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ANNUAL REPORT 1996
SIAM COMMERCIAL BANK PCL.



3	HIGHLIGHTS
4	THE BOARD OF DIRECTORS' REPORT
8	BOARD OF DIRECTORS
12	EXECUTIVE COMMITTEE
14	MANAGEMENT COMMITTEE
17	REPORT ON PERFORMANCE
20	SIGNIFICANT PROGRESS AND DEVELOPMENT
28	ORGANIZATION
30	EXECUTIVE OFFICERS
37	REPORT OF THE AUDITORS
38	FINANCIAL STATEMENTS
50	NOTES TO THE FINANCIAL STATEMENTS
64	PROPOSAL FOR PROFIT APPROPRIATION
66	FIVE-YEAR COMPARATIVE FINANCIAL SUMMARY
67	INTERNATIONAL TRADE SERVICE CENTERS
67	NATIONWIDE BRANCHES
68	OVERSEAS BRANCHES / OFFICES
69	OTHER INFORMATION
72	HEAD OFFICE



THE STAM COMMERCIAL BANK PUBLIC COMPANY LIMITED
H I G H L I G H T S

	DECEMBER 31, 1996	DECEMBER 31, 1995	CHANGE
	(MILLIONS OF BAHT)	(MILLIONS OF BAHT)	(PERCENT)
AT END OF PERIOD			
ASSETS	541,231.5	453,370.4	19.4
DEPOSITS	399,291.4	342,191.1	16.7
LOANS			
(net of provision for possible loan losses)	452,876.8	372,102.1	21.7
SHAREHOLDERS' EQUITY	40,692.9	35,275.7	15.4
NUMBER OF SHARES (SHARE)	380,803,214	380,199,671	0.2
NUMBER OF OFFICES (BRANCH)			
- NATIONWIDE	441	400	41
OVERSEAS	7	8	(1)
NUMBER OF EMPLOYEES (PERSON)	12,904	12,935	(31)
FOR THE YEAR			
PROFIT BEFORE INCOME TAX	12,202.7	10,754.1	13.5
NET PROFIT	9,014.6	7,754.6	16.2
EARNINGS PER SHARE (BAHT)	23.68	20.40	16.1
DIVIDENDS PER SHARE (BAHT)	9.00	9.00	0.0
ROA (%)	1.81	1.89	(4.2)
ROE (%)	23.73	23.68	0.2

THE BOARD OF DIRECTORS' REPORT



Mr. Prachitr Yossundara
Chairman

Dr. Olarn Chaipravat
President and Chief Executive Officer

DEAR SHAREHOLDERS :

Unpredictable and rapid changes in the global business environment, Thailand's economic slowdown -- from over 8% growth to a mere 6.6% -- as a result of the decline in exports, the slowdown in the manufacturing sector and direct investment, compounded by restrictive monetary policies of the Bank of Thailand from 1995 through mid-1996, caused activities in the financial sector to decelerate as well. In the second half of 1996, external factors became more volatile and more adverse against Thailand, such as a stronger dollar, a reflux of foreign funds from Thai security markets, unsubstantiated rumors about an impending Baht devaluation, and foreign investors' lowered confidence in Thailand, which all lead to a tightening of liquidity, rendering it more difficult than ever to manage a business enterprise.

+ Despite such circumstances, we are proud to report that Siam Commercial Bank was still able to maintain its superior level of profitability. As of December 31, 1996, the bank registered a deposit balance of Baht 399,291 million, a year-on-year increase of 16.7 percent; a loan balance (net of reserves for loan losses and including BIBF) of Baht 452,877 million, a 21.7 percent increase; and total assets of Baht 541,232 million, an increase of 19.4 percent. In addition, SCB earned a net profit of Baht 9,015 million, a 16.3 percent increase -- the highest growth among large Thai banks -- over 1995, and an earnings per share of Baht 23.68.

+ In addition to an outstanding performance, SCB also took significant strides toward its goal of becoming a truly universal bank. Our organizational structure was revamped, from a hierarchical to a team structure, resulting in a reduction of levels of work and command. Another innovation was to transform SCB into a learning organization in which members can expand their capability continuously at personal and departmental levels, in order for the entire organization to be able to learn together, and for each work unit, in coordination with others, to reach our goal as the leading provider of banking services in this region.

+ The modern Web technology was applied to produce novel services such as: SCB Trade, for import-export financing; and SCB Cash Management, a new, improved version of our Info-Banking service. In Investor Corner and Investment Clinic, we were the first Thai commercial bank to provide an investment service counter at points of sale, with extensively-trained personnel to attend to our customers' wishes, in fulfillment of a continuous search for new and innovative ways to serve our customers. Another first for SCB was the introduction

of Wealthbuilder Deposit and Wedding Deposit accounts, into which savers make monthly equal-amount deposits for at least 24 months and are entitled to an exemption from personal income tax on interest received. These two types of deposits were offered in support of the government's policy of encouraging domestic savings in an attempt at relieving Thailand's current-account deficit problem. Finally, an SCB Call Center was established, with support from the most up-to-date information technology in data services, to provide answers to inquiries on SCB's numerous services and to coordinate various work units' efforts in order to maximize our customers' satisfaction.

+ To participate in the nation-wide celebration of the fiftieth anniversary of His Majesty King Bhumibol Adulyadej's accession to the throne, the bank undertook a number of commemorative activities such as: the Golden Jubilee Exhibition; the publication of *Lord of the Land*, a volume of articles in His Majesty's honor; and the construction of a new royal barge, the Narai on Garuda--Rama IX. Concurrently, the bank also celebrated its coming 90th anniversary by initiating a number of projects designed to benefit the society at large, such as SCB's 90th Anniversary Blood Donation Drive, SCB's 90th Anniversary Water Tanks from the Heart, and the Underwater Garden.


+ In recognition of the productive role that SCB has continually been playing, its financial performance, as well as its social activities, numerous awards and recognitions were conferred upon the bank as well as upon its executives. In January 1996, *Interest Magazine* proclaimed Dr. Olarn Chaipravat to be Banker of the Year for 1995, a repeat of his 1993 selection. Mrs. Jada Wattanasiritham, our Senior Executive Vice President, was honored as the Best Woman Executive by the Business and Professional Women's Association of Thailand. Then in March, *AsiaMoney*, the Hong Kong-based leading financial magazine, published the list of 14 best Asian banks, with Siam Commercial Bank as Thailand's Best Managed Bank. VISA International bestowed its Best Performance designation on SCB as Thailand's best performing credit-card business, while *Master International* gave the Master Award to SCB for the best results in the issuing of co-branded and affinity cards. In addition, the bank was awarded the "Silver Conch--Business Organization" by the Association of Public Relations of Thailand in recognition of SCB as the best private enterprise that introduced consistently top-quality public relations works, and with good reputation. Finally, the

Architects' Society of Siam gave SCB the "Architectural Arts Conservation--Outstanding Building Conservation" award for our consistent effort in, and support for, the maintenance and renovation of arts and architecture.

+ For 1997, the bank will continue to utilize a convergent set of management tools and techniques such as Customer-based Business Process Management (CBPM), the learning organization concept, a focus on markets where SCB can exploit its competitive advantages, and an enhancement in interpersonal skills for our personnel -- particularly those in constant contact with customers -- in order to effectuate our shared vision: "To be the best managed, best quality bank, consistently achieving the best performance," and to accomplish our ongoing mission of "enknnowledged personnel performing quality work to best serve our customers."

+ Our unqualified success in the past year is directly attributable to the support from our shareholders and our customers. The Board of Directors would like to take this opportunity to express our sincerest thanks to all who have contributed to the bank's success. With outstandingly capable management, service-minded personnel, and your continuing support, we look forward to another year of stable growth and top-of-the-sector performance.

07



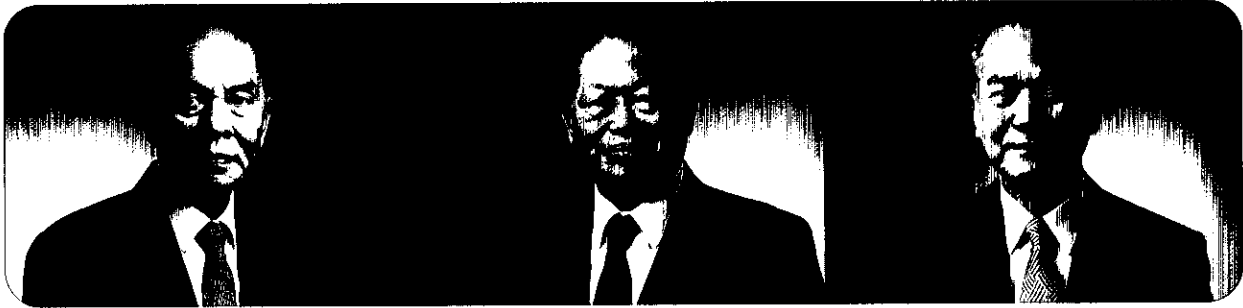
Mr. Prachitr Yossundara
Chairman



Dr. Olarn Chaipravat
President and Chief Executive Officer



BOARD OF DIRECTORS



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BOARD OF DIRECTORS

1. MR. PRACHITR YOSSUNDARA

POSITION * Chairman

EDUCATION * B.Comm., Birmingham University, England

PAST POSITIONS * Assistant Secretary, The Ministry of Communications

* Director, Assistant to the Governor, Bank of Thailand

* President & Chief Executive Officer, Siam Commercial Bank

PRESENT POSITIONS * Chairman, The Samaggi Insurance Public Company Limited

* Chairman, Carpets International Thailand Company Limited

* Chairman, Samitivej Public Company Limited

* Chairman, Siam Commercial Development Company Limited

* Chairman, Princess Maha Chakri Sirindhorn Foundation

2. M.L. THAWISAN LADAWAN

POSITION * Director

EDUCATION * Diplome d' Etudes Superieures de Droit International Public, Université de Paris, France

PAST POSITIONS * Deputy Director-General, Department of Protocol, Ministry of Foreign Affairs

* His Majesty's Principal Private Secretary

PRESENT POSITIONS * Privy Councillor

3. MR. ANAND PANYARACHUN

POSITION * Director

EDUCATION * B.A.(Hons.), Trinity College, University of Cambridge

PAST POSITIONS * Prime Minister of Thailand * Permanent Secretary for Foreign Affairs

* Ambassador to the United States of America and concurrently Permanent Representative of Thailand to the United Nations

PRESENT POSITIONS * Chairman, Saha-Union Public Company Limited

* Chairman, The Post Publishing Public Company Limited

* Chairman, Thailand Development Research Institute Foundation (TDRI)

* Chairman, Eastern Star Real Estate Public Company Limited

4. MR. VIROJ PHUTRAKUL

POSITION * Director

EDUCATION * B.A.(Econ.), Sheffield University

PAST POSITIONS * Chairman, Lever Brothers (Thailand) Limited

* Chairman, Industrial Estate Authority of Thailand

PRESENT POSITIONS * Executive Chairman, Boonrawd Asia Company Limited

* Executive Chairman, Central Trading Company Limited * Vice Chairman, The Federation of Thai Industries

5. MR. SANSERN KRAICHITTI

POSITION * Director

EDUCATION * LL.B., Thammasart University, Thailand * Barrister at Law, Lincoln's Inn, England

* National Defence College, Thailand

PAST POSITIONS * Chief Justice of the Court of Appeals * President of the ASEAN Law Association

PRESENT POSITIONS * The National Research Council, Chairman of Legal Division

* Council Member, Asia Pacific Parliamentarians Union

6. DR. CHIRAYU ISARANGKUN NA AYUTHAYA

POSITION * Director

EDUCATION * B.Sc. (Hons.) Econ., London School of Economics, University of London

* Ph.D. (Econ.), Australian National University, Australia

PRESENT POSITIONS * Director General, The Bureau of the Crown Property

* Grand Chamberlain, The Bureau of the Royal Household

* Chairman, Dheves Insurance Public Company Limited

7. M.L. USNI PRAMOJ

POSITION * Director

EDUCATION * B.A. (Jurisprudence), Oxford University, England * Barrister-at Law, Gray's Inn, England

PRESENT POSITIONS * Privy Councillor * Manager, His Majesty's Private Property

* Chairman, Sammakorn Public Company Limited * Chairman, Rajadamri Hotel Public Company Limited

8. MR. PIYA BHIROM BHAKDI

POSITION * Director

EDUCATION * Master Brewer (Doemens Lehr - und Versuchsanstalt Puer Brauer), Germany

* Doctorate Degree honoris causa in Engineering from Chiangmai University

* Doctorate Degree honoris causa in Agricultural Development from Kasetsart University

PRESENT POSITIONS * President and Chairman of the Executive Board, Boonrawd Brewery Company Limited

* Chairman, B.B. Group Company Limited * Managing Director, Boonrawd Trading Company Limited

9. M.R. DISNADDA DISKUL

POSITION * Director

EDUCATION * B.Sc., Indiana University (Bloomington), U.S.A. Major: Economics

PAST POSITIONS * Private Secretary of Her Royal Highness the Princess Mother

* Civil Servant, Research Division, National Economic Development Board

PRESENT POSITIONS * Board Member, Volunteer Doctors Foundation of Her Royal Highness the Princess Mother

* Board Member, Prostheses Foundation under the Patronage of Her Royal Highness the Princess Mother

* Board Member, Breast Foundation under the Patronage of Her Royal Highness the Princess Mother

* Secretary-General, Mae Fah Luang Foundations under Royal Patronage

* Chairman of the Committee for Implementation of the Doi Tung Development Project

* Managing Director, Doi Tung Development Project Coordinating Center

* Advisory Board Member, The Crown Property Bureau

10. DR. OLARN CHAIPRAVAT

POSITION * President and Chief Executive Officer

EDUCATION * B.S. (magna cum laude), Econ., Wharton School, University of Pennsylvania, U.S.A.

* Ph.D. (Econ.), Massachusetts Institute of Technology, U.S.A.

PAST POSITIONS * Director, Financial Institution Supervision & Examination Department, Bank of Thailand

PRESENT POSITIONS * Senator * Chairman of the Thai Bankers' Association

* Vice Chairman of Suksapattana Foundation * Director, The Board of Investment

* Chairman, Siam Panich Leasing Public Company Limited * Chairman, Siam Niti Law Office Company Limited

* Chairman, SCB Research Institute * Chairman, SCB Business Services Company Limited

11. MR. PRAKIT PRADIPASEN

POSITION * Director and Senior Executive Vice President

EDUCATION * B.S. in Business Administration, Silliman University, Dumaguete, Philippines

* M.B.A. Wayne State University, Detroit, Michigan, U.S.A.

* National Defence College, Joint Public-Private Course, Thailand

* Program for Senior Executives, The Sloan School of Management, Massachusetts Institute of Technology, U.S.A.

