compensation or substantial reputational harm, including risks arising from the revocation or revision of key laws relevant to the business operations of companies within the SCBX Financial Group.

Legal Risk Management

To ensure legal risk management is efficient, consistent, and appropriate to the nature and complexity of business operations and potential damages, the SCBX Financial Group has established a Legal Risk Policy as a framework for all companies to comply with, which must cover the following areas:

(1) Assigned Legal Responsible Personnel: Each company in the Group must assign legal responsible personnel(s) to perform critical functions, at minimum covering the following: (a) providing legal consultation related to the company's business operations; (b) submitting, preparing, and certifying relevant documents for registration, permissions, or other legal procedures; (c) filing complaints and accusations with investigating officers, posting bail at investigation and court levels, hiring lawyers for civil, criminal, and administrative litigation; (d) conducting training and knowledge sharing to employees about important laws that may impact business operations, including newly issued or amended laws; and (e) coordinating the out-source hiring of specialized legal advisors and attorneys, both domestically and internationally.

(2) Risk Identification and Assessment: In business operations, each company in the Group is required to consult with legal departments or external legal advisors to identify and assess legal risks in material transactions, contract execution, intellectual property management, trade competition, information usage, and dispute resolution, etc., and to find ways to prevent or mitigate such risks.

(3) Risk Monitoring and Control: Each company in the Group must have personnel responsible for monitoring and administering contracts, accessing legal documents, and establishing reporting procedures for significant legal risk events to supervisors and/or legal departments for appropriate action, such as high-value contract execution, contracts with significant limitations or business impact, contract defaults, legal disputes, or litigation cases.

(4) Control Measure Review: Each company in the Group must periodically report legal incidents according to key risk indicators, as well as review legal risk management measures and results, aligning with other risk reports to ensure risk management is effective, modern, and appropriate to the company's situation and business operations.

17.2 Compliance Risk

Compliance risk refers to the risk arising from non-compliance with laws, regulations, rules, standards, and practices relating to regulatory requirements applicable to various matters. This may result in significant financial loss, reputational risk, or intervention by regulators.

Compliance Risk Management

SCBX has deployed a compliance risk management framework to ensure that the Group complies with all

relevant regulations and fosters a culture of compliance. This includes building and supporting all staff to gain comprehensive knowledge and understanding of relevant laws, regulatory measures, and compliance standards in a timely manner.

The SCBX Group therefore, has established a Compliance Policy to serve as a framework and guideline for identifying, assessing, and managing compliance risks in a comprehensive manner. Companies within the SCBX Group are required to adopt/adapt SCBX Compliance Policy as a guideline in developing their own Compliance Policy.

Moreover, SCBX requires entities within the Group to establish a compliance function to operate as an independent function and consist of compliance experts, who are well equipped to effectively perform their roles and responsibilities in providing advice, communicating, and monitoring the undertaking of the business by the

SCBX Group. The compliance measures are essentially twofold:

- (1) Preventive measures, which include consultation, communication, and training across the group, and
- (2) Monitoring measures, which involve conducting compliance testing to assess whether the Group remains compliant to regulatory requirements, which includes:
 - (2.1) Risk identification and assessment
 - (2.2) Monitoring and testing
 - (2.3) Analyzing the underlying issue to identify root cause(s) (Root Cause Analysis) for an implementation of corrective and preventive measures to reduce the likelihood of repeating incident in the future
 - (2.4) Monitoring to evaluate and report the progress of implementing corrective measures and preventive measures on non-compliance matters

18. ENVIRONMENTAL, SOCIAL, AND GOVERNANCE RISK

Environmental Risk refers to the potential for damage to business operations arising from environmental issues and climate change, as well as from business activities that generate negative environmental externalities. Key climate change-related risks include both physical and transition risks. 1) Physical risks encompass both acute risks and chronic risks. Acute risks are characterized by the increase in frequency and severity of natural hazards, such as flooding caused by prolonged rainfall. Chronic risks include long-term phenomena, such as rising sea levels, warmer temperatures, and coastal erosion. 2) Transition risks stem from shifts in policy and regulation, technology and market developments. From the policy and regulatory perspective, Thailand is in the process of developing the draft Climate Change Act and implementing climate-related regulations, where regulatory clarity and practical application remain evolving. From a technological perspective, businesses are still assessing cost-effectiveness and the readiness of new technologies, making investment decisions subject to multidimensional risks. From a market perspective, particularly in an era of rapid and widespread communication, consumer behavior can change quickly, exposing businesses to risks if they are not adequately prepared and sufficiently adaptable. Environmental risks may also give rise to reputational risks, such as greenwashing, which involves misleading the public about an organization's environmental performance. In addition, natural capital and biodiversity represent emerging environmental risks of increasing importance.

Social Risk refers to negative impacts arising from business operations, particularly from the provision of credit or investment in projects that affect rightsholders, especially customers, counterparties, local communities, and society at large, which may in turn lead to reputational

risk. Key social risks relevant to the Bank include, for example, human rights violations in project finance and personal data breaches.

Governance Risk refers to risks arising from deficiencies in governance structures, policies, corporate culture, or decision-making processes that lack transparency or do not adhere to principles of good governance. Such deficiencies may result in strategic misjudgments, fraud, or the loss of confidence and trust in the organization.

Environmental, Social, and Governance (ESG) Risk Management is a key factor that enables the SCBX Financial Group to operate in a stable and sustainable manner amidst the challenges of economic conditions and stringent regulations. It enhances the group's ability to adapt and manage environmental risks, such as climate change, which may impact investment portfolios and the financial stability of clients. It also improves our management of social risks which may affect the credibility of business and relationships with stakeholders, such as responsible lending and market conduct, customer data protection, financial fraud prevention, and human rights. Furthermore, governance risks, in particular those related to SCBX's counterparties, need to be managed to foster trust among investors, clients and the general public. Systematic ESG risk management is, therefore, a crucial strategy to mitigate potential impacts, strengthen competitiveness, and create long-term value for both the organization and society.

To ensure continuous and systematic ESG risk management within the SCBX Financial Group, the organization has integrated ESG risk governance into its Enterprise Risk Management system under the ESG Risk Management Framework, overseen by the Risk Oversight Committee and the Risk Management Committee,

together with relevant units. This structure ensures that operations are conducted in line with the Group ESG Risk Appetite statement.

In addition, SCBX Sustainability Committee is responsible for considering and endorsing sustainability strategies, as well as approving targets and action plans to promote sustainable business operations in alignment with the group's policies and strategic direction. The Sustainability Committee also supports the development of ESG risk management framework, including the review of ESG risk management policies and the group's ESG risk appetite, before being presented to the Risk Oversight Committee and Board of Directors for approval.

SCBX Group also applies the "Three Lines of Defense" principle to our ESG risk management, which consists of 1) Risk identification, 2) Risk assessment, 3) Risk response, and 4) Risk monitoring and reporting.

Given that climate-related risk is considered among the most critical due to its urgency and potential wide-ranging impacts, in 2024 the Bank began assessing the impact of climate physical risk through a pilot project in collaboration with the BOT. Additionally, an assessment of the climate transition risk was completed in 2025. The Bank continues to build internal capabilities in climate risk assessment and management in line with the BOT's supervisory expectations and relevant industry standards.

19. RISK MANAGEMENT FOR DIGITAL ASSET BUSINESS OPERATIONS AND TRANSACTIONS

Due to technology advancement, the increasing use of digital assets, and changing consumer behavior, the SCBX Financial Group acknowledges the significance of prioritizing the development of digital asset services and investments in various forms. Such services not only provide convenience to customers but also enhance the SCBX Financial Group's operational efficiency, potentially reducing financial service costs. This would ultimately benefit financial service users and the economy as a whole. However, the SCBX Financial Group acknowledges that managing services and transactions related to digital assets requires careful attention to various risks and system and information security, in accordance with laws and international standards. Additionally, the protection of service users is of utmost importance. As the parent company of the Group, SCBX has established a Digital Asset Policy. This policy outlines the scope of digital asset business and transactions and serves as a guideline for conducting such activities, requiring robust internal controls and risk management.

Risk Oversight and Risk Management

Before engaging in digital asset business and related transactions, all companies within the SCBX Financial Group must obtain approval from both the Board of Directors of SCBX and the relevant regulatory authorities.