PAST POSITIONS * 2nd Grade Budget Analyst, The Bureau of the Budget

* Vice President, Corporate Finance Department, Bangkok First Investment & Trust

PRESENT POSITIONS * Chairperson of The Executive Board of Director and Vice Chairperson of the Board,

Nai Lert Park Hotel Company Limited * Chairman, Sub Sri Thai Warehouse Public Company Limited

* Chairman of the Board, Singburi Sugar Company Limited * Chairman of the Board, SCB Training Center

Company Limited

MR. NARONG CHANDANACHULAKA

Secretary to the Board of Directors

. EXECUTIVE COMMITTEE

12

1. MR. PRACHITR YOSSUNDARA

Chairman

3. DR. OLARN CHAIPRAVAT

President and Chief Executive Officer

2. DR. CHIRAYU ISARANGKUN NA AYUTHAYA

Director

4. MR. PRAKIT PRADIPASEN

Director and Senior Executive Vice President

MR. NARONG CHANDANACHULAKA

Secretary to the Executive Committee



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MANAGEMENT COMMITTEE

1. **MR.OLARN CHAIPIAVAT**
POSITION * PRESIDENT AND CHIEF EXECUTIVE OFFICER
EDUCATION * Ph.D.(ECONOMICS) MASSACHUSETTS INSTITUTE OF TECHNOLOGY, U.S.A. * B.S.(MAGNA CUM LAUDE) ECONOMICS, WHARTON SCHOOL, UNIVERSITY OF PENNSYLVANIA, U.S.A.
 2. **MR.PRAKIT PRADIPASEN**
POSITION * DIRECTOR AND SENIOR EXECUTIVE VICE PRESIDENT
EDUCATION * M.B.A WAYNE STATE UNIVERSITY, U.S.A. * B.A. SILLIMAN UNIVERSITY, PHILIPPINES
 3. **MRS.JADA WATTANASIRITHAM**
POSITION * SENIOR EXECUTIVE VICE PRESIDENT
EDUCATION * M.A.(ECONOMICS) WILLIAMS COLLEGE, USA * M.A.(ECONOMICS) CAMBRIDGE UNIVERSITY, U.K. * B.A.(ECONOMICS) CAMBRIDGE UNIVERSITY, U.K.
 4. **MR.SOMPICH INTRANURUL**
POSITION * SENIOR EXECUTIVE VICE PRESIDENT
EDUCATION * B.ACC. CHULALONGKORN UNIVERSITY
 5. **MR.WIRUT RUTTANAPORN**
POSITION * FIRST EXECUTIVE VICE PRESIDENT BUSINESS DEVELOPMENT GROUP
EDUCATION * M.B.A. MICHIGAN STATE UNIVERSITY, U.S.A. * B.B.A. THAMMASARTI UNIVERSITY
 6. **MR.KRIANG KIATFUENGFOO**
POSITION * FIRST EXECUTIVE VICE PRESIDENT CORPORATE GROUP 2
EDUCATION * M.B.A. MICHIGAN STATE UNIVERSITY, U.S.A. * B.Sc.(ECONOMICS) UNIVERSITY OF WISCONSIN, U.S.A.
 7. **MR.SATAPORN JINACHITRA**
POSITION * FIRST EXECUTIVE VICE PRESIDENT INTERNATIONAL BANKING GROUP
EDUCATION * M.Sc.(ECONOMICS) LONDON SCHOOL OF ECONOMICS, UNIVERSITY OF LONDON, U.K. * B.Sc.(ECONOMICS) UNIVERSITY COLLEGE, LONDON, U.K.
 8. **MR.VICHIT AMONVIRATSKUL**
POSITION * FIRST EXECUTIVE VICE PRESIDENT TECHNOLOGY GROUP
EDUCATION * M.S.(COMPUTER SCIENCE) THE UNIVERSITY OF IOWA, U.S.A. * B.S.(HONS) STATISTICS CHULALONGKORN UNIVERSITY
 9. **MR.CHATCHAVAL BHANALAPH**
POSITION * FIRST EXECUTIVE VICE PRESIDENT MONEY AND CAPITAL MARKETS GROUP
EDUCATION * M.S.(BUSINESS) FORT HAYS KANSAS STATE COLLEGE, U.S.A. * B.B.A.(COMMERCE) CHULALONGKORN UNIVERSITY
 10. **MR.PERMPHOON KRAIRIKSH**
POSITION * EXECUTIVE VICE PRESIDENT CORPORATE GROUP 3
EDUCATION * B.A BOSTON UNIVERSITY, U.S.A.
 11. **MR.NA BHENGHBHANG KRISHNAMRA**
POSITION * EXECUTIVE VICE PRESIDENT CONSUMER BANKING GROUP
EDUCATION * M.S. UNIVERSITY OF PENNSYLVANIA, U.S.A. * B.S. UNIVERSITY OF PENNSYLVANIA, U.S.A.
 12. **MR.CHARLIE WANNAWASU**
POSITION * EXECUTIVE VICE PRESIDENT CORPORATE GROUP 1
EDUCATION * B.S.(ECONOMICS) MEISEI UNIVERSITY, JAPAN
 13. **MR.VISSUT SETHAPUT**
POSITION * EXECUTIVE VICE PRESIDENT HUMAN RESOURCE AND CONTROL GROUP
EDUCATION * M.Eng.(MINERAL ECONOMICS) MCGILL UNIVERSITY, CANADA * B.Eng.(MINING) MCGILL UNIVERSITY, CANADA
 14. **MR.VACHARA PALAKAWONG NA AYUDHAYA**
POSITION * EXECUTIVE VICE PRESIDENT BANKING DEVELOPMENT GROUP
EDUCATION * B.S.(POLITICAL SCIENCE) UTAH STATE UNIVERSITY, U.S.A. * LL.B. THAMMASARTI UNIVERSITY
- DR.POCHARA THEERATHORN**
 SECRETARY TO THE MANAGEMENT COMMITTEE



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REPORT ON PERFORMANCE

1996 was the year in which the financial sector's growth finally decelerated -- a direct result of Thailand's economic slowdown and the government's strict monetary policy measures. Concurrently, a number of problems emerged in the management of funds and in the general management of banking service. There occurred a series of events which caused an adverse impact on Thai financial markets, e.g., rumors of an impending depreciation of the Baht against the U.S. dollar, and Moody's downgrade of short-term credit rating -- from Prime-1 to Prime-2 -- of both the country and its top financial institutions, triggered by Thailand's current-account deficit exceeding 8% of GDP with no sign of reversal. The downgrading lowered foreign investors' confidence in Thailand's financial stability, causing a slowdown in the influx of funds from abroad, and a tightening liquidity in the local money market. In addition, an extended downturn in real estate property began to affect some developers' ability to repay their loans, squeezing those financial institutions which had been overloading their lending in this sector, and necessitating the implementation of some measures from the government to relieve the problem.

17

+ Accordingly, the financial sector managed only a moderate rate of growth. Deposits in the commercial banking system increased by 13%, and loans (including BIBF's out-in category) increased by 15%, compared with the Bank of Thailand's targets of 16.8% and 19%, respectively. As the majority of Thai commercial banks still depended on their net interest income to contribute over 70% of total revenues, the economic downturn caused loan demand to decline, thereby lowering those banks' profit-making ability. Their average net income rose by only 2-3%, compared with 17.7% in 1995.

+ Amidst the economic slowdown, the increased bad news in the financial sector, the government's economic measures which adversely affected the local financial markets, and the tougher level of competition in the banking sector, Siam Commercial Bank proceeded to confirm its management's ability to successfully conduct our business through extraordinary situations by producing the best performance by far among the large Thai banks. SCB's performance can be summarized as follows:

DEPOSITS (Million Baht)

399,291	1996
342,191	1995
277,395	1994
261,554	1993
216,080	1992

LOANS (net of loan loss reserves) (Million Baht)

452,877	1996
372,102	1995
295,661	1994
257,114	1993
222,455	1992

ASSETS (Million Baht)

541,232	1996
453,370	1995
367,669	1994
325,082	1993
275,084	1992

INCOME (Million Baht)

18,663	6,409	1996
16,119	5,122	1995
13,142	4,914	1994
9,396	3,806	1993
9,293	2,255	1992

Net Interest Income | Non Interest Income

NET PROFIT (Million Baht)

9,015	1996
7,755	1995
6,204	1994
4,848	1993
4,180	1992

DEPOSITS

+ Despite a continuous downtrend in deposit rates from mid-1995 through the third quarter of 1996, and a generally lower level of personal income brought about by the economic slowdown -- both conditions being adverse to an increase in a bank's deposits -- Siam Commercial Bank succeeded in attracting an additional Baht 57,100 million, or 16.7% over 1995's year-end deposit balance, compared with 13% for the entire banking sector.

LOANS

+ A slower growth in exports, investment, and the general economy, the government's stricter control on lending to unproductive sectors, and the increase of capital to risk-asset requirement from 8% to 8.5% (Tier-1 at least 6%) all contributed to a reduction in lending activities by the Thai commercial banks -- in Baht as well as the BIBF's out-in category -- and problem loans started to appear in increasing numbers. Siam Commercial Bank, although unaffected by this higher rate, as it has already maintained enough capital base, still faced more difficulty in asset-and-liability management. As of December 31, 1996, SCB reported Baht 452,877 million in loans (net of loan-loss reserves and including BIBF's out-in category), an increase of Baht 80,775 million, or 21.7%, over the previous year.

ASSETS

+ As of December 31, 1996, the Bank reported an increase in Total Assets of Baht 87,861 million, or 19.4%, over 1995. Among its components are: Baht 21,476 million in Cash

and Deposits at banks, an increase of 29.5%; Baht 30,846 million in investment in Securities, an increase of 10.4%; and Baht 452,877 million in Total Loans (net of loan-loss reserves, including BIBF's out-in category), an increase of 21.7%.

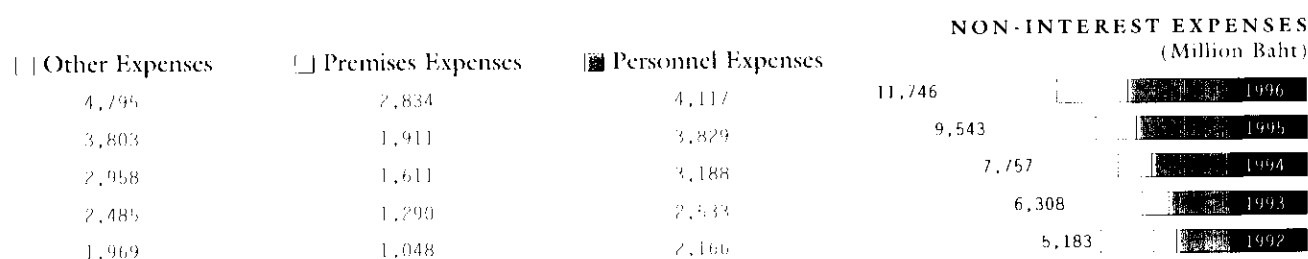
SHAREHOLDERS' EQUITY

+ In 1996, SCB's subordinated convertible bonds were converted into 603,543 shares of common stock, increasing the number of issued and paid-up shares to 380.8 million shares, with par value of Baht 3,808 million and a premium on share capital of Baht 6,909 million. Other components of Shareholders' Equity include unrealized increment per asset appraisal of Baht 3,638 million, and Retained Earnings -- both appropriated and unappropriated -- valued at Baht 26,588 million. Total Shareholders' Equity for 1996 was Baht 40,693, an increase of Baht 5,417 million, or 15.4%, over 1995.

NET PROFIT

+ Given the economic slowdown of 1996 and the monetary authority's restrictive measures which had an adverse impact on the majority of commercial banks in several aspects, one of which was to reduce their lending ability, Siam Commercial Bank took special caution in the conduct of its business and was able to report an outstanding performance, in contrast with other members of the banking industry. For 1996, SCB had Net Interest income of Baht 18,663 million, an increase of Baht 2,544 million, or 15.8%, over the previous year. Non-interest Income amounted to Baht 6,409 million, an increase of Baht 1,287 million, or 25.1%. Hence, our 1996 ratio of Interest to Non-interest Income was 74 : 26.

+ Also in 1996, SCB moved into its new head office at the Rutchayothin intersection in the Jatujak district of Bangkok. The new building is fully equipped with modern technology, telecommunication facilities, and other utilities conducive to the efficient conduct of a modern banking business. As a consequence, our Non-interest Expenses totalled Baht 11,746 million, a 23.1% increase. Nevertheless, Profit before Income Tax rose to Baht 12,203 million, a 13.5% increase over the previous year, and Net Profit was Baht 9,015 million, a 16.2% increase -- the highest growth among large Thai commercial banks, with Earnings per Share of Baht 23.68, or 16.1% increase over 1995.





SIGNIFICANT PROGRESS
AND DEVELOPMENT

After the implementation of our Customer-based Business Process Management (CBPM) in 1995 to improve the efficiency of SCB's work process and organizational structure, the Bank began in 1996 to decentralize its planning and analysis functions into each of the business units. The rationale is that those closer to the operations have a better understanding of their processes and problems than the central administrators and, therefore, are in a better position to plan, analyze, and arrive at solutions for problems at hand, thus making SCB operations even more efficient.

20

+ Meanwhile, the organization of work units at the Head Office and selected branches was changed from divisional and sectional structures into teams whose principal characteristics are participative action of all members, regular exchange of ideas, collective planning, analysis of advantages and disadvantages, risk assessment, and decision making. This resulted in a reduction of processing steps and hierarchy of commands. At present, all departments at the Head Office have transformed their organizational structure into teams.

+ The "Learning Organization" principle was also adopted to help the bank prepare for the anticipated tougher competition in the commercial banking business. First, SCB personnel are encouraged to expand their knowledge and skills, either with colleagues or by themselves. Then an exchange of those acquired skills and knowledge would take place --at the personal, team, and organizational level -- thereby learning from one another fellow workers' success or failure, in order to reach our goal of being the region's leading bank in providing quality services.

TECHNOLOGICAL DEVELOPMENT

The Internet at SCB

+ As the ability to communicate computerized data in various forms -- texts, graphics, or sound -- has become imperative for present-day globalized business enterprises, SCB has maintained its pioneering status by installing the Internet in 1995. Now, our overseas branches regularly utilize electronic mail (e-mail) in their daily correspondence with various departments at the head office.

+ In 1996, the Web technology was incorporated into the development of SCB's internal information systems (intranet). "SCB Rules and Regulations," for example, enables SCB personnel to execute an on-line reference and retrieval of the bank's individual orders and rules for use in the conduct of their day-to-day operations.

+ SCB Homepage (www.scb.co.th) provides both general information (frequently asked questions) and banking data such as daily exchange rates, deposit and loan rates, branch locations, details of products and services, most recent financial statements, etc.

21

Other Technological Developments

+ The construction of data warehouses was started in 1996 to facilitate the consolidation and abstraction of SCB's transactions. Studies of various techniques in data mining has also commenced, in order to extract knowledge that will help us pinpoint and satisfy customers' need for financial services.

+ Apart from improving customer service, the management also looks for improvement in management processes: the efficiency in all aspects of monitoring and control, prevention and reduction of risk arising in the course of the bank's normal operations, etc. SCB has improved work processes and developed data systems to support an increased volume and additional management tasks. Among the systems most recently implemented are:

+ **Credit Rating and Collection System (CLS)** contains up-to-date, complete data on loan customers and is utilized for identifying problem loans and bringing them up to current status. CLS is currently accessible by branches and business development offices throughout the country. In the near future, it will be interfaced with other interrelated systems such as loans under legal proceedings.

+ **Customer Information Facilities System (CIF)** is an information system that contains detailed profiles of all customers, together with the bank's products and services they currently utilize. CIF is accessible by every domestic branch, using the customer's name or account number as key.

+ In addition, thirty-six video-conferencing facilities around the country have been in operation since early 1996, providing tele-conference among managers, information exchange among SCB personnel, and a variety of other uses such as skill enhancement, training, special seminars, introduction of new products and services, and broadcast of SCB's policy statements. Video conferencing provides a generally fast and timely dissemination of relevant information and enhances cooperation between bank personnel from central location and upcountry.

+ **SCB Digital Library** utilizes modern computer technology in the administration and information service to users in various forms (texts, graphics, or sound) on such diverse subjects as finance, banking, management, economics, computer science, and general knowledge. It represents a truly borderless world where users have unlimited access to sources of knowledge all over the globe in order to improve the users' knowledge, skills, and experience.

+ Our commitment to Thai cultural heritage has been well established. In 1996, SCB either participated in, or provided technological support to, a number of such projects as the Encyclopedia of Thai Culture, the Exhibition in Honor of Her Royal Highness the Princess Mother, the Golden Jubilee Exhibition, and the Thai Bank Museum. Incorporated into these projects are a number of modern technologies, including multimedia presentation systems that display the exhibition contents on a touchscreen in sequence and detail controlled by the viewer.

BRANCH NETWORK DEVELOPMENT

+ SCB continued to expand its branch network by opening 41 branches in 1996, twelve of which are in the Bangkok Metropolitan Area, four in the extended metropolitan region, and the remaining twenty-five in upcountry. An addition of 30 new branches is anticipated in 1997.

+ Besides opening new branches, SCB also modified its existing branches according to the CBPM principle by rearranging work processes, modifying the building layout, replacing old, outdated equipment with modern technology in order to improve the branches' efficiency and focus of their services for each specific type of clientele, and to maximize their customers' satisfaction.

+ A CBPM-guided improvement of a branch may be either full-function or semi-function, depending on that particular branch's readiness for additional volume of business, its location, competition, and clientele, together with the readiness of its personnel to adapt to changes. In 1996, 59 of the existing branches were converted into full-function branches, another 57 into semi-function. It is expected that each of the remaining branches will be converted in 1997.

23

+ As of December 31, 1996, there are 441 domestic branches, 7 overseas branches and agency, 3 joint-venture banks, and one representative office.

NEW SERVICE DEVELOPMENT

+ **Investor Corner** is a special counter, located at selected branches, which offers investment services -- advice, analyses, as well as planning, in both money and capital markets -- to individual customers who need more variety in their investment. Investor Corner also offers services concerning underwriting, financial advisory, bill of exchange auction, state agencies' notes, and mutual funds, with plans to offer management of provident funds and private funds later. It is a complete service, with fully-trained personnel to advise retail customers, an interactive computer program ("Financial Kits") for financial planning and risk-return characteristics of each type of investments, a computerized bulletin board ("Information Page") to provide current information on finance and investment, including other on-line data which are relevant to the customer's investment decisions.

+ In 1996, there were 163 Investor Corners around the country. In the near future, every SCB branch will be equipped to offer this service.

+ Investment Clinic is a new service offered by SCB in support of, and in collaboration with, the government in extending progress into the countryside in order to provide our customers with a full range of services beneficial to direct investments in manufacturing across the rural areas, to encourage SCB personnel to study and acquire further skills in regional industrial loans, and for SCB to have an opportunity to expand its loan base into rural areas in the future.

+ An investment clinic acts as a coordinating center among SCB customers on matters concerning information on finance, banking, or business conditions in a rural area; and applies for special concessions for rural-area investments from such government agencies as Center for the Promotion of Regional Industry, Department of Industrial Development, or Board of Investment. Moreover, an investment clinic provides advice and recommendations on a search for preliminary data, assistance in arranging for a project's feasibility studies both for SCB current customers and for members of the Center for Regional Industry Promotion, who later become the clinic's customers. Finally, SCB also helps in coordinating the search for financing sources and venture capital for clinic customers.

+ Since the inception of this program in September 1996, 12 investment clinics have been set up in various strategic locations around the country.

New Contractual Long-Term Deposits

With a slow economic growth, deteriorating current-account deficit, and stagnant business conditions in several key sectors, one of the government's measures to help rectify this worsening situation, with direct bearing on commercial banks, is the promotion of contractual long-term deposits. Specific features of these new type of deposits include an income-tax exemption on interest, equal-amount monthly deposits for at least 24 months of no more than Baht 25,000 each, totaling no more than Baht 600,000, with each depositor holding no more than one account of this type.

+ In the past couple of years, SCB has been promoting contractual long-term savings by offering new forms of deposit accounts, each with its own unique characteristics and above-normal interest rates. For example, SCB in 1993 unveiled the “Deposit for Education” program that awards a scholarship to depositors every six months. In 1995, the “Housing Deposit” program was launched where depositors can apply for housing loans at a lower-than-market rate. Finally in 1996, SCB offered two additional accounts:

+ Wedding Deposit is designed for customers who plan to get married in the near future and wish to start saving up for their wedding. Depositors receive 0.5% over the 12 month time-deposit rate and an option to apply for a Wedding Loan, also at a preferential rate, plus free advice on wedding preparations and assistance for its arrangement.

+ Wealthbuilder Deposit is designed to support the government’s policy for domestic savings mobilization. Depositors make 24 equal-amount deposits and receive 0.75% over the 12-month time-deposit rate, plus exemption from personal income tax on interest received. 25

Office Banking

+ Customer convenience is provided in SCB’s various electronic tools and equipment that bring business data to the customer’s own office rather than requiring them to travel to the bank as in the past. The following services were offered in 1996:

+ SCB Trade uses the Internet to connect SCB and its customers in such import-export services as: opening and modifying letters of credit, trade remittance, master on-line real-time inquiry of data on all international trade services such as following up on the progress or outcome of certain contracts. The SCB Trade system was installed at selected branches and at selected individual customers’ office.

+ SCB Cash Management is a new, improved version of SCB Info-banking, in use until 1996. It is a companion service of SCB Trade, with Financial Intertrade Automated Solution (FITAS) as its supporting database. Two types of information

are available: (1) cash management data for customer inquiry on account balance, fund transfer between accounts, and payment of various utilities' bills; and (2) business data for customer inquiry on foreign currency exchange rates, information and current condition on economic and political scene, etc.

+ Significant modifications and improvements were also made on SCB Tele-banking service to put a greater emphasis on customer convenience such as adding more telephone lines and numbers, simplifying processing steps, adding security codes and initials, etc.

SCB Call Center

+ The SCB Call Center provides customers with data on SCB's services and acts as a coordinating intermediary between customers and their correspondents within SCB in order to maximize customer satisfaction. The public can make inquiry on the bank's business data, report service problems, request an ATM card suspension, or comment on SCB's operations. With automatic call distribution, incoming calls are systematically and evenly divided among the 12 telephone operators. After banking hours, an automatic voice response system answers each incoming call and records its message. Calls requesting information can be connected with the Call Center System (CCS) which stores important data on the bank's operations, retrievable by any of the 12 Call Center operators onto her computer screen to assist in satisfying the customer's request for information or service.

26

Enhancing SCB's Personnel's Efficiency

+ With modern technology being installed to improve the bank's service capability, drastic modification in organizational structure, and a tougher competition in the market place, SCB personnel need to become knowledged workers, using brains rather than labor, knowing how to think, analyze, and research, and be imbued with understanding and preparedness in all aspects of the banking business. It is SCB's policy to develop, in conjunction with the learning organization concept, to instill into all bank personnel the concept of working as a team, to encourage each one to learn new skills by themselves, and then share the newly-acquired knowledge and experience among team members.

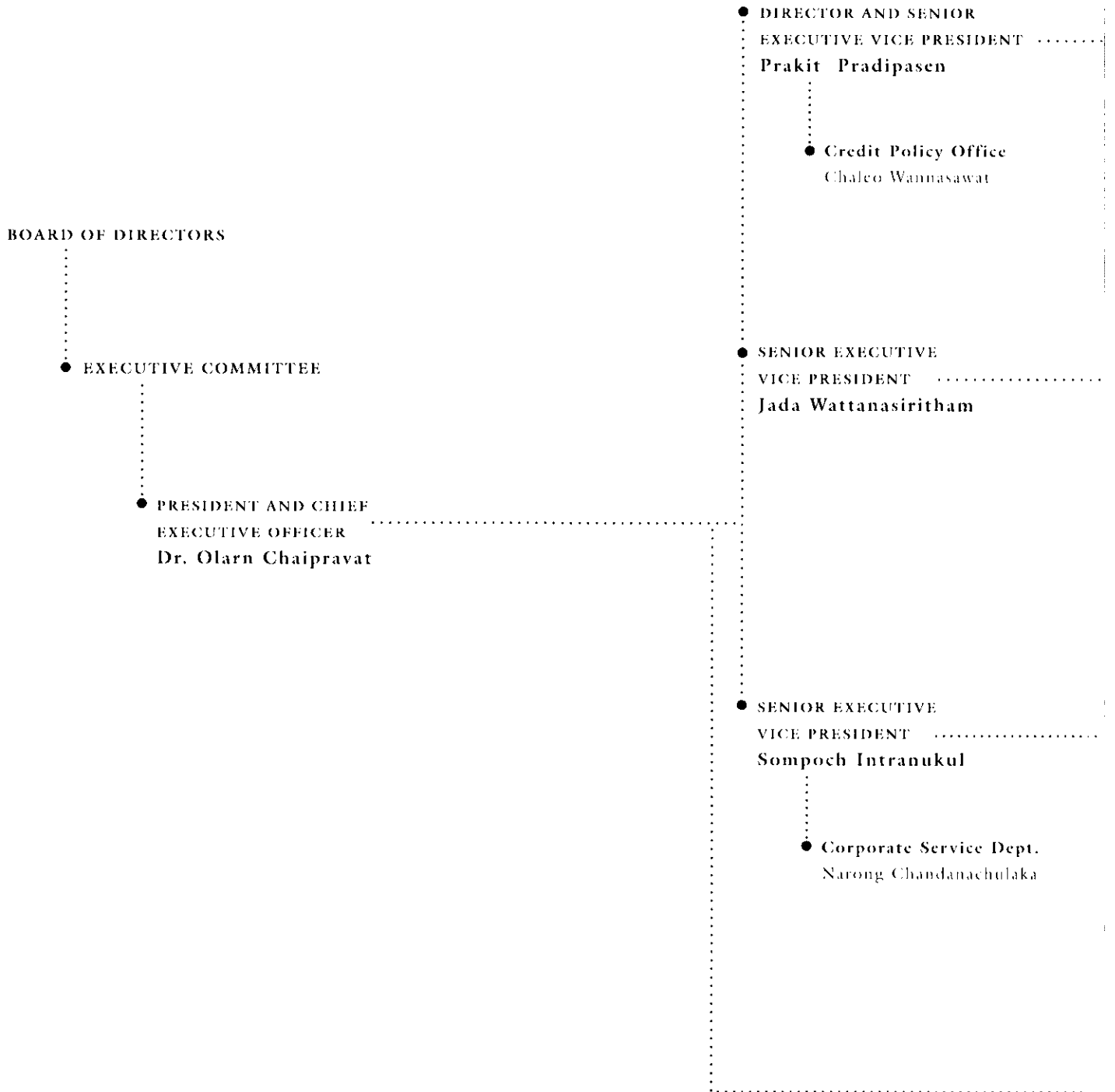
+ In the past year, SCB put a great effort into encouraging its personnel to possess basic knowledge and understanding about technology, to be capable of applying technological advances for their own as well as for SCB's benefit, and at the same time being knowledgeable in banking business as well. An excellent example of this is the Wharton-SCB Management Development Program which was designed for executives of SCB and its affiliates in order to enhance their strategic knowledge relevant for bank management. Developed jointly by SCB and faculty of the Wharton School, University of Pennsylvania, the Program is conducted annually and contains modules on strategic planning, bank marketing, finance, leadership, and information resources management.

+ Besides on-the-job training for new recruits, SCB also awards scholarships to current staff and to general public. In 1996, 37 scholarships were awarded for masters-level, and 8 scholarships for bachelor-level studies. Finally, SCB also sponsored numerous training and study trips abroad on such programs as Corebank Executive Management Seminar, Credit Risk Management, and Loan Structuring.

27

+ In order to boost the morale of SCB personnel, and to affirm our long-standing policy that "our personnel are our most valuable resource", the bank should always place top priority on staff welfare. In 1996, several significant upgrades were made: an increase in cost-of-living allowance; a higher limit for staff housing loans; better conditions for accumulating and partial usage of business and vacation leave of absence; more generous allowance for annual health examination; and an increased amount of insurance for all levels of personnel. Finally, the SCB provident fund was established in order for our personnel to start providing for their retirement while reaping the full tax benefits from the government's policy to encourage long-term saving.

ORGANIZATION



Corporate G. 3
Permpoon Krairiksh

Corporate Dept. 5
Chantima Chaturaphat
Corporate Dept. 6
Meechai Angsurat
.....
Corporate Dept. 7
Thongchai Na-Nakorn

Business Development G.
Wirutt Ruttanaporn

Business Development Dept. 1
Adul Chandanaachulaka
Business Development Dept. 2
Chalit Satidthong
Business Development Dept. 3
Nipon Namdhavaj
Litigation Dept.
Thanawat Natipodhi
Real Estate Management Division

Human Resource & Control G.
Vissut Sethaput

Personnel Dept.
Cherdsiri Sukserm
Learning Support Dept.
Kiat Suriya
Internal Audit Dept.
Prapai Charuchinda
Information Systems Audit Dept.
Thongchai Pingkarawat

Corporate G. 1
Charlie Wannawasu

Corporate Dept. 1
Silpajai Kharuharatana
Corporate Dept. 2
Chainarong Sombatsiri
Data Security
Management Office
Thongchai Luengluesak

Corporate G. 2
Kriang Kiatfuengfoo

Corporate Dept. 3
Somrudee Amatayakul
Corporate Dept. 4
Phaithoon Kijamrej
International Banking
Facilities & Financial
Institutions Dept.
Chiravuthi Bunyasiri

International Banking G.
Sataporn Jinachitra

International Banking Dept.
Panit Visutyothapibal
International Trade Dept. 1
Namthip Potisat
International Trade Dept. 2
Arpavadee Meekun-iam
Corporate Planning &
Information Dept.
Dr. Pochara Theerathorn

Money & Capital Markets G.
Chatchaval Bhanalaph

Treasury Dept.
Somchai Sanyalaksiri
Capital Market Dept.
Yokporn Tantisawetrat
Foreign Exchange &
Remittance Dept.
Pornthip Thanapaisal

Consumer Banking G.
Na Bhengbhasang
Krishnamra

Credit Operation Dept.
Chokedi Natkukananont
.....
Consumer Finance Dept. 1
Somana Siksamat
Consumer Finance Dept. 2
Meechai Kongsangchai
Business Promotion Dept.
Anchalipan Amornvivat

Banking Development G.
Vachara Palakawong Na Ayudhaya

Banking Development Dept. 1
Payap Hansapandhu
Banking Development Dept. 2
Arnek Chaleamsan
Banking Development Dept. 3
Wirasak Chiraset
Banking Development Dept. 4
Saroch Indragajita
Clearing Dept.
Varin Chalanuchpong
Design and Construction Office
Prinya Buranasiri
Chidlom Office
Preecha Praechinavong
Rutchayothin Office
Yorhin Pibulkasetkij
Staff Banking Division
4 Special Branches

Technology G.
Vichit Amonviratskul

Systems Engineering Dept.
Mana Varapukde
Technology and Process
Engineering Dept.
.....
Sinchai Chaisiripoomkere
Business Relations Dept.
Pisit Jirapinyo
Applied Technology Office
Dr. Amarit Laorakpong

EXECUTIVE OFFICERS

1. **MRS. NAMTHIP POTISAT**
POSITION * SENIOR VICE PRESIDENT,
INTERNATIONAL TRADE DEPARTMENT 1
EDUCATION * M.B.A. NEW YORK UNIVERSITY, U.S.A.
* B.A. (ACCOUNTING) CHULALONGKORN UNIVERSITY

* THAI BARRISTER AT LAW
* LL.B.(HONS.) CHULALONGKORN UNIVERSITY
2. **MRS. ARPAVADEE MEEKUN IAM**
POSITION * SENIOR VICE PRESIDENT,
INTERNATIONAL TRADE DEPARTMENT 2
EDUCATION * M.B.A.(ACCOUNTING) SELOUIS
UNIVERSITY, U.S.A.
* B.Acc. CHULALONGKORN UNIVERSITY

6. **MRS. PRAPAI CHARUCHINDA**
POSITION * SENIOR VICE PRESIDENT,
INTERNAL AUDIT DEPARTMENT
EDUCATION * B.B.A.(ACCOUNTING) THAMMASART
UNIVERSITY * B.B.A. THAMMASART UNIVERSITY
3. **MISS CHERDSIRI SUKSERM**
POSITION * SENIOR VICE PRESIDENT,
PERSONNEL DEPARTMENT
EDUCATION * B.B.A.(ACCOUNTING) THAMMASART
UNIVERSITY * DIPLOMA (PROGRAMMING TECHNOLOGY)
CONTROL DATA INSTITUTE, AUSTRALIA

7. **MR.THONGCHAI PINGKARAWAT**
POSITION * SENIOR VICE PRESIDENT,
INFORMATION SYSTEMS AUDIT DEPARTMENT
EDUCATION * M.S.(COMPUTER SCIENCE) DEPAUL
UNIVERSITY, U.S.A. * M.B.A. ROOSEVELT UNIVERSITY,
U.S.A. * B.S.(PUBLIC HEALTH) MAHIDOL UNIVERSITY
4. **MISS PANIT VISUTYOTHAPIBAL**
POSITION * SENIOR VICE PRESIDENT,
INTERNATIONAL BANKING DEPARTMENT
EDUCATION * M.P.A.(PUBLIC ADMINISTRATION)
SYRACUSE UNIVERSITY, U.S.A. * B.A.(POLITICAL
SCIENCE) CHULALONGKORN UNIVERSITY