SCBX is responsible for appropriately managing and overseeing risks that arise from the digital asset business, while considering the nature and complexity of business operations and adhering to the overall risk management strategy. These responsibilities ensure that the digital asset businesses and services align with the Group's business strategies and that technology resources are

used efficiently. Furthermore, relevant entities are made aware of the risks involved, and risk exposure is controlled to an acceptable level. Effective risk management in accordance with good corporate governance principles requires appropriate segregation of duties and checks and balances in each role, following the "three lines of defense" guideline. This guideline necessitates independent operational processes, risk management and control, and audit processes.

Moreover, SCBX ensures proper management of intragroup contagion risk that may arise from the digital asset business, which could potentially affect the Bank or the SCBX Financial Group as a whole. Guidelines for risk management in these matters are clearly identified, such as separating operating systems related to the digital asset business from the Bank's primary operating system and taking measures to ensure that shared IT infrastructure is sufficient to support and will not affect any services provided by the Bank. Additionally, appropriate recovery plans are prepared, and IT and cyber security are meticulously supervised in accordance with regulatory requirements.

Risk Monitoring and Controlling

SCBX, as the parent company of the SCBX Financial Group, is responsible for monitoring and controlling investment ratios in digital assets, while also considering

capital adequacy in accordance with regulatory requirements. Companies operating digital asset related business must regularly and appropriately submit information related to digital assets to SCBX and regulatory bodies.

Table 26: Amount of credit, investment, contingent liabilities, and transaction similar to granting credit for digital asset related business limit

Unit: Baht million

	Bank-Only		Consolidated	
	31 Dec 25	31 Dec 24	31 Dec 25	31 Dec 24
Digital assets holding positions both directly and indirectly	-	-	281	127
Investment in digital asset related business both directly and indirectly	-	-	9,352	9,303
Lending to digital asset related business	822	2,196	822	2,196
Total investment in digital asset related business	822	2,196	10,174	11,499
Total Capital	409,681	398,196	454,158	453,365
DA Business Ratio (% of Total Capital)	0.20%	0.55%	2.24%	2.54%
DA Business Limit	3.00%	3.00%	3.00%	3.00%

APPENDIX

Details of companies within SCBX Financial Group (Solo and Full Consolidation)

Solo Consolidation Group

Company	Business Type
Siam Commercial Bank PCL	Banking
Cambodian Commercial Bank Limited.	Banking
Rutchayothin Asset Management Co., Ltd.	Asset management
Siam Commercial Bank Myanmar Limited	Banking

Non-Solo Consolidation Group

Company	Business Type
SCB X PCL	Holding company
SCB Asset Management Co., Ltd.	Asset management
SCB-Julius Baer Securities Co., Ltd.	Private banking
SCB Protect Co., Ltd.	Insurance broker
SCB Plus Co., Ltd.	Collection
Mahisorn Co., Ltd.	Property management
SCB Training Centre Co., Ltd.	Training center
InnovestX Securities Co., Ltd.	Securities
Token X Co.,Ltd.	Initial Coin Offering Portal
SCB 10X Co.,Ltd.	Venture capital and venture builder
Monix Co.,Ltd.	Digital lending
Abacus Digital Co., Ltd.	Digital lending
Auto X Co., Ltd.	Auto title loan and insurance brokerage
Alpha X Co., Ltd.	Luxury vehicles hire purchase, leasing, and refinancing
Alpha X Plus Co., Ltd.	Personal lending and insurance brokerage
Card X Co., Ltd.	Credit card and personal lending
Card X Asset Management Co., Ltd.	Distressed asset management
Akulaku X Co., Ltd.	Digital personal lending
SCB Tech X Co., Ltd.	Specialized technology services provider
SCB Data X Co., Ltd.	Data analytics as a service
Point X Co., Ltd.	Point loyalty platform

The structure of the Consolidated Supervision Group can be divided into two levels:

- (1) **Solo consolidation** which includes the Bank and its subsidiaries whose businesses involve lending or lending-related transactions for which the Bank holds more than 75% of issued and paid-up shares.
- (2) **Full consolidation** which includes the parent company and subsidiaries categorized as solo and non-solo consolidation subsidiaries, whereby non-solo consolidation subsidiaries mean any of the subsidiaries engaging in finance or supporting businesses for which the parent company has management control over a subsidiary's business.

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