8. **MR.SINCHAI CHAISIRIPOOMKERE**
POSITION * SENIOR VICE PRESIDENT,
TECHNOLOGY AND PROCESS ENGINEERING
DEPARTMENT
EDUCATION * B.A.(STATISTICS) THAMMASART
UNIVERSITY
5. **MR.THANAWAT NATIPODHI**
POSITION * SENIOR VICE PRESIDENT,
LITIGATION DEPARTMENT
EDUCATION * M.B.A. CHULALONGKORN UNIVERSITY
* LL.M. CHULALONGKORN UNIVERSITY

9. **MR.SILPAJAI KHARUHARATANA**
POSITION * SENIOR VICE PRESIDENT,
CORPORATE DEPARTMENT 1
EDUCATION * M.P.A.(MANAGEMENT AND
BUDGETING) SUFFOLK UNIVERSITY, U.S.A.
* B.A.(MANAGEMENT) CURRY COLLEGE, U.S.A.
* B.B.A.(BUSINESS ADMINISTRATION) BANGKOK
UNIVERSITY



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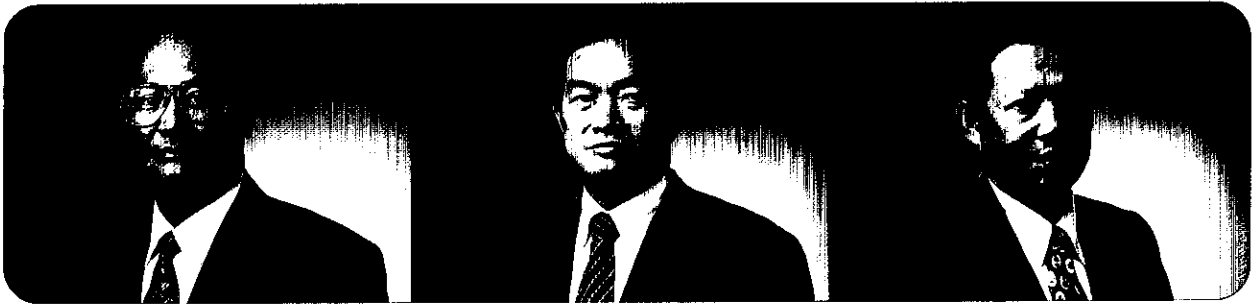
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10. **MR.CHAINARONG SOMBATSIRI**
POSITION * SENIOR VICE PRESIDENT,
CORPORATE DEPARTMENT 2
EDUCATION * M.A.(ECONOMICS) UNIVERSITY OF
DETROIT, U.S.A. * B.S.(STATISTICS)
CHULALONGKORN UNIVERSITY
11. **MISS SOMRUDEE AMATAYAKUL**
POSITION * SENIOR VICE PRESIDENT,
CORPORATE DEPARTMENT 3
EDUCATION * M.B.A. MARSHALL UNIVERSITY, U.S.A.
* B.S.(BUSINESS ADMINISTRATION) KASETSART
UNIVERSITY
12. **MR.PHAI THOON KIJSAMREJ**
POSITION * SENIOR VICE PRESIDENT,
CORPORATE DEPARTMENT 4
EDUCATION * B.B.A. CHULALONGKORN UNIVERSITY
13. **MRS.CHANTIMA CHATURAPHAT**
POSITION * SENIOR VICE PRESIDENT,
CORPORATE DEPARTMENT 5
EDUCATION * M.B.A.(GENERAL) CENTRAL STATE
UNIVERSITY, U.S.A.
* B.Acc. CHULALONGKORN UNIVERSITY
14. **MR.MEECHAI ANGSURAT**
POSITION * SENIOR VICE PRESIDENT,
CORPORATE DEPARTMENT 6
EDUCATION * M.A.I.(AG ECON.) UTAH STATE
UNIVERSITY, U.S.A. * LL.B. THAMMASART UNIVERSITY
* B.S.(AGRICULTURE) KASETSART UNIVERSITY
15. **MR.THONGCHAI NA NAKORN**
POSITION * SENIOR VICE PRESIDENT,
CORPORATE DEPARTMENT 7
EDUCATION * HIGHER NATIONAL DIPLOMA IN
BUSINESS STUDIES, MANCHESTER POLYTECHNIC,
ENGLAND
16. **MR.YOKPORN TANTISAWETRAT**
POSITION * SENIOR VICE PRESIDENT,
CAPITAL MARKET DEPARTMENT
EDUCATION * M.A.(ECONOMICS) THAMMASART
UNIVERSITY * B.A.(ECONOMICS) CHULALONGKORN
UNIVERSITY
17. **MRS. PORNTHIP THANAPAISAL**
POSITION * SENIOR VICE PRESIDENT,
FOREIGN EXCHANGE AND REMITTANCE DEPARTMENT
EDUCATION * DIPLOMA OF VOCATIONAL
NORTH EASTERN TECHNICAL COLLEGE
18. **MR.PISIT JIRAPINYO**
POSITION * SENIOR VICE PRESIDENT,
BUSINESS RELATIONS DEPARTMENT
EDUCATION * M.Eng. UNIVERSITY OF ELECTRO
COMMUNICATIONS, JAPAN * B.Eng. UNIVERSITY OF
ELECTRO COMMUNICATIONS, JAPAN
19. **MR.SOMCHAI SANYALAKSIRI**
POSITION * SENIOR VICE PRESIDENT,
TREASURY DEPARTMENT
EDUCATION * M.A.(ECONOMICS) THE UNIVERSITY
OF KANSAS, U.S.A.
* B.S.(ECONOMICS) KASETSART UNIVERSITY
20. **MR.CHOKEDI NATKUKANANONT**
POSITION * SENIOR VICE PRESIDENT,
CREDIT OPERATION DEPARTMENT
EDUCATION * LL.B. THAMMASART UNIVERSITY
21. **MR.KIAT SURIYA**
POSITION * SENIOR VICE PRESIDENT,
LEARNING SUPPORT DEPARTMENT
EDUCATION * B.Acc. CHULALONGKORN UNIVERSITY
22. **MR.PAYAP HANSAPANDHU**
POSITION * SENIOR VICE PRESIDENT,
BANKING DEVELOPMENT DEPARTMENT 1
EDUCATION * B.S. CHULALONGKORN UNIVERSITY
23. **MR.ANEK CHALERMSAN**
POSITION * SENIOR VICE PRESIDENT,
BANKING DEVELOPMENT DEPARTMENT 2
EDUCATION * B.B.A. THAMMASART UNIVERSITY
24. **MR.WIRASAK CHIRASET**
POSITION * SENIOR VICE PRESIDENT,
BANKING DEVELOPMENT DEPARTMENT 3
EDUCATION * M.B.A. KASETSART UNIVERSITY
* B.B.A. CHULALONGKORN UNIVERSITY



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25. **MR.SAROCH INDRAGAJITA**
POSITION * SENIOR VICE PRESIDENT,
 BANKING DEVELOPMENT DEPARTMENT 4
EDUCATION * M.A.(EDUCATIONAL
 ADMINISTRATION) CHULALONGKORN UNIVERSITY
 * B.S.(STATISTICS) CHULALONGKORN UNIVERSITY
26. **MR.ADUL CHANDANACHULAKA**
POSITION * SENIOR VICE PRESIDENT,
 BUSINESS DEVELOPMENT DEPARTMENT 1
EDUCATION * B.B.A. CHULALONGKORN UNIVERSITY
27. **MR.CHALIT SATIDTHONG**
POSITION * SENIOR VICE PRESIDENT,
 BUSINESS DEVELOPMENT DEPARTMENT 2
EDUCATION * THAI BARRISTER AT LAW
 * LL.B. THAMMASART UNIVERSITY
28. **MR.NIBONDH NAMDHAVAT**
POSITION * SENIOR VICE PRESIDENT,
 BUSINESS DEVELOPMENT DEPARTMENT 3
EDUCATION * B.S. KASETSART UNIVERSITY
29. **MR.POCHARA THEERATHORN**
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 CORPORATE PLANNING AND INFORMATION
 DEPARTMENT
EDUCATION * Ph.D.(FINANCE) NORTH WESTERN
 UNIVERSITY, U.S.A.
 * M.B.A.(MANAGEMENT) THAMMASART UNIVERSITY
 * B.Sc. UNIVERSITY OF LONDON, ENGLAND
30. **MR.CHIRAVUTHI BUNYASIRI**
POSITION * SENIOR VICE PRESIDENT,
 INTERNATIONAL BANKING FACILITIES AND
 FINANCIAL INSTITUTION DEPARTMENT
EDUCATION * M.B.A. UNIVERSITY OF DALLAS, U.S.A.
 * B.A. (COMMERCE) CHULALONGKORN UNIVERSITY
31. **MR.MANA VARAPUKDE**
POSITION * SENIOR VICE PRESIDENT,
 SYSTEMS ENGINEERING DEPARTMENT
EDUCATION * M.B.A.(BUSINESS ADMINISTRATION)
 THAMMASART UNIVERSITY * B.S.(APPLIED
 STATISTICS) CHULALONGKORN UNIVERSITY
32. **MRS. SOMANA SIKSAMAT**
POSITION * SENIOR VICE PRESIDENT,
 CONSUMER FINANCE DEPARTMENT 1
EDUCATION * M.A. TARLETON STATE
 UNIVERSITY, U.S.A. * B.A. (POLITICAL SCIENCE)
 THAMMASART UNIVERSITY
33. **MR.MEECHAI KONGSANGCHAI**
POSITION * SENIOR VICE PRESIDENT,
 CONSUMER FINANCE DEPARTMENT 2
EDUCATION * M.B.A. (EXECUTIVE)
 CHULALONGKORN UNIVERSITY
 * B.Acc.(ACCOUNTING) CHULALONGKORN
 UNIVERSITY
34. **MRS. ANCHALIPAN AMORNVIVAT**
POSITION * SENIOR VICE PRESIDENT,
 BUSINESS PROMOTION DEPARTMENT
EDUCATION * M.M. SASIN * M.P.A.(PUBLIC
 ADMINISTRATION) NIDA * B.A. (HONS.) POLITICAL
 SCIENCE, CHULALONGKORN UNIVERSITY
35. **MR.VARIN CHALANUCHIPONG**
POSITION * SENIOR VICE PRESIDENT,
 CLEARING DEPARTMENT
EDUCATION * B.Acc. CHULALONGKORN UNIVERSITY
36. **MR.NARONG CHANDANACHULAKA**
POSITION * SENIOR VICE PRESIDENT,
 CORPORATE SERVICE DEPARTMENT
EDUCATION * M.S.3, AMNUAY SILPA SCHOOL
37. **MR.PREECHA PARECHINAVONG**
POSITION * SENIOR VICE PRESIDENT,
 CHIDLOM OFFICE
EDUCATION * M.B.A. KASETSART UNIVERSITY
 * B.Com. CHULALONGKORN UNIVERSITY
38. **MR.YOTHIN PIBULKASETKIJ**
POSITION * SENIOR VICE PRESIDENT,
 RUTCHAYOTHIN OFFICE
EDUCATION * B.B.A. CHULALONGKORN UNIVERSITY
- MR. UBHASRI KRISHNAMRA**
POSITION * SENIOR VICE PRESIDENT,
 BANKING DEVELOPMENT DEPARTMENT 4
- MR. PRASONG SARIKABHUPI**
POSITION * SENIOR VICE PRESIDENT,
 BANGKAPI (SUKUMVIT 45) BRANCH
- MR. SOMPHOB CHAIPRAPAR**
POSITION * SENIOR VICE PRESIDENT,
 BANGLAMPU BRANCH
- MR. NIMIT SAVETKAIROP**
POSITION * SENIOR VICE PRESIDENT,
 BUSINESS DEVELOPMENT OFFICE 9
- MR. CHULATIP NITIBHON**
POSITION * SENIOR VICE PRESIDENT AND
 AREA MANAGER NORTH AMERICA AND EUROPE
 AND GENERAL MANAGER, NEW YORK AGENCY
- MRS.PASPUN SUWANCHINDA**
POSITION * SENIOR VICE PRESIDENT
 AND GENERAL MANAGER
 LOS ANGELES BRANCH

THE BANK'S EXECUTIVES ON LEAVE TO PERFORM MANAGERIAL DUTIES AT VARIOUS AFFILIATES

- MR. BANNAWIT BUNYARAT**
 CHAIRMAN OF THE EXECUTIVE BOARD
 SIAM TV AND COMMUNICATION CO., LTD.
- MR. AMORN ASVANUNT**
 CHAIRMAN OF THE BOARD OF EXECUTIVE DIRECTORS
 AND GROUP CHIEF EXECUTIVE OFFICER
 SIAM SINDHORN CO., LTD.
- MRS. MALEERATNA PLUMCHITTHOM**
 PRESIDENT
 SCB BUSINESS SERVICES CO., LTD.
- MR. CHARAMPORN JOTIKASTHIRA**
 PRESIDENT AND CHIEF EXECUTIVE
 SCB SECURITIES CO., LTD.
- MR. SOMCHAI MITPAIBUL**
 PRESIDENT
 SCB ASSETS CO., LTD.
- MR. SARUNTHORN CHUTIMA**
 PRESIDENT
 SIAM ENTERTAINMENT CO., LTD.



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REPORT OF THE AUDITORS

We report to the shareholders of The Siam Commercial Bank Public Company Limited that we have examined the balance sheet as at December 31, 1996 and 1995, and the related statements of profit and loss, changes in shareholders' equity and cash flows for each half year and each year then ended respectively of The Siam Commercial Bank Public Company Limited. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the aforementioned financial statements present fairly the financial position as at December 31, 1996 and 1995, and the results of operations, the changes in shareholders' equity, and the cash flows for each half year and each year then ended respectively of The Siam Commercial Bank Public Company Limited, in conformity with generally accepted accounting principles applied on a consistent basis.

37

JAIYOS & CO



(Mr. Toemsakdi Krishnamra)
Certified Public Accountant

Bangkok

February 11, 1997

BALANCE SHEET

As at December 31,

	1996	1995
ASSETS		
CASH AND DEPOSITS AT BANKS		
Cash and deposits at banks in Thailand	16,097,839,161	12,185,711,189
Deposits at banks outside Thailand	5,378,045,486	4,402,257,342
Total cash and deposits at banks	21,475,884,647	16,587,968,531
DUE FROM BANKS -interest bearing	2,943,705,028	3,438,062,631
INVESTMENT IN SECURITIES (Note 2.3)		
Government securities and securities guaranteed by the Government (Note 3.3)	11,743,788,811	14,838,344,800
Listed securities (Market value: Baht 6,843,436,675 in 1996, Baht 11,392,123,734 in 1995)	4,823,589,554	3,731,018,639
Other securities (Note 3.2)	14,278,277,977	9,383,019,618
Total investment in securities	30,845,656,342	27,952,383,057
LOANS (Note 2.4)	459,107,560,518	377,729,736,066
ACCRUED INTEREST RECEIVABLE	6,635,455,682	5,920,537,300
Total loans and accrued interest receivable	465,743,016,200	383,650,273,366
LESS ALLOWANCE FOR POSSIBLE LOAN LOSSES (Notes 2.5 and 3.4)	(6,230,775,837)	(5,627,623,352)
Net loans and accrued interest receivable	459,512,240,363	378,022,650,014
PROPERTY FORECLOSED (Note 2.6)	671,177,655	500,434,744
CUSTOMERS' LIABILITIES UNDER ACCEPTANCES	2,766,445,295	692,135,599
PROPERTY, PREMISES AND EQUIPMENT (Notes 2.7 and 3.5)	18,988,349,115	17,996,155,728
OTHER ASSETS	4,028,092,503	8,180,585,077
TOTAL ASSETS	BAHT 541,231,550,948	453,370,375,381
CUSTOMERS' LIABILITIES UNDER UNMATURED BILLS ISSUED UNDER LETTERS OF CREDIT	10,198,595,413	9,812,174,880
TOTAL	BAHT 551,430,146,361	463,182,550,261

BALANCE SHEET

As at December 31,

	1996	1995
LIABILITIES AND SHAREHOLDERS' EQUITY		
DEPOSITS		
Domestic deposits		
Interest-bearing	350,756,315,497	295,108,791,915
Non interest-bearing	11,710,333,015	10,818,740,063
Foreign deposits		
Interest-bearing	36,708,410,082	36,191,478,534
Non interest-bearing	116,338,583	72,111,739
Total deposits	399,291,397,177	342,191,122,251
DUE TO BANKS -interest bearing	7,976,906,753	4,179,287,775
DEMAND LIABILITIES	1,679,291,820	1,782,825,985
SECURITIES SOLD UNDER REPURCHASE AGREEMENTS	6,984,000,000	7,727,000,000
BORROWINGS		
Short-term borrowings		
Domestic	2,293,304,600	1,621,893,512
Foreign	43,768,590,416	35,569,619,548
Long-term borrowings (Note 3.6)	20,960,035,886	7,562,875,580
Total borrowings	67,021,930,902	44,754,388,640
PROVIDENT AND PENSION FUNDS (Note 2.8)	1,018,221,708	461,114,336
BANK'S LIABILITIES UNDER ACCEPTANCES	2,766,445,295	692,135,599
OTHER LIABILITIES	13,800,478,288	16,306,788,779
TOTAL LIABILITIES	500,538,671,943	418,094,663,365
SHAREHOLDERS' EQUITY		
SHARE CAPITAL (Note 3.7)		
Registered share capital		
400,000,000 ordinary shares of		
Baht 10.00 each	<u>4,000,000,000</u>	<u>4,000,000,000</u>
Issued and paid-up share capital		
380,803,214 ordinary shares of		
Baht 10.00 each, fully paid	3,808,032,140	
380,199,671 ordinary shares of		
Baht 10.00 each, fully paid		3,801,996,710
PREMIUM ON SHARE CAPITAL	6,909,294,863	6,762,030,293
UNREALIZED INCREMENT PER LAND APPRAISAL	2,397,957,250	2,397,957,250
UNREALIZED INCREMENT PER PREMISES APPRAISAL	1,239,726,159	1,282,434,496
RETAINED EARNINGS		
Appropriated		
Statutory reserve	495,000,000	495,000,000
Other reserve	19,081,000,000	15,081,000,000
Unappropriated	7,011,724,477	5,455,293,267
TOTAL SHAREHOLDERS' EQUITY	40,942,734,889	35,275,712,016
NET UNREALIZED LOSS ON DIMINUTION IN		
VALUE OF SECURITIES HELD FOR INVESTMENT	(249,855,884)	-
NET SHAREHOLDERS' EQUITY	40,692,879,005	35,275,712,016
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY BAHT	541,231,550,948	453,370,375,381
BANK'S LIABILITIES UNDER UNMATURED BILLS		
ISSUED UNDER LETTERS OF CREDIT	10,198,595,413	9,812,174,880
TOTAL BAHT	551,430,146,361	463,182,550,261
SIGNIFICANT COMMITMENTS		
AVALS TO BILLS AND		
GUARANTEES OF LOANS BAHT	24,534,348,383	24,352,241,888
LETTERS OF CREDIT BAHT	14,696,068,668	18,160,989,678

Note 1 to the Financial Statement of 1996 is an integral part of this statement.

THE Siam Commercial Bank Public Company Limited
PROFIT AND LOSS STATEMENT

For The Half Year ended December 31,

	1996	1995
INTEREST AND DIVIDEND INCOME		
Loans and deposits	26,763,038,591	22,620,844,412
Government securities and securities guaranteed by the Government	524,258,503	657,012,473
Other securities	391,290,942	285,540,998
Total Interest and Dividend Income	27,678,588,036	23,563,397,883
INTEREST EXPENSES		
Deposits	15,557,553,480	13,686,515,356
Short-term borrowings	1,642,419,488	1,648,284,637
Long-term borrowings	548,323,046	52,536,431
Total Interest Expenses	17,748,296,014	15,387,336,424
Net Interest Income	9,930,292,022	8,176,061,459
PROVISION FOR POSSIBLE LOAN LOSSES	640,084,120	465,425,938
Net Interest Income after Provision for Possible Loan Losses	9,290,207,902	7,710,635,521
NON-INTEREST INCOME		
Fees and services	2,425,964,565	2,176,032,265
Gain on exchange	652,212,965	594,132,948
Other income	368,642,788	281,297,358
Total Non-Interest Income	3,446,820,318	3,051,462,571
NON-INTEREST EXPENSES		
Personnel expenses	2,206,826,791	1,994,082,571
Premises expenses	583,064,874	489,311,252
Equipment expenses	926,967,811	551,016,427
Taxes and duties	866,678,366	732,087,776
Fees and services	122,511,764	108,769,665
Other expenses	1,608,988,897	1,266,713,403
Total Non-Interest Expenses	6,315,038,503	5,141,981,094
INCOME BEFORE INCOME TAX	6,421,989,717	5,620,116,998
INCOME TAX EXPENSE	1,700,779,480	1,607,042,657
NET PROFIT FOR THE HALF YEAR	4,721,210,237	4,013,074,341
EARNINGS FOR THE HALF YEAR		
PER SHARE (Note 2.13)	BAHT 12.40	10.56
NUMBER OF SHARES FOR CALCULATING EARNINGS PER SHARE	SHARES 380,803,214	380,181,904

40

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the half year ended December 31,

	1996	1995
ORDINARY SHARE CAPITAL		
Beginning balance	3,808,032,140	3,801,745,240
Additions	-	251,470
Ending balance	3,808,032,140	3,801,996,710
PREMIUM ON SHARE CAPITAL		
Beginning balance	6,909,294,863	6,755,894,263
Additions	-	6,136,030
Ending balance	6,909,294,863	6,762,030,293
UNREALIZED INCREMENT PER LAND APPRAISAL		
Beginning balance	2,397,957,250	2,403,890,000
Deductions	-	(5,932,750)
Ending balance	2,397,957,250	2,397,957,250
UNREALIZED INCREMENT PER PREMISES APPRAISAL		
Beginning balance	1,261,178,661	1,313,888,665
Deductions - Depreciation of premises appraisal	-	-
for the period	(21,452,502)	(21,531,169)
- Sales	-	(9,923,000)
Ending balance	1,239,726,159	1,282,434,496
STATUTORY RESERVE		
Beginning balance	495,000,000	495,000,000
Ending balance	495,000,000	495,000,000
OTHER RESERVE		
Beginning balance	17,081,000,000	13,081,000,000
Additions	2,000,000,000	2,000,000,000
Ending balance	19,081,000,000	15,081,000,000
UNAPPROPRIATED RETAINED EARNINGS		
Beginning balance	5,636,653,889	4,786,135,720
Deductions:		
Other reserve	(2,000,000,000)	(2,000,000,000)
Interim dividends	(1,332,811,249)	(1,330,610,834)
Interim directors' bonus	(13,328,400)	(13,305,960)
Additions:		
Net profit	4,721,210,237	4,013,074,341
Ending balance	7,011,724,477	5,455,293,267
TOTAL SHAREHOLDERS' EQUITY	40,942,734,889	35,275,712,016
NET UNREALIZED LOSS ON DIMINUTION IN VALUE		
OF SECURITIES HELD FOR INVESTMENT	(249,855,884)	-
NET SHAREHOLDERS' EQUITY	40,692,879,005	35,275,712,016
	BAHT	

STATEMENT OF CASH FLOWS

For the half year ended December 31,

	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit	4,721,210,237	4,013,074,341
Items to reconcile net profit to cash received (paid):		
From operating activities		
Depreciation and amortization	827,189,416	540,503,674
Provision for possible loan losses	640,084,120	465,425,938
Profit on sales of assets	(15,908,683)	(17,815,846)
Profit on exchange rate	(128,008,520)	(326,011,797)
Increase in accrued interest and dividend income	(121,104,244)	(1,140,326,738)
Increase in accrued interest payable	863,561,956	1,426,681,999
Increase in other accrued expenses	75,781,292	89,422,792
Profit from operations before changes in operating assets and liabilities	6,862,805,574	5,050,954,363
Operating assets (increase) decrease		
Due from banks-interest bearing	(201,936,349)	(977,941,471)
Short term investment in securities	(1,985,889,766)	(3,517,630,483)
Loans and accrued interest receivable	(44,878,461,032)	(50,781,513,000)
Property foreclosed	(68,739,815)	80,409,662
Other assets	6,312,657,732	(788,033,053)
Operating liabilities increase (decrease)		
Deposits	25,487,219,753	47,567,094,553
Due to banks-interest bearing	1,749,700,536	(649,560,949)
Demand liabilities	(4,174,202,933)	242,225,317
Securities sold under repurchase agreements	6,907,000,000	6,489,000,000
Borrowings	9,684,776,648	(3,590,476,935)
Provident and pension funds	564,235,237	28,985,524
Other liabilities	457,004,534	4,362,486,714
Directors' bonus	(13,328,400)	(13,305,960)
Net cash provided (used) by operating activities	6,702,841,719	3,502,694,282

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED
STATEMENT OF CASH FLOWS (CONTINUED)

For the half year ended December 31.

	1996	1995
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in long-term investment in securities	(1,112,584,783)	889,527,040
Net purchase of property, premises and equipment	(1,183,513,943)	(1,851,362,121)
Net cash provided (used) by investing activities	(2,296,098,726)	(961,835,081)
CASH FLOWS FROM FINANCING ACTIVITIES		
Decrease in long-term borrowings	(2,557,143,740)	(34,108,429)
Dividends paid	(1,332,811,249)	(1,330,610,834)
Net cash provided (used) by financing activities	(3,889,954,989)	(1,364,719,263)
Net increase (decrease) in cash and cash equivalents	516,788,004	1,176,139,938
Cash and cash equivalents as at July 1,	20,959,096,643	15,411,828,593
Cash and cash equivalents as at December 31, BAHT	<u>21,475,884,647</u>	<u>16,587,968,531</u>

THE SIAM COMMERCIAL BANK PUBLIC COMPANY LIMITED
PROFIT AND LOSS STATEMENT

For the year ended December 31,

	1996	1995
INTEREST AND DIVIDEND INCOME		
Loans and deposits	51,311,799,664	41,870,119,345
Government securities and securities guaranteed by the Government	1,101,081,896	1,297,118,414
Other securities	945,977,870	779,080,898
Total Interest and Dividend Income	53,358,859,430	43,946,318,657
INTEREST EXPENSES		
Deposits	31,120,567,758	24,527,712,650
Short-term borrowings	2,670,227,730	3,155,236,746
Long term borrowings	904,661,351	143,968,163
Total Interest Expenses	34,695,456,839	27,826,917,559
Net Interest Income	18,663,402,591	16,119,401,098
PROVISION FOR POSSIBLE LOAN LOSSES		
Net Interest Income after Provision for Possible Loan Losses	17,539,598,913	15,175,054,659
NON-INTEREST INCOME		
Fees and services	4,409,962,426	3,728,156,521
Gain on exchange	1,228,517,699	983,906,150
Other income	770,118,776	409,990,524
Total Non-Interest Income	6,408,598,901	5,122,053,195
NON-INTEREST EXPENSES		
Personnel expenses	4,116,757,696	3,829,107,335
Premises expenses	1,136,804,743	841,307,261
Equipment expenses	1,697,540,882	1,069,244,176
Taxes and duties	1,688,046,191	1,374,613,364
Fees and services	228,412,959	212,424,434
Other expenses	2,877,975,729	2,216,305,031
Total Non-Interest Expenses	11,745,538,200	9,543,001,601
INCOME BEFORE INCOME TAX	12,202,659,614	10,754,106,253
INCOME TAX EXPENSE	3,188,080,565	2,999,496,793
NET PROFIT	9,014,579,049	7,754,609,460
EARNINGS PER SHARE (Note 2.13)	23.68	20.40
NUMBER OF SHARES FOR CALCULATING		
EARNINGS PER SHARE	380,618,523	380,109,391

Notes to the Financial Statements form an integral part of these statements.

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

For the year ended December 31,

	1996	1995
ORDINARY SHARE CAPITAL		
Beginning balance	3,801,996,710	3,800,000,000
Additions	6,035,430	1,996,710
Ending balance	3,808,032,140	3,801,996,710
PREMIUM ON SHARE CAPITAL		
Beginning balance	6,762,030,293	6,713,310,252
Additions	147,264,570	48,720,040
Ending balance	6,909,294,863	6,762,030,292
UNREALIZED INCREMENT PER LAND APPRAISAL		
Beginning balance	2,397,957,250	2,403,890,000
Deductions	-	(5,932,750)
Ending balance	2,397,957,250	2,397,957,250
UNREALIZED INCREMENT PER PREMISES APPRAISAL		
Beginning balance	1,282,434,496	1,413,468,000
Deductions - Adjustment for depreciation of premises appraisal being charged to expense in prior year	-	(78,118,493)
- Depreciation of premises appraisal for the year	(42,708,337)	(42,992,011)
- Sales	-	(9,923,000)
Ending balance	1,239,726,159	1,282,434,496
STATUTORY RESERVE		
Beginning balance	495,000,000	495,000,000
Ending balance	495,000,000	495,000,000
OTHER RESERVE		
Beginning balance	15,081,000,000	11,081,000,000
Additions	4,000,000,000	4,000,000,000
Ending balance	19,081,000,000	15,081,000,000

STATEMENT OF CASH FLOWS

For the year ended December 31,

	1996	1995
CASH FLOWS FROM OPERATING ACTIVITIES		
Net profit	9,014,579,049	7,754,609,460
Items to reconcile net profit to cash received (paid):		
From operating activities		
Depreciation and amortization	1,552,790,993	1,059,849,458
Provision for possible loan losses	1,123,803,678	944,346,439
Profit on sales of assets	(21,398,270)	(21,855,022)
Profit on exchange rate	(182,113,914)	(423,017,289)
Increase in accrued interest and dividend income	(701,957,587)	(1,542,471,031)
Increase in accrued interest payable	1,530,749,172	2,076,682,784
Increase in other accrued expenses	89,725,215	165,581,062
Profit from operations before changes in operating assets and liabilities	12,406,178,336	10,013,725,861
Operating assets (increase) decrease		
Due from banks-interest bearing	494,357,603	(2,324,379,963)
Securities purchased under resale agreements		290,000,000
Short-term investment in securities	(2,235,346,937)	(3,007,538,709)
Loans and accrued interest receivable	(82,046,351,165)	(77,243,658,804)
Property foreclosed	(170,742,911)	13,916,130
Other assets	4,469,521,216	1,190,003,924
Operating liabilities increase (decrease)		
Deposits	57,100,274,927	64,795,658,239
Due to banks-interest bearing	3,797,618,978	1,515,102,056
Demand liabilities	(103,534,165)	703,501,921
Securities sold under repurchase agreements	(743,000,000)	927,000,000
Borrowings	8,870,381,956	6,065,544,197
Provident and pension funds	557,107,372	114,256,180
Other liabilities	(4,126,784,877)	4,605,451,075
Directors' bonus	(34,238,400)	(29,481,960)
Net cash provided (used) by operating activities	(1,764,558,067)	7,629,100,147

STATEMENT OF CASH FLOWS (CONTINUED)

For the year ended December 31,

	1996	1995
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in long-term investment in securities	(907,782,234)	(2,046,991,055)
Payment for net purchase of property, premises and equipment	(2,566,294,449)	(3,429,959,299)
Net cash provided (used) by investing activities	(3,474,076,683)	(5,476,950,354)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase (decrease) in long-term borrowings	13,550,460,306	(239,770,221)
Dividends paid	(3,423,909,440)	(2,660,610,834)
Net cash provided (used) by financing activities	10,126,550,866	(2,900,381,055)
Net increase (decrease) in cash and cash equivalents	4,887,916,116	(748,231,262)
Cash and cash equivalents as at January 1,	16,587,968,531	17,336,199,793
Cash and cash equivalents as at December 31 BAHT	<u>21,475,884,647</u>	<u>16,587,968,531</u>

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 1996 and 1995

1. BASIS FOR PREPARATION OF THE FINANCIAL STATEMENTS

- 1.1 The financial statements have been prepared in accordance with the requirements of the Notification of the Bank of Thailand dated November 18, 1986 regarding the form of balance sheet and profit and loss statement for commercial banks as amended by Notification No. 2 dated February 15, 1995.
- 1.2 The financial statements include the accounts of all branches of the Bank, but exclude four subsidiary companies whose shares are more than 50 percent owned by the Bank and carried at cost in the books. One company is in the temporary control of the bank, and the other three companies are immaterial with regard to the bank's financial position and results of operations. The financial position and the results of operations of the said companies are presented by way of additional information in the notes to the financial statements.

2. SIGNIFICANT ACCOUNTING POLICIES

- 2.1 Cash and cash equivalents include cash, deposits at the Bank of Thailand and branches or representatives of the Bank of Thailand, non interest bearing deposits with commercial banks and other banks, and cash on collection, in accordance with the Notification of the Bank of Thailand dated February 15, 1995.
- 2.2 Assets and liabilities in foreign currencies are converted into Baht at the rates of exchange prevailing at the transaction dates. Balances of assets and liabilities in foreign currencies and forward exchange contracts at the end of the year are converted into Baht at the average exchange rates at the end of the year.

Gains and losses from foreign exchange transactions, and translation gains and losses are taken up in the profit and loss statement. Premium or discount which comprises the difference between the rate of the forward exchange contracts and the rate on the transaction date are recognized over the term of the contract.

- 2.3 In 1996, investments in Government securities and securities guaranteed by the Government which represent debt instruments are stated at the lower of aggregate cost or aggregate market value, in order to comply with the Notification of the Bank of Thailand dated October 3, 1995, regarding the accounting for investment in debt instruments.

For 1995, such investments are stated at face value.

The premium or discount is included in other assets or other liabilities as the case may be.

The premium or discount is amortized through maturity by the straight line method.

Listed securities are stated at the lower of cost or market value (being the closing price at The Stock Exchange of Thailand at the close of the last business day of the period).

Other securities, which exclude debt instruments are stated at the lower of cost or net realizable value or net assets value.

Investment in debt instruments are stated at lower of aggregate cost or aggregate market value.

The market value of debt instruments is calculated as follows:

For debt instruments of the government sector, the monthly auction value of the Bank of Thailand's bonds, Government Bonds and state enterprise bonds guaranteed by the government is used. If there is no such auction value, the Bank's yield curve for debt instruments of the Government sector will be used as per the Bank of Thailand's guideline. In case of state enterprise bonds without government guarantee, an appropriate risk premium will be adjusted.

For other domestic debt instruments, in case of bonds traded in the Bond Dealer's Club (BDC), the

price on the last business day of the period is used. For debt instruments not traded in the BDC, the Bank's yield curve for debt instruments of the government sector is used, adjusted by the appropriate risk-premium.

For debt instruments trade in foreign market, the value quoted by reliable international financial institutions will be used.

Investment in subsidiaries and associated companies are stated at cost, according to the Notification of the Bank of Thailand dated February 15, 1995 (see note 3.2.1).

- 2.4 Overdrafts are stated at the drawn amounts including interest. Certain overdrafts for which special notices have been given and other loans are stated at the principal amounts.

Unearned discounts on notes receivable are included in other liabilities.

- 2.5 The allowance for possible loan losses is based on the analysis of outstanding loans according to the Bank's experience in assessing the risks involved, and the value of collateral for such loans.

The provision for possible loan losses is recorded as an expense for the period.

Bad debts written off and bad debts recovered are recorded as a decrease or an increase in the allowance for possible loan losses.

- 2.6 Property foreclosed consist of movable and immovable properties which are stated at cost.

Gains or losses on such properties are recognized at the date of disposal.

- 2.7 Property, premises and equipment are stated at cost.

In 1993, land and premises were professionally appraised according to guidelines laid down by the Bank of Thailand. The increment resulting from the appraisal, approved by the Bank of Thailand was recorded in the accounts as unrealized increment per land appraisal and unrealized increment per premises appraisal and shown as shareholders' equity. Depreciation for the appraisal of premises is based on the estimated remaining useful lives and taken to expenses in each year, which is in accordance with the rules, procedures and conditions specified in the Notification of the Bank of Thailand regarding the basis for appraisal of assets dated June 30, 1992.

In 1995, the accounting procedure for recording depreciation of premises appraisal has been changed. Depreciation is now recorded by reducing the unrealized increment per premises appraisal instead of being charged to expenses. Depreciation previously recorded as an expense in prior periods is added back to the retained earnings brought forward and deducted from unrealized increment per premises appraisal. Such procedure is in accordance with the Notification of the Bank of Thailand dated December 16, 1994 regarding the adjustment of the accounting procedure for recording depreciation of premises. Depreciation and amortization are calculated by the straight-line method, based on the estimated useful lives of the assets, as follows:

Premises	20	years
Equipment	5	years
Leasehold lease period between	1	30 years

- 2.8 The Bank has a pension plan upon retirement for its employees with long service rendered before January 1, 1979 and thereafter a staff leaving gratuities plan for those who have completed at least 5 years of uninterrupted service (or 10 years of interrupted service), calculated on the basis of length of service and the amount of last pay received.

The Bank makes a provision for this purpose as appropriate in each period.

In 1996, the Bank initiated a provident fund for its employees who started employment after January 1, 1995 and for these employees who started employment before January 1, 1995 but have indicated their willingness to join. The contributions from employees are deducted from the monthly salaries, with the Company matching the individuals' contributions. The fund is managed by an authorized fund manager and has been registered in accordance with the Provident Fund Act B.E. 2530 (1987).

- 2.9 The Bank recognizes interest and discounts on loans as income on an accrual basis, except for interest on loans which are outstanding over 6 months. Such interest is recognized when received.
Interest expense is recognized on an accrual basis.
- 2.10 Interest on investment is recognized as income on an accrual basis. Dividend income is recognized on a cash basis.
Gains or losses on the sales or the changes in market value of investments are computed by the specific identification method and included in other income or other expenses, as the case may be.
- 2.11 Contributions to the Financial Institution Development Fund are recorded as an expense on a cash basis.
- 2.12 Income tax payable is recorded as an expense for the year.
- 2.13 Earnings per share is computed on the basis of the number of outstanding ordinary shares at the balance sheet date. In the case of an increase in capital, the number of shares are weighted according to the time of registration of the issued and paid up capital.
The Bank has issued subordinated convertible bonds which the bondholders can convert to ordinary shares (see notes 3.6 and 3.7). As at December 31, 1996 and 1995, had all the bondholders exercised their conversion rights, the difference between fully diluted and primary earnings per share would not be significant.
- 2.14 Certain reclassifications and additional disclosures in the notes to financial statements have been made in the financial statements for the year ended December 31, 1995 to conform to classifications and disclosures used in the financial statements for the year ended December 31, 1996.

3. ADDITIONAL INFORMATION

3.1 Supplemental disclosures of cash flow information

3.1.1 Cash paid for interest and income tax is as follows:

		1996	1995
Interest	Baht	33,954,461,078	25,736,586,290
Income tax	Baht	3,097,694,118	2,809,005,966

3.1.2 Non-cash items are as follows:

3.1.2.1 Subordinated convertible bonds converted into ordinary shares

		1996	1995
ordinary shares		6,035,130	1,996,710
premium on share capital		147,264,570	48,720,040
Conversion price of subordinated convertible bonds	Baht	<u>153,300,000</u>	<u>50,716,750</u>

3.1.2.2 Sales of appraised assets

		1996	1995
land			5,932,750
premises			9,923,000
	Baht	<u> </u>	<u>15,855,750</u>

- 3.1.2.3 In 1996, a provision for diminution in value of securities held for investment of Baht 249,855,884 was set up and shown as a deduction from shareholders' equity.

3.2 Investment in securities

Investment in securities consists of the following:

	1996	1995
Government securities and securities guaranteed by the Government		
Securities for investment		
Bonds	11,743,788,811	14,838,344,800
Total Government securities and securities guaranteed by the Government	Baht <u>11,743,788,811</u>	<u>14,838,344,800</u>
Listed securities		
Securities for investment		
Common shares, preferred share and investment units	4,823,589,554	3,731,018,639
Total listed securities	Baht <u>4,823,589,554</u>	<u>3,731,018,639</u>
Other securities		
Securities for trading		
Debentures	1,142,776,021	2,576,675,289
Total securities for trading	1,142,776,021	2,576,675,289

Securities for investment

3.2.1 Investments in companies of which the Bank holds 20% or more of the paid up capital in each company, are as follows:

	1996		1995	
	%	BAHT	%	BAHT
SCB Asset Management Co., Ltd.	25.00	25,000,000	25.00	25,000,000
Business Venture Promotion Co., Ltd.	32.50	39,000,000	32.50	39,000,000
Siam Sanwa Trilease Co., Ltd.	35.00	21,000,000	35.00	21,000,000
Singburi Sugar Co., Ltd.	100.00	350,000	100.00	350,000
Siam Sindhorn Co., Ltd.	24.99	302,413,320	24.99	302,413,320
Bank of Kathmandu Ltd.	30.00	13,911,290	30.00	13,682,879
Siam-JLC Leasing Co., Ltd.	51.00	50,999,920	51.00	50,999,920
SCB Advisory Service Co., Ltd.	99.99	9,999,300	99.99	9,999,300
The Vina Siam Bank	25.00	95,925,000	25.00	94,350,000
SCB Securities Co., Ltd.	69.99	431,199,860	69.99	375,199,860
SCB Training Center Co., Ltd.	25.00	50,000,000	25.00	50,000,000
		<u>1,039,798,690</u>		<u>981,995,279</u>

In 1996 and 1995, investment in subsidiary and associated companies are presented by the cost method (see note 2.3). Had such investments been presented by the equity method, the effect on the financial statements would be as follows:

	1996	1995
Increase in investments in other securities	Baht 433,538,990	405,738,137
Decrease in loans	118,116,257	121,629,852
Increase (decrease) in retained earnings brought forward	189,413,059	(36,793,006)
Increase in net profit	126,009,674	320,901,291
Increase in earnings per share	Baht 0.33	0.84

Equity in net profit (loss) of subsidiary and associated companies is based on the unaudited financial statements which are presented by the cost method.

The financial position and the results of operations of Singburi Sugar Company Limited for the year ended October 31, 1996 and 1995 (unaudited) are given below:

SINGBURI SUGAR COMPANY LIMITED

BALANCE SHEET

As at October 31,

	1996	1995
ASSETS		
CURRENT ASSETS		
Cash in hand and at banks	6,253,104	1,654,904
Accounts receivable	62,385,331	60,876,825
Notes receivable	9,660,000	8,157,750
Inventories	101,427,600	284,697,171
Accrued income	12,614,135	11,916,998
Advance for allocation of loan settlement	28,500,143	28,500,143
Other current assets	735,895	488,066
Total Current Assets	221,576,208	396,291,857
INVESTMENTS IN AND LOANS TO SUBSIDIARY, ASSOCIATED AND OTHER COMPANIES		
	182,516,040	182,521,795
ADVANCE TO SUBSIDIARY, ASSOCIATED AND OTHER COMPANIES		
	252,913,795	252,849,116
PROPERTY, PLANT AND EQUIPMENT		
	277,968,950	244,771,775
OTHER ASSETS		
	18,127,409	12,122,014
TOTAL ASSETS	953,102,402	1,088,556,557
	BAHT	
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Bank overdrafts and loans from banks	16,952,307	149,453,562
Accounts payable	34,089,631	17,405,690
Current portion of long term debts	5,143,845	5,143,845
Unearned income	5,605,088	4,487,247
Other current liabilities	69,246,361	126,974,796
Total Current Liabilities	131,037,232	303,465,140
ADVANCE FROM SUBSIDIARY COMPANIES		
	6,515,583	6,515,583
LONG-TERM LOANS		
	933,665,844	900,555,686
TOTAL LIABILITIES	1,071,218,659	1,210,536,409

BALANCE SHEET (CONTINUED)

As at October 31,

	1996	1995
SHAREHOLDERS' EQUITY		
SHARE CAPITAL		
Registered share capital		
300,000 ordinary shares of Baht 1,000.00 each	300,000,000	300,000,000
Issued and paid-up share capital		
300,000 ordinary shares of Baht 1,000.00 each, fully paid	300,000,000	300,000,000
RETAINED EARNINGS		
Unappropriated (deficit)	(418,116,257)	(421,979,852)
TOTAL SHAREHOLDERS' EQUITY		
(CAPITAL DEFICIENCY)	(118,116,257)	(121,979,852)
TOTAL LIABILITIES AND		
SHAREHOLDERS' EQUITY	BAHT	
	<u>953,102,402</u>	<u>1,088,556,557</u>

SINGBURI SUGAR COMPANY LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

For the year ended October 31,

55

	1996	1995
REVENUES		
Sales	1,331,634,765	1,335,444,658
Other income	29,852,140	8,831,703
Total Revenues	1,361,486,905	1,344,276,361
EXPENSES		
Cost of sales	1,175,399,201	1,100,308,290
Selling and administrative expenses	81,778,281	73,667,709
Interest expenses	100,605,833	129,469,782
Total Expenses	1,357,783,315	1,303,445,781
NET PROFIT	BAHT	
	<u>3,703,590</u>	<u>40,830,580</u>
RETAINED EARNINGS (DEFICIT) BROUGHT FORWARD	(421,819,847)	(462,810,432)
NET PROFIT	3,703,590	40,830,580
RETAINED EARNINGS (DEFICIT)		
CARRIED FORWARD	BAHT	
	<u>(418,116,257)</u>	<u>(421,979,852)</u>
NET PROFIT PER SHARE	BAHT	
	12.34	136.10

The financial position and the results of operations of SCB Advisory Service Company Limited for the year ended December 31, 1996 and 1995 (unaudited) are given below:

SCB ADVISORY SERVICE COMPANY LIMITED

BALANCE SHEET

As at December 31,

	1996	1995
ASSETS		
CURRENT ASSETS		
Cash in hand and at banks	1,097,366	18,158,973
Accounts receivable	23,504,919	19,723,832
Other current assets	938,699	4,293,091
Total Current Assets	25,540,984	42,175,896
PROPERTY, PLANT AND EQUIPMENT	7,621,795	5,940,396
OTHER ASSETS	1,421,607	3,241,542
TOTAL ASSETS	34,584,386	51,357,834
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Accounts and notes payable	580,476	558,353
Other current liabilities	229,852	7,087,086
Total Current Liabilities	810,328	7,645,439
SHAREHOLDERS' EQUITY	33,774,058	43,712,395
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	34,584,386	51,357,834

56

SCB ADVISORY SERVICE COMPANY LIMITED

STATEMENT OF INCOME AND RETAINED EARNINGS

For the year ended December 31,

	1996	1995
REVENUES		
Income from services	45,557,796	86,242,978
Other income	2,453,549	2,397,844
Total Revenues	48,011,345	88,640,822
EXPENSES		
Personnel expenses	16,521,586	44,088,769
Other expenses	22,410,692	13,959,129
Total Expenses	38,932,278	58,047,898
NET PROFIT	9,079,067	30,592,924

STATEMENT OF INCOME AND RETAINED EARNINGS (CONTINUED)

For the year ended December 31,

		1996	1995
RETAINED EARNINGS BROUGHT FORWARD		13,694,991	3,119,471
NET PROFIT		9,079,067	30,592,924
RETAINED EARNINGS CARRIED FORWARD	BAHT	22,774,058	33,712,395
NET PROFIT PER SHARE	BAHT	90.79	305.93

The financial position and the results of operations of Siam-JLC Leasing Company Limited for the year ended December 31, 1996 and 1995 (unaudited) are given below:

SIAM-JLC LEASING CO., LTD.

BALANCE SHEET

As at December 31,

		1996	1995
ASSETS			
CURRENT ASSETS			
Cash in hand and at banks		7,824,604	31,148,974
Accounts receivable - net		2,014,178,639	951,807,550
Promissory notes		328,500,000	223,000,000
Other current assets		29,485,430	33,100,836
Total Current Assets		2,379,988,673	1,239,057,360
PROPERTY, PLANT AND EQUIPMENT		6,416,671	7,738,591
OTHER ASSETS		12,847,323	6,231,955
TOTAL ASSETS	BAHT	2,399,252,667	1,253,027,906
LIABILITIES AND SHAREHOLDERS' EQUITY			
CURRENT LIABILITIES			
Overdrafts and loans from banks		25,336,887	28,723,821
Other current liabilities		2,221,829,526	1,122,338,445
Total Current Liabilities		2,247,166,413	1,151,062,266
SHAREHOLDERS' EQUITY		152,086,254	101,965,640
TOTAL LIABILITIES AND			
SHAREHOLDERS' EQUITY	BAHT	2,399,252,667	1,253,027,906

STATEMENT OF INCOME AND RETAINED EARNINGS

For the year ended December 31,

		1996	1995
REVENUES			
Revenue from hire purchase		198,993,687	50,022,194
Other income		46,157,393	52,773,934
Total Revenues		245,151,080	102,796,128
EXPENSES			
Personnel expenses		20,528,061	12,775,715
Other expenses		175,621,137	84,296,386
Total Expenses		196,149,198	97,072,101
NET PROFIT	BAHT	<u>49,001,882</u>	<u>5,724,027</u>
RETAINED EARNINGS (DEFICIT) BROUGHT FORWARD		3,084,372	(3,758,387)
NET PROFIT		49,001,882	5,724,027
RETAINED EARNINGS CARRIED FORWARD	BAHT	<u>52,086,254</u>	<u>1,965,640</u>
NET PROFIT PER SHARE	BAHT	4.90	0.57

58

The financial position and the results of operations of SCB Securities Company Limited for the year ended December 31, 1996 and 1995 (unaudited) are given below:

SCB SECURITIES CO., LTD.

BALANCE SHEET

As at December 31,

		1996	1995
ASSETS			
CURRENT ASSETS			
Cash in hand and at banks		1,954,622	6,449,995
Securities business receivables		1,447,851,026	1,708,551,278
Investment in securities		769,185,357	446,341,977
		<u>2,218,991,005</u>	<u>2,161,343,250</u>
PREMISES AND EQUIPMENT		19,540,127	46,488,832
OTHER ASSETS		52,800,529	52,829,935
TOTAL ASSETS	BAHT	<u>2,291,331,661</u>	<u>2,260,662,017</u>

SCB SECURITIES CO., LTD.

BALANCE SHEET (CONTINUED)

As at December 31,

	1996	1995
LIABILITIES AND SHAREHOLDERS' EQUITY		
CURRENT LIABILITIES		
Borrowing	1,817,409,723	1,877,277,762
Accounts with securities companies and customers' accounts	100,908,268	106,969,428
Other liabilities	49,679,088	23,379,097
Total Current Liabilities	1,967,997,079	2,007,626,287
SHAREHOLDERS' EQUITY	323,334,582	253,035,730
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	2,291,331,661	2,260,662,017
	BAHT	

SCB SECURITIES CO., LTD.

STATEMENT OF INCOME AND RETAINED EARNINGS

For the year ended December 31,

	1996	1995
REVENUES		
Securities business income	429,626,086	163,615,314
Other income	5,163,736	1,513,189
Total Revenues	434,789,822	165,128,503
EXPENSES		
Securities business expenses	197,961,417	83,422,864
Operating expenses	222,579,551	75,484,490
Other expenses	10,135,939	3,613,648
Total Expenses	430,676,907	162,521,002
NET PROFIT	4,112,915	2,607,501
	BAHT	
RETAINED EARNINGS BROUGHT FORWARD	2,365,576	-
NET PROFIT	4,112,915	2,607,501
RETAINED EARNINGS CARRIED FORWARD	6,478,491	2,607,501
	BAHT	
NET PROFIT PER SHARE	0.17	9.59
	BAHT	

3.2.2 Investments in companies, of which the Bank holds less than 20% of the paid up capital in each company, classified according to industry groups, are as follows:

	1996	1995
Manufacturing	671,124,217	612,813,127
Commercial	22,567,083	22,557,772
Banking and finance	473,117,180	533,027,800
Others	1,252,849,318	780,829,598
Baht	<u>2,419,657,798</u>	<u>1,949,228,297</u>

3.2.3 Bonds and other securities

	1996	1995
Investment units	354,433,922	440,000,000
Debentures	3,252,129,333	-
State enterprise bonds	4,365,228,318	1,915,000,000
Foreign debentures and others	1,704,253,895	1,520,120,753
	9,676,045,468	3,875,120,753
Total securities for investment	13,135,501,956	6,806,344,329
Total other securities	Baht <u>14,278,277,977</u>	<u>9,383,019,618</u>

60

3.3 Securities used as collateral

Government securities having face values of Baht 1,448,764,000 and Baht 1,414,858,000 are deposited as cover for loans from, and the Bank's promissory notes in favour of, the Bank of Thailand and for other commitments with Government Departments and state enterprises as at December 31, 1996 and 1995, respectively.

3.4 Allowance for possible loan losses

	1996	1995
Beginning balance	5,627,623,352	4,731,259,301
Add Provision for possible loan losses	1,123,803,678	944,346,439
Loan losses recovered	4,563,816	45,680,680
Others	19,124,098	2,072,671
Less Loans written off	(544,339,107)	(95,735,739)
Ending balance	Baht <u>6,230,775,837</u>	<u>5,627,623,352</u>

In accordance with the instruction of the Bank of Thailand, the Bank has to set up a provision for possible loan losses in an amount sufficient to cover the assets classified as doubtful and uncollectible. For the year ended December 31, 1996, the allowance for possible loan losses of the Bank exceeds such amounts classified as doubtful and uncollectible.

3.5 Property, premises and equipment

	1996	1995
Land	3,313,237,110	3,107,780,136
Land - Appraisal increase	2,397,957,250	2,397,957,250
Premises	8,531,034,085	3,808,757,779
Premises - Appraisal increase	1,403,545,000	1,403,545,000
Equipment	7,885,671,371	7,325,884,786
Leasehold (net)	548,980,878	497,928,819
	24,080,425,694	18,541,853,770
Less Accumulated depreciation	(5,537,639,431)	(4,106,133,474)
	18,542,786,263	14,435,720,296
Construction in progress	445,562,852	3,560,435,432
	Baht 18,988,349,115	Baht 17,996,155,728
Depreciation and amortization for the year	Baht 1,552,790,993	Baht 1,059,849,458

The Bank has a commitment with regard to the construction of the new head office building amounting to Baht 109,387,415 and Baht 646,690,121 as at December 31, 1996 and 1995, respectively.

3.6 Long-term borrowings

Type of loan	Term of loan	Interest rate p.a. (%)	Currency	Amount	
				1996	1995
Subordinated					
convertible bonds	1994-2004	3.2500	US\$	3,883,983,250	4,037,283,250
Subordinated notes	1994-2004	5.6000	YEN	1,103,625,000	1,255,720,000
Promissory notes	1994-1998	9.2500	BAHT	750,000,000	750,000,000
Promissory notes	1994-1997	LIBOR	US\$	140,690,000	264,180,000
Loans	1994-1997	SIBOR+0.250	US\$	767,398,500	-
Loans	1994-1998	SIBOR+0.250	US\$	1,534,797,000	-
Loans	1994-1999	SIBOR+0.250	US\$	2,557,995,000	-
Loans	1994-1999	SIBOR+0.200	US\$	1,278,997,500	-
Loans	1995-1997	SIBOR+0.175	US\$	515,631,309	-
Loans	1995-1998	8.7500	US\$	4,970,706	4,889,091
Loans	1995-2000	SIBOR+0.220	US\$	2,557,995,000	-
Loans	1995-2000	SIBOR+0.250	US\$	383,699,250	-
Loans	1995-2000	LIBOR+0.220	£	1,277,984,523	1,250,803,239
Loans	1996-1997	SIBOR+0.250	US\$	134,294,738	-
Loans	1996-1999	SIBOR+0.180	US\$	255,799,500	-
Subordinated notes	1996-2006	7.5000	US\$	3,812,174,610	-
			Baht	20,960,035,886	7,562,875,580

On November 29, 1993 the shareholders passed a resolution to issue up to US\$ 180,000,000 subordinated convertible bonds in the foreign market, such bonds can be redeemed or converted into common shares within 10 years. The Bank will reserve up to 20,000,000 common shares as accommodation for the convertible bonds.

In January, 1994 the Bank offered US\$ 160,000,000 or approximately Baht 4,088,000,000 of subordinated convertible bonds to foreign investors at an interest rate at 3.25 per cent and conversion price equal to Baht 254 at an exchange rate of US\$ 1 to Baht 25.55 on the condition that the Bank may convert or redeem the bonds before maturity. The first portion of the subordinated convertible bonds were converted on May 25, 1995. As at December 31, 1996, the value of subordinated convertible bonds which have not been converted amounted to Baht 3,883,983,250.

3.7 Share capital

During the year ended December 31, 1996 the registered share capital increased by 603,543 shares arising from the conversion of the subordinated convertible bonds, making the issued and paid up share capital of Baht 3,808,032,140 and premium on share capital of Baht 6,909,294,863. The Bank registered the increased issued share capital with the Department of Commercial Registration on April 22, 1996.

3.8 Statutory reserve

Under the Public Companies Act, the Bank is required to set aside as statutory reserve at least 5% of its net profit net of accumulated deficit brought forward (if any) until the reserve is not less than 10% of the registered capital.

3.9 Long-term lease

Type of Lease	Period	Rental	
		1996 Baht	1995 Baht
Land and/or Premises	Jan 1, 1996-Dec 31, 1996		78,669,077
Land and/or Premises	Jan 1, 1997-Dec 31, 1997	73,304,492	48,755,764
Land and/or Premises	Jan 1, 1998-Dec 31, 1998	56,547,866	21,301,498
Land and/or Premises	Jan 1, 1999-Dec 31, 1999	44,914,222	18,515,899
Land and/or Premises	Jan 1, 2000-Dec 31, 2000	43,009,225	17,672,569
Land and/or Premises	Jan 1, 2001-Dec 31, 2001	41,951,640	15,603,739
Land and/or Premises	Jan 1, 2002-Dec 31, 2023	610,813,447	170,696,403

3.10 Related-party transactions

Loans and commitments of certain officers from the levels of departmental chief upwards, and the companies in which they or the Bank or the Bank's directors have 10% or more beneficial ownership as at December 31, 1996 and 1995 amount to Baht 7,453,633,820 and Baht 6,405,229,393 for loans, and Baht 629,504,379 and Baht 1,823,875,766 for commitments, respectively, with the average monthly balance in 1996 and 1995 being Baht 6,867,511,727 and Baht 6,639,776,520 for loans and Baht 674,318,476 and Baht 1,813,045,849 for commitments, respectively.

3.11 Contingent liabilities and commitments

The Bank has contingent liabilities and commitments, including the significant items which have already been disclosed as footnote to the balance sheet, as follows:

		1996	1995
Letters of credit	Baht	14,696,068,668	18,160,989,678
Avals to bills		7,134,042,058	8,188,795,493
Guarantees of loans		17,400,306,325	16,163,446,395
Other guarantees		48,114,526,345	37,623,138,463
Forward exchange bought		92,995,282,959	39,810,155,311
Forward exchange sold	Baht	88,748,015,167	38,730,876,332

3.12 Business segment information

The Bank's business segment information by geographical area are as follows:

	Domestic		Foreign		Total	
	1996	1995	1996	1995	1996	1995
Revenue						
- general customers	57,815,547,398	47,683,340,399	1,951,910,933	1,385,031,453	59,767,458,331	49,068,371,852
- intersegment	618,978,379	764,714,079	4,854,097,751	4,552,564,137	5,473,076,130	5,317,278,216
Baht	<u>58,434,525,777</u>	<u>48,448,054,478</u>	<u>6,806,008,684</u>	<u>5,937,595,590</u>	<u>65,240,534,461</u>	<u>54,385,650,068</u>
- elimination					(5,473,076,130)	(5,317,278,216)
Baht					<u>59,767,458,331</u>	<u>49,068,371,852</u>
Net profit						
Baht	<u>8,706,584,674</u>	<u>7,583,381,305</u>	<u>307,994,375</u>	<u>171,228,155</u>	<u>9,104,579,049</u>	<u>7,754,609,460</u>
Assets employed as at December 31						
Baht	<u>515,101,920,587</u>	<u>431,004,965,834</u>	<u>26,129,630,361</u>	<u>22,365,409,547</u>	<u>541,231,550,948</u>	<u>453,370,375,381</u>
General Bank assets						
Total assets as at December 31						
Baht					<u>541,231,550,948</u>	<u>453,370,375,381</u>

Intersegment revenues are accounted for at market value.

3.13 Changes in accounting procedures for investments

For the year ended December 31, 1996, the accounting procedure for debt instruments held for investment has been changed. Such investment is currently stated at the lower of aggregate cost or aggregate market value whereas in prior years it was stated as cost (See note 2.3).

The aforementioned change has no effect on the statement of income since aggregate cost is lower than aggregate market value of investments in debt instruments for the trading portions, but results in an equal decrease in both the investments and the shareholders' equity by Baht 64,289,806 for the investment portion which is a temporary decline in the market value, which include in net unrealized loss on diminution in value of securities held for investment.



(Mr. Prachitr Yossundara)
Chairman of the Board of Director



(Dr. Olarn Chaipravat)
President and Chief Executive Officer

PROPOSAL FOR PROFIT APPROPRIATION

For the year ended December 31, 1996

1. FOR THE HALF YEAR ENDED JUNE 30, 1996

Profit available for distribution for this half-year period amounts to Baht 5,636,653,888.22 consisting of net profit for the period ended 30th June 1996 of Baht 4,293,368,811.32 and surplus carried forward from the preceding period of Baht 1,343,285,076.90. The Board of Directors has distributed since July 29, 1996 as:

1. Dividend (Baht 3.50 per share)	Baht	1,332,811,249.00
2. Director Remuneration	Baht	13,328,400.00
3. Transfer to Other Reserve from period ended June 30,1996	Baht	2,000,000,000.00
4. Carried forward profit	Baht	2,290,514,239.22
Total	Baht	<u>5,636,653,888.22</u>

2. FOR THE HALF YEAR ENDED DECEMBER 31, 1996

Profit available for distribution for this half-year period amounts to Baht 7,011,724,476.53 consisting of net profit for the period ended 31st December 1996 of Baht 4,721,210,237.31 and surplus carried forward from the preceding period of Baht 2,290,514,239.22. The Board of Directors recommends distribution as follows:-

1. Dividend (Baht 3.50 per share)	Baht	1,333,832,241.00
2. Extra Dividend (Baht 2.00 per share)	Baht	762,189,852.00
3. Director Remuneration	Baht	20,960,400.00
4. Transfer to Other Reserve from period ended December 31,1996	Baht	2,500,000,000.00
5. Carried forward profit	Baht	2,394,741,983.53
Total	Baht	<u>7,011,724,476.53</u>

BALANCE SHEET

As at December 31,

	MILLIONS OF BAHIT				
	1992	1993	1994	1995	1996
ASSETS					
CASH AND DEPOSITS AT BANKS	14,051.6	22,157.1	17,336.2	16,587.9	21,475.9
INVESTMENT IN SECURITIES	18,943.0	19,730.9	22,897.9	27,952.4	30,845.6
LOANS AND ACCRUED INTEREST RECEIVABLE (NET OF PROVISION FOR POSSIBLE LOAN LOSSES)	225,945.7	261,225.3	299,891.0	378,022.7	459,512.2
CUSTOMERS' LIABILITIES UNDER ACCEPTANCES	5,037.8	629.2	725.4	692.1	2,766.5
PROPERTY, PREMISES AND EQUIPMENT	7,613.7	13,163.0	15,663.0	17,996.2	18,988.3
OTHER ASSETS	3,492.2	8,176.2	11,155.5	12,119.1	7,643.0
TOTAL ASSETS	275,084.0	325,081.7	367,669.0	453,370.4	541,231.5
CUSTOMERS' LIABILITIES UNDER UNMATURED					
BILLS ISSUED UNDER LETTERS OF CREDIT	5,604.0	5,956.7	6,974.7	9,812.2	10,198.6
TOTAL	280,688.0	331,038.4	374,643.7	463,182.6	551,430.1
LIABILITIES AND SHAREHOLDERS' EQUITY					
DEPOSITS	216,079.8	261,553.5	277,395.5	342,191.1	399,291.4
BORROWINGS	17,878.0	25,142.5	38,979.3	44,754.4	67,021.9
BANK'S LIABILITIES UNDER ACCEPTANCES	5,037.8	629.2	725.4	692.1	2,766.5
OTHER LIABILITIES	16,697.2	11,591.2	20,349.5	30,457.1	31,458.9
TOTAL LIABILITIES	255,692.8	298,916.4	337,449.7	418,094.7	500,538.7
SHAREHOLDERS' EQUITY					
SHARE CAPITAL	3,800.0	3,800.0	3,800.0	3,802.0	3,808.0
PREMIUM ON SHARE CAPITAL AND RESERVE	11,689.3	18,539.0	22,106.6	26,018.4	30,123.0
RETAINED EARNING UNAPPROPRIATED	3,901.9	3,826.3	4,312.7	5,455.3	7,011.7
NET UNREALIZED LOSS ON DIMINUTION IN VALUE OF SECURITIES HELD FOR INVESTMENT	-	-	-	-	(249.9)
TOTAL SHAREHOLDERS' EQUITY	19,391.2	26,165.3	30,219.3	35,275.7	40,692.8
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	275,084.0	325,081.7	367,669.0	453,370.4	541,231.5
BANK'S LIABILITIES UNDER UNMATURED					
BILLS ISSUED UNDER LETTERS OF CREDIT	5,604.0	5,956.7	6,974.7	9,812.2	10,198.6
TOTAL	280,688.0	331,038.4	374,643.7	463,182.6	551,430.1

FIVE-YEAR COMPARATIVE

Financial Summary

MILLIONS OF BAHT

	1992	1993	1994	1995	1996
PROFIT AND LOSS STATEMENT					
INTEREST AND DIVIDEND INCOME	26,091.8	29,597.6	32,748.3	43,946.3	53,358.9
INTEREST EXPENSES	16,798.8	19,701.7	19,606.7	27,826.9	34,695.5
NET INTEREST INCOME	9,293.0	9,895.9	13,141.6	16,119.4	18,663.4
PROVISION FOR POSSIBLE LOAN LOSSES	543.9	698.4	1,426.9	944.3	1,123.8
NET INTEREST INCOME AFTER PROVISION FOR POSSIBLE LOAN LOSSES	8,749.1	9,197.5	11,714.7	15,175.1	17,539.6
NON-INTEREST INCOME					
GAIN ON EXCHANGE	458.4	678.8	741.6	983.9	1,228.5
FEES SERVICE AND OTHER INCOME	1,796.1	3,127.3	4,172.8	4,138.2	5,180.1
TOTAL NON-INTEREST INCOME	2,254.5	3,806.1	4,914.4	5,122.1	6,408.6
NON-INTEREST EXPENSES					
PERSONNEL EXPENSES	2,166.4	2,532.8	3,187.8	3,829.1	4,116.8
TAXES AND DUTIES	859.5	969.7	1,049.2	1,374.6	1,688.0
OTHER EXPENSES	2,157.1	2,805.9	3,519.6	4,339.3	5,940.7
TOTAL NON-INTEREST EXPENSES	5,183.0	6,308.4	7,756.6	9,543.0	11,745.5
INCOME BEFORE INCOME TAX	5,820.6	6,695.2	8,872.5	10,754.2	12,202.7
INCOME TAX EXPENSE	1,640.3	1,847.7	2,668.9	2,999.6	3,188.1
NET PROFIT	4,180.3	4,847.5	6,203.6	7,754.6	9,014.6
DIVIDENDS PER SHARE *	47.00	5.00	6.50	9.00	9.00

* On February 1, 1993, the shareholders passed special resolutions to change the par value of authorized capital from Baht 100.00 per share to Baht 10.00 per share.

INTERNATIONAL TRADE SERVICE CENTERS

Position	Telephone
International Trade Service Center, Chiangmai	(053) 282-325, (053)282-098 Fax. (053) 282-325
International Trade Service Center, Thanon Taksin	438-1315-7, 438-1127 Fax. 438-1126
International Trade Service Center, Laem Chabang	(038)331-406-7,(038)331-219-20 Fax. (038)331-221
International Trade Service Center, Bangjak	(662) 333-0492-4 Fax. 332-9862
International Trade Service Center, Bangkoki	(662) 258-9679, 259-2598 Fax. 259-2597
International Trade Service Center, Bang Lampu	(662) 281-7618, 280-3638 Fax. 281-5582
International Trade Service Center, Chidlom	(662) 256-1450, 250-1119, 251-3250 Fax. 255-1512
International Trade Service Center, Bangkoki	(662) 501-2800-3 Fax. 501-2804
International Trade Service Center, Surawongse	(662) 237-8589, 233-7380 Fax. 236-7692
International Trade Service Center, Khlong Luang	(662) 516-3311, 516-8359 Fax. 516-8405
International Trade Service Center, Lat Phrao Soi 10	(662) 512-2114, 511-3402 Fax. 513-3755
International Trade Service Center, Omyai	(662) 420-0083-4, 420-4710 Fax. 420-4710
International Trade Service Center, Talat Noi	(662) 237-5000 Ext. 56-64 Fax. 235-7020
International Trade Service Center, Rajawongse	(662) 222-9479, 224-4640 Fax. 255-8256
International Trade Service Center, Muang Mai Bangphli	(662) 315-3004, 315-2223-8 Fax. 315-1176

NATIONWIDE BRANCHES

	Branches
Bangkok	131
Northern Metropolitan Area	52
Southern Metropolitan Area	25
Eastern Metropolitan Area	27
Northern Region	64
North Eastern Region	72
Eastern Region	24
Southern Region	46
Total	<u>441</u>

OVERSEAS BRANCHES/OFFICES

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OTHER INFORMATION

BOARD OF DIRECTORS' REMUNERATION IN 1996

				BAHT
1.	MR.PRACHITR	YOSSUNDARA	CHAIRMAN	7,386,400.00
2.	M.L.THAWISAN	LADAWAN	DIRECTOR	3,693,200.00
3.	MR.ANAND	PANYARACHUN	DIRECTOR	3,693,200.00
4.	MR.VIROJ	PHUTRAKUL	DIRECTOR	3,693,200.00
5.	MR.SANSERN	KRAICHITTI	DIRECTOR	3,693,200.00
6.	DR.CHIRAYU	ISARANGKUN NA AYUTHAYA	DIRECTOR	3,693,200.00
7.	M.L.USNI	PRAMOJ	DIRECTOR	3,693,200.00
8.	MR.PIYA	BHIROM BHAKDI	DIRECTOR	3,693,200.00
9.	M.R.DISNADDA	DISKUL	DIRECTOR	70,000.00
10.	DR.OLARN	CHAIPRAVAT	DIRECTOR	3,693,200.00
11.	MR.PRAKIT	PRADIPASEN	DIRECTOR	3,693,200.00
12.	MR.TARRIN	NIMMANAHAEMINDA	DIRECTOR	2,426,533.33
13.	M.R.CHATUMONGOL	SONAKUL	DIRECTOR	1,161,666.67
TOTAL				<u>44,283,400.00</u>

69

SCB. SHAREHOLDING OF THE BOARD OF DIRECTORS

AS AT DECEMBER 31, 1996

				AMOUNT OF SHARES	
				1996	1995
1.	MR.PRACHITR	YOSSUNDARA	CHAIRMAN	36,400	36,400
2.	M.L.THAWISAN	LADAWAN	DIRECTOR	74,270	77,270
3.	MR.ANAND	PANYARACHUN	DIRECTOR	41,270	41,270
4.	MR.VIROJ	PHUTRAKUL	DIRECTOR	3,000	77,600
5.	MR.SANSERN	KRAICHITTI	DIRECTOR	33,800	33,800
6.	DR.CHIRAYU	ISARANGKUN NA AYUTHAYA	DIRECTOR		1,000
7.	M.L.USNI	PRAMOJ	DIRECTOR	118,340	118,340
8.	MR.PIYA	BHIROM BHAKDI	DIRECTOR	155,746	182,646
9.	M.R.DISNADDA	DISKUL	DIRECTOR		
10.	DR.OLARN	CHAIPRAVAT	PRESIDENT AND CHIEF EXECUTIVE OFFICER		
11.	MR.PRAKIT	PRADIPASEN	DIRECTOR AND SENIOR EXECUTIVE VICE PRESIDENT		

THE BOARD OF DIRECTORS' SHAREHOLDING IN THE AFFILIATED COMPANIES.

		AFFILIATED COMPANIES	AMOUNT OF SHARES
1.	MR.PRACHITR	YOSSUNDARA	
2.	M.L.THAWISAN	LADAWAN	
3.	MR.ANAND	PANYARACHUN	
4.	MR.VIROJ	PHUTRAKUL	
5.	MR.SANSERN	KRAICHITTI	
6.	DR.CHIRAYU	ISARANGKUN NA AYUTHAYA	
7.	M.L.USNI	PRAMOJ	
8.	MR.PIYA	BHIROM BHAKDI	
9.	M.R.DISNAIDDA	DISKUL	
10.	DR.OLARN	CHAIPRAVAT	
11.	MR.PRAKIT	PRADIPASEN	

OTHER INVESTMENTS AS AT 31 DECEMBER 1996

70 Investments in companies in which the Bank holds at 10% and over of the paid up capital in each company are as follows :

NO.	COMPANY	LOCATION	TYPE OF BUSINESS	TYPE OF SHARES	PAID UP CAPITAL	AMOUNT OF SHARES	PERCENTAGE OF OWNERSHIP	AMOUNT (BAHT)
1	S.C.B. Securities Co.,Ltd.	Bangkok	Finance	Ordinary	33,000,000	23,099,986	69.99%	431,199,860.00
2	Siam Sindhorn Co.,Ltd.	Bangkok	Real Estate	Ordinary	100,000,000	24,990,000	24.99%	302,413,320.00
3	Thai Thamrong Finance Co.,Ltd.	Bangkok	Finance	Ordinary	186,000,000	27,900,000	15.00%	262,245,750.00
4	Mahisorn Co.,Ltd.	Bangkok	Real Estate	Ordinary	15,000,000	1,500,000	10.00%	150,000,000.00
5	Thai Public Port Co.,Ltd.	Bangkok	Warehouse	Ordinary	12,500,000	1,250,000	10.00%	125,000,000.00
6	Thai Baroda Industries Co.,Ltd.	Bangkok	Vehicles & Parts	Ordinary	12,500,000	1,250,000	10.00%	119,154,794.50
7	Thai Industrial Gases PCL.	Bangkok	Energy	Ordinary	51,840,000	5,184,000	10.00%	114,120,000.00
8	Vina Siam Bank	Vietnam	Banking	Ordinary	150,000	37,500	25.00%	95,925,000.00
9	Siam General Factoring PCL.	Bangkok	Finance	Ordinary	23,048,824	2,400,000	10.41%	90,650,000.00
10	Siam TV and Communication Co.,Ltd.	Bangkok	Communi- cation	Ordinary	7,000,000	700,000	10.00%	70,000,000.00
11	The Petro Chain (Thailand) Co.,Ltd.	Bangkok	Chemicals	Ordinary	6,000,000	600,000	10.00%	60,000,000.00
12	BNH Medical Centre Co.,Ltd.	Bangkok	Hospital	Ordinary	59,250,000	5,928,000	10.00%	59,250,000.00

NO.	COMPANY	LOCATION	TYPE OF BUSINESS	TYPE OF SHARES	PAID-UP CAPITAL	AMOUNT OF SHARES	PERCENTAGE OF OWNERSHIP	AMOUNT (BAHT)
13	Samaggi Insurance PCL.	Bangkok	Insurance	Ordinary	15,000,000	1,500,000	10.00%	56,250,000.00
14	Bangkok Int'l Hotel Co.,Ltd.	Bangkok	Hotels	Ordinary	17,400,000	1,740,000	10.00%	52,200,000.00
15	Siam JLC Leasing Co.,Ltd.	Bangkok	Finance	Ordinary	10,000,000	5,099,992	51.00%	50,999,920.00
16	SCB Training Centre Co.,Ltd.	Bangkok	Hotels	Ordinary	2,000,000	500,000	25.00%	50,000,000.00
17	Uni-Media Co.,Ltd.	Bangkok	Consultant	Ordinary	40,000,000	4,000,000	10.00%	40,000,000.00
18	Business Venture Promotion Co.,Ltd.	Bangkok	Finance	Ordinary	12,000,000	3,900,000	32.50%	39,000,000.00
19	The Cambodian Commercial Bank Ltd.	Cambodia	Banking	Ordinary	100,000	10,000	10.00%	25,580,000.00
20	SCB Asset Management Co.,Ltd.	Bangkok	Mutual Fund	Ordinary	20,000,000	5,000,000	25.00%	25,000,000.00
21	Nikkei Siam Aluminium Co.,Ltd.	Bangkok	Industry	Ordinary	1,411,760	141,176	10.00%	23,271,451.84
22	Nikkei Thai Aluminium Co.,Ltd.	Bangkok	Industry	Ordinary	100,000	10,000	10.00%	22,037,970.91
23	Siam Sanwa Trilease Co.,Ltd.	Bangkok	Finance	Ordinary	600,000	210,000	35.00%	21,000,000.00
24	Thai U.S.Leather Co.,Ltd.	Bangkok	Leather	Ordinary	25,000,000	2,500,000	10.00%	19,375,000.00
25	Sonoco Asia Corporation (Thailand) Ltd.	Bangkok	Industry	Ordinary	300,000	30,000	10.00%	18,500,000.00
26	Bank of Kathmandu Ltd.	Nepal	Finance	Ordinary	900,000	270,000	30.00%	13,911,289.58
27	Sino Thai Resource Development PCL.	Bangkok	Mining	Ordinary	13,000,000	1,300,000	10.00%	13,000,000.00
28	SCB Advisory Service Co.,Ltd.	Bangkok	Services	Ordinary	100,000	99,993	99.99%	9,999,300.00
29	Angthong Sugar Terminal Co.,Ltd.	Bangkok	Industry	Ordinary	500,000	50,000	10.00%	5,000,000.00
30	Siam Tele-Marketing Co.,Ltd.	Bangkok	Services	Ordinary	5,000,000	500,000	10.00%	5,000,000.00
31	Cargill Siam Co.,Ltd.	Bangkok	Agribusiness	Ordinary	480,020	48,000	10.00%	4,800,000.00
32	Fortis Co.,Ltd.	Bangkok	Commerce	Ordinary	400,000	40,000	10.00%	4,000,000.00
33	Thai Fuji Xerox Co.,Ltd.	Bangkok	Electrical Products	Ordinary	4,000	400	10.00%	4,000,000.00
34	Siam Technology Service Co.,Ltd.	Bangkok	Consultant	Ordinary	3,000,000	300,000	10.00%	3,000,000.00
35	Navuti Co.,Ltd.	Bangkok	Agribusiness	Ordinary	300,000	30,000	10.00%	3,000,000.00
36	Switching Network Service Co.,Ltd.	Bangkok	Consultant	Ordinary	180,000	20,000	11.11%	2,000,000.00
37	Siam Niti Law Office Co.,Ltd.	Bangkok	Consultant	Ordinary	160,000	16,000	10.00%	1,600,000.00
38	Siam Commercial Development Co.,Ltd.	Bangkok	Commerce	Ordinary	250,000	25,000	10.00%	1,500,000.00

NO.	COMPANY	LOCATION	TYPE OF BUSINESS	TYPE OF SHARES	PAID UP CAPITAL	AMOUNT OF SHARES	PERCENTAGE OF OWNERSHIP	AMOUNT (BAHT)
39	Thai Obayashi Corporation Ltd.	Bangkok	Construction	Ordinary	20,000	2,000	10.00%	1,000,000.00
40	Siam Cosmos Service Co.,Ltd.	Bangkok	Consultant	Ordinary	60,000	6,000	10.00%	600,000.00
41	Siam Cement Myanmar Trading Ltd.	Myanmar	Industry	Ordinary	220	22	10.00%	567,083.02
42	Singburi Sugar Co.,Ltd.	Bangkok	Industry	Ordinary	300,000	300,000	100.00%	350,000.00
43	CCB Holding Ltd.	Hong Kong	Finance	Ordinary	1,000	100	10.00%	255,800.00
44	Thai Hoya Lens Co.,Ltd.	Bangkok	Industry	Ordinary	40,000	4,000	10.00%	200,000.00
45	Siam Appraisal and Service Co.,Ltd.	Bangkok	Services	Ordinary	100,000	10,000	10.00%	100,000.00
46	American Appraisal (Thailand) Ltd.	Bangkok	Services	Ordinary	10,000	1,000	10.00%	100,000.00
47	Sriracha Power Co.,Ltd.	Bangkok	Energy	Ordinary	10,000	1,000	10.00%	10,000.00
48	Suthakarn Co.,Ltd.	Bangkok	Commerce	Ordinary	1,000	100	10.00%	2,500.00
								<u>2,397,169,039.85</u>

HEAD OFFICE

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Design Firm Propaganda

